NGANAMPA HEALTH COUNCIL INCORPORATED

ABN: 25 284 162 604

FINANCIAL REPORT

YEAR ENDED 30 JUNE 2020

NGANAMPA HEALTH COUNCIL INCORPORATED
ABN: 25 284 162 604

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue and other income	2	23,758,710	22,840,849
Employee benefits expenses		(16,575,373)	(16,063,840)
Accounting Fees		(300)	(614)
Bank Charges		(3,962)	(4,496)
Client Related Expenses		(799,014)	(764,410)
Consultancy Fees		(269,918)	(434,540)
Cleaning		(121,489)	(75,549)
Depreciation and amortisation expenses		(1,489,573)	(1,765,017)
Electricity & Gas		(221,248)	(278,394)
External Auditor Remuneration		(28,345)	(37,195)
Freight		(160,604)	(128,486)
Furnishings & Equipment		(152,102)	(129,841)
Information Technology		(429,651)	(350,185)
Insurance		(114,459)	(101,559)
Lease Interest Expense		(13,331)	-
Motor Vehicle Expenses		(730,027)	(700,780)
Office, Administration & Corporate Expenses		(51,747)	(106,175)
Postage, Printing & Stationery		(34,759)	(40,426)
Program costs		-	(10,102)
Repairs, Maintenance & Rental costs		(676,573)	(645,463)
Staff Development & Recruitment		(575,443)	(513,125)
Patients Assisted Transport		(686,811)	(824,918)
Travel & Accommodation		(524,730)	(650,661)
Telephone		(233,833)	(273,092)
Current year surplus (deficit) before income tax		(134,582)	(1,058,019)
Income tax expense		-	-
Net Current year surplus (deficit)		(134,582)	(1,058,019)
Other comprehensive income		-	-
Total comprehensive income for the year		(134,582)	(1,058,019)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

NGANAMPA HEALTH COUNCIL INCORPORATED
ABN: 25 284 162 604

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	3	9,920,774	7,692,117
Accounts receivable and other debtors	4	188,752	418,158
Inventories & consumables on hand		284,426	284,426
Other current assets	5	87,881	85,562
TOTAL CURRENT ASSETS		10,481,833	8,480,263
NON-CURRENT ASSETS			
Property, plant and equipment	6	12,473,724	13,111,087
Right of use Assets	7	239,123	-
TOTAL NON-CURRENT ASSETS		12,712,847	13,111,087
TOTAL ASSETS		23,194,680	21,591,350
CURRENT LIABILITIES			
Accounts payable and other payables	8	2,108,595	2,479,554
Contract liabilities		4,411,371	2,461,967
Lease Liabilities		57,908	-
Employee provisions	9	2,291,688	2,154,740
TOTAL CURRENT LIABILITIES		8,869,562	7,096,261
NON-CURRENT LIABILITIES			
Contract liabilities	8	-	218,389
Lease Liabilities		186,861	-
Other non-current liabilities	10	57,656	57,265
Employee provisions	9	215,795	220,047
TOTAL NON-CURRENT LIABILITIES		460,312	495,701
TOTAL LIABILITIES		9,329,874	7,591,962
NET ASSETS		13,864,806	13,999,388
EQUITY			
Retained surplus		12,253,543	12,566,017
Asset replacement reserve	11	1,611,263	1,433,371
TOTAL EQUITY		13,864,806	13,999,388

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Retained Surplus $	Asset Replacement Reserve $	Total $
Balance at 1 July 2018	13,551,019	1,506,388	15,057,407
Comprehensive income			
Net surplus (deficit) for the year	(1,058,019)	-	(1,058,019)
Total comprehensive income for the year	(1,058,019)	-	(1,058,019)
Transfer from reserve	73,017	(73,017)	-
Balance at 30 June 2019	**12,566,017**	**1,433,371**	**13,999,388**
Balance at 1 July 2019	12,566,017	1,433,371	13,999,388
Comprehensive income			
Net surplus (deficit) for the year	(134,582)	-	(134,582)
Total comprehensive income for the year	(134,582)	-	(134,582)
Transfer to reserve	(177,892)	177,892	
Balance at 30 June 2020	**12,253,543**	**1,611,263**	**13,864,806**

