



Aboriginal Health Council
of South Australia Ltd.

FINANCIAL REPORT

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STATUTORY FINANCIAL REPORT

Board of Directors' Report

AHCSA Board of Directors submit the financial report of the Aboriginal Health Council of South Australia Limited for the period 1 July 2017 to 30 June 2018.

Board of Directors

Full voting membership of the Aboriginal Health Council of South Australia Limited (the 'Company') is made up of ten independently constituted Aboriginal community controlled health services and two Aboriginal community controlled substance misuse services.

From 1 July 2017 to 29 November 2017:

EXECUTIVE MEMBERS

John Singer (Chairperson)
Independent Chair

Polly Sumner-Dodd (Deputy Chairperson)
Aboriginal Sobriety Group

Les Kropinyeri (Treasurer)
Port Lincoln Aboriginal Health Service

Vicki Holmes (Secretary)
Nunukuwarrin Yunti of South Australia Inc

Jamie Nyangu (Executive Member)
Nganampa Health Council

Josie Warrior
Umoona Tjutagku Health
Service Aboriginal Corporation

Roger Williams
Oak Valley Health Service

Wilhelmine Lieberwirth
Nunyara Aboriginal Health Service Inc.

Mark Lovett
Pangula Mannamurna
Aboriginal Corporation

Roderick Day
Tullawon Health Service

Leeroy Bilney
Ceduna/ Koonibba Aboriginal Health
Service Aboriginal Corporation

Roy Wilson
Kalparrin Community Inc.

Vacant
Pika Wiya Health Service
Aboriginal Corporation

Rick Hartman
Moorundi Aboriginal Community Controlled
Health Service (from September 2017)

From 29 November 2017 to 30 June 2018:

EXECUTIVE MEMBERS

Polly Sumner-Dodd (Chairperson)
Independent Chair

Mark Lovett (Deputy Chairperson)
Pangula Mannamurna
Aboriginal Corporation

Les Kropinyeri (Treasurer)
Port Lincoln Aboriginal Health Service

Vicki Holmes (Secretary)
Nunukuwarrin Yunti of South Australia Inc

Jamie Nyangu (Executive Member)
Nganampa Health Council

Olive Bennell (to April 2018)
Vacant (April to June 2018)
Aboriginal Sobriety Group

Josie Warrior
Umoona Tjutagku Health Service
Aboriginal Corporation

Vacant (November 2017 to March 2018)
Madeline Grant (from March 2018)
Oak Valley Health Service

Wilhelmine Lieberwirth
Nunyara Aboriginal Health Service Inc.

Roderick Day
Tullawon Health Service

Roy Wilson
Kalparrin Community Inc.

Leeroy Bilney
Ceduna/ Koonibba Aboriginal Health
Service Aboriginal Corporation

Kym Thomas
Pika Wiya Health Service
Aboriginal Corporation

Rick Hartman (to April 2018)
Vicki Hartman (to April 2018)
Moorundi Aboriginal Community
Controlled Health Service

Principal Activities

The Aboriginal Health Council of SA Limited (the 'Company') is the peak body representing Aboriginal community controlled health and substance misuse services in South Australia.

Since the review process and reincorporation as an independent community controlled organisation in September 2001, full-time equivalent Secretariat positions have risen to 38.

The role of the Secretariat is to provide support to the Company's Board of Directors, its standing and sub committees and to manage the day to day operations of the Company.

