



ABN: 90 058 632 943

**SPECIAL PURPOSE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

# Peer Based Harm Reduction WA Inc.

ABN: 90 058 632 943

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# Peer Based Harm Reduction WA Inc.

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## Chairperson's and CEO's Address

Dear Member

It is our privilege to present the combined Chairperson and Chief Executive Officer's report on behalf of Peer Based Harm Reduction WA's Committee of Management ("the COM") and the volunteers, staff and management of the organisation.

Peer Based Harm Reduction WA is the only peer-based, not-for-profit harm reduction organisation that represents the needs and concerns and provides a range of consumer driven harm reduction services for people who use or have used drugs in Western Australia. As such, Peer Based Harm Reduction WA continues to be in a unique position to provide a strong voice in advocating for people who choose to use drugs and their rights as health consumers.

We aim to bring drug users' perspectives into all our harm reduction initiatives, to our partnerships with other organisations, and to our advice and advocacy that we provide to governments.

We have continued to grow the way we provide services to people who inject drugs and support the International goal of eliminating hepatitis C by 2030. Throughout this year, Peer Based Harm Reduction WA has continued to develop and enhance partnerships with key State and National organisations, including key Peak Bodies and we have enhanced our collaborations with key research bodies over the course of this year.

The 2019 - 2020 financial year has continued to be very busy and productive, and during COVID-19 quite a challenging time for Peer Based Harm Reduction WA. In addition to our core funding from the Health Department of WA, through the Sexual Health and Blood Borne Virus Program we have continued to deliver on the two additional grants from the Health Department of WA for the hepatitis C Peer Education project (finalised in November 2019) and the expansion of the Nurse Practitioner led model of care for hepatitis C testing and treatment in the South West. We have maintained our funding through the Western Australian Primary Health Alliance, for a project under their Integrated Systems of Care funding pool. We maintain our contract with the Mental Health Commission to provide the Peer Naloxone Project and the Overdose Prevention and Management project. In addition, we have secured funding through the Burnett Institute in October 2019 to continue the hepatitis C Peer Education project in October 2019 for a further two years. We would like to acknowledge these funding bodies, enabling Peer Based Harm Reduction to provide a range of unique services for our community.

The COM has ensured that Peer Based Harm Reduction WA continues to work within its Strategic Plan, meet its obligations, manage its finances, and operate transparently, as well as maintaining its quality management system certification.

We would like to take this opportunity to thank the COM members for their support and diligent oversight of the organisation. On behalf of the COM, the management and staff we would like to sincerely thank the Finance Manager, Sai Thia and our Finance Officer, Stevie Davies for their diligent commitment and tireless efforts, particularly through the challenging periods as a result of COVID-19 restrictions, to ensure the positive financial outcomes and systems improvements achieved over the 2019 - 2020 financial year.



Jill Rundle  
Chairperson  
Perth, Western Australia



Angela Corry  
Chief Executive Officer  
Perth, Western Australia

25 September 2020

25 September 2020

# Peer Based Harm Reduction WA Inc.

ABN: 90 058 632 943

## Committee of Management's Report

The Committee of Management ("The COM") presents its report on Peer Based Harm Reduction WA Inc. ("The Association") for the financial year ended 30 June 2020.

### Committee of Management

The COM comprise of the following members, of which they held office throughout the year except where stated otherwise as set out below.

Name	Appointed	Roles as at September 2020
Jill Rundle	2013 nominated and accepted at AGM	Chairperson Member – COM  CEO Review CEO Selection
Elizabeth Wilson-Taylor	2013 nominated and accepted at AGM – Resigned December 2019	
Roanna Lobo	2014 nominated and accepted at AGM	Deputy Chairperson Member - COM
Michelle Coster	2016 nominated and accepted at AGM – Resigned December 2019	
Allesandir Nielsen	2016 nominated and accepted at AGM	Member - COM
Shaun Wyn-Jones	2017 nominated and accepted at AGM – Resigned May 2020	
Juanita Koeijers	2017 nominated and accepted at AGM – term ended December 2019	
Gemma Malatesta	2019 nominated and accepted at COM – Resigned July 2020	
Hamish Dobie	2019 nominated and accepted at AGM	Treasurer Member – COM
Laura Yau	2019 nominated and accepted at COM	Member - COM

The Chief Executive Officer of Peer Based Harm Reduction Inc. attends COM meetings and sits on all Committees.

