

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Financial Statements

For the Year Ended 30 June 2021

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

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For the Year Ended 30 June 2021

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Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Directors' Report

30 June 2021

The directors present their report on Katungul Aboriginal Corporation Regional Health and Community Services for the financial year ended 30 June 2021.

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 Snr	Chairperson	
Susan Heycox	Deputy Chairperson	
Lynette Goodwin	Director	
Graham Moore	Director	
Lorraine Naylor	Director	
Angela Parsons	Director	
Ken Campbell	Director	
James Allen	Director	
Russell Styche	Independent member	Appointed on 21 Mar 2021
Lindsay Brown	Independent Member	Resigned on 10 Dec 2020

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.

Katungul is referred to as a corporation under the CATSI Act but as an association by the ACNC. As Katungul has to meet the reporting requirements of the ACNC (albeit via ORIC) it is therefore referred to as an Association in the remainder of this report

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

Directors' Report

30 June 2021

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 efficiencies-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 Regional Health and Community Services

ABN 35 679 076 545

Directors' Report

30 June 2021

Operating Result and Members Equity

The operating profit of the Association for the financial year amounted to \$ 51,184 (2020: \$162,775).

Auditors independence declaration

The auditors independence declaration for the year ended 30 June 2021 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:

Ausan Haycon

Director:

Ruth Nn

Dated this 16 day of Dec 2021

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors 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 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Division 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 Assurance & Risk Advisory

Phillip Miller
Registered Company Auditor

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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 2021

		2021	2020
	Note	\$	\$
Revenue	4	9,008,965	7,592,652
Other Income	4	1,358,501	1,760,379
Employee Benefits Expenses		(7,182,165)	(6,684,841)
Depreciation and Amortisation Expenses		(281,328)	(330,007)
Administration and Other Costs		(2,331,766)	(1,824,903)
Motor Vehicle Expenses		(159,280)	(143,724)
Travel and Training Expenses		(361,743)	(206,781)
Profit for the year		51,184	162,775
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation changes for property on disposal		-	(64,772)
Other comprehensive income for the year, net of tax		-	(64,772)
Total comprehensive income for the year		51,184	98,003

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 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,552,930	2,235,989
Trade and other receivables	6	728,380	599,068
Prepayments	7	-	12,884
TOTAL CURRENT ASSETS		2,281,310	2,847,941
NON-CURRENT ASSETS			
Right of use assets	8	340,142	431,614
Property, plant and equipment	9	12,404,534	5,694,491
TOTAL NON-CURRENT ASSETS		12,744,676	6,126,105
TOTAL ASSETS		15,025,986	8,974,046
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,327,236	1,905,915
Borrowings	11	39,132	39,132
Provisions	12	440,399	411,601
TOTAL CURRENT LIABILITIES		1,806,767	2,356,648
NON-CURRENT LIABILITIES			
Borrowings	11	2,565,970	2,588,377
Lease Liabilities	13	356,103	442,010
TOTAL NON-CURRENT LIABILITIES		2,922,073	3,030,387
TOTAL LIABILITIES		4,728,840	5,387,035
NET ASSETS		10,297,146	3,587,011
EQUITY			
Reserves	14	7,332,036	673,085
Retained earnings		2,965,110	2,913,926
TOTAL EQUITY		10,297,146	3,587,011

The accompanying notes form part of these financial statements.

Katungul Aboriginal Corporation Regional Health and Community Services

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Statement of Changes in Equity For the Year Ended 30 June 2021

2021

	Retained Earnings	Asset Revaluation Surplus	Total
Note	\$	\$	\$
Balance at 1 July 2020	2,913,926	673,085	3,587,011
Net surplus/(deficit) for the year	51,184	-	51,184
Revaluation increment (decrement)	-	6,658,951	6,658,951
Balance at 30 June 2021	2,965,110	7,332,036	10,297,146

2020

	Retained Earnings	Asset Revaluation Surplus	Total
Note	\$	\$	\$
Balance at 1 July 2019	2,217,274	1,271,734	3,489,008
Net surplus/(deficit) for the year	162,775	-	162,775
Revaluation increment (decrement)	-	(64,772)	(64,772)
Transfer of reserves	533,877	(533,877)	-
Balance at 30 June 2020	2,913,926	673,085	3,587,011

The accompanying notes form part of these financial statements.