The key activities of the Company's Secretariat during this period included:

- Appointment of new staff to the Company's Secretariat
- Reviewing operational policies and procedures
- Supporting the members review the AHCSA Constitution
- Supporting the members of the Executive and Full Board of Directors
- Collaboration with other agencies on research and other projects
- Advocating on behalf of individuals and groups in relation to Aboriginal health matters

- Responding on behalf of the Board on reviews and reports at State and National levels
- Developing strategies to support the ongoing quality and future of Aboriginal Health Worker training and workforce development issues
- Regularly updating the Company's website
- Visiting Aboriginal communities and Member organisations
- Participating on the executive and management committee of the South Australian Aboriginal Health Partnership
- Prepare for reaccreditation through the Quality Innovation Performance (QIP) and accreditation through the Australian Health Practitioner Regulation Agency
- Providing administration support and facilitation to the Aboriginal Primary Health Care Workers Forum
- Provide administration and facilitation support to the Aboriginal Research and Ethics Committee
- Responding to requests for information from students and other members of the public
- Presenting information about the organisation to various State and National forums

Financial Summary

The following Financial Statements and Notes presented in this report have been prepared on an accrual basis with the accompanying notes providing related party information. The Company has moved to the Cloud ERP system and other NetSuite applications for its financials, business functions and electronic filing system. AHCSA continues to outsource the payroll function to Integrated Payroll Systems.

Nexia Edwards Marshall are the Company's appointed Auditors for the next three financial years.

Significant Changes

Apart from the implementation of other NetSuite applications, no other significant changes occurred during the year.

Operating Result

In the 2017-2018 financial year, AHCSA posts a statutory surplus of \$414,898. There were no abnormal items.

Signed in accordance with a resolution of the members of the Committee.

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
REVENUE			
Grant Revenue	2	9,416,847	8,720,579
Other Revenues	2	296,121	389,124
Net Gain on Disposal of Non-Current Assets	2	13,455	2,389
TOTAL REVENUE		9,726,423	9,112,092
EXPENSES			
Employee Benefits Expenses		4,701,724	4,370,278
Goods and Services Expenses	3	4,224,927	4,127,604
Depreciation Expenses	7	154,997	147,873
Amortisation on Intangibles	8	229,877	393,352
TOTAL EXPENSES		9,311,525	9,039,107
TOTAL PROFIT FOR THE YEAR		414,898	72,985
Other Comprehensive Income			
Fair Value Gains on Revaluation of Land and Buildings	13	–	–
Other Comprehensive Income for the Year		–	–
TOTAL PROFIT ATTRIBUTABLE TO MEMBERS OF THE ENTITY		414,898	72,985

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	596,803	3,503
Trade and Other Receivables	5	811,377	869,058
Other Current Assets	6	74,502	191,903
TOTAL CURRENT ASSETS		1,482,682	1,064,464
NON-CURRENT ASSETS			
Plant and Equipment	7	7,523,463	8,143,056
Intangibles	8	125,463	310,110
TOTAL NON-CURRENT ASSETS		7,648,926	8,453,166
TOTAL ASSETS		9,131,608	9,517,630
CURRENT LIABILITIES			
Trade and Other Payables	9	1,316,673	1,591,142
Employee Benefits	10	445,621	416,266
Borrowings	11	134,549	321,841
TOTAL CURRENT LIABILITIES		1,896,843	2,329,249
NON-CURRENT LIABILITIES			
Employee Benefits	10	170,871	142,407
Long Term Loan	11	4,097,541	3,891,458
TOTAL NON-CURRENT LIABILITIES		4,268,412	4,033,865
TOTAL LIABILITIES		6,165,255	6,363,114
NET ASSETS		2,966,353	3,154,516
EQUITY			
Asset Revaluation Surplus	13	1,623,312	2,226,375
Retained Earnings		1,343,041	928,143
TOTAL EQUITY		2,966,353	3,154,518

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Note	RETAINED SURPLUS \$	ASSET REVALUATION SURPLUS \$	TOTAL \$
BALANCE AT 30 JUNE 2016		855,158	2,226,375	3,081,533
Net Profit for the Year		72,985	–	72,985
Revaluation Increment		–	–	–
BALANCE AT 30 JUNE 2017		928,143	2,226,375	3,154,518
Net Profit for the Year		414,898	–	414,898
Revaluation Decrement	13	–	(603,063)	(603,063)
BALANCE AT 30 JUNE 2018		1,343,041	1,623,312	2,966,353