The Secretary authorised Gari-Emma to be the Association's delegate. Ms Gari-Emma ensures that proper records of all COM and Committee meetings are kept and maintained including the register of members.

The Association's financial statements must be and are audited by Nexia Perth Audit Services Pty Ltd.

A General Meeting is held annually to present the annual financial statements to the Members.

# Peer Based Harm Reduction WA Inc.

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## Principal activities

The principal activities of Peer Based Harm Reduction WA Inc “the Association” during the financial year were providing support, education, and advocacy and to reduce transmission of Blood Borne Viruses and the harms and hazards associated with substance use amongst people in Western Australia. We constantly thrive to improve the health and social circumstances of substance users, utilising a framework underpinned by harm reduction and peer education. The Association is a registered charity.

## Review of operations

The net surplus for the financial year ended 30 June 2020 amounted to \$162,819 (2019: surplus \$56,206). The substantial surplus in 2020 as compared to prior year is largely attributable to receiving significant cash-flow boost revenue from the Government in face of an unprecedented challenges during the COVID-19 pandemic. Grants funding remain as the largest income contributor and represented 92% of the total revenue in 2020. The Association service programs funding stakeholder by size – the Department of Health WA contributed to 79%, the WA Primary Health Alliance 11%, the Mental Health Commission 7% and other 3%.

## Changes in state of affairs

During the financial year there were no significant changes in the state of affairs of the Association.

## Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

On behalf of the Committee of Management



Jill Rundle  
Chairperson  
Perth, Western Australia

25 September 2020



## **Auditor's independence declaration under Subdivision 60-40 of the Australian Charities and Not for Profit Commission Act 2012**

Auditor's Independence Declaration under Subdivision 60-40 of the *Australian Charities and Not for Profit Commission Act 2012* to the Board of the Peer Based Harm Reduction WA Inc.

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



**Nexia Perth Audit Services Pty Ltd**



**Muranda Janse Van Nieuwenhuizen**  
**Director**

25 September 2020  
Perth

## To the Members of Peer Based Harm Reduction WA Inc

### Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Peer Based Harm Reduction WA Inc ('the Association'), which comprises the Statement of financial position as at 30 June 2020, and 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 ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Association.

In our opinion:

The financial report of the Peer Based Harm Reduction WA Inc is prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act (WA) 2015*, including:

- i) giving a true and fair view of the Association's financial position as at 30 June 2020 and of its performance for the year ended on that date;
- ii) complying with Australian Accounting Standards to the extent described in Notes 1 to 4 of the financial statements and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013* and the *Associations Incorporation Act (WA) 2015*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, the *Associations Incorporation Act (WA) 2015* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the Association, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter regarding basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act (WA) 2015*. As a result, the financial report may not be suitable for another purpose.

### **Directors' responsibility for the financial report**

The directors of the Association are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Notes 1 to 4 to the financial statements is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, the *Associations Incorporation Act (WA) 2015* and is appropriate to meet the needs of the members. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our auditor's report.



**Nexia Perth Audit Services Pty Ltd**



**Muranda Janse Van Nieuwenhuizen**  
**Director**

25 September 2020  
Perth



# Peer Based Harm Reduction WA Inc.

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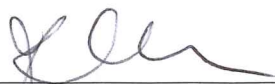
## Statement by the Members of the Committee of Management

The Members of the Committee of Management ("the COM") has determined that Peer Based Harm Reduction Inc. ("the Association") is not a reporting entity because in the opinion of the COM there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the annual financial requirements of the Association's Rule of Association and the Australian Charities and Not-for-profits Commission Act 2012.