NGANAMPA HEALTH COUNCIL INCORPORATED
ABN: 25 284 162 604

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from funding bodies, members and customers		23,780,410	23,631,123
Payments to suppliers and employees		(20,817,812)	(22,140,955)
Lease interest expense		(13,331)	-
Interest received		97,056	107,510
Net cash provided by (used in) operating activities	14	3,046,323	1,597,678
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(873,145)	(972,478)
Receipts from disposal of plant and equipment		110,650	477,378
Net cash used in investing activities		(762,495)	(495,100)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of Finance Leases		(55,171)	-
Net cash provided by (used in) financing activities		(55,171)	-
NET INCREASE (DECREASE) IN CASH HELD		2,228,657	1,102,578
Cash at the beginning of the financial year		7,692,117	6,589,539
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3	9,920,774	7,692,117

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 7th October 2020 by the committee.

Basis of Preparation
Nganampa Health Council Incorporated applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*

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. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the 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.

Accounting Policies

(a) Income Tax

The Association is not subject to income tax and therefore no income tax expense or income tax payable is shown in the financial statements.

(b) Fair Value of Assets and Liabilities

The association measures some of its assets at fair value on a recurring basis.
Fair value is the price the association would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at reporting date (ie the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

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

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Property, Plant and Equipment

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

The cost of fixed assets constructed within the association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life 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.

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

Leasehold Buildings	2.5%
Motor Vehicles	17.0%
Plant and Equipment	10% - 20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

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

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the association commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

All recognised financial assets that are within the scope of AASB 9 are initially classified as into one of these 3 groups on the basis of the entity's business model for managing the financial assets and whether the contractual cash flows re limited to payments of principal or principal plus interest:

1) Amortised cost
2) Fair value through profit or loss ("FVTPL"); or
3) Fair Value Through Other Comprehensive Income ("FVOCI")

These assets are initially measured at fair value plus any transaction costs, or in the case of assets classified as FVTPL.

Classification and subsequent measurement

Subsequently:

(i) assets classified as amortised cost are measured using the effective interest rate method and are subject to impairment assessments. Realised gains and losses on these assets recognised in profit or loss when the asset is derecognised, modified or impaired;

(ii) assets classified as FVTPL are measured at fair value and any net change in fair value is recognised in profit or loss; and

(iii) assets classified as FVOCI are measured at fair value and any net change in fair value is recognised in Other Comprehensive Income, Gains or losses on these assets realised on derecognition are recognised in profit or loss.

Impairment

Financial asset impairment is assessed at the end of each financial period using the expected credit loss (ECL) model, except for assets classified as FVTPL. It is calculated by deducting from the contractual cash flows due to the entity the cash flows that the association expects to receive, discounted at a rate that approximates the effective interest rate at inception.

The association considers a financial asset is in default when internal or external information indicates that the outstanding contractual amounts are unlikely to be received. Financial assets are written off when there is no reasonable expectation of recovering the contractual cash flows.

(e) Impairment

At the end of each reporting period, the Association reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association 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 the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(f) 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.

The association has elected not to separate non-lease components from lease components and has accounted for all leases as a single component.

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.

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 right-of-use asset is assessed for impairment indicators at each reporting date.

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.

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.

The association has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

In the comparative reporting period, the following accounting policies applied for leases:

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Employee Provisions

Short-term employee benefits

Provision is made for the association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The association's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements 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. Other long-term employee benefits 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 government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements of obligations for other long-term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(i) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the 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.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

(j) Revenue and Other Income

The association has elected to adopt AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities this period with a date of initial application of 1 January 2019 using the modified retrospective (cumulative catch-up) method which means the comparative information has not been restated and continues to be reported under AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions and related interpretations.

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration.

The customer for these contracts is the fund provider.

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
5. Recognise revenue

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. This is the case for application fees for new members, which are recognised as income over the expected term of membership.

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.

Contract assets arise when work has been performed on a particular program and goods or services have been transferred to the customer but the invoicing milestone has not been reached and the rights to the consideration are not unconditional. If the rights to the consideration are unconditional then a receivable is recognised. No impairment losses were recognised in relation to these assets during the year (2019: $nil).

