

Katungul Aboriginal Corporation Community and Medical Services

ABN 35 679 076 545

Financial Statements

For the Year Ended 30 June 2017

Katungul Aboriginal Corporation Community and Medical Services

ABN 35 679 076 545

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For the Year Ended 30 June 2017

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Katungul Aboriginal Corporation Community and Medical Services

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Directors' Report

30 June 2017

Your directors present this report on the corporation for the financial year ended 30 June 2017.

The names of each person who has been a director during the year and at the date of this report are:

Director	Date First Appointed	Last Election Date	Date Resigned	Re-election Due Date	Election Forum
Graham Moore	3/12/2012	28/11/2016		28/11/2018	AGM
Anne Greenaway	3/10/2012	28/11/2016		28/11/2018	AGM
Ronald Nye	18/02/2016	28/11/2016		28/11/2018	AGM
Lorraine Naylor	5/11/2014	28/11/2016		28/11/2018	AGM
Beverly Moreton	28/11/2016	28/11/2016		28/11/2018	AGM
Wally Stewart	5/11/2014	28/11/2016	30/03/2017	NA	
Lindsay Brown	31/07/2015	27/07/2017		27/07/2019	Directors
Chris Heazlewood	31/07/2015		30/03/2017	NA	
Neil Burnside	27/07/2017	27/07/2017		27/07/2019	Directors

Directors have been in office as set out in the table above. The board thanks those who have served Katungul and the community.

PRINCIPAL ACTIVITIES

The principal activity of the corporation during the financial year was to provide culturally appropriate comprehensive and integrated primary health care services to Aboriginal and Torres Strait Islander residents of the far south coast of New South Wales on a kinship based model.

Katungul is incorporated under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act) and is registered with the Australian Charities and Not for profits Commission. If the corporation is wound up, the rulebook states that each member is not liable to meet any outstanding obligations of the corporation.

Katungul Aboriginal Corporation Community and Medical Services

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Directors' Report

30 June 2017

SHORT-TERM AND LONG-TERM OBJECTIVES

The corporation's short-term objectives are to:

- Deliver holistic primary health care and community services in accordance with funding agreements and in a culturally appropriate manner to promote the wellbeing of the south coast communities; to promote and build a strong foundation of governance to support the financial sustainability of the service by working with all people in the community in a collaborative manner that promotes the effective and efficient delivery of services to our people in a manner that enables access, enables clients to take responsibility for their treatment to meet the need to close the gap in life expectancy and child mortality; ensure our vision of enabling people to meet their potential.
- Improve access to services
- Capacity builds our local workforce by upskilling and supporting a culture based on performance and excellence in service delivery
- Build trust with our members and other key stakeholders in the communities and more broadly with our investor stakeholders including government, Primary Health Networks and Local Health Districts to promote efficient and effective service delivery.
- Continuously improve services and governance by providing leadership and continuous improvements in all aspects of the business and service delivery.
- Build a collaborative model of care based on kinship and the Argentinian model of service delivery

The corporation's long-term objectives are:

- To become an integral player in partnership with other service providers that maximise health outcomes for our clients and to be effective representatives in the development of new care models to ensure Aboriginal needs and cultural matters are properly considered and implemented.
- To become the Aboriginal health corporation of choice in the provision of needs based holistic health and welfare services that best meet community needs through direct service provision and via collaborative linkages with other providers within the region, to ensure that patients are receiving the highest standard of care whilst incorporating a holistic approach toward diagnosis and management of all aspects of health including social wellbeing.

STRATEGIES

To achieve its stated objectives, the corporation has adopted the following strategies:

- To maximise access to our services for our client base from Batemans Bay to Eden whilst maintaining efficient service delivery and maximising health outcomes through targeting our limited resources to the greatest good
- To deliver corporate, financial and clinical governance to provide for a sustainable corporation that is viable, meets client expectations, is supported by other key stakeholders and investors and which is increasingly focused on building self-reliance by broadening its service base in response to need.
- To build capacity of local indigenous people to deliver services of high quality and effective-to keep Koori Health in Koori Hands
- To grow the holistic, collaborative service model and to make access easier across the region.

Katungul Aboriginal Corporation Community and Medical Services

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Directors' Report

30 June 2017

KEY PERFORMANCE MEASURES

The corporation measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used to assess the financial sustainability of the corporation and whether the corporation's short-term and long-term objectives are being achieved. During the year, the corporation achieved the following result.

OPERATING RESULT

The result of the corporation is a surplus of \$326,846 for the year ended 30 June 2017 compared to a surplus of \$69,341 for the year ended 30 June 2016.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:


Name E. Moore

Director


Name RONARA NYE

Director

Dated this 9th day of NOVEMBER 2017

Katungul Aboriginal Corporation Community and Medical Services

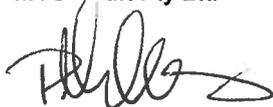
ABN 35 679 076 545

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES
AND NOT FOR PROFITS COMMISSION ACT 2012
TO THE BOARD MEMBERS OF
KATUNGUL ABORIGINAL CORPORATION COMMUNITY & MEDICAL SERVICES**

As lead auditor for the audit of Katungul Aboriginal Corporation Community & Medical Services for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

MCS Audit Pty Ltd



Phillip W Miller CA

Director

Dated in Canberra on: *9 November 2017*

Katungul Aboriginal Corporation Community and Medical Services

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

		2017	2016
	Note	\$	\$
Revenue	3	4,318,867	3,166,760
Other Income	3	1,056,435	2,194,235
Employee Benefits Expenses	4	(3,392,397)	(3,148,534)
Depreciation and Amortisation Expenses		(294,894)	(252,044)
Administration and Other Costs		(1,003,365)	(1,486,445)
Motor Vehicle Expenses		(199,846)	(292,725)
Travel and Training Expenses		(139,379)	(93,846)
Audit Fee	5	(18,575)	(18,060)
Profit before income tax		326,846	69,341
Income Tax Expense		-	-
Profit for the year		326,846	69,341

The accompanying notes form part of these financial statements.

