Aboriginal Health and Medical Research Council of NSW

ABN: 66 085 654 397

Financial Report for the Year Ended

30 June 2017

Aboriginal Health and Medical Research Council of NSW and Controlled Entity

ABN: 66 085 654 397

Financial Report for the Year Ended 30 June 2017

CONTENTS

	Page
Directors' Report	2
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	33
Independent Auditor's Report	34

Aboriginal Health and Medical Research Council of NSW and Controlled Entity
ABN: 66 085 654 397

Your directors present this report on the Aboriginal Health and Medical Research Council of NSW for the financial year ended 30 June 2017.

Directors Report

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

Central Coast	Raylene Gordon
Central Tablelands	Donna Taylor
Central West	Tim Horan
Far South Coast	Anne Greenaway
Far West	Summer Hunt
Illawarra	Julie Booker
Lower Central West	Valda Keed
Metropolitan	Laverne Bellear
Murray River	Brett Biles
North Coast	Scott Monaghan
North West	Christine Corby
Riverina	James Williams

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 activities of the company during the financial year were to:
- Lead the Aboriginal health agenda for better policies, programs, services and practices.
- Ensure Aboriginal knowledge informs decision-making processes.
- Support, strengthen and sustain Aboriginal Community Controlled Health Services (ACCHSs).

Short-term and Long-term Objectives

The company's short-term objectives are to:
- Strengthen the capacity of ACCHSs in NSW to deliver high-quality, comprehensive wholistic primary health care services.
- Consolidate growth and performance of the AH&MRC to ensure capacity to achieve our strategic objectives.
- Increase the involvement and effectiveness of the AH&MRC in decision-making regarding Aboriginal health in NSW.
- Ensure Aboriginal health programs and services are effective, sustainable and reflect local Aboriginal community needs.

The company's long-term objectives are to:
- Improve the health of Aboriginal peoples across NSW;
- Increase Aboriginal people's access to ACCHSs, which provide culturally appropriate and high-quality comprehensive primary health care.
- Increase acceptance and respect for Aboriginal Community Control as a best-practice model for achieving Aboriginal health improvement.

- Achieve universal recognition of the AH&MRC as the lead representative organisation on Aboriginal health in NSW.
- To broaden the scope of services to Members in areas otherwise not funded and to be in a position to provide products and services on a commercial basis to the broader sector and community as a means of supplementing AH&MRC income.

Strategies

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

- Advocate for early and active involvement, including local level involvement, in all decision-making processes that impact on the health of Aboriginal people in NSW.
- Develop, refine and promote AH&MRC policy positions that respond to the aspirations and needs of ACCHSs and current health environment and policy agendas.
- Foster and support strong leadership, governance and management within the AH&MRC and member ACCHSs.
- Support AH&MRC member ACCHSs with high-quality practical and technical advice that helps maximise funding opportunities to develop, extend or strengthen sustainable health programs and services that reflect the priority needs of their communities.
- Establish effective continuous quality improvement processes which will strengthen the capacity of AH&MRC members to evaluate their services and programs.
- Promote and support long-term, comprehensive, needs-based, local health and state-wide planning that is linked to funding commitments.
- Strengthen the effectiveness of partnership agreements between the AH&MRC and government and non-government agencies.
- Promote Aboriginal health as a career and support the development of the Aboriginal health workforce by helping to improve the recruitment, training and retention of appropriately skilled health professionals in NSW ACCHSs.
- Advocate for, and support, the development of sustainable, evidence-informed and culturally appropriate Aboriginal health programs and services.
- Implement the AH&MRC Strategic Plan by developing detailed business plans for each of the four identified priority areas: self-determination, relationships, workforce development, and health services and programs.