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Grant Receipts		9,525,140	9,107,492
Cash Payments in the Course of Operations		(8,780,576)	(8,707,004)
Interest Received		186	2,697
Net Cash Provided By/(Used In) Operating Activities		744,750	403,185
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for Plant and Equipment		(183,697)	(302,105)
Receipts from Disposal of Plant and Equipment		13,456	21,099
Net Cash Used in Investing Activities		(170,241)	(281,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
CBA Assets Finance (Nett of Repayments)		(54,670)	(46,341)
Long Term Loan		73,461	-
Net Cash Provided by Financing Activities		18,791	(46,341)
NET INCREASE/(DECREASE) IN CASH HELD		593,300	75,838
Cash at the Beginning of the Financial Year		3,503	(72,335)
CASH AT THE END OF THE FINANCIAL YEAR	4	596,803	3,503

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Aboriginal Health Council of South Australia Limited ('the Company') is a Company limited by guarantee under the Corporations Act.

(a) Basis of Preparation

The Aboriginal Health Council of South Australia Limited ('the Company') 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 and other applicable Australian Accounting Standards - 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), the Australian Charities and Not-for-profits Commission Act 2012 and the Company Corporations Act 2001. The Company 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 to which they apply. 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.

(b) Property, Plant and Equipment

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Plant and equipment are carried at cost, where applicable, net of any accumulated depreciation.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' 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 the other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in the other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

The carrying amounts of property, plant and equipment are reviewed annually by the Company to ensure they are not in excess of their recoverable amount at balance date. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

(c) Depreciation and Amortisation

The depreciable amount for all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated/ amortised on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are made prospectively in current and future periods only.

The depreciation and amortisation rates used for each class of depreciable asset are:

Leasehold Improvements	10%
Medical Equipment	10%
Computing Equipment	14% – 33%
Other Plant and Equipment	10% – 20%
Software	40%
Artwork	0%
RTO	20% - 40%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) 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 Company, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the 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 Company 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.

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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the initial lease period and optional renewal period.

(e) Employee Benefits

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

The Company 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 Company's obligation for the other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. 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 high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

(f) Cash and Cash Equivalents

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

(g) Revenue and Other Income

Non-reciprocal grant revenue is recognised in profit or loss when the Company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Company and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

The Company receives non-reciprocal contributions of assets from the Government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received.

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Rental income from operating lease is recognised on a straight line basis over the term of the relevant leases.

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

(h) Taxation

No provision for income tax has been raised as the Company is exempt from Income Tax under Div 50 of the Income Tax Assessment Act 1997.

(i) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in ordinary course of business. Receivables expected to be

collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Included in trade receivables at the end of the reporting period is an amount receivable from sales made to a major customer during the current financial year amounting to \$680,000. While there is inherent uncertainty in relation to the prepayment of the entire amount, the directors believe there is a 60% chance that full amount of the debt is recoverable and therefore a provision for doubtful debt has been made for \$272,000.

(j) Intangible Assets

Intangible assets are initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Intangible assets have an estimated useful life between one and three years. It is assessed annually for impairment.

(k) 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 amount required to settle the obligation at the end of the reporting period.

(l) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company 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 60 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Goods and Services Tax

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which

are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(n) Impairment of Non-Financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where the future economic benefits of the assets are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would if deprived of the asset, replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(o) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised immediately as expenses to profit or loss.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events having occurred, which has an impact on the estimate future cash flows of

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

the financial asset. In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit and loss at this point.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Critical Accounting Estimates and Judgements

The committee 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 externally and within the Company.

(r) Economic Dependence

The Company is dependent on the Federal and State Government Departments 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 the Departments will not continue to support the Company.

(s) Fair Value of Assets and Liabilities

The Company 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 Company would receive to sell an asset or would have to pay transfer a liability in an orderly 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 the assets and liabilities that are not traded in an active market are determined using one or more valuation technique. The valuation techniques maximise, to the extent possible, the use of observable market value.