Katungul Aboriginal Corporation Regional Health and Community Services

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Statement of Cash Flows For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		10,933,249	10,318,307
Payments to suppliers and employees		(9,031,815)	(8,456,510)
Interest received		-	1,393
Interest paid		-	(64,267)
Payment to ATO		(1,974,221)	-
Net cash provided by/(used in) operating activities		(72,787)	1,798,923
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		-	112,149
Purchase of property, plant and equipment		(481,515)	(270,155)
Net cash provided by/(used in) investing activities		(481,515)	(158,006)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Lease payments - Principle & interest		(106,350)	(106,734)
Repayment of borrowings		(22,407)	(21,402)
Net cash provided by/(used in) financing activities		(128,757)	(128,136)
Net increase/(decrease) in cash and cash equivalents held		(683,059)	1,512,781
Cash and cash equivalents at beginning of year		2,235,989	723,208
Cash and cash equivalents at end of financial year	5	1,552,930	2,235,989

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

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 Summary of Significant Accounting Policies

2.1. Income Tax

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

2.2. Leases

At inception of a contract, the Association assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Association has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

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

At the lease commencement, the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

2.2. Leases

readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

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

Exceptions to lease accounting

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

2.3. Revenue and other income

Donations

Revenue from contracts with customers

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

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

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

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

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Association presents the contract as a contract asset, unless the Association's rights to that amount of consideration are unconditional, in which case the Association recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Association presents the contract as a contract liability.

Contract cost assets

The Association recognises assets relating to the costs of obtaining a contract and the costs incurred to fulfil a contract or set up / mobilisation costs that are directly related to the contract provided they will be recovered through performance of the contract.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

2.3. Revenue and other income

Statement of financial position balances relating to revenue recognition

Costs to obtain a contract

Costs to obtain a contract are only capitalised when they are directly related to a contract and it is probable that they will be recovered in the future. Costs incurred that would have been incurred regardless of whether the contract was won are expensed, unless those costs are explicitly chargeable to the customer in any case (whether or not the contract is won).

The capitalised costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Set-up / mobilisation costs

Costs required to set up the contract, including mobilisation costs, are capitalised provided that it is probable that they will be recovered in the future and that they do not include expenses that would normally have been incurred by the Association if the contract had not been obtained. They are recognised as an expense on the basis of the proportion of actual output to estimated output under each contract. If the above conditions are not met, these costs are taken directly to profit or loss as incurred.

Costs to fulfil a contract

Where costs are incurred to fulfil a contract, they are accounted for under the relevant accounting standard (if appropriate), otherwise if the costs relate directly to a contract, the costs generate or enhance resources of the Association that will be used to satisfy performance obligations in the future and the costs are expected to be recovered then they are capitalised as contract costs assets and released to the profit or loss on an systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.

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.

2.4. 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).

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

2.4. Goods and services tax (GST)

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.

2.5. 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%
Medical Equipment	20%-40%

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

2.6. Financial instruments

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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

2.6. Financial instruments

Financial assets

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
- contract assets.

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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

2.6. Financial instruments

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.

2.7. 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.

2.8. 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.

2.9. Economic dependance

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.

3 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Critical Accounting Estimates and Judgements

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

4 Revenue and Other Income

Revenue from continuing operations

	2021	2020
	\$	\$
Commonwealth Government Grants		
- Department of Health	2,509,205	2,367,291
- Department of Prime Minister and Cabinet	1,495,492	1,420,019
- Primary Health Networks - Coordinare	506,415	361,945
- Primary Health Networks - Grand Pacific Health	241,864	238,290
- NDIS	2,824,480	2,108,736
	7,577,456	6,496,281
NSW Government Grants		
- NSW Government Grants	1,051,400	820,570
	1,051,400	820,570
Other Grants		
- Rural Doctors Network	202,371	247,796
- NAACHO	79,118	-
- Qumax	33,094	28,005
- Directions health Bega	65,526	-
	380,109	275,801
Total Revenue	9,008,965	7,592,652

Other Income

Other Income		
- Service Incentive (SIP)	-	120
- Employment Subsidies	21,197	13,581
- Interest Received	955	1,393
- Medicare Income	1,073,300	881,453
- Practice Incentives Program (PIP)	72,257	214,727
- Australian Child Immunisation (CIR)	546	816
- Other income	154,709	514,434
- GP Registrar Training	35,536	133,855
Total Other Income	1,358,500	1,760,379