Key Performance Measures

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

Directors Report (cont'd)

	2017		2016	
	Actual	Benchmark	Actual	Benchmark
Hold quarterly meetings of the AH&MRC Board of Directors and an Annual General Meeting (AGM)	100%	100%	100%	100%
Hold quarterly Financial and Risk Management Committee meetings	100%	100%	100%	100%
All of the new AH&MRC Directors will be provided with a Directors' induction manual and orientation program	100%	100%	100%	100%
Hold meetings of the AH&MRC Ethics Committee every eight weeks	100%	100%	100%	100%
Ensure all AH&MRC annual reports to funding bodies are submitted in accordance with the Accounting and Auditing Standards	100%	100%	100%	100%
Ensure that quarterly Financial Statements, in accordance with the standards set by the Committee, are presented to the AH&MRC Finance and Risk Management Committee as well as the Board of Directors	100%	100%	100%	100%
Ensure the AH&MRC Compliance Register is current and accurate and all requirements are followed and reported to the Board of Directors	100%	100%	100%	100%
Achieve standards to ensure re-accreditation of the Aboriginal Health College as an RTO within the 5-year time frame	Yes	Yes	Yes	Yes
Increase percentage of Aboriginal staff working at the AH&MRC	41%	60%	49%	60%

Meetings of Directors

During the financial year, 4 meetings of directors were held. Attendances by each director were as follows:

Region	Name	Directors' meetings Number eligible to attend	Directors' meetings Number attended
Central Coast	Raylene Gordon	7	6
Central Tablelands	Donna Taylor	7	6
Central West	Tim Horan	7	0
Far South Coast	Anne Greenaway	7	7
Far West	Summer Hunt	7	5
Illawarra	Julie Booker	7	4
Lower Central West	Valda Keed	7	5
Metropolitan	LaVerne Bellear	7	6
Murray River	Brett Biles	7	4
North Coast	Scott Monaghan	7	5
North Coast	Stephen Blunden	2	2
North West	Christine Corby	7	6
Riverina	James Williams	7	7

Company Secretary

The following persons held the position of AH&MRC Secretary during the financial year:

Ms Sandra Bailey — CEO, Aboriginal Health and Medical Research Council of NSW, has held the position of Company Secretary since 2006.

Mr John Hendry — Legal and Policy Officer, Aboriginal Health and Medical Research Council of NSW, has held the position of joint Company Secretary since May 2011.

Incorporation

The Company is regulated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the entity. At 30 June 2017, the total amount that members of the company are liable to contribute if the company is wound up is $470 (2016: $450).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 6 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director: Mrs Christine Corby, OAM
Dated this 23rd day of August 2017

A. F. WALLIS & CO. PTY LTD
ABN 90 075 605 122
Chartered Accountants

Aboriginal Health and Medical Research Council of NSW and Controlled Entity
ABN: 66 085 654 397

Auditor's Independence Declaration under the *Australian Charities and Not-for-profits Commission Act 2012*
To the Directors of Aboriginal Health and Medical Research Council of NSW

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, there have been no contraventions of:

1. the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

2. any applicable code of professional conduct in relation to the audit.

A. F. Wallis & Co.
Chartered Accountants

A. F. Wallis
Director

Dated this 23rd day of August 2017

Liability limited by a scheme approved under Professional Standards Legislation

3 Adey Place
Castle Hill
NSW 2154

PHONE: 9680 2662
MOBILE: 0411 567 157
EMAIL: andwallis@bigpond.com.au

Aboriginal Health and Medical Research Council of NSW and Controlled Entity
ABN: 66 085 654 397

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		$	$
Revenue	2	5,754,318	8,017,489
Other income	2	522,224	707,760
Employee benefits expense		(3,742,241)	(4,389,717)
Travel and accommodation expense		(1,062,546)	(1,188,927)
Audit, legal and consultancy expense	3(a)	(689,858)	(430,785)
Rent and occupancy expense	3(a)	(704,354)	(805,743)
Venue Expenses		(325,036)	(268,633)
Repairs and maintenance expense		(259,560)	(281,079)
Computer software & consumables expense		(222,499)	(159,558)
Depreciation and impairment expense	3(b)	(127,781)	(99,715)
Other expense		(146,187)	(150,101)
Program printing and promotion expenses		(262,298)	(173,811)
Printing and postage expense		(120,158)	(143,975)
Telephone expense		(32,893)	(36,120)
Motor vehicle running expense		(16,513)	(16,829)
Recruitment and training		(56,085)	(101,418)
Current year surplus before income tax		**(1,491,467)**	**478,837**
Tax expense	1i		
Net current year surplus / (deficit)		(1,491,467)	478,837
Other comprehensive income			
Gain on revaluation of plant and equipment			
Other comprehensive income for the year		-	-
Total other comprehensive surplus/ (deficit) for the year		-	-
Net current year surplus / (deficit) attributable to members of the AH&MRC		(1,491,467)	478,837
Total comprehensive surplus / (deficit) attributable to members of the AH&MRC		(1,491,467)	478,837