Contract liabilities generally represent the unspent grants or other fees received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant / fees. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current. Where the monies are received for the association to acquire or construct an item of property, plant and equipment which will be controlled by the association then the funds are recognised as a contract liability and amortised to revenue as and when the obligation is satisfied.

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the association at significantly below its fair value.

Once the asset has been recognised, the association recognises any related liability amounts (e.g. provisions, financial liabilities).

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability

Capital grants

Capital grants received under an enforceable agreement to enable the association to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the association (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the association.

Interest Income

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

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

(j) Revenue and Other Income (cont)

In the comparative reporting period, the following accounting policies applied for revenue and other income:

Grants are treated according to the specifications of the grant funding agreements. Grant income and expenses are recognised as specified by the grant funding agreements.

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.

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

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.
All other borrowing costs are recognised as expenses in the period in which they are incurred.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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 or 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.

(m) Comparative Figures

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

(n) Accounts Payable and Other Payables

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

(o) Provisions

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

(p) Critical Accounting Estimates and Judgements

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

Key estimates

(i) Useful lives of property, plant & equipment

As described in Note 1(c), the association reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key Judgements

(i) Performance obligations under AASB15 and AASB 1058

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/value, quantity and the period of transfer related to the goods or services promised

(ii) Lease term and Option to Extend under AASB16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the association will make. The association determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the association.

(iii) *Employee Benefits*

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the association expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the association believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

(q) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Association. The committee has decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the Association but applicable in future reporting periods is set out below:

AASB 16: *Leases*

The association has elected to adopt AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

Under AASB 117, the association assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the lessee or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except where an exemption election is used). The leases identified by the association (including building leases, motor vehicle leases and certain office equipment) have been recognised as a right of use asset with a corresponding lease liability on the balance sheet.

The association has elected to use the exception to lease accounting for leases of low value assets (for this entity this is most of the office equipment leases) and the lease expense relating to these leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis. The association has also elected to record concessionary leases at cost rather than fair value.

The association has elected to use the following practical expedients permitted to be used on transition to applying AASB 16:

- contracts which had previously been assessed as not containing leases under AASB 117 and associated Accounting Interpretations were not re-assessed on transition to AASB 16
- lease liabilities have been discounted using the association's incremental borrowing rate at 1 July 2019;
- right of use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- hindsight was used when determining the lease term where the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

The adoption of AASB 16 at 1 July 2019 resulted in recognition of additional right of use assets of $299,141, additional lease liabilities of $299,141 and no adjustment in retained earnings at that date.

The weighted average lessee's incremental borrowing rate applied to operating lease liabilities at transition at 1 July 2019 was 4.85%

The lessee's incremental borrowing rate applied to finance lease liabilities at transition is the implicit rate of 4.85%

Reconciliation of lease liabilities on adoption of AASB 16 at 1 July 2019:

Operating lease commitments disclosed at 30 June 2019	104,355
Effect of discount at the incremental borrowing rate at 1 July 2019	(6,314)
Extension options, reasonably certain to be exercised, that were not included in the commitments	201,900
Operating Lease commitments not disclosed at 30 June 2019	-
Lease liabilities recognised at 1 July 2019	299,941

NOTE 2: REVENUE AND OTHER INCOME

	2020 $	2019 $
Revenue from contracts with customers		
State & Federal Grant Revenue	21,618,704	20,318,569
Medical Rebates & Incentives	1,642,736	1,743,650
Total revenue from contracts	23,261,440	22,062,219
Other Income		
Interest	97,055	107,510
Gain on disposal of non current assets	28,898	282,600
Other	371,317	388,520
Total other Income	497,270	778,630
TOTAL REVENUE AND OTHER INCOME	23,758,710	22,840,849

NOTE 3 - CASH AND CASH EQUIVALENT ASSETS

	2020 $	2019 $
Cash at bank - unrestricted	2,720,290	4,417,018
Short term investments - bank deposits	7,200,484	3,275,099
	9,920,774	7,692,117

Reconciliation of cash
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2020 $	2019 $
Cash and cash equivalents	9,920,774	7,692,117

NOTE 4 - ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2020 $	2019 $
Accounts receivable and other debtors	188,752	418,158
Less: Provision for Doubtful Debts	-	-
	188,752	418,158
Financial assets classified as loans and receivables		
Accounts receivable and other debtors		
- total current	188,752	418,158