Notes to the Financial Statements

For the Year Ended 30 June 2021

5 Cash and Cash Equivalents

	2021	2020
	\$	\$
Westpac bank accounts	1,552,930	2,235,989
	<u>1,552,930</u>	<u>2,235,989</u>

6 Trade and Other Receivables

CURRENT		
Trade Receivables	713,077	582,412
Trade Receivables	713,077	582,412
Staff Debtors	14,096	15,069
IAG Shares	1,207	1,587
	<u>728,380</u>	<u>599,068</u>

7 Prepayments

CURRENT		
Prepayments	-	12,884
	<u>-</u>	<u>12,884</u>

8 Leases

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

Association as a lessee

The Association has leases over a range of assets including land and buildings and motor vehicles,

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

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

Terms and conditions of leases

Office rental being leases for buildings in Narooma expiring on 31 May 2021 with lease options to extend the lease twice for further period of 3 years each up to 31 May 2027.

Vehicle rental leases being rental for 17 units of motor vehicles for 60 months.

The Association has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability.

Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Leases

Right-of-use assets

	\$	Total \$
Year ended 30 June 2021		
Balance at the beginning of the year	431,614	431,614
Total Depreciation Expenses	(91,472)	(91,472)
Balance at end of year	340,142	340,142

	\$	Total \$
Year ended 30 June 2020		
	431,614	431,614

Lease liabilities

Extension options

A number of the building leases contain extension options which allow the Association to extend the lease term by up to twice the original non-cancellable period of the lease.

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Property, plant and equipment

	2021 \$	2020 \$
LAND AND BUILDINGS		
At fair value		
Bateman's Bay	1,290,000	1,528,756
Bega	9,636,364	2,659,270
Narooma	1,150,000	1,309,100
Accumulated depreciation	-	(156,442)
	12,076,364	5,340,684
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	234,819	222,389
Accumulated depreciation	(165,834)	(155,000)
	68,985	67,389
Office equipment		
At cost	128,627	118,127
Accumulated depreciation	(118,127)	(114,988)
	10,500	3,139
Computer equipment		
At cost	854,125	823,993
Accumulated depreciation	(771,990)	(728,644)
	82,135	95,349
Dental Equipment		
At cost	1,142,824	1,142,824
Accumulated depreciation	(994,751)	(967,783)
	148,073	175,041
Medical Equipment		
At cost	166,937	147,640
Accumulated depreciation	(148,460)	(134,751)
	18,477	12,889
Total plant and equipment	328,170	353,807
Total property, plant and equipment	12,404,534	5,694,491

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements

For the Year Ended 30 June 2021

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:

	Land and Buildings	Furniture, Fixtures and Fittings	Office Equipment	Computer Equipment	Dental Equipment	Medical Equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2020							
Balance at the beginning of the year	5,340,684	67,389	3,139	95,349	175,041	12,889	5,694,491
Additions	76,729	12,430	10,500	30,132	-	19,297	149,088
Depreciation expense	-	(10,834)	(3,139)	(43,346)	(26,968)	(13,709)	(97,996)
Revaluation increase	6,658,951	-	-	-	-	-	6,658,951
Balance at the end of the year	12,076,364	68,985	10,500	82,135	148,073	18,477	12,404,534

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Trade and Other Payables

	2021	2020
	\$	\$
Current		
Trade payables	133,029	141,625
GST payable	142,547	200,290
Sundry payables	-	207
Accrued expenses	51,857	51,857
PAYG and superannuation payable	158,503	509,329
Deferred grants	841,300	1,002,607
	<u>1,327,236</u>	<u>1,905,915</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	39,132	39,132
Total current borrowings	<u>39,132</u>	<u>39,132</u>

NON-CURRENT

Secured liabilities:

IMB Bank loans	315,970	338,377
Vendor loan	2,250,000	2,250,000
Total non-current borrowings	<u>2,565,970</u>	<u>2,588,377</u>

Total borrowings	<u>2,605,102</u>	<u>2,627,509</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	1,290,000	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.

the new loan being \$2,250,000 borrowed from Sapphire Coast Age Care to operate the new facilities in Bega.