The accompanying notes form part of these financial statements.

Aboriginal Health and Medical Research Council of NSW and Controlled Entity
ABN: 66 085 654 397

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash on hand	4	7,937,836	9,182,997
Accounts receivable and other debtors	5	96,223	91,547
TOTAL CURRENT ASSETS		8,034,059	9,274,544
NON-CURRENT ASSETS			
Property, plant and equipment	6	311,854	401,487
Deposits		172,294	168,647
TOTAL NON-CURRENT ASSETS		484,148	570,134
TOTAL ASSETS		8,518,207	9,844,678
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	8	479,965	244,938
Provisions	10	2,148,169	2,226,256
TOTAL CURRENT LIABILITIES		2,628,134	2,471,194
NON-CURRENT LIABILITIES			
Provisions	10	26,322	18,267
Loan		85,000	85,000
TOTAL NON-CURRENT LIABILITIES		111,322	103,267
TOTAL LIABILITIES		2,739,456	2,574,461
NET ASSETS		5,778,751	7,270,217
EQUITY			
Retained surplus		5,778,751	7,270,217
TOTAL EQUITY		5,778,751	7,270,217

The accompanying notes form part of these financial statements.

Aboriginal Health and Medical Research Council of NSW and Controlled Entity
ABN: 66 085 654 397

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Note	Retained Surplus $	Total $
Balance at 1 July 2015		6,791,380	6,791,380
Comprehensive Income			
Surplus/(Deficit) for the year attributable to members of the entity		478,837	478,837
Other comprehensive income for the year		-	-
Total comprehensive income attributable to members of the AH&MRC		478,837	478,837
Balance at 30 June 2016		**7,270,217**	**7,270,217**
Balance at 1 July 2016		**7,270,217**	**7,270,217**
Comprehensive Income			
Surplus/(Deficit) for the year attributable to members of the entity		(1,491,466)	(1,491,466)
Other comprehensive income for the year		-	-
Total comprehensive income attributable to members of the AH&MRC		(1,491,466)	(1,491,466)
Balance at 30 June 2017		**5,778,751**	**5,778,751**

accompanying notes form part of these financial statements.

Aboriginal Health and Medical Research Council of NSW and Controlled Entity
ABN: 66 085 654 397

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of grants	2	5,584,472	7,840,998
Other income	2	531,588	707,760
Payments to suppliers and employees		(7,510,891)	(7,705,186)
Interest received	2	169,846	177,820
Net cash generated from operating activities	**14**	**(1,224,985)**	**1,021,392**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment	3b	53,500	12,975
Payment for plant and equipment		(73,676)	(113,731)
Net cash used in investing activities		(20,176)	(100,756)
Net increase in cash held		(1,245,161)	920,636
Cash on hand at beginning of the financial year		9,182,997	8,262,361
Cash on hand at end of the financial year	4	7,937,836	9,182,997

The accompanying notes form part of these financial statements.

Aboriginal Health and Medical Research Council of NSW and Controlled Entity
ABN: 66 085 654 397
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2017

The financial statements cover the Aboriginal Health and Medical Research Council of New South Wales (AH&MRC) as an individual entity, incorporated and domiciled in Australia. The Aboriginal Health and Medical Research Council of NSW is a company limited by guarantee.