(t) New and Amended Accounting Standards

The Company has assessed all new and amended accounting standards issued and effective for financial reporting periods beginning on or after 1 January 2017, and determine there to be no effect on the current or prior period parent and consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

NOTE 2 – REVENUE	2018	2017
	\$	\$
Grant Revenue		
State Government Grant Revenue	1,874,255	2,673,380
Commonwealth Grant Revenue	4,314,350	4,018,501
Commonwealth DEEWR Grant	303,482	130,660
Other Grants	2,924,760	1,898,038
TOTAL GRANT REVENUE	9,416,847	8,720,579
Other Revenue		
Interest	186	2,697
Other	295,935	386,427
TOTAL OTHER REVENUE	296,121	389,124
Net Gain on Disposal of Non-Current Assets		
Proceeds from disposal	13,455	2,389
Total Net Gain on Disposal of Non-Current Assets	13,455	2,389
TOTAL REVENUE	9,726,423	9,112,092
NOTE 3 – GOODS AND SERVICES EXPENSES	2018	2017
	\$	\$
Goods and Services Expenditure Recorded in the Statement of Comprehensive Income comprises		
Advertising	13,553	28,525
Bank Fees and Interest	216,365	216,703
Bad and Doubtful Debts	272,000	–
Computing	110,448	105,868
Consultancy	78,526	77,523
Contract Cleaning	64,833	54,921
Contractors, Agency Staff and Salary Recharges	1,226,512	1,240,441
Donations and Ex Gratia Payments	12,352	14,309
Electricity	81,911	83,480
External Auditors Remuneration	26,965	22,768
Fee for Service	125,488	75,000
Insurance	64,474	67,250
Membership – Professional	25,020	78,163
Minor Equipment	83,676	20,182
Motor Vehicle Expense	181,784	154,598
Newsletter, Publicity and Promotions	97,915	117,683
Office Administration and Corporate Expenses	313,566	223,854
Periodicals, Journals and Publications	32,036	41,892
Postage and Courier	7,985	15,345
Printing and Stationery	33,472	27,543
Rental Expense on Operating Lease	22,059	23,113
Repairs, Maintenance and Occupancy Costs	84,529	202,343
Security Service	5,626	8,840
Training and Development	293,536	267,969
Travel Expenses	674,517	886,216
Telephone	75,779	73,075
	4,224,927	4,127,604

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

NOTE 4 – CASH AND CASH EQUIVALENTS	2018 \$	2017 \$
Cash at Bank	588,803	(4,497)
Cash on Hand	8,000	8,000
	596,803	3,503

The Company has secured a \$200,000 overdraft facility with the Commonwealth Bank to be used as a working capital. It is secured by First Registered Mortgage by Aboriginal Health Council of South Australia Ltd over non-residential real property located at 220 Franklin Street, Adelaide SA.

NOTE 5 – TRADE AND OTHER RECEIVABLES	2018 \$	2017 \$
Grant Funding Receivable	1,083,377	869,058
Other Receivables	–	–
	1,083,377	869,058
Less: Provision for Doubtful Debts	(272,000)	–
	811,377	869,058

The Company normal credit term is 30 days.

The group writes off a trade receivable when there is available information that the debtor is in severe financial difficulty and there is no realistic likelihood of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, which occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

a) Movement in the provision for impairment of receivables is as follows:

	\$
Provision for impairment as at 1 July 2016	–
Charge for the Year	–
Written Off	–
Provision for Impairment as at 30 June 2017	–
Charge for the Year	272,000
Written Off	–
Provision for Impairment as at 30 June 2018	272,000

NOTE 6 – OTHER CURRENT ASSETS	2018 \$	2017 \$
Prepayments	74,502	191,904
	74,502	191,904

