

Mawarnkarra Health Service
(A Company Limited by Guarantee)
ABN 68 139 453 348

Annual Financial Report
30 June 2022

Mawarnkarra Health Service

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Mawarnkarra Health Service

Directors' Report

30 June 2022

The directors present their report together with the financial statements of Mawarnkarra Health Service ("the Company") for the financial year ended 30 June 2022 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during, or since the end of the financial year are:

Richard Patrick Ansey	28 May 2010
Bruce Monadee	26 October 2010
Phyllis Rose Simmons	9 September 2011
Jill Tucker	25 February 2013
Jolleen Hicks	25 February 2013
Michael Saylor	18 November 2016
Lindsay Todd	15 January 2021

2. Bio descriptions of directors

Richard Patrick Ansey

Richard has been MHS Chairperson for the past 4 years, and has taken a strong interest in the health and wellbeing of the Aboriginal & Torres Strait Islander community. Richard has lived in the Pilbara since the age of 10 years and originates from Mer Island in the Torres Strait. Richard proudly calls the Pilbara home; and is married with three children.

Bruce Monadee

Bruce is a Yindjibarndi Elder who was born on his traditional country. Bruce has lived in Roebourne all of his life and currently resides at Cheeditha Community. He has had a long history with Mawarnkarra in his capacity as a Director, spanning over 20 years. Bruce proudly promotes local Aboriginal cultures as being a key solution to Closing the Gap in life expectancy for our community.

Phyllis Rose Simmons

Phyllis has been a Director of MHS since 2011, and has diligently carried out the actions of the Board and represented Mawarnkarra at meetings with external stakeholders, such as the Aboriginal Health Council of WA. Phyllis is a Yamatji Aboriginal woman who has spent the majority of her adult life in the Pilbara.

Jill Tucker

Jill is a Yindjibarndi Elder who joined our Board in February 2013, and currently resides at Mingullatharndo Community. Jill is a strong advocate for local Aboriginal cultures and supporting the health and wellbeing needs of our community.

Jolleen Hicks

Jolleen is a proud Ngarluma Aboriginal woman who grew up in Roebourne, and is passionate about Closing the Health Gaps for our local Aboriginal Community. Jolleen joined the Board in February 2013, and is a strong advocate for Aboriginal organisations being empowered to becoming self- sustainable.

Mawarnkarra Health Service

Directors' Report

30 June 2022

Bio descriptions of directors

Michael Saylor

Michael joined the MHS Board of Directors in November 2016. He is of Torres Strait Islander descent and has a profound knowledge in Finance and Investment.

Lindsay Todd

Lindsay was born in Roebourne District Hospital on 19 April 1950. He did most of his schooling in Roebourne and Derby. After leaving school his first employment was with P.M.G in Port Hedland, Wyndham, Wongan Hills and finally Carnarvon. Lindsay went to Perth in 1975 to study and then work for the Ministry of Justice for 26 years. He returned to Roebourne in 2005 and worked for Centrelink for 10.5 years. He joined MHS as a director in 2020.

3. Principal activities

The Company operates an Aboriginal Community Controlled Health Service.

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

4. Short and long-term objectives

The Company's short and long-term objectives are to:

- Provide holistic culturally appropriate primary health care services to Aboriginal and Torres Strait Islander peoples in the Roebourne and surrounding areas.
- Provide services that are evidence based and best practice according to Australian and International standards.
- Form partnerships with other Aboriginal and Torres Strait Islander Community Controlled health services and organisations for building Aboriginal and Torres Strait Islander health and health related services.
- Provide opportunities to build the capacity of the Aboriginal and Torres Strait Islander health work force within the local service area of Mawarnkarra Health Service.
- Advocate on behalf of Aboriginal and Torres Strait Islander people in respect to matters relating to and relevant to the objectives of Mawarnkarra Health Service and as relevant to the Aboriginal and Torres Strait Islander people of Roebourne and the surrounding areas including the whole Pilbara region.
- Contribute to the best practice evidence of primary health care services for Aboriginal and Torres Strait Islander people by participating in and contributing to research that is culturally appropriate, ethical and relevant to the needs of the clients, members of Mawarnkarra Health Service and all Aboriginal and Torres Strait Islander people within our network.