The financial statements were authorised for issue on 23rd August 2017 by the directors of the company.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual 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) Revenue

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

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

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

In the event that grant funding is unspent at the end of the financial year, the AH&MRC applies to have those funds rolled over into future accounting periods. If funding agencies insist on the return of unspent funds, it is generally made known to the AH&MRC after reporting deadlines. This precludes such funds being shown as deferred revenue in the financial statements.

In the event of the AH&MRC being required to return unspent grant funds, such funds are usually deducted against future grant revenue by the funding agencies. In the event of the AH&MRC being required to forward payment for unspent funds to the funding agencies these payments are shown against revenue received in the year payment is made.
The AH&MRC receives non-reciprocal contributions of assets from the government and other parties for no or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as revenue when received.

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.

(b) Plant and Equipment

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

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 the estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are 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(d) for details of impairment).

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 company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of the majority of fixed assets is calculated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5% - 40%

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 proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained surplus.

(c) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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.

(d) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible 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 the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

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

(e) Employee Provisions

Short-term employee provisions
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly 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.

Other long-term employee provisions
Provision is made for employees' long service 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.

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

(f) Cash on Hand
Cash on hand includes cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less.

(g) Accounts receivable and other debtors
Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for services provided 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.

(h) 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.

(i) Income Tax

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

(j) Intangible Assets

Software

Software is recorded at cost. It has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

(k) Provisions

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

(l) Comparative Figures

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

When the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

(m) Accounts Payable and Other Payables

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

(n) 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 company.

Key Estimates

(i) *Impairment*

The plant and equipment were independently valued at 9 May 2017 by Andrew Nock Pty Limited. The valuation was based on fair value less cost to sell.

At the 23rd August 2017 meeting of the AH&MRC Board, the Directors reviewed the key assumptions made by the valuers at 9 May 2017. They have concluded that these assumptions remain materially unchanged and are satisfied that the carrying amount does not exceed the recoverable amount of plant and equipment at 30 June 2017.

Key Judgements

(i) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* 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. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

(o) Economic Dependence

During this financial year the AH&MRC was dependent on the Department of Health and Ageing, Department of Prime Minister and Cabinet and the NSW Ministry of Health for the majority of its revenue used to operate the business. At the date of this report the Board of Directors believes that Department of Prime Minister and Cabinet and NSW Ministry of Health will continue to support the AH&MRC. The Department of Health and Ageing are reforming the way they fund the Aboriginal Health Sector prior to transitioning to a sub-contract arrangement with the National Aboriginal Community Control Health Organisation (NACCHO) as the lead agency.

(p) New Accounting Standards for Application in Future Periods

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

Note 1(p): Summary of Significant Accounting Policies (cont'd)

— AASB 9: *Financial Instruments* and associated amending Standards (applicable to annual reporting periods commencing on or after 1 January 2018).
These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the company elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interet components:
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commecemnet date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

Note 1(p): Summary of Significant Accounting Policies (cont'd)

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit and loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilites must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would hae been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amoutns (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordane with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: *Contributions*.

Note 1(p): Summary of Significant Accounting Policies (cont'd)

Although the directors anticiapte that the adoption of AASB 1058 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 2016-4: *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2017).

This Standard amends AASB 136: *Impairment of Assets* to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and clarify that AASB 136 does not apply to non-cash-gernerating specialised asset that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138: *Intangible Assets*, but applies to such assets accounted for under the cost model in those Standards.
AASB 2016-4 is not expected to have a significant impact on the company's financial statements.

Note 2: Revenue and Other Income

	2017 $	2016 $
Revenue		
Revenue from (non-reciprocal) government grants and other grants:		
— State/Federal government grants - operating	5,061,932	6,641,853
— Other organisations - operating	522,540	1,199,145
	5,584,472	7,840,998
Other revenue:		
— Interest received on investments	169,846	177,820
	169,846	177,820
Total revenue	5,754,318	8,018,818
Other income		
— Charitable income and fundraising	52,846	65,998
— College activities	416,997	495,340
— Other	52,381	146,422
Total other income	522,224	707,760
Total revenue and other income	6,276,542	8,726,578