Katungul Aboriginal Corporation Community and Medical Services

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Statement of Financial Position

30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,731,362	1,134,684
Trade and other receivables	7	191,478	73,995
Other assets	8	40,930	37,047
TOTAL CURRENT ASSETS		<u>1,963,770</u>	1,245,726
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,855,392	2,914,143
TOTAL NON-CURRENT ASSETS		<u>2,855,392</u>	2,914,143
TOTAL ASSETS		<u>4,819,162</u>	<u>4,159,869</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	849,245	495,041
Provisions	11	33,761	14,953
TOTAL CURRENT LIABILITIES		<u>883,006</u>	509,994
NON-CURRENT LIABILITIES			
Other liabilities	12	412,616	453,181
TOTAL NON-CURRENT LIABILITIES		<u>412,616</u>	453,181
TOTAL LIABILITIES		<u>1,295,622</u>	963,175
NET ASSETS		<u>3,523,540</u>	3,196,694
EQUITY			
Retained earnings		<u>3,523,540</u>	3,196,694
TOTAL EQUITY		<u>3,523,540</u>	<u>3,196,694</u>

The accompanying notes form part of these financial statements.

Katungul Aboriginal Corporation Community and Medical Services
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Statement of Changes in Equity
For the Year Ended 30 June 2017

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2016	3,196,694	3,196,694
Net Surplus for the year	326,846	326,846
Balance at 30 June 2017	3,523,540	3,523,540

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2015	3,127,353	3,127,353
Net Surplus for the year	69,341	69,341
Balance at 30 June 2016	3,196,694	3,196,694

The accompanying notes form part of these financial statements.

Katungul Aboriginal Corporation Community and Medical Services

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Statement of Cash Flows For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from grants	4,318,867	3,264,245
Payments to suppliers and employees	(4,383,505)	(4,888,145)
Interest received	3,840	6,063
Other receipts	935,112	2,188,172
Net cash provided by/(used in) operating activities	16 <u>874,314</u>	<u>570,335</u>
Proceeds from sale of investment	-	12,396
Purchase of property, plant and equipment	(237,071)	(611,700)
Net cash used by investing activities	<u>(237,071)</u>	<u>(599,304)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(40,565)	(32,847)
Net cash used by financing activities	<u>(40,565)</u>	<u>(32,847)</u>
Net increase/(decrease) in cash and cash equivalents held	596,678	(61,816)
Cash and cash equivalents at beginning of year	1,134,684	1,196,500
Cash and cash equivalents at end of financial year	6 <u>1,731,362</u>	<u>1,134,684</u>

The accompanying notes form part of these financial statements.

Katungul Aboriginal Corporation Community and Medical Services

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Notes to the Financial Statements

For the Year Ended 30 June 2017

Katungul Aboriginal Corporation Community and Medical Services applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. 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, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The following is a summary of the significant accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

1 Summary of Significant Accounting Policies

1.1. Comparatives

The classification of comparative figures has been changed where the change improves the comprehension of the financial information.

1.2. Income tax

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

1.3. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Association, are classified as finance leases. Finance leases are capitalised recording an asset and liability equal to the present value of minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. The Association had no finance lease arrangements during the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

1.4. Revenue and other income

Grant income

Project (reciprocal) grants are recognised as revenue to the extent that the monies have been applied in accordance with the conditions of the grant. Grant funds received prior to yearend but unexpended as at that date are recognised as grants in advance (liabilities, unearned revenue).

Katungul Aboriginal Corporation Community and Medical Services

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

1.4. Revenue and other income

Operating (non-reciprocal) grants are brought to account as income at the commencement of the grant period. Operating grant funds received prior to the applicable grant funding period are recognised as grants in advance (liabilities, unearned revenue).

Other income

All other sources of income are brought to account as income when the related goods or services have been provided and the income earned.

Sale of Donated Goods

Revenue from the sale of donated goods and fundraising is brought to account when funds are received. The value of donated goods is not recognised as revenue by the Association.

1.5. Goods and services tax (GST)

All revenue and expenses are stated net of the amount of goods and services tax, except where in the amount of goods and services tax incurred is not recoverable from the Australian Taxation Office. In these circumstances the goods and services tax is recognised as part of the cost acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of goods and services tax.

1.6. Property, plant and equipment

Plant and equipment including leasehold improvements are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by management to ensure it is not in excess of the value in use of these assets.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each financial year end.

Depreciation

Freehold land is not depreciated. The depreciable amount of all other fixed assets including buildings and leasehold land are depreciated on a straight line basis over their estimated useful lives to the Association commencing from the time the assets is held ready for use. Leasehold land improvements are depreciated over the unexpired period of the lease.

1.7. Land and buildings

Land and buildings are carried at cost or fair value based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation and impairment losses where applicable. In periods when the land and buildings are not subject to an independent valuation, the board members conduct internal valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading 'change in fair value of land and buildings'. All other decreases are recognised in profit and loss.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

1.7. Land and buildings

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.

1.8. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at call deposits with banks or financial institutions.

1.9. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the corporation during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1.10. Inventories

Inventories are brought to account at the lower of cost and net realisable value.

1.11. Employee benefits

Short-term employee benefits

Provision is made for the Association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Association's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Long-term employee benefits

The Association classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Association's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees to the extent that they are not funded by the ACT Community Sector Portable Long Service Leave Scheme. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the measurement of obligations for other long-term employee benefits, the net change in the obligations is recognised in profit or loss classified under employee benefits expense.

The Association's obligations for long-term employee benefits are presented as non-current liabilities in its balance sheet, except where the Association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Katungul Aboriginal Corporation Community and Medical Services

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

1.12. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.13. Cash flows

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank and term deposits maturing within one year.

1.14. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

1.15. Financial instruments

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Association's intention to hold these investments to maturity. Any held-to-maturity investments held by the Association are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity (available for sale revaluation reserve) until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available for sale revaluation reserve included in the surplus or deficit for the period.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Katungul Aboriginal Corporation Community and Medical Services

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Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

1.16. Impairment

At each reporting date, the Association reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell or value in use, is compared to the assets carrying value. As a not-for-profit entity, value in use for the Association, according to AASB 136 Impairment of Assets, is depreciated replacement cost. Any excess of the asset's carrying value over its recoverable amount is recognised in the statement of profit or loss and other comprehensive income as an impairment loss.