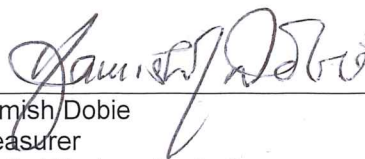
In the opinion of the Members of the Committee of Management, the Financial Statements:

- (a) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and
- (b) the attached financial statements for the year ended 30 June 2020 and notes thereto satisfy the requirements of Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 as well as Divisions 5,6 and 7 of the Associations Incorporations Act (WA) 2015, including giving a true and fair view of the financial position at 30 June 2020 and performance of the Association for the year then ended in accordance with the accounting policies described in Notes 1 - 4 to the financial statements.

The statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board by:



Jill Rundle  
Chairperson  
Perth, Western Australia



Hamish Dobie  
Treasurer  
Perth, Western Australia

25 September 2020

25 September 2020

# Peer Based Harm Reduction WA Inc.

ABN: 90 058 632 943

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Continuing operations</b>			
Grant Funding	9	2,037,903	1,850,061
Amount Transferred to Grant Funding In Advance	9	(55,622)	(65,324)
<b>Total grant revenue</b>		<b>1,982,281</b>	<b>1,784,737</b>
Bank interest		27,097	32,208
Donations		5,150	1,663
Other income		87,194	55,496
NSEP HDWA		18,087	18,432
NSEP PBHRWA		33,569	26,308
Profit on disposal of non-current assets		2,537	23,390
<b>Other revenue</b>		<b>173,634</b>	<b>157,497</b>
<b>Total revenue</b>		<b>2,155,915</b>	<b>1,942,234</b>
Cost of sales		67,135	52,326
Advertising and promotion		2,516	2,499
Accounting and audit fees	5	14,300	8,000
Bank charges		1,214	1,069
Clinic stock		9,014	4,570
Community and resource development		28,240	28,252
Amortisation and depreciation		223,991	65,695
General administrative expenses		30,575	27,315
Information technology		11,566	13,269
Insurance		58,851	58,887
Interest and finance expenses		17,822	-
Motor vehicle		18,901	25,456
Parking		844	16,369
Postage, printing and stationery		22,143	22,885
Rent and outgoings		8,033	148,972
Salaries, benefits and associated expenses		1,436,593	1,365,050
Travel and accommodation		19,560	23,134
Utilities and security		17,662	16,568
Volunteer expenses		4,136	4,712
<b>Total expenses</b>		<b>1,993,096</b>	<b>1,886,028</b>
<b>Net surplus for the year</b>		<b>162,819</b>	<b>56,206</b>
<b>Other comprehensive income</b>			
<i>Items that may be recycled through profit or loss in future</i>		-	-
<b>Total comprehensive income for the year</b>		<b>162,819</b>	<b>56,206</b>

This statement should be read in conjunction with the accompanying notes to accounts.

# Peer Based Harm Reduction WA Inc.

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## Statement of Financial Position

As at 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,804,694	1,667,890
Account receivable		119,268	9,384
Prepayments		59,795	59,871
Inventory		32,683	20,791
<b>Total current assets</b>		<b>2,016,440</b>	<b>1,757,936</b>
<b>Non-current assets</b>			
Rental bond		5,000	5,000
Plant and equipment	7	573,171	184,359
<b>Total non-current assets</b>		<b>578,171</b>	<b>189,359</b>
<b>TOTAL ASSETS</b>		<b>2,594,611</b>	<b>1,947,295</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Grants received in advance	9	55,622	65,324
Trade and other payables	10	100,767	86,883
Amounts due to ATO	11	27,682	48,800
Provisions	12	141,032	99,399
Lease liabilities	13	139,296	-
<b>Total current liabilities</b>		<b>464,399</b>	<b>300,406</b>
<b>Non-current liabilities</b>			
Lease liabilities	13	320,504	-
<b>Total non-current liabilities</b>		<b>320,504</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>784,903</b>	<b>300,406</b>
<b>NET ASSETS</b>		<b>1,809,708</b>	<b>1,646,889</b>
<b>EQUITY</b>			
Reserves		162,750	162,750
Accumulated funds		1,484,139	1,427,933
Current year surplus		162,819	56,206
<b>TOTAL EQUITY</b>		<b>1,809,708</b>	<b>1,646,889</b>

This statement should be read in conjunction with the accompanying notes to accounts.