Note 3: Surplus for the Year

	2017 $	2016 $
a) Expenses		
Rental expense on operating leases:		
— Minimum lease payments	512,899	549,113
— Rates, utility and service charges	191,455	256,630
Total Rental Expenses	704,354	805,743
Audit, legal and consultancy expense:		
— Legal & Professional Fees	30,866	23,969
— Audit fee	47,000	45,000
— Consultancy expense	611,992	361,816
Total Audit, legal and Consultancy expense	689,858	430,785
Consultancy expense:		
— Other Consultants	611,992	361,816
	611,992	361,816
b) Significant Revenue and Expenses		
Plant and equipment - depreciation and amortisation	97,172	79,821
Motor vehicles - depreciation and amortisation	23,985	16,274
Plant and equipment - impairment		3,620
Motor vehicles impairment	6,624	-
Total Depreciation and Impairment	127,781	99,715
Plant and equipment:		
Proceeds on disposal	53,500	12,975
Disposal at carrying value	(35,528)	(5,909)
Net gain on disposals	17,972	7,066

Note 4: Cash on Hand

	2017 $	2016 $
CURRENT		
Cash at bank - unrestricted	7,937,679	9,182,840
Cash float	157	157
Total cash on hand as stated in the statement of financial position and statement of cash flows	7,937,836	9,182,997

Note 5: Accounts Receivable and Other Debtors

	2017 $	2016 $
CURRENT		
Accounts receivable	94,862	90,628
Provision for doubtful debts	-	-
	94,862	90,628
Other debtors	1,361	919
Total current accounts receivable and other debtors	96,223	91,547

(b) Credit Risk - Accounts Receivable and Other Debtors

The AH&MRC has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5. The main source of credit risk to the AH&MRC is considered to relate to the class of assets described as "accounts receivable and other debtors".

The following table details the AH&MRC's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the AH&MRC and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the AH&MRC.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

Note 5: Accounts Receivable and Other Debtors (cont'd)

		Past due but not impaired				
	Gross amount	< 30	31 – 60	61 – 90	> 90	Within initial trade terms
2017	$	$	$	$	$	$
Accounts receivable	94,862	93,074	-	699	1,089	93,074
Other debtors	1,361	1,361	-	-	-	1,361
Total	96,223	94,435	-	699	1,089	94,435
2016	$	$	$	$	$	$
Accounts receivable	90,628	89,128	-	560	940	89,128
Other debtors	919	919	-	-	-	919
Total	91,547	90,047		560	940	90,047

Note 6: Plant and Equipment

	2017 $	2016 $
Plant and equipment		
Plant and equipment:		
At cost	1,622,023	1,622,023
Less accumulated depreciation	(1,392,722)	(1,295,550)
	229,301	326,473
Motor vehicles		
At cost	111,713	154,552
Less accumulated depreciation	(29,160)	(79,538)
	82,553	75,014
Total plant and equipment	311,854	401,487

Note 6: Plant and Equipment (cont'd)

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:

	Motor Vehicles	Furniture and Equipment	Total
	$	$	$
2016			
Balance at the beginning of the year	58,184	335,796	393,980
Additions at cost	38,038	76,117	114,155
Disposals	(5,909)	(1,999)	(7,908)
Revaluation increment	-	(3,620)	(3,620)
Depreciation expense	(15,299)	(79,821)	(95,120)
Carrying amount at end of year	75,014	326,473	401,487
2017			
Balance at the beginning of the year	75,014	326,473	401,487
Additions at cost	73,676	-	73,676
Disposals	(35,528)	-	(35,528)
Revaluation increment	(6,624)	-	(6,624)
Depreciation expense	(23,985)	(97,172)	(121,157)
Carrying amount at end of year	82,553	229,301	311,854

Asset revaluations
The plant & equipment were independently valued at 9 May 2017 by Andrew Nock Pty Limited. The valuation was based on fair value less cost to sell.
At the 23rd August 2017 meeting of the AH&MRC Board, the Directors reveiwed the key assumptions made by the valuers at 9 May 2017. They have concluded that these assumptions remain materially unchanged, and are satisfied that the carrying amount does not exceed the recoverable amount of plant and equipment at 30 June 2017.