1.17. Fair value of assets and liabilities

The Association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the Association would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liability that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximised the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

1.18. Unexpended grants

The entity receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grant monies as unexpended grants in the balance sheet where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

1.19. Economic dependence

Katungul Aboriginal Corporation Community and Medical Services is dependent on the various State and Commonwealth Government funding for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe that its funding bodies will not continue to support Katungul Aboriginal Corporation Community and Medical Services.

Katungul Aboriginal Corporation Community and Medical Services

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Critical Accounting Estimates and Judgements

The Association evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key estimates – Impairment

The Association assesses the impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. Should an impairment exist, the determination of the recoverable amount of the asset may require incorporation of a number of key estimates.

3 Revenue and Other Income

Revenue from continuing operations

	2017	2016
	\$	\$
Commonwealth Government Grants		
- Department of Health and Ageing	1,946,754	1,519,166
- Department of Prime Minister and Cabinet	734,483	865,187
- Primary Health Networks - Coordinare	369,916	-
- Primary Health Networks - Grand Pacific Health	117,500	-
	<u>3,168,653</u>	2,384,353
NSW Government Grants		
- NSW Government Grants	782,378	636,500
Other Grants		
- Rural Doctors Network	132,692	118,941
- Sth Coast Medical Service Aboriginal Corporation	73,942	-
- Qumax	26,825	26,966
- Other Programmes Concluded	134,377	-
	<u>4,318,867</u>	<u>3,166,760</u>
Other Income		
- Profit on sale of Assets	-	37,266
- Service Incentive (SIP)	355	115
- Employment Subsidies	6,014	909
- Interest Received	3,840	6,063
- Medicare Income	687,419	678,699
- Practice Incentives Program (PIP)	203,182	191,320
- Australian Child Immunisation (CIR)	804	1,074
- Other income	154,821	1,278,789
	<u>1,056,435</u>	<u>2,194,235</u>

Katungul Aboriginal Corporation Community and Medical Services

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Notes to the Financial Statements

For the Year Ended 30 June 2017

4 Result for the Year

2017	2016
\$	\$

The result for the year includes the following specific expenses:

Employee Benefits Expenses	<u>3,392,397</u>	3,148,534
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5 Auditor's Remuneration

Remuneration of the auditor for
- auditing or reviewing the financial statements

<u>18,575</u>	18,060
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<u><u>18,575</u></u>	<u><u>18,060</u></u>
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6 Cash and Cash Equivalents

Westpac-OATSIH 504570	428,500	49,318
Westpac-OATSIH 504634	92,432	91,794
Westpac-NSW 504626	919,381	704,532
Westpac-NSW 504642	274,031	272,139
Westpac-SGI 573381	17,018	16,901

<u>1,731,362</u>	<u>1,134,684</u>
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7 Trade and Other Receivables

CURRENT

Trade Receivables

182,941	71,926
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Staff Debtors

<u>8,537</u>	2,069
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<u><u>191,478</u></u>	<u><u>73,995</u></u>
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8 Other Assets

CURRENT

Prepayments

<u>40,930</u>	37,047
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<u><u>40,930</u></u>	<u><u>37,047</u></u>
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Katungul Aboriginal Corporation Community and Medical Services

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Notes to the Financial Statements

For the Year Ended 30 June 2017

9 Property, Plant and Equipment

	2017	2016
	\$	\$
Land and Building-Batemans Bay	1,375,359	1,298,808
Land and Building-Narooma	875,506	874,974
Land and Building-Bega	361,728	361,727
Accumulated depreciation	(409,994)	(345,115)
Total Land and Buildings	2,202,599	2,190,394
Furniture, Fixtures and Fittings		
At cost	181,798	154,526
Accumulated depreciation	(124,781)	(108,944)
Total Furniture, Fixtures and Fittings	57,017	45,582
Motor Vehicles		
At cost	-	14,847
Accumulated depreciation	-	(14,847)
Total Motor Vehicles	-	-
Office Equipment		
At cost	114,323	98,484
Accumulated depreciation	(91,890)	(86,840)
Total Office Equipment	22,433	11,644
Computer Equipment		
At cost	643,281	565,868
Accumulated depreciation	(434,208)	(333,359)
Total Computer Equipment	209,073	232,509
Dental Van		
At cost	450,000	450,000
Accumulated depreciation	(165,314)	(94,142)
Total Dental Van	284,686	355,858
Dental Equipment		
At cost	609,745	600,636
Accumulated depreciation	(569,732)	(542,440)
Total Dental Equipment	40,013	58,196
Medical Equipment		
At cost	137,984	107,630
Accumulated depreciation	(98,413)	(87,670)
Total Medical Equipment	39,571	19,960
Total property, plant and equipment	2,855,392	2,914,143

Katungul Aboriginal Corporation Community and Medical Services

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Notes to the Financial Statements

For the Year Ended 30 June 2017

9 Property, Plant and Equipment

Movements in Carrying Amounts

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

	Land and Buildings	Dental Van	Furniture, Fixtures and Fittings	Office Equipment	Computer Equipment	Dental Equipment	Medical Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2017								
Opening Balance	2,190,394	355,858	45,582	11,644	232,509	58,196	19,960	2,914,143
Additions	77,083	-	27,272	15,839	77,413	9,109	30,355	237,071
Depreciation Expenses	(64,879)	(71,172)	(15,837)	(5,050)	(100,849)	(27,292)	(10,743)	(295,822)
Balance at the end of the year	2,202,598	284,686	57,017	22,433	209,073	40,013	39,572	2,855,392

10 Trade and Other Payables

	Note	2017 \$	2016 \$
CURRENT			
Trade payables		192,979	57,269
Accrued expenses		41,504	26,450
TOIL, sick and holiday pay		163,136	93,034
Wage deductions payable		34,447	70,432
Unexpended grants	10.1.	333,333	133,941
Grants in advance	10.1.	83,846	113,915
		849,245	495,041