Mawarnkarra Health Service

Directors' Report

30 June 2022

Strategy for achieving the objectives

The Company has a 5-point strategic plan that identifies the priorities for achieving the objectives of the Mawarnkarra Health Service. The strategic priorities of the Company are as follows:

- Strong and healthy people - achieved through a clinic that provides comprehensive health care services, health assessments, an integrated disease support and management team, case management for clients across all service areas, maternal and child health and expanded dental services.
- A strong and healthy community - achieved by promoting and encouraging health and safety for men, women and children, support for individuals and families affected by incarceration. Aged care service, satellite services in the town of Karratha and outreach services provided to communities in remote areas.
- A strong and sustainable workforce - achieved by continually engaging in professional development, provide workforce support services and emphasis on commitment to evidence based best practices.
- A strong and effective organisation - achieved through developing a physical infrastructure conducive to services provided, integrated Continuous Quality Improvement (CQI) framework, finance and administration management that is systems based, evidence based, transparent and participatory; and proactive governance leading and planning.
- Strong and effective networks and linkages - achieved through building dynamic and effective partnerships and proactive leadership within the Pilbara for service delivery.

5. Operating and financial review

The loss of the Company for the year ended 30 June 2022 was \$ (152,699) (2021 loss \$1,322,320).

Events after the reporting date

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

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Mawarnkarra Health Service

Directors' Report

30 June 2022

6. Meetings of directors

During the financial year, 6 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Richard Patrick Ansey
Bruce Monadee
Phyllis Rose Simmons
Jill Tucker
Jolleen Hicks
Michael Saylor
Lindsay Todd

Directors' Meetings	
Number eligible to attend	Number attended
6	5
6	5
6	5
6	2
6	4
6	4
6	6

7. Indemnification and insurance of officers and auditors


No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Mawarnkarra Health Service.

8. Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2022 has been received and can be found on page 5 of the financial report.

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

Director: 
Richard Patrick Ansey

Director: 
Jolleen Hicks

Dated 28th day of November 2022

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MAWARNKARRA HEALTH SERVICE**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2022, there have been no contraventions of:

- i) The auditor independence requirements as set out in Section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001* in relation to the audit; and
- ii) Any applicable code of professional conduct in relation to the audit.

AMD Chartered Accountants



**MARIA CAVALLO FCA
Director**

Bunbury, WA

Dated this 22nd day of November 2022

Mawarnkarra Health Service

Statement of Financial Position As At 30 June 2022

	2022	2021
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	7 5,015,240	3,032,731
Trade and other receivables	9 440,526	460,348
Other assets	10 12,209	98,518
TOTAL CURRENT ASSETS	<u>5,467,975</u>	<u>3,591,597</u>
NON-CURRENT ASSETS		
Other financial assets	11 3,536,224	3,839,837
Property, plant and equipment	8 6,181,377	5,799,447
Right-of-use assets	14 5,170	33,536
TOTAL NON-CURRENT ASSETS	<u>9,722,771</u>	<u>9,672,820</u>
TOTAL ASSETS	<u><u>15,190,746</u></u>	<u><u>13,264,417</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	12 4,706,659	2,649,658
Employee benefits	13 364,581	308,757
Lease liabilities	14 5,344	28,901
TOTAL CURRENT LIABILITIES	<u>5,076,584</u>	<u>2,987,316</u>
NON-CURRENT LIABILITIES		
Employee benefits	13 10,876	15,772
Lease liabilities	14 -	5,344
TOTAL NON-CURRENT LIABILITIES	<u>10,876</u>	<u>21,116</u>
TOTAL LIABILITIES	<u><u>5,087,460</u></u>	<u><u>3,008,432</u></u>
NET ASSETS	<u><u>10,103,286</u></u>	<u><u>10,255,985</u></u>
EQUITY		
Retained earnings	<u>10,103,286</u>	10,255,985
TOTAL EQUITY	<u><u>10,103,286</u></u>	<u><u>10,255,985</u></u>

The accompanying notes form part of these financial statements.