Notes to the Financial Statements

For the Year Ended 30 June 2021

12 Employee Benefits

	2021 \$	2020 \$
Current liabilities		
Long service leave	54,079	37,745
Provision for employee benefits	386,320	373,856
	<u>440,399</u>	<u>411,601</u>

13 Leasing Commitments

13.1. Lease liabilities

Minimum lease payments under non-cancellable operating leases:

- not later than one year	85,907	86,559
- between one year and five years	270,196	355,451
	<u>356,103</u>	<u>442,010</u>

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

14 Reserves

14.1. Asset revaluation reserve

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

Opening balance	673,085	1,271,734
Transfers in	6,900,723	-
Transfers out	(241,772)	(598,649)
Total	<u>7,332,036</u>	<u>673,085</u>

15 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Association is \$ 200,064 (2020: \$ 187,217).

16 Contingencies

In the opinion of Board, the Association did not have any contingencies at 30 June 2021 (30 June 2020:None).

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Related Parties

Key management personnel - refer to Note 15.

Apart from receiving reasonable travel reimbursements, the board members were paid sitting fees totalling \$ 54,860 during the financial year.

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

18 Significant events during the year

Bushfires

An additional \$200,000 was funded by the NSW Government via NSW Health for wellbeing Initiatives to aid in bushfire recovery efforts and activities.

The NSW Government also committed to fund another \$102,500 via their Resilience NSW BCRRF initiative and, due to the impact of Covid, the first instalment paid (\$71,750) has been rolled over to the current year.

Covid

The Australian Government provided a further \$50,000 Covid Cash Flow Boost as a reduction in PAYG payments. The Australian Government (via NIAA) also provided a "Covid Boost Package of \$160,000 to fund extra staffing costs and some of this (\$47,475) has been rolled over to FY 2022

General

NAACHO provided total funding of \$90,000 covering both Covid and Bushfires.

Calleo provided \$40,000 to cover programme expenses for activities within the SEWB team programmes.

Capital

The NSW Government met their commitment to a capital grant of \$358,885 (to cover costs of building improvements and to fund a wheelchair accessible vehicle). While the funds were received in FY2021 the whole amount has been rolled over to FY2022.

19 Events after the end of the Reporting Period

Extra funding was made available via the Australian Government through Coordinare to fund 3 Bushfire Recovery Officers for FY 2022 .

The NSW Government through NSW Aboriginal affairs provided \$50,000 to assist with programme expenses for the SEWB team but those funds have since been diverted (with permission) to cover additional costs incurred in the local (recent) Covid out-break. The NSW Government (through NSW Health and Resilience NSW) have also provided additional funding packages to cover the vaccine roll-out and the home care packages for those having to isolate at home.

The final funding contract for \$4,249,351 for the Bega Safe Places project (Australian Government via the Department of Social Security) was executed on 28.09.2021 and, as soon as the last approval documents are to hand, work will start on that project. These funds will be used to repay the SCACG mortgage and refurbish the back two wings and adjoining cottage to create up to 22 separate living spaces

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

Katungul Aboriginal Corporation Regional Health and Community Services

ABN 35 679 076 545

Notes to the Financial Statements

For the Year Ended 30 June 2021

20 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

Aupan Heycox

Responsible person

Reid Syme

Dated

16.12.21

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 2021, 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 entity's declaration.

In our opinion, the financial report of Katungul Aboriginal Corporation Regional health and Community Services is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including.

- a) gives a true and fair view of the registered entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with the 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 ethical responsibilities in accordance with the Code.

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

Other Information

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 2021 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.

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Responsibilities of Those Charged with Governance for the Financial Report

Those charged with governance of the registered entity are responsible for the preparation of the financial report that gives a true and fair view 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 and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, those charged with governance are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless those charged with governance 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

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 Australian Auditing Standards, we exercise professional judgment 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.

Vincent's Assurance & Risk Advisory

Phillip Miller CA
Director
Canberra, ACT

Dated: 16 December 2021

Katungul Aboriginal Corporation Regional Health and Community Services ICN 1816

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 2021 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.