Katungul Aboriginal Corporation Community and Medical Services

ABN 35 679 076 545

Notes to the Financial Statements

For the Year Ended 30 June 2017

10 Trade and Other Payables

10.1. Schedule of Grants

	2016 Grants Unexp. and In Advance	Release 16/17	Prior Year Adjust	Expended 16/17	30-Jun- 2017 Grants in Advance	30 June 2017 Unexp.
Government Grants-Commonwealth						
Department of Health						
Indigenous Australians' Health Programme	-	1,541,954	-	1,541,954	-	-
New Directions-Expansion	-	404,800	-	404,800	-	-
Department of Prime Minister and Cabinet						
Lets Link Up	-	269,579	-	269,579	-	-
Leadership Programmes	39,065	-	13,143	-	52,208	-
Substance Use	-	135,925	-	135,925	-	-
Strong Families	-	253,225	-	253,225	-	-
SEWB	-	378,768	-	75,754	-	303,014
Primary Health Networks - Coordinare						
Integrated Team Care	-	72,790	-	72,790	-	-
Mental Health Services	-	170,600	-	170,600	-	-
Mental Health Nurse	-	80,048	-	80,048	-	-
RN & Transport	-	46,478	-	46,478	-	-
Primary Health Networks - Grand Pacific Health (IAHP)						
Grand Pacific Health (IAHP)	-	117,500	-	117,500	-	-
NSW Department of Health						
Dental Health	67,308	330,900	-	389,143	-	9,065
Mental Health	-	96,700	-	96,700	-	-
Ear Health	-	82,700	-	82,700	-	-
Population Health	-	120,000	-	120,000	-	-
Koori Maternity Access Program	-	64,000	-	64,000	-	-
Needle and Syringe	36,000	-	9,000	29,835	15,165	-
Other Grants						
South Coast Medical Service Aboriginal Corporation	-	73,942	-	73,942	-	-
Rural Doctors Network	11,578	142,367	-	132,692	-	21,254
QUMAX	15,990	10,835	-	26,825	-	-
Sew Beat	8,891	-	(1,194)	-	7,697	-
EKEN Naidoc	8,364	-	412	-	8,776	-
Programmes Concluded	-	134,377	-	134,377	-	-
	<u>187,196</u>	<u>4,527,488</u>	<u>21,361</u>	<u>4,318,867</u>	<u>83,846</u>	<u>333,333</u>

Katungul Aboriginal Corporation Community and Medical Services

ABN 35 679 076 545

Notes to the Financial Statements

For the Year Ended 30 June 2017

11 Provisions

	2017	2016
	\$	\$
Long service leave	33,761	14,953
	<u>33,761</u>	<u>14,953</u>

Provision for employee benefits represents amounts accrued for long service leave. The current portion for this provision includes the total amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the corporation does not expect the full amount of long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the corporation does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement. The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1.11.

12 Other Liabilities

	2017	2016
	\$	\$
NON-CURRENT		
Borrowings	412,616	453,181
	<u>412,616</u>	<u>453,181</u>

13 Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, local money market instruments and short-term investments, accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

		2017	2016
	Note	\$	\$
Financial Assets			
Cash and cash equivalents	6	1,731,363	1,134,684
		<u>1,731,363</u>	<u>1,134,684</u>
Financial Liabilities			
Financial liabilities at amortised cost		849,245	495,041
Bank loans	12	412,616	453,181
		<u>1,261,861</u>	<u>948,222</u>

14 Key Management Personnel Remuneration

Key management personnel received or were entitled to compensation in the form of short term benefits totalling \$ 102,365 (2016: \$ 154,097).

Katungul Aboriginal Corporation Community and Medical Services

ABN 35 679 076 545

Notes to the Financial Statements

For the Year Ended 30 June 2017

15 Related Parties

Related Parties Transactions

Apart from receiving reasonable travel reimbursements, the Board Members did not receive any remuneration directly or indirectly from the Association or any related parties for management of the Association during the current or prior year.

All other transactions during the year were on normal commercial terms and conditions unless otherwise stated.

16 Cash Flow Information

16.1. Reconciliation of cash

	2017	2016
	\$	\$
Cash and cash equivalents	1,731,363	1,134,684
	<u>1,731,363</u>	<u>1,134,684</u>

16.2. Reconciliation of result for the year to cashflows from operating activities

	2017	2016
	\$	\$
Profit for the year	326,847	69,341
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	295,822	252,044
- net gain on disposal of non-current assets	-	37,266
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(117,483)	101,545
- (increase)/decrease in other current assets	(3,883)	(20,111)
- increase/(decrease) in trade and other payables	354,203	127,328
- increase/(decrease) in provisions	18,808	2,922
Cashflows from operations	<u>874,314</u>	<u>570,335</u>

Katungul Aboriginal Corporation Community and Medical Services

ABN 35 679 076 545

Notes to the Financial Statements

For the Year Ended 30 June 2017

17 Events after the end of the Reporting Period

The financial report of the Association was authorised for issue on the date of signing of the attached Responsible Persons' Declaration.

18 Acknowledgement of Grant Funding

Katungul Aboriginal Corporation Community and Medical Services acknowledges the support of the Commonwealth of Australia, ACT Government and other contributors via on going funding, and grants received during the current financial year.

19 Contingent Liabilities and Assets

The association did not have any contingencies at 30 June 2017.

20 Association Details

The Principal place of business of the Association is
Katungul Aboriginal Corporation Community and Medical Services
26 Princess Highway
Narooma NSW 2546

Katungul Aboriginal Corporation Community and Medical Services

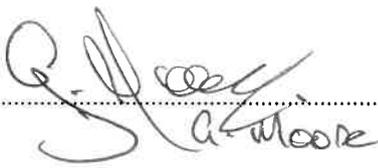
ABN 35 679 076 545

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' 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 financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Responsible person  J. Moore

Responsible person 
RONALD NYE

Dated this 9TH day of NOVEMBER 2017

Independent Audit Report To the members of Katungul Aboriginal Corporation Community and Medical Services

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Katungul Aboriginal Corporation Community and Medical Services, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In my opinion the financial report of Katungul Aboriginal Corporation Community and Medical Services has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

(a) giving a true and fair view of the registered entity's financial position as at 31 December 2016 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am 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* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Responsible Entities and the Board 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 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.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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 the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the registered entity 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Name of firm: MCS Audit Pty Ltd

Name of director:



Phillip W Miller CA

Address: Unit 1/37 Geils Court, Deakin ACT 2600

Dated:

9 November 2017

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Financial Statements

For the Year Ended 30 June 2019

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

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Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Directors' Report

30 June 2019

The directors present their report on Katungul Aboriginal Corporation Regional Health and Community Services for the financial year ended 30 June 2019.