# Peer Based Harm Reduction WA Inc.

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## Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>OPERATING ACTIVITIES</b>			
Receipts from funding and other income		2,006,695	1,966,168
Receipts from interest		27,097	32,208
Payments for interest		(17,767)	-
Payments to suppliers and employees		(1,728,255)	(1,964,122)
<b>Net cash inflows from operating activities</b>	8	<b>287,770</b>	<b>34,254</b>
<b>INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(76,832)	(54,847)
Proceeds from disposal of property, plant and equipment		59,636	23,390
<b>Net cash outflows from investing activities</b>		<b>(17,196)</b>	<b>(31,457)</b>
<b>FINANCING ACTIVITIES</b>			
Lease payments		(133,770)	-
<b>Net cash outflows from financing activities</b>		<b>(133,770)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>136,804</b>	<b>2,797</b>
Cash and cash equivalents at the beginning of the year		1,667,890	1,665,093
Cash and cash equivalents at the end of the year	6	<b>1,804,694</b>	<b>1,667,890</b>

This statement should be read in conjunction with the accompanying notes to accounts.

# Peer Based Harm Reduction WA Inc.

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## Statement of Changes in Equity

For the Year Ended 30 June 2020

	<b>Reserves</b>	<b>Accumulated</b>	<b>Total</b>
	<b>\$</b>	<b>Funds</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	<b>162,750</b>	<b>1,427,933</b>	<b>1,590,683</b>
Net surplus for the year 2019	-	56,206	56,206
Other comprehensive income	-	-	-
Total comprehensive income	-	56,206	56,206
<b>Balance at 30 June 2019</b>	<b>162,750</b>	<b>1,484,139</b>	<b>1,646,889</b>
<b>Balance at 1 July 2019</b>	<b>162,750</b>	<b>1,484,139</b>	<b>1,646,889</b>
Net surplus for the year 2020	-	162,819	162,819
Other comprehensive income	-	-	-
Total comprehensive income	-	162,819	162,819
<b>Balance at 30 June 2020</b>	<b>162,750</b>	<b>1,646,958</b>	<b>1,809,708</b>

This statement should be read in conjunction with the accompanying notes to accounts.



# Peer Based Harm Reduction WA Inc.

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## Notes to Accounts

For the Year Ended 30 June 2020

### 1. Basis of Preparation

#### Association Information and Statement of compliance

The Special Purpose Financial Report of Peer Based Harm Reduction WA Inc. (the "Association") was authorised for issue in accordance with a resolution of the Committee of Management (the "COM") on the date of the declaration. This special purpose financial report has been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, the Associations Incorporations Act (WA) 2015 and the recognition and measurement aspects of all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB").

The Board has determined that the Association is not a reporting entity. The financial report does not include all of the disclosure requirements of AASBs except for the following minimum requirements:

- AASB 101 Presentation of Financial Statements
- AASB 107 Cash Flow Statements
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1054 Australian Additional Disclosures

#### Basis of Measurement

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non current assets.

#### Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Association's functional currency.

#### Use of Estimates and Judgement

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

# Peer Based Harm Reduction WA Inc.

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## 2. Financial Position

The Association's primary source of funding comprises grants from State Government agencies with whom the Association enters into funding agreements for periods ranging from one to three years. The Association has received confirmation that it is the preferred service supplier for the Department of Health Contract. Based on a cash flow forecast and the working capital surplus position at the reporting date the Board deem the application of the going concern basis of preparation as appropriate.

## 3. Significant Accounting Judgments, Estimates and Assumptions

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed below in Note 4(f) (ii). The amount of these provisions would change should any of these factors change in the next 12 months.

## 4. Significant Accounting Policies

The following accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

### (a) Financial Instruments

#### Non-derivative Financial Instruments

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non derivative financial instruments are recognised initially at fair value plus, any directly attributable transaction costs. Subsequent to initial recognition non derivative financial instruments are measured as described below.

A financial instrument is recognised if the Association becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Association's contractual rights to the cash flows from the financial assets expire or if the Association transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Association commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Association's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### Other

Other non derivative financial instruments are measured at amortised cost using the effective interest rate method.

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## b) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than the estimated recoverable amount.