NOTE 5 - OTHER CURRENT ASSETS

	2020 $	2019 $
Prepayments	87,881	85,562
	87,881	85,562

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 $
Leasehold buildings - at cost	25,920,167	25,805,948
Less: Accumulated Depreciation	(16,494,831)	(15,845,920)
	9,425,336	9,960,028
Plant and equipment - at cost	5,198,608	4,796,915
Less: Accumulated Depreciation	(3,989,598)	(3,742,042)
	1,209,010	1,054,873
Motor vehicles - at cost	3,921,965	3,885,354
Less Accumulated Depreciation	(2,082,587)	(1,789,168)
	1,839,378	2,096,186
Total Property, Plant & Equipment	12,473,724	13,111,087

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:

	Leasehold buildings $	Plant & equipment $	Motor vehicles $	Total $
Balance at 1 July 2019	9,960,028	1,054,873	2,096,186	13,111,087
Additions	114,219	401,693	118,363	634,275
Disposals at book value	-	-	(81,752)	(81,752)
Depreciation expense	(648,911)	(247,556)	(293,419)	(1,189,886)
Carrying Amount at 30 June 2020	9,425,336	1,209,010	1,839,378	12,473,724

NOTE 7 - RIGHT OF USE ASSETS

The Association's lease portfolio includes motor vehicles and buildings.

	2020 $	2019 $
i) AASB 16 related amounts recognised in the balance sheet		
Leased Buildings	268,553	-
Less Accumulated Depreciation	(53,711)	-
	214,842	-
Leased Motor Vehicles	31,388	-
Less Accumulated Depreciation	(7,107)	-
	24,281	-
Total Right of Use Assets	239,123	-

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:

	Leased Buildings $	Leased Motor Vehicles $	Total $
Balance at 1 July 2019	-	-	-
Recognised on Initial application of AASB 16 (previously classified as operating leases under AASB 117)	268,553	31,388	299,941
Additions	-	-	-
Depreciation expense	(53,711)	(7,107)	(60,818)
CARRYING AMOUNT AT 30 JUNE 2020	214,842	24,281	239,123

	2020 $	2019 $
ii) AASB 16 related amounts recognised in the statement of profit or loss		
Depreciation charge related to right-of-use assets	60,817	-
Interest expense on lease liabilities	13,331	-
Short-term leases expense	-	-

NOTE 8 - ACCOUNTS PAYABLE AND OTHER PAYABLES

	2020 $	2019 $
Current		
Accounts payable and other payables	1,074,587	1,325,158
Accrued expenses & clearing accounts	1,034,008	1,154,396
Total accounts payable and other payables	2,108,595	2,479,554
Accounts payable and other payables		
- total current	2,108,595	2,479,554
- total non-current	-	-
	2,108,595	2,479,554
Less Accrued expenses & clearing accounts	1,034,008	1,154,396
Financial liabilities as accounts payable & other payables	1,074,587	1,325,158

Collateral Pledged

No collateral has been pledged for any of the accounts payable and other payable balances.

NOTE 9 - EMPLOYEE PROVISIONS

	2020 $	2019 $
Current		
Provision for annual airfare	92,546	84,974
Provision for long service leave	861,846	1,198,245
Provision for annual leave	1,217,369	-
Provision for time in lieu entitlements	119,927	871,521
	2,291,688	2,154,740
Non-current		
Provision for long service leave	215,795	220,047
	2,507,483	2,374,787

Provisions include amounts accrued for annual leave. Based on past experience, the association expects the full amount of the annual leave balance to be settled within the next 12 months. Further these amounts must be classified as current liabilities since the association does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

NOTE 10 - OTHER NON CURRENT LIABILITIES

	2020 $	2019 $
Anangu Study Scholarship Fund	33,728	33,337
Deceased estates/other	23,928	23,928
Total non - current liabilities	57,656	57,265

NOTE 11 - ASSET REPLACEMENT RESERVE

The asset replacement reserve represents funds set aside for future replacement of the following types of assets:

	2020 $	2019 $
Motor vehicles	1,439,959	1,262,067
Medical equipment	171,304	171,304
Total asset replacement reserve	1,611,263	1,433,371

NOTE 12 - LEASE LIABILITIES

	2020 $	2019 $
Operating Lease Commitments		
Office Rent	-	66,653
Motor Vehicles	-	37,702
Total Operating Lease Commitments	-	104,355
Operating Lease Commitments are payable:		
- not later than 1 year	-	75,353
- later than 1 year but not later than 5 years	-	29,002
- later than 5 years	-	-
Total Operating Lease Commitments	-	104,355

Operating Lease commitments are shown at GST inclusive values.