General information

Directors

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

Names	Position	Appointed/Resigned
Ronald Nye	Chairperson	
Susan Heycox	Deputy Chair	Appointed 21 Nov 18
Lindsay Brown	Director	
Neil Burnside	Director	Retired by rotation 21 Nov 18
Anne Greenaway	Director	Retired by rotation 21 Nov 18
Beverley Moreton	Director	Resigned 8 Mar 19
Lorraine Naylor	Director	
Graham Moore	Director	
Kenneth Campbell	Director	Appointed 21 Nov 18
Lynnette Goodwin	Director	Appointed 21 Nov 18
Angela Parsons	Director	Appointed 21 Nov 18
Jordan Nye	Director	Appointed 1 Apr 19

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

Principal activities

The principal activity of Katungul Aboriginal Corporation Regional Health and Community Services during the financial year was to provide culturally appropriate comprehensive and integrated primary health care services to Aboriginal and Torres Strait Islander residents of the far south coast of New South Wales on a kinship based model.

Katungul is incorporated under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act) and is registered with the Australian Charities and Not for profits Commission. If the corporation is wound up, the rulebook states that each member is not liable to meet any outstanding obligations of the corporation.

No significant changes in the nature of the Association's activity occurred during the financial year.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Directors' Report

30 June 2019

General information

Short term objectives

The Association's short term objectives are to:

- Deliver holistic primary health care and community services in accordance with funding agreements and in a culturally appropriate manner to promote the wellbeing of the south coast communities; to promote and build a strong foundation of governance to support the financial sustainability of the service by working with all people in the community in a collaborative manner that promotes the effective and efficient delivery of services to our people in a manner that enables access, enables clients to take responsibility for their treatment to meet the need to close the gap in life expectancy and child mortality; ensure our vision of enabling people to meet their potential.
- Improve access to services
- Capacity builds our local workforce by upskilling and supporting a culture based on performance and excellence in service delivery
- Build trust with our members and other key stakeholders in the communities and more broadly with our investor stakeholders including government, Primary Health Networks and Local Health Districts to promote efficient and effective service delivery.
- Build a collaborative model of care based on Katungul's Strategic Plan 'Healthy Lives, Kinship at Work'.

Long term objectives

The Association's long term objectives are to:

- To become an integral player in partnership with other service providers that maximise health outcomes for our clients and to be effective representatives in the development of new care models to ensure Aboriginal needs and cultural matters are properly considered and implemented.
- To become the Aboriginal health corporation of choice in the provision of needs based holistic health and welfare services that best meet community needs through direct service provision and via collaborative linkages with other providers within the region, to ensure that patients are receiving the highest standard of care whilst incorporating a holistic approach toward diagnosis and management of all aspects of health including social wellbeing.

Strategy for achieving the objectives

To achieve these objectives, the Association has adopted the following strategies:

- To maximise access to our services for our client base from Batemans Bay to Eden whilst maintaining efficient service delivery and maximising health outcomes through targeting our limited resources to the greatest good
- To deliver corporate, financial and clinical governance to provide for a sustainable corporation that is viable, meets client expectations, is supported by other key stakeholders and investors and which is increasingly focused on building self-reliance by broadening its service base in response to need .
- To build capacity of local indigenous people to deliver services of high quality and effective-to keep Koori Health in Koori Hands
- To grow the holistic, collaborative service model and to make access easier across the region.

Performance measures

The association measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used to assess the financial sustainability of the corporation and whether the corporation's short-term and long-term objectives are being achieved. During the year, the corporation achieved the following result.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Directors' Report

30 June 2019

Operating Result and Members Equity

The operating loss of the Association for the financial year amounted to \$ (791,061) (2018: \$ (515,205)).

Auditors independence declaration

The auditors independence declaration for the year ended 30 June 2019 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:

Director:

Dated this day of 2019

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not For Profits Commission Act 2012 to the Board Members of Katungul Aboriginal Corporation Regional Health and Community Services

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

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

Vincent's Audit Pty Ltd

Phillip W Miller CA
Director

Dated in Canberra on:

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	5	5,997,455	5,113,849
Other Income	5	1,680,109	1,609,787
Employee Benefits Expenses		(6,036,866)	(4,954,432)
Depreciation and Amortisation Expenses		(300,281)	(302,793)
Administration and Other Costs		(1,635,546)	(1,511,747)
Motor Vehicle Expenses		(276,622)	(241,518)
Travel and Training Expenses		(219,310)	(228,351)
Profit for the year		(791,061)	(515,205)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation changes for property, plant and equipment		-	1,271,734
Other comprehensive income for the year, net of tax		-	1,271,734
Total comprehensive income for the year		(791,061)	756,529

The accompanying notes form part of these financial statements.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Statement of Financial Position

30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	723,208	1,057,373
Trade and other receivables	7	163,643	390,309
Prepayments	8	12,884	16,603
TOTAL CURRENT ASSETS		<u>899,735</u>	<u>1,464,285</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,928,479	4,175,827
TOTAL NON-CURRENT ASSETS		<u>3,928,479</u>	<u>4,175,827</u>
TOTAL ASSETS		<u><u>4,828,214</u></u>	<u><u>5,640,112</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	650,228	650,904
Borrowings	11	40,505	39,936
Provisions	12	290,067	290,800
TOTAL CURRENT LIABILITIES		<u>980,800</u>	<u>981,640</u>
NON-CURRENT LIABILITIES			
Borrowings	11	358,406	378,403
TOTAL NON-CURRENT LIABILITIES		<u>358,406</u>	<u>378,403</u>
TOTAL LIABILITIES		<u>1,339,206</u>	<u>1,360,043</u>
NET ASSETS		<u><u>3,489,008</u></u>	<u><u>4,280,069</u></u>
EQUITY			
Reserves	13	1,271,734	1,271,734
Retained earnings		2,217,274	3,008,335
TOTAL EQUITY		<u><u>3,489,008</u></u>	<u><u>4,280,069</u></u>

The accompanying notes form part of these financial statements.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Retained Earnings	Asset Revaluation Surplus	Total
Note	\$	\$	\$
Balance at 1 July 2018	3,008,335	1,271,734	4,280,069
Net surplus/(deficit) for the year	(791,061)	-	(791,061)
Balance at 30 June 2019	<u>2,217,274</u>	<u>1,271,734</u>	<u>3,489,008</u>