Mawarnkarra Health Service

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
Grant revenue	3 8,563,765	7,350,006
Medicare revenue	1,131,727	1,280,341
NDIS revenue	851,215	308,153
Other sources of revenue	103,617	233,153
Finance income	4 (283,763)	662,703
Total Income	10,366,561	9,834,356
Personnel expenses	5 (5,635,180)	(5,178,376)
Depreciation expense	8 (260,955)	(240,664)
Depreciation of right of use assets	14 (28,366)	(68,134)
Impairment loss on non-financial assets	8 -	(2,382,757)
Other expenses	6 (4,579,752)	(3,270,016)
Finance expenses	4 (15,007)	(16,729)
Total Expenses	(10,519,260)	(11,156,676)
Loss before income tax	(152,699)	(1,322,320)
Income tax expense	-	-
Loss from continuing operations	(152,699)	(1,322,320)
Loss for the year	(152,699)	(1,322,320)
Other comprehensive income, net of income tax		
Total comprehensive income for the year	(152,699)	(1,322,320)

The accompanying notes form part of these financial statements.

Mawarnkarra Health Service

Statement of Changes in Equity For the Year Ended 30 June 2022

2022

	Retained Earnings	Total
	\$	\$
1 July 2021	10,255,985	10,255,985
Loss attributable to members of the parent entity	(152,699)	(152,699)
Balance at 30 June 2022	10,103,286	10,103,286

2021

	Retained Earnings	Total
	\$	\$
1 July 2020	11,578,305	11,578,305
Loss attributable to members of the parent entity	(1,322,320)	(1,322,320)
Balance at 30 June 2021	10,255,985	10,255,985

The accompanying notes form part of these financial statements.

Mawarnkarra Health Service

Statement of Cash Flows For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from funders and operating activities	13,657,801	9,968,687
Payments to suppliers and employees	(11,008,350)	(8,467,133)
Interest received	231,991	177,093
Net cash provided by operating activities	7 2,881,442	<u>1,678,647</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment		
Purchase of property, plant and equipment	(642,884)	(553,360)
Purchase of investments	(212,141)	(209,662)
Net cash used in investing activities	(855,025)	<u>(763,022)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease interest	(15,007)	(16,729)
Principal repayments of lease liabilities	(28,901)	(68,382)
Net cash used in financing activities	(43,908)	<u>(85,111)</u>
Net increase in cash and cash equivalents held	1,982,509	830,514
Cash and cash equivalents at beginning of year	3,032,731	2,202,217
Cash and cash equivalents at end of financial year	7 5,015,240	<u><u>3,032,731</u></u>

The accompanying notes form part of these financial statements.

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

The financial report covers Mawarnkarra Health Service as an individual entity. Mawarnkarra Health Service is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Mawarnkarra Health Service is Australian dollars.

The financial report was authorised for issue by the Directors on 28 November 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the Corporations Act 2001.

Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

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

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

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

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

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

Summary of Significant Accounting Policies

(a) Revenue and other income

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Donations

Donations are recognised at the time the pledge is made.

Medicare

Medicare income is recognised when the income is earned.

Finance income

Finance revenue is recognised using the effective interest method.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the construction period of the asset based on performance obligations being met.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income Tax

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

(c) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

Summary of Significant Accounting Policies

(d) Property, plant and equipment

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

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date at fair value.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

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

Buildings	2.50%
Plant and Equipment	2% - 67%
Motor Vehicles	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Financial instruments

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

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

Financial assets

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

Classification

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

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

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

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

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

The Company's financial assets measured at FVTPL comprise managed funds carried at FVTPL in the statement of financial position.

Impairment of financial assets

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

- financial assets measured at amortised cost
- debt investments measured at FVOCI

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

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

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

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

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

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

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

Financial liabilities

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

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

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

Summary of Significant Accounting Policies

(h) Leases

At inception of a contract, the Company 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 Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

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

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

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

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

Exceptions to lease accounting

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

(i) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

Summary of Significant Accounting Policies

(j) Going concern

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business. The ongoing operation of the services provided by the Company and the ability to continue as a going concern is dependent upon the continued receipt of funds from the Commonwealth and State Government.