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT	2018	2017
	\$	\$
Computer Equipment at Cost	516,419	495,484
Less: Accumulated Depreciation	(403,278)	(329,517)
	113,141	165,967
Medical Equipment at Cost	263,479	263,479
Less: Accumulated Depreciation	(225,465)	(217,689)
	38,014	45,790
Other Plant and Equipment at Cost	557,194	546,235
Less: Accumulated Depreciation	(330,172)	(296,940)
	227,022	249,295
Artwork at Cost	37,638	28,941
Land at Independent Valuation	5,500,000	5,000,000
Building at Independent Valuation	1,550,000	2,680,000
Building at Cost	97,877	40,063
Less: Accumulated Depreciation	(40,229)	(67,000)
	7,107,648	7,653,063
	7,523,463	8,143,056

An independent valuation of the above land and building is undertaken on 4 July 2017 by Michael Schwarz (B Bus Property Valuation AAPI, Certified Practising Valuer).

The independent valuer assessed the value to be \$7,050,000.

Reconciliation Reconciliations of the carrying amounts for each class of asset are set out below:	Computing Equipment	Medical Equipment	Other Plant and Equipment	Artwork	Land and Building at Independent Valuation	Total
	\$	\$	\$	\$	\$	\$
Balance at 30 June 2017	165,967	45,790	249,295	28,941	7,653,063	8,143,056
Additions	20,935	–	10,958	8,697	97,877	138,467
Revaluation	–	–	–	–	(603,063)	(603,063)
Disposals	–	–	–	–	–	–
Depreciation Expense	(73,760)	(7,776)	(33,232)	–	(40,229)	(154,997)
Carrying Amount at 30 June 2018	113,142	38,014	227,021	37,638	7,107,648	7,523,463

The Company has secured a market rate loan for \$4,044,512 with the Commonwealth Bank for the purchase of land and building located at 220 Franklin Street, Adelaide SA. The loan is secured by a first registered mortgage by the Aboriginal Health Council of South Australia Ltd. over the property.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

NOTE 8 – INTANGIBLE ASSETS	2018 \$	2017 \$
Computer Software at Cost	758,550	713,320
Less: Accumulated Amortisation	(683,523)	(581,467)
	75,027	131,853
RTO Training Resources	505,225	505,225
Less: Accumulated Amortisation	(454,789)	(326,968)
	50,436	178,257
	125,463	310,110

Reconciliation Reconciliations of the carrying amounts for each class of asset are set out below:	Computing Software \$	RTO Training Courses \$	Total \$
Balance at 30 June 2017	131,853	178,257	310,110
Additions	45,230	–	45,230
Revaluation	–	–	–
Disposals	–	–	–
Amortisation Expense	(102,056)	(127,821)	(229,877)
Carrying Amount at 30 June 2018	75,027	50,436	125,463

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

NOTE 9 – TRADE AND OTHER PAYABLES	2018	2017
	\$	\$
Current		
Trade Creditors and Accruals	993,673	1,294,818
Unspent Grants	323,000	296,324
	1,316,673	1,591,142
(a) Financial Liabilities at amortised cost classified as trade and other payables	2018	2017
	\$	\$
Trade and Other Payables		
Total Current	1,316,673	1,591,142
Total Non-Current	–	–
	1,316,673	1,591,142
Less: Other Payables (Net Amount of GST Payable)	(323,000)	(296,324)
Financial Liabilities as Trade and Other Payables	993,673	1,294,818
NOTE 10 – EMPLOYEE BENEFITS	2018	2017
	\$	\$
Current		
Salary Sacrifice Fees	381	364
Social Club Clearing	–	40
Annual Leave	287,218	272,898
Long Service Leave	98,785	85,681
Superannuation and Workers Compensation On-Costs	59,237	57,282
	445,621	416,266
Non-Current		
Long Service Leave	153,494	127,925
Superannuation and Workers Compensation On-Costs	17,377	14,482
	170,871	142,407
TOTAL EMPLOYEE BENEFITS	616,492	558,673
Reconciliation of Provision Movement	Employee Benefits	
Reconciliations of the provision for employee benefits are set out below:	\$	
Opening Balance at 1 July 2017		558,673
Annual Leave and Long Service Leave		
Additional Provisions Raised During the Year		346,563
Amounts Used		(288,744)
Closing Balance at 30 June 2018		616,492
Annual Leave and Long Service Leave		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

