

Foundation for Indigenous Sustainable Health Ltd

ABN 89 141 884 684

Special Purpose Financial Report - 30 June 2019

Foundation for Indigenous Sustainable Health Ltd
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30 June 2019

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General information

The financial statements cover Foundation for Indigenous Sustainable Health Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Foundation for Indigenous Sustainable Health Ltd's functional and presentation currency.

Foundation for Indigenous Sustainable Health Ltd is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

5/257 Bannister Road, CANNING VALE WA 6155

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 September 2020.

Foundation for Indigenous Sustainable Health Ltd
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

Meetings of directors

During the year ended 30 June 2019 the Board of Directors met formally six times during the year and the Executive of the Board met twice. Total meetings for the year were eight.

Contributions on winding up

In the event of the company being wound up, ordinary members are required to contribute a maximum of \$20 each. Honorary members are not required to contribute.

The total amount that members of the company are liable to contribute if the company is wound up is \$140, based on 7 current ordinary members.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Name: Tim Donisi
Position: Secretary/Director



Name: Mark Anderson
Position: Director/CEO

12 October 2020

Foundation for Indigenous Sustainable Health Ltd
Directors' declaration
30 June 2019

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations and the Corporations Act 2001 requirements to prepare and distribute financial statements to the members of Foundation for Indigenous Sustainable Health Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Name: Tim Donisi
Position: Secretary/Director



Name: Mark Anderson
Position: Director/CEO

12 October 2020

DIRECTORS:

ROBERT CAMPBELL RCA, CA, CPA, MSW

VIRAL PATEL RCA, CA, CPA

ALASTAIR ABBOTT RCA, CA, M.FORENSIC ACCOUNTING

CHASSEY DAVIDS RCA, CA, AMIA, BCOM

AUDITOR'S INDEPENDENCE DECLARATION

To the Board of Directors of Foundation for Indigenous Sustainable Health Ltd

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* and *Corporations Act 2001*, in relation to our review of the financial report of Foundation for Indigenous Sustainable Health Ltd for the year ended 30 June 2019, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the review; and
- b) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- c) No contraventions of any applicable code of professional conduct in relation to the review

Alastair Gordon Abbott, CA

Registered Company Auditor number 486826

Director

Australian Audit

Perth, Western Australia

Dated: 14 October 2020



DIRECTORS:

ROBERT CAMPBELL RCA, CA, CPA, MSW

VIRAL PATEL RCA, CA, CPA

ALASTAIR ABBOTT RCA, CA, M.FORENSIC ACCOUNTING

CHASSEY DAVIDS RCA, CA, AMIIA, BCOM

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Foundation for Indigenous Sustainable Health Ltd

Report on the Review of the Financial Report Conclusion

We have reviewed the financial report of Foundation for Indigenous Sustainable Health Ltd (the Entity), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the statement by the Board of Directors.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial report of Foundation for Indigenous Sustainable Health Ltd has not been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- a) giving a true and fair view of the Foundation for Indigenous Sustainable Health Ltd's financial position as at 30 June 2019 and of its financial performance for the year then ended;
- b) the *Corporations Act 2001*,
- c) complying with Australian Accounting Standards to the extent described in Note 1,
- d) Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to meet the requirements of the *Corporations Act 2001* and the *ACNC Act*. As a result, the financial report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and the *ACNC Act* and the needs of the members. The responsibility of Management also includes such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.



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

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the basis of preparation described in Note 1 to the financial report. As the auditor of Foundation for Indigenous Sustainable Health Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.



Report on Other Legal and Regulatory Requirements

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that, Foundation for Indigenous Sustainable Health Ltd has not complied with 60-30(3)(b), (c) and (d) of the *ACNC Act*:

- by providing us with all information, explanation and assistance necessary for the conduct of the review;
- by keeping financial records sufficient to enable a financial report to be prepared and reviewed; and
- by keeping other records required by Part 3-2 of the *ACNC Act*, including those records required by Section 50-5 that correctly record its operations, so as to enable any recognised assessment activity to be carried out in relation to the entity.