Cost includes all expenditure that is directly attributable to the acquisition of the asset. The cost of self purchased software that is integral to the function of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

### (i) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Association and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

### (ii) Depreciation

Depreciation is recognised in profit and loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the short of the lease term and their useful lives unless it is reasonably certain that the Association will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative period are as follows:

Motor Vehicles	4 years
Leasehold Improvements (Term of Lease)	5 years
Furniture and Fittings	5 years

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate at each reporting date.

## (c) Leased Assets

At inception of a contract, the Association assesses whether a contract is, or contains, a lease. A contract is considered to contain a lease if it allows the Association the right to control the use of an identified asset over a period of time in return for consideration.

Where a contract or arrangement contains a lease, the Association recognises a right-of-use asset and a lease liability at the commencement date of the lease.

A right-of-use asset is initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred. Lease assets are depreciated using the straight-line method over the shorter of their useful life and the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and for impairment losses.

## Peer Based Harm Reduction WA Inc.

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Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Association's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments include fixed payments and incorporate the expectations of lease extension options.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets.

Short term leases (lease term of 12 months or less) and leases of low value assets (\$5,000 or less) are recognised as incurred as an expense in the income statement.

### **(d) Impairment**

#### **(i) Financial Assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated based on expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

#### **(ii) Non-financial Assets**

The carrying amounts of the Association's non financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Association would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset. Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

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An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **(e) Inventories**

Inventories comprise goods for resale and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Where inventories are acquired at no cost, or for nominal consideration, cost is determined as the current replacement cost as at the date of acquisition.

## **(f) Employee Benefits**

### **(i) Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due.

### **(ii) Other Long-term Employee Benefits**

The Association's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Association's obligations.

### **(iii) Short-term Benefits**

Liabilities for employee benefits for wages, salaries, annual leave expected to be taken within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Association expects to pay as at reporting date including related on-costs, such as workers compensation insurance. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Association as the benefits are taken by the employees.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Association has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **(g) Provisions**

A provision is recognised if, as a result of a past event, the Association has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows



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at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## (h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## (i) Revenue

### Revenue recognition

Revenue recognised under AASB 15 is measured at the amount which the Association expects to receive in consideration for satisfying performance obligations to a customer. A performance obligation is the distinct good or service defined within the contract with a customer. The transaction price is allocated to one or more performance obligations contained within the contract, with revenue being recognised as or when the performance obligation is satisfied.

Where consideration comprises variable components, the amount recognised as revenue is constrained to that amount that would not result in a significant reversal of the cumulative revenue recognised when that uncertainty is resolved.

### Government Funding

State and local government grant funding that contain specific conditions on the use of those funds are recognised as and when the Association satisfies its performance obligations by providing those goods and services to its customers. A contract liability is recognised for unspent grant funds for which a refund obligation exists in relation to the funding period. General grants that do not impose specific performance obligations on the Association are recognised as income when the Association obtains control of those funds, which is usually on receipt.

The Association's activities are supported by grants received from the state and local governments. Grants received on the condition that specified services are delivered, or conditions are fulfilled are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from other non-reciprocal grants is recognised when received.

### Capital Grant Funding

Contributions for the Association's Capital Grants are recognised when received.

### Donations

Donations are recognised when received.

### Investment Income

Investment income comprises interest and dividends. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset. Dividends from listed entities are recognised when the right to receive a dividend has been established.

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## Asset Sales

The gain or loss on disposal of all non-current assets and is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

## In-Kind Donations

Facilities and other assets donated by third parties are recognised as revenue at the fair value to the Association where this can be quantified and the third party has borne the cost. No amounts are included in the financial statements for services donated by volunteers. Goods donated for resale are included as income when they are sold.

## (j) Income tax

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

## (k) Subsequent Events

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Association, to affect significantly the operations of the Association, the results of those operations, or the state of affairs of the Association, in future years.

## (l) Commitments and Contingent Liabilities

The Association did not have any committed obligations or contingent liabilities at 30 June 2020.

## (m) New or amended Accounting Standards and Interpretations adopted

The PBHRWA has adopted all of the new or amended Accounting Standards and Interpretations issued. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Association in either the current or prior financial reporting periods except as described below.