NOTE 13 - RELATED PARTY DISCLOSURES

Board of Management

No member of the Board received remuneration from the Association in their capacity as member. No other entity that the members are associated with has received funds other than through dealings with the Association in the ordinary course of business and on normal commercial terms and conditions.

	2020	2019
	$	$
Key Management Personnel Compensation		
Short Term Benefit	1,328,253	1,316,315
Post Employment Benefit	93,571	98,929
Total Compensation	1,421,824	1,415,244

Other related parties

Transactions between related parties are on normal commercial terms and under conditions no more favourable than those available to other parties unless otherwise stated.

	2020	2019
Short Term Benefit	69,040	65,966
Post Employment Benefit	6,027	6,139
Total Compensation	75,067	72,105

NOTE 14: CASH FLOW INFORMATION

	2020	2019
	$	$
Reconciliation of cash flows from operating activities with surplus after income tax		
Surplus after income tax	(134,582)	(1,058,019)
Non-cash flows in surplus		
- Depreciation	1,489,573	1,765,017
- (Profit) Loss on Disposal of Non-current Assets	(28,898)	(282,600)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	229,406	34,854
- (increase)/decrease in other assets	(2,319)	(7,104)
- increase/(decrease) in payables and accrued expenses	(370,959)	1,040,754
- increase/(decrease) in other liabilities	1,731,406	8,114
- increase/(decrease) in employee provisions	132,696	96,662
Net cash provided by operating activities	3,046,323	1,597,678

NOTE 15 - ECONOMIC DEPENDENCY

The Association is dependent on funding from the State and Federal Government to maintain its operations.

NOTE 16 - CONTINGENT LIABILITIES

A potential future liability exists following the death of a staff member.
Currently no legal action in regards to this incident has been instigated against Nganampa Health Council.
There are no contingent liabilities as at 30 June 2020.

NOTE 17 - FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, accounts payable and receivable. The Association does not have any derivative financial instruments as at 30 June 2020.

The carrying amounts for each category of financial instruments, measured in accordance with AASB9: Financial Instrument: Recognition and measurement are detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $	2019 $
Financial assets			
Current			
Cash and cash equivalents	3	9,920,774	7,692,117
Accounts receivable and other debtors	4	188,752	418,158
Total financial assets		10,109,526	8,110,275
Financial Liabilities			
Financial liabilities at amortised costs			
Current			
- Accounts payable and other payables	8	1,074,587	1,325,158
- Lease liabilities		57,908	-
		1,132,495	1,325,158
Non Current			
- Other non-current liabilities		57,656	57,265
- Lease liabilities		186,861	-
		244,517	57,265
Total financial liabilities		1,377,012	1,382,423

The Committee monitors the association's transactions and reviews the effectiveness of controls relating to credit risk, financial risk, and interest rate risk.

The committee members' overall risk management strategy seeks to ensure that the association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

The main risks the association is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk. There have been no substantive changes in the types of risks the association is exposed to, how these risks arise, or the Committee's objectives, policies and processes for managing and measuring the risks from the previous period.

a. Liquidity risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- only investing surplus cash with major financial institutions.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

b. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits, and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet.

The association has no significant concentration of credit risk with any single counterparty or group of counterparties

c. Market risk

Interest rate risk

The association is not exposed to any significant interest rate risk.

Fair value estimation

The carrying values of financial assets and financial liabilities approximate fair values.