Alastair Gordon Abbott, CA

Registered Company Auditor number 486826

Director

Australian Audit

Perth, Western Australia

Dated: 14 October 2020

Foundation for Indigenous Sustainable Health Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue			
Trading income	3	22,171	9,782
Donation - 250 Club		9,000	4,750
Fundraising events		2,687	27,399
Donations		213,830	49,630
Donation - Asset		-	177,100
Donation - Services		81,668	101,490
Raffles		228	475
Government grant		-	9,525
Profit/(loss) on sale of plant and equipment		17,159	-
Program revenue - Schools		54,100	26,591
Fee for service		21,098	142,500
		<u>399,770</u>	<u>539,460</u>
Total revenue		<u>421,941</u>	<u>549,242</u>
Expenses			
Employment		(288,829)	(211,267)
Program expenses - Bawoorroga		(75,501)	(3,795)
Program expenses - Schools		(6,179)	(2,750)
Program expenses - Cultural		-	(291)
Program expenses - Justice		(4,123)	-
Finance costs	4	(13,815)	(1,714)
Accounting fees		(6,400)	(9,260)
Administration expenses		(9,743)	(16,098)
Bank fees		(2,442)	(1,308)
Board expenses		(17)	(374)
Professional services		(81,668)	(101,490)
Fundraising expenses		(3,115)	(21,111)
Insurance		(6,801)	(5,653)
Motor vehicle expenses		(22,551)	(13,394)
Depreciation and amortisation expense		(50,571)	(10,773)
Social enterprise expenses		(5,590)	(578)
Rent		(15,600)	(6,900)
Travel		(2,407)	(14,461)
Uniforms/PPE		(889)	(360)
Total expenses		<u>(596,241)</u>	<u>(421,577)</u>
Surplus/(deficit) for the year	14	(174,300)	127,665
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>(174,300)</u></u>	<u><u>127,665</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Foundation for Indigenous Sustainable Health Ltd
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	5,191	13,966
Trade and other receivables	6	1,041	6,900
Inventories	7	18,903	20,397
Other	8	3,916	3,916
Total current assets		<u>29,051</u>	<u>45,179</u>
Non-current assets			
Property, plant and equipment	9	258,923	259,349
Total non-current assets		<u>258,923</u>	<u>259,349</u>
Total assets		<u>287,974</u>	<u>304,528</u>
Liabilities			
Current liabilities			
Trade and other payables	10	126,016	32,114
Borrowings	11	170,879	129,165
Employee benefits	12	20,501	-
Total current liabilities		<u>317,396</u>	<u>161,279</u>
Non-current liabilities			
Employee benefits	13	1,629	-
Total non-current liabilities		<u>1,629</u>	<u>-</u>
Total liabilities		<u>319,025</u>	<u>161,279</u>
Net assets/(liabilities)		<u>(31,051)</u>	<u>143,249</u>
Equity			
Retained surpluses/(accumulated deficits)	14	(31,051)	143,249
Total equity/(deficiency)		<u>(31,051)</u>	<u>143,249</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Foundation for Indigenous Sustainable Health Ltd
Statement of changes in equity
For the year ended 30 June 2019

	Retained profits \$	Total equity \$
Balance at 1 July 2017	15,584	15,584
Surplus for the year	127,665	127,665
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>127,665</u>	<u>127,665</u>
Balance at 30 June 2018	<u>143,249</u>	<u>143,249</u>
	Retained profits \$	Total deficiency in equity \$
Balance at 1 July 2018	143,249	143,249
Deficit for the year	(174,300)	(174,300)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>(174,300)</u>	<u>(174,300)</u>
Balance at 30 June 2019	<u>(31,051)</u>	<u>(31,051)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Foundation for Indigenous Sustainable Health Ltd
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		427,800	370,880
Payments to suppliers and employees (inclusive of GST)		<u>(460,522)</u>	<u>(419,744)</u>
Net cash used in operating activities	18	<u>(32,722)</u>	<u>(48,864)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	9	(251,439)	(89,600)
Proceeds from disposal of property, plant and equipment		<u>233,672</u>	<u>-</u>
Net cash used in investing activities		<u>(17,767)</u>	<u>(89,600)</u>
Cash flows from financing activities			
Repayment of borrowings		<u>39,866</u>	<u>112,471</u>
Net cash from financing activities		<u>39,866</u>	<u>112,471</u>
Net decrease in cash and cash equivalents		(10,623)	(25,993)
Cash and cash equivalents at the beginning of the financial year		<u>(2,730)</u>	<u>23,263</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>(13,353)</u></u>	<u><u>(2,730)</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Foundation for Indigenous Sustainable Health Ltd
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and Corporations Act 2001 and associated regulations. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of Foundation for Indigenous Sustainable Health Ltd.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Foundation for Indigenous Sustainable Health Ltd
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Foundation for Indigenous Sustainable Health Ltd
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Foundation for Indigenous Sustainable Health Ltd
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies (continued)

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

Foundation for Indigenous Sustainable Health Ltd
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 July 2019. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

Foundation for Indigenous Sustainable Health Ltd
Notes to the financial statements
30 June 2019

Note 1. Significant accounting policies (continued)

AASB 1058 Income of Not-for-Profit Entities

This standard is applicable to annual reporting periods beginning on or after 1 July 2019. This standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 will be dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard will be recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

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 and finite life intangible assets. 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.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are 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.