Note 7: Loan, subsidiary

The AH&MRC continues to operate a loan facility agreement with its subsidiary, AHMRC Consultants Pty.Ltd. during this financial period. This loan is unsecured repayable by 30 June 2021 with an applicable interest rate of 1.3%. The loan facility is to a maximum of $500,000.

Note 8: Accounts Payable and Other Payables

	Note	2017 $	2016 $
CURRENT			
Accounts payable		313,483	103,902
Other current payables		166,482	141,036
	8a	479,965	244,938
(a) Financial liabilities at amortised cost classified as trade and other payables			
Accounts payable and other payables:			
-Total current	8	479,965	244,938
-Total non-current		-	-
	15	479,965	244,938

Note 9: Lease Liabilities

	Note	2017 $	2016 $
Current	11	442,224	610,692
Non-current	11	-	74,925
TOTAL LEASE LIABILITIES	15(b)	442,224	685,617

Note 10: Provisions

	Long-term Employee Benefits $	Leasehold Building Maintenance $	Total $
Opening balance at 1 July 2016	741,789	1,484,467	2,226,256
Additional provisions raised during the year	173,022	215,000	388,022
Amounts used	(465,384)	(725)	(466,109)
Balance at 30 June 2017	449,427	1,698,742	2,148,169

Note: 10 Provisions (cont'd)

Analysis of Total Provisions	2017 $	2016 $
Current	2,148,169	2,226,256
Non-current	26,322	18,267
	2,174,491	2,244,523

Employee Provisions

Employee provisions represents amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the AH&MRC does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the AH&MRC does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 11: Capital and Leasing Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

	Note	2017 $	2016 $
Payable - minimum lease payments			
— not later than 12 months		442,224	610,692
— Later than 12 months but not later than 5 years		-	74,925
— later than 5 years		-	-
		442,224	685,617

The property lease commitments are non-cancellable operating leases contracted for but not recognised in the financial statements with a five-year term. Increase in lease commitments may occur in line with the Consumer Price Index (CPI).

Note 12: Events after the Reporting Period

Subsequent to the end of the reporting period voluntary redundancies were offered to staff with over two years' service as part of an organisational restructure. This offer was accepted by 13 staff members. The financial impact of these redundancies is estimated to be $300,000 and will result in a reduced employee benefits expense of $700,000 in future years. Also as part of the restructure, notice was given to vacate level 6 of 66 Wentworth Avenue, Surry Hills, this will result in a rental saving of $86,312 in the 2018 Financial year and $258, 936 in future years.

Furthermore, subsequent to the end of the financial year the Department of Health conducted an internal review into the performance of various funded programs and the nature of unspent Commonwealth funds. As at the date of this report the results of this review have not been communicated to the AH&MRC.

For the AH&MRC to secure Federal Government funding for the 2017/18 financial year the Company is required to enter into a sub-contract arrangement with the National Aboriginal Community Control Health Organisation (NACCHO), as at the date of this report a contract has not been signed. In previous years Federal Government funding has contributed approximately $2.4 million.

Note 13: Related Party Transactions

a. Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

	2017	2016
	$	$
Key management personnel compensation		
- short-term benefits	599,596	679,323
- post-employment benefits	-	-
- other long-term benefits	-	-
	599,596	679,323

b. Other Related Parties

Other related parties include immediate family members of Key Management Personnel, and entities that are controlled or significantly influenced by those Key Management Personnel individually or collectively with their immediate family members.

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

There were no other related party transactions during the year

Note 14: Cash Flow Information

	2017 $	2016 $
Reconciliation of Cash flow from Operating Activities with Current year Surplus / (Deficit)		
Deficit after income tax	(1,491,467)	478,837
Non cash flows:		
Depreciation and amortisation	127,781	99,715
Loss (Surplus) on disposal of plant and equipment	(17,972)	(7,066)
Plant and equipment	-	-
Changes in assets and liabilities		
(Increase) decrease in accounts receivable and other debtors	(4,677)	525,690
Increase (decrease) in accounts payable and other payables	326,140	(204,020)
(Increase) decrease in other assets	(94,758)	(2,967)
Increase (decrease) in provisions	(70,032)	131,203
	(1,224,985)	1,021,392

Note 15: Financial Risk Management

The AH&MRC's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, receivables and payables, and lease liabilities.