For the year ended 30 June 2020, the Association has adopted the following new Accounting Standards (and their relevant amending standards issued by the AASB):

- AASB 15 Revenue from Contracts with Customers;
- AASB 1058 Income of Not-for-Profit Entities; and
- AASB 16 Leases.

### AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The mandatory date of adoption for AASB 15 and AASB 1058 was 1 January 2019. The Association has elected to apply the modified retrospective approach allowable under the Standard, reflecting the cumulative impact arising from adoption (if any) as an adjustment to opening accumulated funds at 1 July 2019. As a result, comparative financial information has not been restated.

AASB 15 involves the use of a five-step recognition model for recognising revenue, the steps are:

Step 1 – Identify the contract with the customer;

Step 2 – Identify the sufficiently specific performance obligations to be satisfied;

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Step 3 – Measure the expected consideration;

Step 4 – Allocate that consideration to each of the performance obligations in the contract; and

Step 5 – Recognise revenue.

The Association has described its new accounting policy below in Note 4(i). The Association has elected to adopt the practical expedient whereby contracts that are considered to be 'complete' (where revenue has been fully recognised in accordance with previous standards) are not adjusted upon the adoption of the new standards.

AASB 1058 measures income by reference to the fair value of the asset received. The asset received, which could be a financial or non-financial asset, is initially measured at fair value when the consideration paid for the asset is significantly less than fair value, and that difference is principally to enable the entity to further its objectives. Otherwise, assets acquired are recognised at cost.

Where the asset has been measured at fair value, AASB 1058 requires that elements of other Accounting Standards are identified before accounting for the residual component. These standards are:

- AASB 15 Revenue from Contracts with Customers;
- AASB 16 Leases;
- AASB 1004 Contributions;
- AASB 137 Provisions, Contingent Liabilities & Contingent Assets; and
- AASB 9 Financial Instruments.

A transfer that requires the Association to use those funds to acquire or construct a recognisable non-financial asset to identified specifications; does not require the Association to transfer the non-financial asset to the transferor or other parties; and occurs under an enforceable agreement is recognised income when (or as) the Association satisfies its obligations under the transfer.

Any donations, bequests or grants not recognised as described above are recognised as income when the Association obtains control of those funds.

There is no impact from adopting these new standards.

## AASB 16 Leases

AASB 16 replaces AASB 117 Leases and has been applied for the first time from 1 July 2019. The accounting policy adopted by the Association from that date is described in Note 4(c). In the previous financial year, lease rentals payable on operating leases were recognised as an expense on a straight line basis over the lease term.

On initial application of AASB 16, the Association has elected to adopt the modified retrospective approach, whereby the lease liability is measured at the present value of the remaining lease payments, discounted using the Association's incremental borrowing rate at 1 July 2019. The Association's incremental borrowing rate was 3.42%. The right of use asset has been recognised an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments at the transition date. As a result, comparative financial information has not been restated.

Upon initial application of the Standard, the following amounts were recognised as at 1 July 2019:

Right-of-use Asset	\$593,570
Lease Liability	\$593,570

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## AASB 2019-4: Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements (effective for 30 June 2020)

This standard requires new disclosures in special purpose financial statements (SPFS) which will provide clarity regarding compliance with the recognition and measurement (R&M) requirements in Australian Accounting Standards (AAS). For each material accounting policy applied and disclosed in the SPFS that does not comply with the R&M requirements in AAS (except for consolidation and equity accounting), an entity is required to disclose an indication of where it does not comply or alternatively, disclose that an assessment of compliance has not been made. Furthermore, an entity is required to disclose whether or not, the SPFS overall comply with the R&M requirements in AAS (except for consolidation and equity accounting), or state that such an assessment has not been made.

The new standard affects charities registered with the Australian Charities and Not-for-profits Commission (ACNC) that have annual revenue of \$250,000 or more (i.e. medium and large charities) that are preparing SPFS and are required to comply with the ACNC reporting requirements for such financial statements. This Standard applies to annual reporting periods ending on or after 30 June 2020, with earlier application permitted.