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Note 3. Trading income

	2019 \$	2018 \$
Social enterprise sales	23,882	16,843
Cost of sales	<u>(1,711)</u>	<u>(7,061)</u>
	<u>22,171</u>	<u>9,782</u>

Note 4. Finance costs

	2019 \$	2018 \$
ATO - Interest charges	111	-
Borrowing costs	2,960	69
Interest expense - CBA	1,496	32
Motor vehicle interest expenses	<u>9,248</u>	<u>1,613</u>
	<u>13,815</u>	<u>1,714</u>

Note 5. Current assets - cash and cash equivalents

	2019 \$	2018 \$
Cash on hand	40	40
Cash at bank	<u>5,151</u>	<u>13,926</u>
	<u>5,191</u>	<u>13,966</u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	5,191	13,966
Bank overdraft (note 11)	<u>(18,544)</u>	<u>(16,696)</u>
Balance as per statement of cash flows	<u>(13,353)</u>	<u>(2,730)</u>

Note 6. Current assets - trade and other receivables

	2019 \$	2018 \$
Trade receivables	<u>1,041</u>	<u>6,900</u>

Note 7. Current assets - inventories

	2019 \$	2018 \$
Stock on hand - at cost	<u>18,903</u>	<u>20,397</u>

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Note 8. Current assets - other

	2019 \$	2018 \$
Borrowing cost	916	916
CBA - Security deposit	3,000	3,000
	<u>3,916</u>	<u>3,916</u>

Note 9. Non-current assets - property, plant and equipment

	2019 \$	2018 \$
Plant and equipment - at cost	180,523	180,523
Less: Accumulated depreciation	<u>(20,796)</u>	<u>(2,018)</u>
	159,727	178,505
Motor vehicles - at cost	107,366	89,599
Less: Accumulated depreciation	<u>(8,170)</u>	<u>(8,755)</u>
	99,196	80,844
	<u>258,923</u>	<u>259,349</u>

Note 10. Current liabilities - trade and other payables

	2019 \$	2018 \$
Trade payables	40,117	15,961
Accrued expenses	56,935	8,496
Other payables	<u>28,964</u>	<u>7,657</u>
	<u>126,016</u>	<u>32,114</u>

Note 11. Current liabilities - borrowings

	2019 \$	2018 \$
Bank overdraft	18,544	16,696
Interest bearing	120,097	94,969
Related party loan - non-interest bearing	<u>32,238</u>	<u>17,500</u>
	<u>170,879</u>	<u>129,165</u>

Note 12. Current liabilities - employee benefits

	2019 \$	2018 \$
Annual leave	<u>20,501</u>	<u>-</u>

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Note 13. Non-current liabilities - employee benefits

	2019 \$	2018 \$
Long service leave	1,629	-

Note 14. Equity - retained surpluses/(accumulated deficits)

	2019 \$	2018 \$
Retained surpluses at the beginning of the financial year	143,249	15,584
Surplus/(deficit) for the year	(174,300)	127,665
Retained surpluses/(accumulated deficits) at the end of the financial year	(31,051)	143,249

Note 15. Related party transaction

Related party loan

Refer to non interest bearing liabilities (note 11), the loans received from related party(s) of Foundation for Indigenous Sustainable Health Ltd are on terms more favorable to Foundation for Indigenous Sustainable Health Ltd than normal market rates.

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by, the auditor of the company:

	2019 \$	2018 \$
<i>Other services -</i>		
Review of the financial statements (Australian Audit)	2,900	-
Audit of the financial statements (Stirling Partners)	-	2,500
Accounting services (Stirling Partners)	-	7,196
	2,900	9,696

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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Note 18. Reconciliation of surplus/(deficit) to net cash used in operating activities

	2019	2018
	\$	\$
Surplus/(deficit) for the year	(174,300)	127,665
Adjustments for:		
Depreciation and amortisation	50,571	10,773
Write off of assets	(32,378)	-
Donated assets	-	(178,523)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	5,859	(6,900)
Decrease/(increase) in inventories	1,494	(24,313)
Increase in trade and other payables	93,902	22,434
Increase in employee benefits	22,130	-
Net cash used in operating activities	<u>(32,722)</u>	<u>(48,864)</u>