2018

	Retained Earnings	Asset Revaluation Surplus	Total
Note	\$	\$	\$
Balance at 1 July 2017	3,523,540	-	3,523,540
Net surplus/(deficit) for the year	(515,205)	-	(515,205)
Revaluation increment (decrement)	-	1,271,734	1,271,734
13			
Balance at 30 June 2018	<u>3,008,335</u>	<u>1,271,734</u>	<u>4,280,069</u>

The accompanying notes form part of these financial statements.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Statement of Cash Flows For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	8,362,415	6,723,049
Payments to suppliers and employees	(8,605,375)	(7,025,043)
Interest received	1,863	2,758
Interest paid	(20,707)	(26,595)
Net cash provided by/(used in) operating activities	<u>(261,804)</u>	<u>(325,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(52,933)	(351,494)
Payment for investments	-	(2,388)
Net cash provided by/(used in) investing activities	<u>(52,933)</u>	<u>(353,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	76,298
Repayment of borrowings	(19,428)	(70,575)
Net cash provided by/(used in) financing activities	<u>(19,428)</u>	<u>5,723</u>
Net increase/(decrease) in cash and cash equivalents held	(334,165)	(673,990)
Cash and cash equivalents at beginning of year	<u>1,057,373</u>	<u>1,731,363</u>
Cash and cash equivalents at end of financial year	<u>6</u> <u>723,208</u>	<u>1,057,373</u>

The accompanying notes form part of these financial statements.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

The financial report covers Katungul Aboriginal Corporation Regional Health and Community Services as an individual entity. Katungul Aboriginal Corporation Regional Health and Community Services is a not-for-profit Association, registered and domiciled in Australia.

The functional and presentation currency of Katungul Aboriginal Corporation Regional Health and Community Services is Australian dollars.

1 Basis of Preparation

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

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Association has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Association adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Association's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Association has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

Classification of financial assets

The financial assets of the Association have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Measurement of equity instruments

All equity instruments of the Association are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 which allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) in the reporting period which includes the date of application.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments classified as fair value through other comprehensive income are taken to the relevant reserve.

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

Note	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139 \$	Reclassification \$	Re-measurements \$	Carrying amount under AASB 9 \$
Financial assets						
Equity securities (i)	Available for sale	Mandatorily at FVTPL	2,388	-	-	2,388
Trade and other receivables	Loans and receivables	Amortised cost	387,921	-	-	387,921
Cash and cash equivalents	Loans and receivables	Amortised cost	1,057,373	-	-	1,057,373
Total financial assets			1,447,682	-	-	1,447,682
Financial liabilities						
Trade payables	Other financial liabilities	Other financial liabilities	265,865	-	-	265,865
Other payables	Other financial liabilities	Other financial liabilities	385,039	-	-	385,039
Total financial liabilities			650,904	-	-	650,904

Notes to the table:

(i) Reclassify investments from Available for Sale to FVTPL

The Association reclassified some equity instruments from available for sale to FVTPL as the instruments are more appropriately classified as held for trading.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

3.1. Income Tax

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

3.2. 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.

3.3. Revenue and other income

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

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

Sale of donated goods

Revenue from the sale of donated goods and fundraising is brought to account when funds are received. The value of donated goods is not recognised as revenue by the Association.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Interest revenue

Interest is recognised using the effective interest method.

Other income

All other sources of income are brought to account as income when the related goods or services have been provided and the income earned.

3.4. Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

3.5. Property, plant and equipment

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

Land and buildings

Land and buildings are carried at fair value based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation and impairment losses where applicable. In periods when the land and buildings are not subject to an independent valuation. The board members conduct internal valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income. All other decreases are recognised in profit and loss.

Plant and equipment

Plant and equipment including leasehold improvements are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by management to ensure it is not in excess of the value in use of these assets.

Depreciation

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

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Furniture, Fixtures and Fittings	10%
Office Equipment	25%
Computer Equipment	33.33%
Dental Equipment	20% - 25%
Dental Van	20%

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.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

3.6. Financial instruments

For comparative year

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

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

Financial assets

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

- loans and receivables;
- available-for-sale financial assets; and

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

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

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

3.6. Financial instruments

Financial assets

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Association's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

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.

The Association's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

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

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

3.6. Financial instruments

For current year

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

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

Financial assets

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

Classification

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

- amortised cost
- fair value through profit or loss - FVTPL

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Financial assets through profit or loss

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

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

3.6. Financial instruments

Financial assets

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Association holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

The Association's financial assets measured at FVTPL comprise shares in IAG in the statement of financial position.

Impairment of financial assets

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

- financial assets measured at amortised cost

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

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

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

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

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

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

3.6. Financial instruments

Financial assets

Trade receivables

Trade and other receivables are initially recognised at transaction price and subsequently measured and carried at amortised cost. Collectability of trade receivables is made on an ongoing basis and when there is objective evidence that the company will not be able to collect the receivable, allowance for credit losses is recognised. These losses are recognised in profit or loss.

Other financial assets measured at amortised cost

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

Financial liabilities

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

The financial liabilities of the Association comprise trade payables, bank and other loans and finance lease liabilities.

3.7. 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.

3.8. Employee benefits

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

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

3.9. Economic dependence

Katungul Aboriginal Corporation Regional Health and Community Services is dependent on various State and Commonwealth Government funding for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the various State and Commonwealth Government funding will not continue to support Katungul Aboriginal Corporation Regional Health and Community Services.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

4 Critical Accounting Estimates and Judgements

Board members make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - fair value of financial instruments

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

Key estimates - revenue recognition - long term contracts

The Association undertakes long term contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