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company .

(l) Grant Acquittal

For the purpose of acquitting grants provided by funding bodies, the Company has adopted the following policies.

Grant Income is acquitted after allowing for the following costs:

- ◆ Cost including labour and on costs directly associated with a specific grant.
- ◆ Administration and other related overhead costs (after excluding costs which are abnormal both in nature and value and therefore not representative of an appropriate level of costs that would be expected to be incurred) not related to a specific grant are allocated over the relevant grants, based on a proportion of the level of each grant and related income compared to total income.

Such allocations are reduced to take into consideration the lower level of administrative burden a grant is likely to produce, such as the case of infrastructure and maintenance grants.

Representations of management and internal documentation are used in determining to which grants a cost may be directly or indirectly attributed.

The following income accounts include internal charges raised against specific projects undertaken throughout the year, with corresponding expense charges levied to individual projects to recoup organisational management costs and other costs incurred by the entity:

Administration Fees Recovered :- \$2,341,912

2. Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

2. Critical Accounting Estimates and Judgments

Key estimates - impairment of property, plant and equipment

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

Key estimates - fair value of financial instruments

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

Key estimates - long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Key estimates - Performance obligations under AASB 15

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.

Key estimates - inventory

Each item on inventory is reviewed on an annual basis to determine whether it is being carried at higher than its net realisable value. During the year, management have written down inventory based on best estimate of the net realisable value, although until the time that inventory is sold this is an estimate.

Key estimates - estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Key judgments - Impairment of non-financial assets

The Company assesses the impairment of non-financial assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

3. Grant Revenue

	2022	2021
	\$	\$
Aboriginal Health Council of WA	203,876	18,473
Department of Health	5,682,326	4,640,747
WA Country Health Service	702,180	823,414
Department of Communities	524,819	491,121
Department of Health WA (Environmental Health Directorate)	53,287	131,538
National Indigenous Australians Agency	296,706	68,320
Western Australian Primary Health Alliance	775,644	718,277
Rural Health West	126,082	161,760
Lotterywest	50,000	-
The Federation of WA Police and Community Youth Centres	-	20,048
National Disability Insurance Agency	148,845	273,418
Total Operating Grants	8,563,765	7,347,116
Infrastructure and maintenance grants	-	2,890
Total Grant Revenue	8,563,765	7,350,006

4. Finance Income and Expenses

Finance income

Finance income		
Investment Income	226,856	172,606
Fair value gain/(loss) on financial assets	(515,754)	485,610
Interest Income	5,135	4,487
Total finance income	(283,763)	662,703

Finance expenses

Finance expenses		
Interest expense	292	1,630
Other finance expenses	14,715	15,099
Total finance expenses	15,007	16,729

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

5. Personnel expenses

	2022	2021
	\$	\$
Employee costs		
Wages and salaries	4,478,220	4,312,992
Superannuation contributions	517,604	447,745
Other personnel expenses	639,356	417,639
Employee costs	5,635,180	5,178,376

6. Other expenses

Advertising	86,853	51,856
Consulting and professional fees	1,071,741	799,926
Insurance	223,951	230,544
IT Expenses	184,683	151,894
Medical supplies	230,998	130,600
Motor vehicle expenses	260,899	186,532
Other expenses	1,376,160	1,121,106
NDIS expenses	288,106	-
Repairs and maintenance	170,128	102,960
Rental expenses	330,778	248,847
Travel expenses	256,769	196,043
Training expenses	98,686	49,708
Total	4,579,752	3,270,016