NOTE 11 – SECURED LOANS	2018 \$	2017 \$
Assets Finance		
Current		
CBA Assets Finance 1	2,933	8,944
CBA Assets Finance 2	32,317	37,396
TOTAL	35,250	46,341
Non-Current		
CBA Assets Finance 1	–	3,117
CBA Assets Finance 2	53,028	93,491
TOTAL	53,028	96,608
<p>The Company entered into a three year and a five year assets finance arrangement with the Commonwealth Bank of Australia to finance its equipment needs including, ICT, elevator and audio visuals.</p>		
Bank Loans		
Current Loan	99,299	275,500
Non-Current Loan	4,044,512	3,794,850
TOTAL	4,143,811	4,070,350
Borrowings		
Current Loan	134,549	321,841
Non-Current Loan	4,097,541	3,891,458
TOTAL BORROWINGS	4,232,090	4,213,298
<p>The Market Rate Loan is obtained for the purpose of purchasing a commercial property located at 220 Franklin Street, Adelaide, SA. This is an interest only facility for a period of three (3) years. The facility matures on 1 October 2020. The loan repayment will be renegotiated at maturity.</p> <p>The Better Business Loan is obtained for the purpose of refurbishing the commercial property at 220 Franklin Street. This is an interest only facility for a period of two (2) years, The facility matures on 3 October 2019. The loan repayment will be renegotiated at maturity.</p>		
NOTE 12 – COMMITMENTS	2018 \$	2017 \$
Operating Lease Commitments		
Motor Vehicle	136,299	77,339
Office Equipment	35,582	44,097
TOTAL OPERATING LEASE COMMITMENTS	171,881	121,436
Operating Lease Commitments are payable:		
Not Later Than 1 Year	132,613	65,248
Later Than 1 Year But Not Later Than 5 Years	39,268	56,188
TOTAL OPERATING LEASE COMMITMENTS	171,881	121,436

Operating Lease commitments are shown at GST inclusive values. Office Rent commitments relate to the initial 5 year or 3 year period of the relevant leases. There are options to renew the leases for a further 5 years or 3 years respectively at the conclusion of the initial lease periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

NOTE 13 – RESERVES	2018	2017
	\$	\$
Asset Revaluation Reserve		
The asset revaluation surplus records changes in the fair value property, plant and equipment.		
Analysis of Items in Other Comprehensive Income		
Opening Revaluation Reserve	2,226,375	2,226,375
Movement in Revaluation Reserve	(603,063)	–
Closing Revaluation Reserve	1,623,312	2,226,375

The property was revalued to \$7,050,000 as at 4 July 2017. The loss on revaluation reserve was debited to the asset revaluation reserve. Decreases in the fair value arising on the revaluation of land and buildings are debited to the asset revaluation reserve. Increases that offset previous decreases of the same asset are recognised against the asset revaluation reserve.

NOTE 14 – RELATED PARTY DISCLOSURES

Board of Management

The Board of Management for the year ended 30 June 2018 comprised:

Shane Mohor (Public Officer)	Leeroy Bilney
Polly Sumner-Dodd	Josephine Warrior
Les Kropinyeri	Mark Lovett
Vicki Holmes	Kym Thomas
Roderick Day	Madeline Grant
Jamie Nyanningu	Vicki Hartman
Wilhelmine Lieberwith	Beth Turner

The Chairperson of the Company is paid an honorarium. The amount is determined by decision of the Board. No other member of the Board received remuneration from the Company in their capacity as member in relation to the year ended 30 June 2018. No other entity that the above members are associated with has received funds other than through dealings with the Company in the ordinary course of business and on normal commercial terms and conditions.