Key estimates - receivables

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

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

5 Revenue and Other Income

Revenue from continuing operations

	2019	2018
	\$	\$
Commonwealth Government Grants		
- Department of Health	2,017,888	1,973,199
- Department of Prime Minister and Cabinet	1,424,601	1,369,295
- Primary Health Networks - Coordinare	354,135	382,248
- Primary Health Networks - Grand Pacific Health	284,590	277,525
- NDIS	824,578	190,425
	<u>4,905,792</u>	<u>4,192,692</u>
NSW Government Grants		
- NSW Government Grants	863,407	719,165
	<u>863,407</u>	<u>719,165</u>
Other Grants		
- Rural Doctors Network	150,206	132,233
- Qumax	33,050	32,788
- Income from SCMSAC TIS	-	36,971
- Waminda - Tobacco Intervention	45,000	-
	<u>228,256</u>	<u>201,992</u>
Total Revenue	<u>5,997,455</u>	<u>5,113,849</u>
Other Income		
- Service Incentive (SIP)	400	430
- Employment Subsidies	5,909	13,318
- Interest Received	1,863	2,759
- IRT income	99,734	58,762
- Medicare Income	948,819	947,284
- Practice Incentives Program (PIP)	99,970	138,963
- Australian Child Immunisation (CIR)	906	1,128
- Other income	223,984	231,041
- GP Registrar Training	298,524	216,102
	<u>1,680,109</u>	<u>1,609,787</u>

6 Cash and Cash Equivalents

	2019	2018
	\$	\$
NAB bank accounts	723,208	1,057,373
	<u>723,208</u>	<u>1,057,373</u>

Katungul Aboriginal Corporation Regional Health and Community Services

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Notes to the Financial Statements For the Year Ended 30 June 2019

7 Trade and Other Receivables

CURRENT

Gross Trade Receivables	206,724	423,054
Allowance for expected credit losses (contract with customers)	(56,394)	(37,734)

Trade Receivables

150,330	385,320
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Staff Debtors

11,339	2,601
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IAG Shares

1,974	2,388
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163,643	390,309
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8 Prepayments

CURRENT

Prepayments	12,884	16,603
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12,884	16,603
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9 Property, plant and equipment

Land and buildings

At fair value

Bateman's Bay	1,500,000	1,500,000
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Bega

728,700	700,000
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Narooma

1,309,100	1,300,000
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Accumulated depreciation

(97,331)	(24,250)
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3,440,469	3,475,750
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PLANT AND EQUIPMENT

Furniture, fixtures and fittings

At cost

222,389	209,696
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Accumulated depreciation

(151,880)	(138,182)
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70,509	71,514
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Katungul Aboriginal Corporation Regional Health and Community Services

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Notes to the Financial Statements For the Year Ended 30 June 2019

9 Property, plant and equipment

	2019	2018
	\$	\$
Office equipment		
At cost	118,127	116,313
Accumulated depreciation	(107,063)	(99,282)
	<u>11,064</u>	<u>17,031</u>
Computer equipment		
At cost	803,113	803,113
Accumulated depreciation	(663,703)	(546,350)
	<u>139,410</u>	<u>256,763</u>
Dental Equipment		
At cost	1,142,824	692,824
Accumulated depreciation	(900,982)	(602,825)
	<u>241,842</u>	<u>89,999</u>
Medical Equipment		
At cost	147,640	147,014
Accumulated depreciation	(122,455)	(109,993)
	<u>25,185</u>	<u>37,021</u>
Dental Van		
At cost	-	450,000
Accumulated depreciation	-	(222,251)
Total Dental Van	<u>-</u>	<u>227,749</u>
Total plant and equipment	<u>488,010</u>	<u>700,077</u>
Total property, plant and equipment	<u>3,928,479</u>	<u>4,175,827</u>

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

9 Property, plant and equipment

9.1. Movements in Carrying Amounts

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

	Buildings \$	Furniture, Fixtures and Fittings \$	Office Equipment \$	Computer Equipment \$
Year ended 30 June 2019				
Balance at the beginning of the year	3,475,750	71,514	17,031	256,763
Additions	37,800	12,693	1,814	-
Transfers	-	-	-	-
Depreciation expense	(73,081)	(13,698)	(7,781)	(117,353)
Balance at the end of the year	3,440,469	70,509	11,064	139,410

	Dental Equipment \$	Medical Equipment \$	Dental Van \$	Total \$
Year ended 30 June 2019				
Balance at the beginning of the year	89,999	37,021	227,749	4,175,827
Additions	-	626	-	52,933
Transfers	227,749	-	(227,749)	-
Depreciation expense	(75,906)	(12,462)	-	(300,281)
Balance at the end of the year	241,842	25,185	-	3,928,479

Katungul Aboriginal Corporation Regional Health and Community Services

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Notes to the Financial Statements For the Year Ended 30 June 2019

10 Trade and Other Payables

	2019	2018
	\$	\$
Current		
Trade payables	275,678	265,865
GST payable	91,357	68,902
Sundry payables	4,376	(8,812)
Accrued expenses	51,857	43,745
PAYG and superannuation payable	117,515	89,049
Deferred grants	109,445	192,155
	<u>650,228</u>	<u>650,904</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.

11 Borrowings

CURRENT

Secured liabilities:

Bank loans	40,505	39,936
Total current borrowings	<u>40,505</u>	<u>39,936</u>

NON-CURRENT

Secured liabilities:

Bank loans	358,406	378,403
Total non-current borrowings	<u>358,406</u>	<u>378,403</u>

Total borrowings	<u>398,911</u>	<u>418,339</u>
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11.1. The carrying amounts of non-current assets pledged as collateral for liabilities are:

First Mortgage:

- freehold land and buildings	1,500,000	1,500,000
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The bank debt is secured by a registered first mortgage over the property known as 1-3 Old Princes Highway, Bateman's Bay, New South Wales owned by the Association. Minimum property insurance cover: \$2,250,000.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

12 Employee Benefits

	2019	2018
	\$	\$
Current liabilities		
Long service leave	44,786	37,884
Provision for employee benefits	245,281	252,916
	<u>290,067</u>	<u>290,800</u>

13 Reserves

13.1. Asset revaluation reserve

The asset revaluation reserve records fair value movements on land and buildings held under the revaluation model.

Transfers in	1,271,734	1,271,734
Total	<u>1,271,734</u>	<u>1,271,734</u>

14 Leasing Commitments

14.1. Operating leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	66,936	17,600
- between one year and five years	161,762	-
	<u>228,698</u>	<u>17,600</u>

An operating lease is in place for the motor vehicles, commenced on 20 December 2018 and has a term of 5 years. The prior year operating lease was a commercial premises known as 9/81 Auckland Street, Bega, New South Wales, and has a term of 2 years with a commencement date of 17 March 2017.