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

7. Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash on hand	241	549
Cash at Bank	5,014,999	3,032,182
Cash and cash equivalents	5,015,240	3,032,731
Restricted funds	4,240,824	1,840,605
Unrestricted funds	774,416	1,192,126
	5,015,240	3,032,731
Reconciliation of cash		
Reconciliation of net income to net cash provided by operating activities:		
Loss for the year	(152,699)	(1,322,320)
Cash flows excluded from profit attributable to operating activities		
- Interest paid	15,007	16,729
Non-cash flows in profit:		
- depreciation on right of use assets	28,366	68,134
- depreciation	260,955	240,664
- impairment of financial assets	515,754	2,382,757
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	103,569	(387,357)
- (increase)/decrease in other assets	2,562	14,204
- (increase)/decrease in financial assets	-	(658,216)
- increase/(decrease) in trade and other payables	2,057,000	1,170,167
- increase/(decrease) in employee benefits	50,928	(18,721)
Cashflows from operations	2,881,442	1,506,041

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

8. Property, plant and equipment

	2022	2021
	\$	\$
Land	-	-
At Cost	1,812,328	1,788,125
Impairment	(553,126)	(553,125)
Total Land	<u>1,259,202</u>	1,235,000
Buildings		
At Cost	6,556,963	6,474,937
Accumulated Depreciation	(773,136)	(672,469)
Impairment	(1,829,632)	(1,829,632)
Total buildings	<u>3,954,195</u>	3,972,836
Total land and buildings	<u>5,213,397</u>	5,207,836
Plant and equipment		
At cost	1,562,442	1,172,522
Accumulated depreciation	(1,038,616)	(911,689)
Total plant and equipment	<u>523,826</u>	260,833
Motor vehicles		
At cost	1,026,705	1,046,618
Accumulated depreciation	(582,551)	(715,840)
Total motor vehicles	<u>444,154</u>	330,778
Total plant and equipment	<u>967,980</u>	591,611
Total property, plant and equipment	<u><u>6,181,377</u></u>	<u>5,799,447</u>

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

8. Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022						
Balance at beginning of year	-	1,235,000	3,972,836	260,833	330,778	5,799,447
Additions	-	24,202	82,028	389,920	629,730	1,125,880
Disposals	-	-	-	-	(482,995)	(482,995)
Depreciation	-	-	(100,669)	(126,927)	(33,359)	(260,955)
Balance at the end of the year	-	1,259,202	3,954,195	523,826	444,154	6,181,377
Year ended 30 June 2021						
Balance at beginning of year	44,681	7,284,620	302,021	238,186	-	7,869,508
Additions	-	-	59,458	133,731	360,172	553,361
Transfers	(44,681)	(5,496,494)	5,541,175	-	-	-
Depreciation	-	-	(100,187)	(111,084)	(29,394)	(240,665)
Impairment loss	-	(553,126)	(1,829,631)	-	-	(2,382,757)
Balance at the end of the year	-	1,235,000	3,972,836	260,833	330,778	5,799,447

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

9. Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	413,714	441,101
Other receivables	26,812	19,247
Total	440,526	460,348

10. Other assets

Prepayments	5,461	8,023
Lease property bonds	6,748	1,200
Deposits paid	-	89,295
Total	12,209	98,518

11. Other financial assets measured at fair value through profit and loss

MHS Investment Moderate	1,058,398	1,143,750
MHS Investment Growth	2,477,826	2,696,087
Total	3,536,224	3,839,837

12. Trade and other payables

Contract Liabilities	3,895,759	1,801,235
Trade payables	248,899	471,986
GST payable	272,658	116,495
PAYG payable	82,566	74,260
Superannuation payable	-	38,925
Employee deductions	137	85
Accrued expenses	21,311	-
Other payables	185,329	146,672
Total	4,706,659	2,649,658

13. Employee benefits liabilities

Annual leave provision	220,223	204,882
Long service leave provision	144,358	103,875
Total current	364,581	308,757
Non-current		
Long service leave	10,876	15,772

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

14. Leases

Company as a lessee

The Company has leases over a range of assets including land and buildings, phone and IT equipment.

