

ANNUAL
REPORT
2018 - 19



WARNING

ABORIGINAL AND TORRES STRAIT ISLANDER READERS
ARE WARNED THAT THE CONTENT OF THIS REPORT
MAY CONTAIN IMAGES OF DECEASED PERSONS.



Contents

02

- Chairperson's Report

06

- Acknowledgment of Country

08

- CEO Year in Review

11

- Our Services
- Our Tenants
- Our Homes

14

- Our People
- Restructuring
- Workforce development
& Capacity

16

- Our Governance
- Meet the Board

20

- Long-Term Outcomes and
Strategic Direction

21

- Our Priorities 2019 - 2023
- Client Outcomes
- Growing the Sector
- Housing Solutions
- Data and Evidence

25

- Financial Section

Chairperson's Report

SEARMS vision is to be a leader in culturally appropriate housing management and the development of innovative Aboriginal Housing models.

With the engagement of Kim Sinclair as our CEO, this past year has been focused on positioning ourselves for new opportunities and most importantly, continuing to provide culturally appropriate, professional and consistent services to our people.

Demand for social and affordable housing for Aboriginal People in Regional areas is high with many homes housing multiple generations in over-crowded situations. With no new growth in housing numbers, our people face the reality of high rents in the private market and the added barrier of facing racism when seeking housing.

Financial sustainability is still critical and the Board is conscious of the challenges as our income includes an old management fee structure and a subsidy from the Aboriginal Housing Office (AHO) which is due to cease June 2020. The current management agreements are out-of-date and we are developing new ones that better reflect our costs as well as giving us the authority to work and clarify responsibilities with the individual owner organisations.

New strategies, priorities, policies and programs are providing both opportunity and challenges for SEARMS and other Aboriginal Community Housing Providers, who are on the front line in engaging with and delivering housing services to our people. We are now operating in a new and changing environment as we transition into registration under the National Regulatory System for Community Housing Providers (NRSCH).

We are aware of new players in the Aboriginal Community Housing space and are open to work in a constructive and collaborative ways to ensure our Aboriginal People have culturally appropriate, quality housing services and supports. We are also pursuing ways we can add to the number of homes available and accessible to Aboriginal People through development and re-development opportunities.



SEARMS continues to develop in accordance with the NSW Aboriginal Housing Act by:

- Enhancing the role of Aboriginal and Torres Strait Islander people in determining, developing and delivering policies and programs relating to Aboriginal housing.
- Ensuring that registered Aboriginal housing organisations are accountable, effective and skilled in the delivery of Aboriginal housing programs and services.

The Board of Directors also supports being closely aligned to the AHO's 2019-2023 Strategic Plan four pillars and the respective outcomes. However it should be recognised that Aboriginal housing providers have been largely neglected and excluded from the reforms and opportunities offered to mainstream community housing since the passing of the National Law for Community Housing Providers in 2012.

I'd like to thank the Directors, CEO and staff for their commitment to serving the Aboriginal communities and tenants through this year of change. With our committed and skilled Board of Directors, and highly skilled and dedicated CEO I look forward to SEARMS emerging as a best-practice provider and industry leader for Aboriginal housing and supports.

We are calling on governments, mainstream community housing and the philanthropic organisations to work with us and support Regional Aboriginal Housing Management Services to grow and develop.

Mr Thomas Slockee
Chairperson





Our values

Leadership

We pursue excellence to achieve results. We act with courage to act in the best interests of our organisation, our people and communities, and country.

Integrity

Our policies and processes are open and transparent. We take accountability in our role of custodian of our assets, people and community.

Innovation

We are continually learning and improving our practices. We learn from others and actively invest in developing skills and capabilities in our people.

Kinship

We work collectively with our people, communities and stakeholders to maximise collective strengths to achieve our goals.

Equity

Championing equal opportunities in status, rights and opportunities for our community both individually and collectively.



• • Our vision

**To be a leader
in the provision
of culturally
appropriate
housing and
housing services
to our clients and
communities.**

Acknowledgement of country

We acknowledge the Walbunja people, the Traditional Custodians of where we work from, and their Welcome is Walawaani Njindiwan which means “We hope you’ve ha urney here.” and/or “We hope you have a safe journey home.”

Dhurga is the first language of the Walbunja People (NSW far south coast between Wandandian and Wallaga Lake).

Aboriginal Families and Koori community connections extend up and down the coast, from south into Victoria up to Kempsey and even further north. Aboriginal Elder Pastor Uncle Ossie Cruse, says Aboriginal people all over Australia have two things in common: family and ‘caring and sharing’ - for each other and the environment. Recognising Country is essential as we honour and pay respect to the Aboriginal Elders who are the descendants of the Original Custodians; and to the traditions and culture of the People and Land.