Financial Accounts for Year Ended 30th June 2021

Supplementary Schedule • Grant Acquittals FY2021 and Unspent Fund Details

	2020 Unspent	GST	Release 2020/2021	Expended 2020/2021	2021 Unspent
Grants - Commonwealth					
Department of Health					
IAHP	-		\$ 2,365,822	\$ 2,365,822	-
	-	-	\$ 2,365,822	\$ 2,365,822	-
National Indigenous Australians Agency					
Stay Strong	\$ 364,441	\$ 33,131	\$ 566,310	\$ 897,620	-
Koori Connections	\$ 206,000	\$ 18,727	\$ 187,273	\$ 374,546	-
Strong Families: Strong Communities			\$ 110,800	\$ 110,800	
Covid Boost	\$ 176,000	\$ 16,000		\$ 112,525	\$ 47,475
SEWBEAT	-		\$ 11,776		\$ 11,776
	\$ 746,441	\$ 67,858	\$ 876,159	\$ 1,495,491	\$ 59,251
Primary Health Networks					
Grand Pacific Health	-	-	\$ 241,864	\$ 241,864	-
Coordinare					
Intensive Team Care	\$ 20,000		\$ 187,853	\$ 207,853	-
Mental Health Services	\$ 60,000		\$ 238,562	\$ 298,562	-
Bushfire Recovery Officers			\$ 165,658	-	\$ 165,658
	\$ 80,000	-	\$ 592,073	\$ 506,415	\$ 165,658
NSW Health					
Dental Health	-		\$ 362,600	\$ 362,600	
Wellbeing Initiatives			\$ 200,000	\$ 200,000	
Aboriginal Affairs			\$ 50,000		\$ 50,000
Small Capital Grants			\$ 358,885	-	\$ 358,885
BCRRF			\$ 71,750	-	\$ 71,750
Mental Health	-		\$ 105,900	\$ 105,900	\$ -
Ear Health	-		\$ 90,700	\$ 90,700	\$ -
Population Health	-		\$ 259,400	\$ 259,400	\$ -
Suicide Prevention Gatekeeper T	\$ 69,780		-	\$ 32,800	\$ 36,980
	\$ 69,780	\$ -	\$ 1,499,235	\$ 1,051,400	\$ 517,615
Other Grants/Projects					
NDIS	-		\$ 2,818,507	\$ 2,818,507	-
RDN Outreach Programme	\$ 85,527		\$ 64,353	\$ 202,371	-\$ 52,491
Waminda D&A Brokerage	\$ 19,271				\$ 19,271
NAACHO			\$ 90,000	\$ 79,118	\$ 10,882
AH&MRC - NRT	-		\$ 13,281	\$ 13,281	\$ -
QUMAX	-		\$ 33,094	\$ 33,094	\$ -
Calleo			\$ 40,000		\$ 40,000
Directions Health Bega			\$ 131,052	\$ 65,526	\$ 65,526
	\$ 104,798	\$ -	\$ 3,190,287	\$ 3,211,897	\$ 83,188
NAIDOC	\$ 1,588		\$ 14,000		\$ 15,588
TOTAL	\$ 1,002,607	\$ 67,858	\$ 8,779,440	\$ 8,872,889	\$ 841,300

Katungul Aboriginal Corporation Regional Health and Community Services ICN 1816

Statement of Income and Expenditure		
For the Year ended 30th June 2021		
Income	2021	2020
Grants and Other Income	\$ 10,367,466	\$ 9,353,031
Expenditure		
Labour Costs	\$ 7,182,165	\$ 6,684,841
Other costs	\$ 2,852,789	\$ 2,175,408
Non Cash Costs (Depreciation)	\$ 281,328	\$ 330,007
Total Expenditure	\$ 10,316,282	\$ 9,190,256
Net Surplus	\$ 51,184	\$ 162,775
Asset Revaluation	\$ 6,658,951	-\$ 64,772
Addition to Members equity	\$ 6,710,135	\$ 98,003

Statement of Financial Position		
As at 30th June 2021		
Assets		
Cash and Cash Equivalents	\$ 1,552,930	\$ 2,235,989
Other Current Assets	\$ 728,380	\$ 611,952
Total Current Assets	\$ 2,281,310	\$ 2,847,941
Non Current Assets	\$ 12,744,676	\$ 6,126,105
Total assets	\$ 15,025,986	\$ 8,974,046
Liabilities		
Current Liabilities	\$ 1,806,767	\$ 2,356,648
Long Term Liabilities	\$ 2,922,073	\$ 3,030,387
Total Liabilities	\$ 4,728,840	\$ 5,387,035
Members Equity	\$ 10,297,146	\$ 3,587,011

The above information is a summarised extract from the Audited Financial Accounts for the years FY2020 and FY2021. It has been produced for inclusion in the General Report for FY2021 to members