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

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

Terms and conditions of leases

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

Right-of-use assets

	Buildings \$	Office Equipment \$	Total \$
Year ended 30 June 2022			
Balance at 1 July 2021	12,858	20,678	33,536
Depreciation	(12,858)	(15,508)	(28,366)
Balance at end of year	-	5,170	5,170
Year ended 30 June 2021			
Adjustment on transition to AASB 16	58,145	43,525	101,670
Depreciation	(45,287)	(22,847)	(68,134)
Balance at end of year	12,858	20,678	33,536

Lease Liabilities

Leased liabilities are secured by the underlying leased assets.

	Buildings \$	Office Equipment \$	Total \$
Year ended 30 June 2022			
Balance at 1 July 2021	13,135	21,110	34,245
Principal repayments	(13,135)	(15,766)	(28,901)
Balance at end of year	-	5,344	5,344

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

14. Leases

Lease Liabilities

	2022	2021
	\$	\$
Plant and equipment	5,344	28,901
Office equipment	-	5,344
Total	5,344	34,245

15. Capital commitments

As at 30 June 2022 the organisation has issued purchase orders for capital items which had not been received as at 30 June 2022 as follows:

Men's shed - cash purchases	\$213,702
Motor vehicles - cash purchases	\$131,363
Motor vehicles - buy back scheme	\$253,779

Unspent program funds of \$3,895,759 (2021 - \$1,801,235) are held by the Company as at 30 June 2022. The acquittal process is currently in progress for these programs, with approval being sought to carry these unspent grants over to next year. If approval is not obtained, these funds may be required to be repaid.

Restricted funds comprising the capital commitments payable in cash and unspent program funds total \$4,240,824 (2021 - \$1,840,605)

16. Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Mawarnkarra Health Service during the year are as follows:

	2022	2021
	\$	\$
Short-term employee benefits	354,807	346,133
Long-term benefits	26,474	21,018
Post-employment benefits	35,281	32,883
	416,562	400,034

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

17. Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor AMD Chartered Accountants, for:		
- Audit of annual financial reports and acquittals	18,880	26,765
Total	18,880	26,765

18. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021:None).

19. Related Parties

(a) The Company's main related parties are as follows:

For remuneration paid to key management personnel - refer to Note 16.

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or joint control over these entities.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

During the year, the Company received services from Aboriginal Insights , which is controlled by Jolleen Hicks (Director). The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel or directors related entities on an arm's length basis.

(b) Transactions with related parties

The aggregate value of these transactions and outstanding balances relating to these services were as follows:

KMP related parties

Consulting Services - 2022	26,818
Consulting Services - 2021	10,142

No balances were owing or receivable at 30 June.

20. Events after the end of the Reporting Period

The financial report was authorised for issue on 28 November 2022 by the Board of Directors.

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

Mawarnkarra Health Service

Notes to the Financial Statements For the Year Ended 30 June 2022

21. Statutory Information

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

Mawarnkarra Health Service
20 Scholl Street
Roebourne WA 6718

Mawarnkarra Health Service


Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 29, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - a. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulations 2013, and
 - b. giving a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company 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 
Richard Patrick Ansey

Director 
Jolleen Hicks

Dated 28 November 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAWARNKARRA HEALTH SERVICE

Opinion

We have audited the financial report of Mawarnkarra Health Service which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other 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 director's declaration.

In our opinion, the accompanying financial report has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commissions Act 2012*, including:

- i) giving a true and fair view, in all material respects, of the financial position of Mawarnkarra Health Service as at 30 June 2022, and of its financial performance and its cash flows for the year then ended; and
- ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 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 Mawarnkarra Health Service in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to 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.

Emphasis of Matter

We draw attention to Note 1(j) to the financial statements which outlines the company's economic dependency, whereby to continue as a going concern the corporation is dependent upon continued receipt of Commonwealth and State grant funding. Our opinion is not modified in respect of this matter.

Responsibilities of the Director's for the Financial Report

The directors of the corporation are responsible for the preparation and fair presentation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management are responsible for assessing Mawarnkarra Health Service's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intend to liquidate Mawarnkarra Health Service or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Mawarnkarra Health Service's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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.

AMD Chartered Accountants



MARIA CAVALLO
Director

Level 1, 53 Victoria Street, Bunbury, Western Australia

Dated this 30th day of November 2022