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

	Note	2017 $	2016 $
Financial Assets			
Cash on hand	4	7,937,836	9,182,997
Accounts receivable and other debtors	5	96,223	91,547
Total Financial Assets		8,034,059	9,274,544
Financial Liabilities			
Financial liabilities at amortised cost:			
- accounts payable and other payables	8	479,965	244,938
- long term loan		85,000	85,000

Total Financial Liabilities	564,965	329,938

Note 15: Financial Risk Management (cont'd)

Financial Risk Management Policies

The AH&MRC Finance and Risk Management (FARM) committee is responsible for monitoring and managing the AH&MRC's compliance with its risk management strategy and consists of senior Board members and staff. The FARM committee's overall risk management strategy is to assist the AH&MRC in meeting its financial targets while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the FARM committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

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

(a) 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 AH&MRC. The AH&MRC does not have any material credit risk exposures as its major source of revenue is the receipt of grants. Credit risk is further mitigated as over 90% of the grants being received from state and federal governments are in accordance with funding agreements which ensure regular funding for a period of 12 months.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired is considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5.

The AH&MRC has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the Finance committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2017	2016
		$	$
Cash on hand			
- AA rated		7,937,836	9,182,997

4	7,937,836	9,182,997

Note 15: Financial Risk Management (cont'd)

(b) Liquidity risk

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

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The AH&MRC does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Within 1 Year		1 to 5 Years		Total	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Financial liabilities due for payment						
Accounts payable and other payables (excluding estimated annual leave and deferred income)	479,965	244,938	85,000	85,000	564,965	329,938
Property lease liabilities	442,224	610,692	-	74,925	442,224	685,617
Total expected outflows	922,189	855,630	85,000	159,925	1,007,189	1,015,555
Financial assets – cash flows realisable						
Cash on Hand	7,937,836	9,182,997	-	-	7,937,836	9,182,997
Accounts receivable and other debtors	96,223	91,547	172,295	168,648	268,518	260,195
Total anticipated inflows	8,034,059	9,274,544	172,295	168,648	8,206,354	9,443,192
Net (outflow)/inflow on financial instruments	7,111,870	8,418,914	87,295	8,723	7,199,165	8,427,637

15: Financial Risk Management (cont'd)

(c) Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments which expose the AH&MRC to interest rate risk are limited to government and fixed interest securities, and cash on hand.

ii. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The AH&MRC's investments are held in the following sectors at the end of the reporting date:

	2017	2016
Banking	100%	100%

Sensitivity Analysis

The following table illustrates sensitivities to the AH&MRC's exposure to changes in interest rates and equity prices. The table indicates the impact on how surplus and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2017	Surplus $
+/- 2% in interest rates	158,757

Year ended 30 June 2016	Surplus $
+/- 2% in interest rates	183,660

No sensitivity analysis has been performed on foreign exchange risk as the AH&MRC has no material exposures to currency risk.

Note 15(c): Financial Risk Management (cont'd)

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the AH&MRC. Most of these instruments, which are carried at amortised cost (i.e. accounts receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the AH&MRC.

		CONSOLIDATED GROUP			
		2017		2016	
	Note	Carrying Value	Fair Value	Carrying Value	Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents(i)	4	7,937,836	7,937,836	9,182,997	9,182,997
Trade and other receivables(i)	5	96,223	96,223	260,194	261,194
Total financial assets		8,034,059	8,034,059	9,443,191	9,443,191
Financial liabilities					
Accounts payable and other payables(i)	8a	479,965	479,965	244,938	244,938
Long Term Loan		85,000	85,000	85,000	85,000
Lease Liabilities		442,224	442,224	610,692	610,692
Total financial liabilities		1,007,189	1,007,189	940,630	940,630

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 whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

Note 16: Capital Management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised within tolerable risk parameters. The Finance and Risk Management committee ensures that the overall risk management strategy is in line with this objective.