	Footnote	2020 Net Carrying Value $	2020 Net Fair Value $	2019 Net Carrying Value $	2019 Net Fair Value $
Financial assets					
Current					
Cash and cash equivalents	(i)	9,920,774	9,920,774	7,692,117	7,692,117
Accounts receivable and other debtors	(i)	188,752	188,752	418,158	418,158
Total financial assets		10,109,526	10,109,526	8,110,275	8,110,275
Financial Liabilities					
Current					
Accounts payable and other payables	(i)	1,074,587	1,074,587	1,325,158	1,325,158
Finance lease liabilities		57,908	57,908	-	-
		1,132,495	1,132,495	1,325,158	1,325,158
Non Current					
Other non-current liabilities		57,656	57,656	57,265	57,265
Finance lease liabilities		186,861	186,861	-	-
		244,517	244,517	57,265	57,265
Total financial liabilities		1,377,012	1,377,012	1,382,423	1,382,423

The fair values disclosed in the above table have been determined based on the following methodologies:
(i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature

NOTE 18- CAPITAL COMMITMENTS

Significant capital expenditure contracted at the end of the reporting period but not recognised as liabilities is as follows:

	2020 $	2019 $
Generators Program	394,095	-
Total capital expenditure not recognised as liability	394,095	-

NOTE 19 - COVID 19

At the time of signing the financials there are government restrictions following the outbreak of COVID-19. No adjustments have been made to the financial statements as at 30 June 2020. The ongoing effect of the restrictions and the true financial implications (if any) are still unclear at this time, however the association will continue to evaluate its impact on the financial position and operating results of the association. The committee is confident that the association will be able to continue as a going concern."

NOTE 20 - EVENTS AFTER THE REPORTING PERIOD

The committee is not aware of any significant events since the end of the reporting period.

NOTE 21 - EVENTS AFTER THE BALANCE SHEET DATE

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

NOTE 22 - ASSOCIATION DETAILS

The principal place of business for the Association is :

Nganampa Health Service Incorporated
3 Wilkinson Street, Alice Springs, NT 0870

NGANAMPA HEALTH COUNCIL INCORPORATED
ABN: 25 284 162 604

STATEMENT BY MEMBERS OF THE COMMITTEE

The members of the committee declare that, in the committee's opinion:

1 The financials statements and notes, as set out on pages 1 to 16, 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 Nganampa Health Council Incorporated as at 30 June 2020 and of its performance for the year ended on that date.

2 There are reasonable ground to believe that Nganampa Health Council Incorporated 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 Regulations 2013*

Stanley Windy
Committee Member

Jamie Nyaningu
Committee Member

Dated this 7th day of October 2020

NGANAMPA HEALTH COUNCIL INCORPORATED

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 60-40 AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012

basso newman audit
chartered accountants

To the board of Nganampa Health Council Incorporated

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

T A Basso - Director
Basso Newman Audit Pty Ltd
Chartered Accountants
286 Flinders Street, Adelaide
Dated this 12th day of October 2020

Basso Newman Audit Pty Ltd
ABN 98 618 562 824

286 Flinders Street
Adelaide, South Australia

PO Box 7033 Hutt Street,
South Australia 5000

Telephone: (08) 8224 0066
Facsimile: (08) 8224 0670

bnc@bassonewman.com.au
www.bassonewman.com.au

basso newman audit
chartered accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NGANAMPA HEALTH COUNCIL INCORPORATED

Opinion

We have audited the financial report of Nganampa Health Council Incorporated ("the entity") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report of the Nganampa Health Council Incorporated is in accordance with Div 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

a) giving a true and fair view of the entity's financial position as at 30 June 2020 and of its financial performance and cash flows for the year then ended; and

b) complying with Australian Accounting Standards–Reduced Disclosure Requirements and 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 auditor independence 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.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards-Reduced Disclosure Requirements and 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 is free from material misstatement, whether due to fraud or error.

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

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

Basso Newman Audit Pty Ltd
ABN 98 618 562 824

286 Flinders Street
Adelaide, South Australia

PO Box 7033 Hutt Street,
South Australia 5000

Telephone: (08) 8224 0066
Facsimile: (08) 8224 0670

bnc@bassonewman.com.au
www.bassonewman.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NGANAMPA HEALTH COUNCIL INCORPORATED

basso newman audit chartered accountants

Auditor's Responsibilities for the Audit of the Financial Report

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

We also provide the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Trevor Basso - Director
Basso Newman Audit Pty Ltd
Chartered Accountants
286 Flinders Street, Adelaide
Dated this 12th day of October 2020