15 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Association is \$ 200,317 (2018: \$ 201,570).

16 Contingencies

In the opinion of Board, the Association did not have any contingencies at 30 June 2019 (30 June 2018:None).

17 Related Parties

Key management personnel - refer to Note 15.

Apart from receiving reasonable travel reimbursements, the board members were paid sitting fees totalling \$48,309 during the financial year.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements For the Year Ended 30 June 2019

17 Related Parties

All other transactions during the year were on normal commercial terms and conditions unless otherwise stated.

18 Events after the end of the Reporting Period

ATO Debt

In March 2019, the ATO re-raised a debt from 2008 in the sum of \$203,076 and levied a general interest charge (GIC) of \$305,313 leaving a total amount of debt at \$508,389.

As this debt should have been covered when Katungul was in administration, the only course of action to resolve this was to lodge an Application for Debt Waiver with the Department of Finance. That application was lodged on 1st May 2019.

In supporting the application, the ATO then remitted \$292,810 of the GIC. Then, on 19th September 2019, the Department of Finance waived the balance of the ATO debt of \$215,579.

As the debt has been fully extinguished and, given the transactions related to over a decade ago, there has been no adjustment recorded in these accounts.

Purchase of property

On 1st July 2019 the association executed a conditional contract to purchase a property in Bega that will cover the longer term needs for servicing the Bega Community.

While much of the detail in the contract is "commercial in confidence" pending completion, the deposit to acquire the property is to be funded from the sale of the Gipps St Property in Bega and, the balance of the purchase price is being funded by vendor finance.

A contract to sell that property has been executed and both the sale and purchase contracts are due to settle on 13th December 2019.

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 Association, the results of those operations or the state of affairs of the Association in future financial years.

19 Statutory Information

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

Katungul Aboriginal Corporation Regional Health and Community Services
26 Princess Highway
Narooma NSW 2546

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' 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 financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Responsible person Responsible person

Dated

Independent Audit Report to the members of Katungul Aboriginal Corporation Regional Health and Community Services

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Katungul Aboriginal Corporation Regional Health and Community Services (the registered entity), which comprises the statement of financial position as at 30 June 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 responsible entities' declaration.

In our opinion the financial report of Katungul Aboriginal Corporation Regional Health and Community Services has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the registered entity's financial position as at 30 June 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 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 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.

Other Information

The responsible entities are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2019, 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, 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 and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view that is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, management is 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 management either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

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 registered entity'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 registered entity'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 registered entity 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 those charged with governance 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 Audit Pty Ltd

Phillip Miller CA
Director

Canberra,

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Katungul Aboriginal Corporation Regional Health and Community Services

The following supplementary information aligns with the overall income and expenditure position included in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019 and the opening and closing balances of unspent funds are included in the respective Statement of Financial Position. With these exceptions, the supplementary information is otherwise unaudited, and has been prepared to assist management and reporting and should not be used for another purpose.

Supplementary Information - Schedule of Grants

	2018 Unspent	Release 2018/2019	Other	Expended 2018/2019	30th June 2019 Unspent
Grants - Commonwealth					
Department of Health					
IAHP	-	1585431		1585431	-
New Directions	-	415393	34163	432457	17099
	-	2000823	34163	2017888	17099
Department of Prime Minister & Cabinet					
Leadership Programmes	27208	-	-	27208	-
Stay Strong	42876	897620	-	903443	37053
Koori Connections		374546	-	374546	-
Strong Families: Strong Communities		110800	-	110800	-
SEWBEAT	7017	6320	-	8604	4733
	77101	1389286	-	1424601	41786
Primary Health Networks					
Grand Pacific Health					
IPHCS	-	238290	-	238290	-
NSSART	-	46300	-	46300	-
	-	284590	-	284590	-
Coordinare					
ITC	-	164580	-	164580	-
MHS	-	189555	-	189555	-
	-	354135	-	354135	-
NSW Health					
Dental Health		404972	-	404972	-
Mental Health		101600	-	101600	-
Ear Health		86900	-	86900	-
Population Health		188935	-	188935	-
Koori Maternity Access Programme		64000	-	64000	-
Nicotine Replacement Therapy	17000		-	17000	-
	17000	846407	-	863407	-
Other Grants/Projects					
NDIS		824578		824578	
RDN Outreach Programme	13653	146008	-	150206	9455
Waminda D&A Brokerage	48175	30000	-	39153	39022
Waminda Tobacco Intervention	-	45000	-	45000	-
QUMAX	-	33050	-	33050	-
IRT Booraja Project	28919	70815	-	99734	-
	90747	1149451	-	1191721	48477
	184848	6024692	34163	6136342	107362
NAIDOC	7597				2083
Balance Per Accounts	192445				109445

Katungul Aboriginal Corporation Regional Health and Community Services

Statement of Income and Expenditure			
For the Year ended 30th June 2019			
	Financial Year		
	2019	2018	2017
Income			
Grants and Other Income	7,677,564	6,723,636	5,375,302
Asset Revaluation	-	1,271,734	-
Total Income	7,677,564	7,995,370	5,375,302
Expenditure			
Labour Costs	6,036,866	4,954,432	3,409,508
Other costs	2,131,478	1,981,616	1,344,053
Non cash costs (Depreciation)	300,281	302,793	294,894
Total Expenditure	8,468,625	7,238,841	5,048,455
Net Surplus added to Members equity	(791,061)	756,529	326,847
Statement of Financial Position			
As at 30th June 2019			
Assets			
Cash and Cash Equivalents	723,208	1,057,373	1,731,363
Other Current Assets	176,527	406,912	232,408
Total Current Assets	899,735	1,464,285	1,963,771
Non-Current assets	3,928,479	4,175,827	2,855,392
Total assets	4,828,214	5,640,112	4,819,163
Liabilities			
Current Liabilities	980,800	981,640	883,007
Long Term Liabilities	358,406	378,403	412,616
Total Liabilities	1,339,206	1,360,043	1,295,623
Members Equity	3,489,008	4,280,069	3,523,540

The above information is a summarised extract from the Audited Financial Accounts for the years 2017, 2018 and 2019. It has been produced for inclusion in the General Report for FY 2019 to Members.