The Finance and Risk Management committee operates under policies approved by the AH&MRC board of directors. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

The AH&MRC's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the AH&MRC's capital by assessing the AH&MRC's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the AH&MRC since the previous year. The strategy of the AH&MRC is to minimise debt, maximise returns and to manage cash flow timing to ensure that funds are available, without penalty or loss of interest, to meet the requirements of programs.

Note 17: AH&MRC Details

The registered office of the entity is:

Aboriginal Health & Medical Research Council of New South Wales
Level 3, 66 Wentworth Avenue
Surry Hills NSW 2010

Note 18: Members' Guarantee

The AH&MRC is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is an entity limited by guarantee. If the AH&MRC is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the AH&MRC. At 30 June 2017 the number of members was 47.

Note 19: Interest in Subsidiary

Information about Subsidiary

The subsidiary listed below has share capital consisting solely of ordinary shares, which is held directly by the Group. The proportion of ownership interests held equals the voting right held by the Group. The subsidiary's principal place of business is also its country of incorporation or registration.

Name of Subsidiary	Principal Place of Business	Ownership interest held by the Group %	Proportion of Non-controlling Interests
AHMRC Consultants Pty Ltd	Sydney, Australia	100	-

ABORIGINAL HEALTH AND MEDICAL RESEARCH COUNCIL OF NSW and Controlled Entity
ABN: 66 085 654 397

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of the Aboriginal Health and Medical Research Council of NSW declare that, in their opinion:

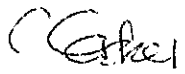
1. The financial statements and notes, as set out on pages 7 to 28, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

   (a) comply with Australian Accounting Standards; and

   (b) give a true and fair view of the financial position of the company as at 30 June 2016 and of its performance for the year ended on that date of the consolidated group.

2. There are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director: Mrs Christine Corby, OAM
Dated this 23rd day of August 2017

A. F. WALLIS & CO. PTY LTD

ABN 90 075 605 122

Chartered Accountants

Aboriginal Health and Medical Research Council of NSW and Controlled Entity
ABN 66 085 654 397

Independent Auditor's Report to the Members of Aboriginal Health and Medical Research Council of NSW

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aboriginal Health and Medical Research Council of NSW and Controlled Entity (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of Aboriginal Health and Medical Research Council of NSW and Controlled Entity has been prepared 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 Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
b) complying with Australian Accounting Standards and Div. 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 Group 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 audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation

3 Adey Place
Castle Hill
NSW 2154

PHONE: 9680 2662
MOBILE: 0411 567 157
EMAIL: andwallis@bigpond.com.au

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

Liability limited by a scheme approved under Professional Standards Legislation

3 Adey Place
Castle Hill
NSW 2154

PHONE: 9680 2662
MOBILE: 0411 567 157
EMAIL: andwallis@bigpond.com.au

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by the directors.

- 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 Group's internal control.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

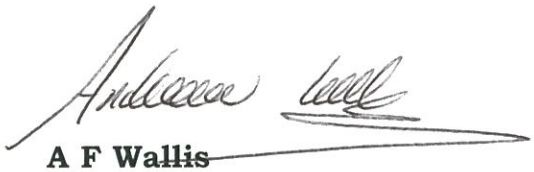
Liability limited by a scheme approved under Professional Standards Legislation

3 Adey Place
Castle Hill
NSW 2154

PHONE: 9680 2662
MOBILE: 0411 567 157
EMAIL: andwallis@bigpond.com.au

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A F Wallis & Co.
Chartered Accountants



A F Wallis
Director

Dated this 23rd day of August 2017

Liability limited by a scheme approved under
Professional Standards Legislation

3 Adey Place
Castle Hill
NSW 2154

PHONE: 9680 2662
MOBILE: 0411 567 157
EMAIL: andwallis@bigpond.com.au