	2018	2017
	\$	\$
TOTAL REMUNERATION RECEIVED BY BOARD MEMBER	15,000	15,000
Number of Board Members Receiving Remuneration	1	1
Key Management Personnel Compensation		
Short Term Benefit	962,834	835,796
Post Employment Benefit	87,531	79,401
TOTAL COMPENSATION	1,050,365	915,197

NOTE 15 – CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

NOTE 16 – FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts payable and receivable.

The Company does not have any derivative financial instruments as at 30 June 2018.

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

	2018 \$	2017 \$
Financial Assets		
Cash and Cash Equivalents	596,803	3,503
Loans and Receivables	811,377	869,058
	1,408,180	872,561
Financial Liabilities		
Financial Liabilities at Amortised Cost		
Trade and Other Payables	1,316,673	1,591,142
Borrowings	4,232,090	4,213,299
	5,548,763	5,804,441

Refer to Note 16 for detailed disclosures regarding the fair value measurement of Company's financial assets.

NOTE 17 – FAIR VALUE MEASUREMENTS

The Company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

	2018 \$	2017 \$
Recurring Fair Value Measurements		
Non-Financial Assets		
Land and Buildings	7,050,000	7,680,000
	7,050,000	7,680,000
Revaluation Decrement	(630,000)	

(i) For freehold land and buildings, the fair values are based on directors' valuation taking into account an external independent valuation.

NOTE 18 – COMPANY DETAILS

The registered office and principal place of business for the Company is: Aboriginal Health Council of SA Limited (Limited by Guarantee) 220 Franklin Street, Adelaide SA 5000.

NOTE 19 – EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date that have not been recognised in the financial report.

STATEMENT BY THE BOARD OF DIRECTORS

Aboriginal Health Council of South Australia Limited

The Directors of the registered entity declare that, in the Directors' opinion:

1. The financial statements and notes, as set out on pages 72 to 88, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b. Give a true and fair view of the financial position of the registered entity as at 30 June 2018 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Polly Sumner-Dodd

Director



Vicki Anne Holmes

Director



Signed at Adelaide, SA this 13th day of November 2018.

INDEPENDENT AUDITOR'S REPORT 2017-2018

To the Members of Aboriginal Health Council of South Australia Limited

Opinion

We have audited the financial report of the Aboriginal Health Council of South Australia Ltd, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Aboriginal Health Council of South Australia Ltd, is in accordance with the Australian Charities and Not-for-profits Commission Act 2012; including:

- (i) giving a true and fair view of the entity's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 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 ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial report of the Aboriginal Health Council of South Australia Ltd for the year ended 30 June 2017 was audited by another auditor who expressed a qualified opinion on that financial report on 30 October 2017. The qualification was based on an amount owed by the Department of the Prime Minister and Cabinet that had a significant level of uncertainty on the level of recoverability, and no provision had been made to allow for potential shortfall of the total amount owed.

Other information

The members are responsible for the other information. The other information comprises the information in the Aboriginal Health Council of South Australia Ltd.'s annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the other information we are required to report that fact. We have nothing to report in this regard.

Members' responsibility for the financial report

The members of the Aboriginal Health Council of South Australia Ltd are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT 2017-2018

To the Members of Aboriginal Health Council of South Australia Limited

In preparing the financial report, the directors are responsible for assessing the 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 directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the directors' 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 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 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 the directors 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.

Auditor's Independence Declaration To The Board Members Of The Aboriginal Health Council Of South Australia Ltd

In accordance with the requirements of subdivision 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I declare that, to the best of my knowledge and belief, during the audit of the Aboriginal Health Council of South Australia Ltd for the year ended 30 June 2018 there have been no contraventions of the independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants in relation to the audit.



Nexia Edwards Marshall
Chartered Accountants



Noel Clifford
Partner

Adelaide
South Australia
13 November 2018