The Association complies with all recognition and measurement aspects of Australian Accounting Standards. Hence AASB 2019-4 did not have a material impact of the financial report of the Association.

## 5. Income and expenditure items

	2020	2019
Income and expenditure for the year includes:	\$	\$
Auditor remuneration to: Nexia Perth Audit Services Pty Ltd		
	<u>14,300</u>	<u>14,000</u>

## 6. Cash and cash equivalents

	2020	2019
Cash and cash equivalents comprise of:	\$	\$
Cheque account	349,903	234,004
Petty cash	1,656	1,048
Term deposit	1,453,135	1,432,838
	<u>1,804,694</u>	<u>1,667,890</u>

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## 7. Fixed Assets

	2020 \$	2019 \$
Office furniture and equipment at cost	135,390	135,390
Accumulated depreciation	(103,181)	(82,961)
Net carrying amounts	32,209	52,429
Motor vehicles at cost	115,768	113,222
Accumulated depreciation	(68,512)	(68,904)
Net carrying amounts	47,256	44,318
Leasehold improvements at cost	228,436	226,484
Accumulated depreciation	(184,267)	(138,872)
Net carrying amounts	44,169	87,612
Right-of-use Assets	593,570	-
Amortisation for the year	(144,033)	-
Net carrying amounts	449,537	-
Total Fixed Assets	<b>573,171</b>	<b>184,359</b>

## 8. Cash flows

	2020 \$	2019 \$
<i>Reconciliation of operating surplus to operating cash flows:</i>		
Net surplus for the year	162,819	56,206
<i>Adjustments for:</i>		
Amortisation and depreciation	224,491	65,695
Profit on disposal of assets	(2,536)	(23,390)
<i>Operating surplus before changes in working capital</i>	<b>384,774</b>	<b>98,511</b>
<i>Movement in working capital items:</i>		
Change in grants received in advance	(9,703)	(160)
Change in trade and other receivables	(109,884)	(1,371)
Change in prepayments	76	(7,712)
Change in deposits	-	(187)
Change in inventory	(11,893)	2,465
Change in provisions	41,633	8,419
Change in trade and other payables	(7,233)	(65,711)
<i>Total movement in working capital</i>	<b>(97,004)</b>	<b>(64,257)</b>
Net cash from operating activities	<b>287,770</b>	<b>34,254</b>



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## 9. Grant funding

	2020	2019
	\$	\$
<i>Grant funding</i>		
Department of Health WA - C05935 Project	1,477,058	1,357,108
Department of Health WA – Short Term Pilot Projects	83,568	78,842
Mental Health Commission Naloxone 97 & OPAM 94	142,808	128,787
Burnet Institute – Short Term Community Projects	55,547	-
WA Primary Health Alliance	223,300	220,000
<i>Total grant funding received - recognised</i>	<b>1,982,281</b>	<b>1,784,737</b>

<i>Grants received in advance</i>		
Department of Health WA - Capital Grant	18,000	18,000
Burnet Institute – Short Term Community Projects	20,203	-
Department of Health WA – Short Term Pilot Projects	17,419	47,324
<i>Total grant received in advance</i>	<b>55,622</b>	<b>65,324</b>

## 10. Trade and other payables

Accrued wages and salaries	-	31,650
Trade and other payables	70,913	23,358
Superannuation payables	29,854	31,875
	<b>100,767</b>	<b>86,883</b>

## 11. Tax amounts due to ATO

PAYG liability	26,468	22,866
GST payable	15,763	37,812
GST receivable	(14,549)	(11,878)
	<b>27,682</b>	<b>48,800</b>

## 12. Provisions

	2020	2019
	\$	\$
Current		
Provision for annual leave	97,659	67,978
Provision for long service leave	43,373	31,421
	<b>141,032</b>	<b>99,399</b>

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## 13. Lease liabilities

	2020	2019
	\$	\$
Current	139,296	-
Non-current	320,504	-
	<b>459,800</b>	-
Movement of Lease liability		
Balance at 1 July 2019	593,570	-
Lease payments	(151,537)	-
Interest expense	17,767	-
Balance as at 30 June 2020	<b>459,800</b>	-