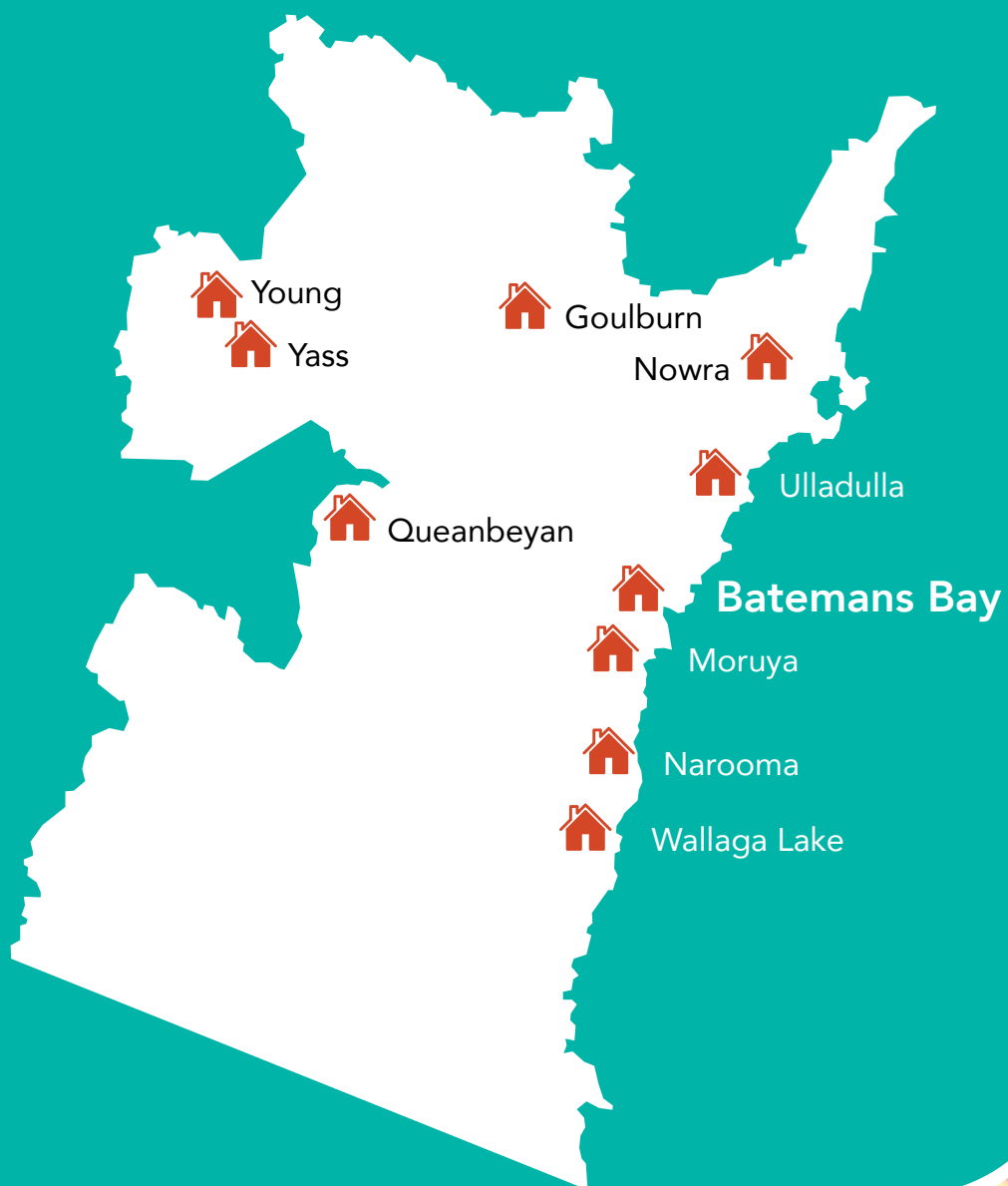
SEARMS Aboriginal Corporation will ensure that we identify carefully the Traditional Custodians of the Country, when we walk into and upon their Land.

A Welcome to Country continues a tradition that has always been a part of Australian tradition and culture - excluding a lapse of about 200 plus years. It was always given by way of welcome when permission was granted to visit a different tribal area.

We will respectfully Acknowledge the relevant Aboriginal tribal group when we meet on their Land. Our Acknowledgement is declaring Aboriginal people as the Original Custodians and honouring their place as First in this Great Southern Lan.

We use every endeavour to make contact with an Aboriginal Elder from the Country where we meet and ask for a Welcome to Country.

“ *Aboriginal people all over Australia have two things in common: family and caring and sharing – for each other and the environment* ”



CEO Year in Review

As manuhiri (visitor) to this country I now live and work from, I pay my respects to the Walbunja people and their Elders past and present – the Tangata Whenua, Traditional Custodians of this land.

It has been a challenging, yet incredibly satisfying year being chosen to be CEO of this organisation. Challenging in terms of moving house and family to a new area and building new relationships and networks in a regional area.

Satisfying in that not only are my qualifications and experience recognised, but that I can freely express my cultural identity which is also valued.

Reviewing, resetting, revisioning

This past year, Board and Employees have revisited SEARMS vision and purpose to find the place from where we can collectively and individually reset to meet the vision and values of SEARMS.

This has been a time of deep discussion and reflection, with a number of gaps identified across a range of business functions that have impacted on our service delivery to our tenants and communities.

Some of the gaps identified were easier to address and implement – such as financial frameworks; IT systems; and policies and procedures. Reviewing our workforce capacity and restructuring to ensure we can improve current service delivery requirements as well as our future ones were more measured and considered.

As a result, this past year has been one of immense change and I thank the Board and Staff for their courage in the oftentimes hard decisions that were required to ensure SEARMS provide not only the best possible housing services not only now but into the future; but also a high-performing team valued for their skills and expertise.

Aboriginal Housing

SEARMS strategy is closely aligned to the Aboriginal Housing Office NSW (AHO). To build a strong and sustainable Aboriginal community housing sector that drives better outcomes for Aboriginal tenants and their families.

In July 2018 the AHO released its “Strong Family, Strong Communities 2018-2018” Strategic Plan, followed by the Implementation Plan 2019-2022 shortly thereafter. SEARMS recognised the shared values and goals between SEARMS and the AHO and has therefore aligned its 2019-2023 Strategic Plan to the AHO’s four Pillars.

Our priority this past financial year therefore, was to ensure our operations were aligned to meet the first in a series of important goals, that SEARMS prepare to transition from the AHO’s Provider Assessment and Registration System (PARS) to achieving registration under the National Regulatory System for Community Housing (NRSCH).

Caring for our tenants better, better housing options, financial sustainability

Our challenge to do things better and more sustainably means ensuring that we focus our funds:

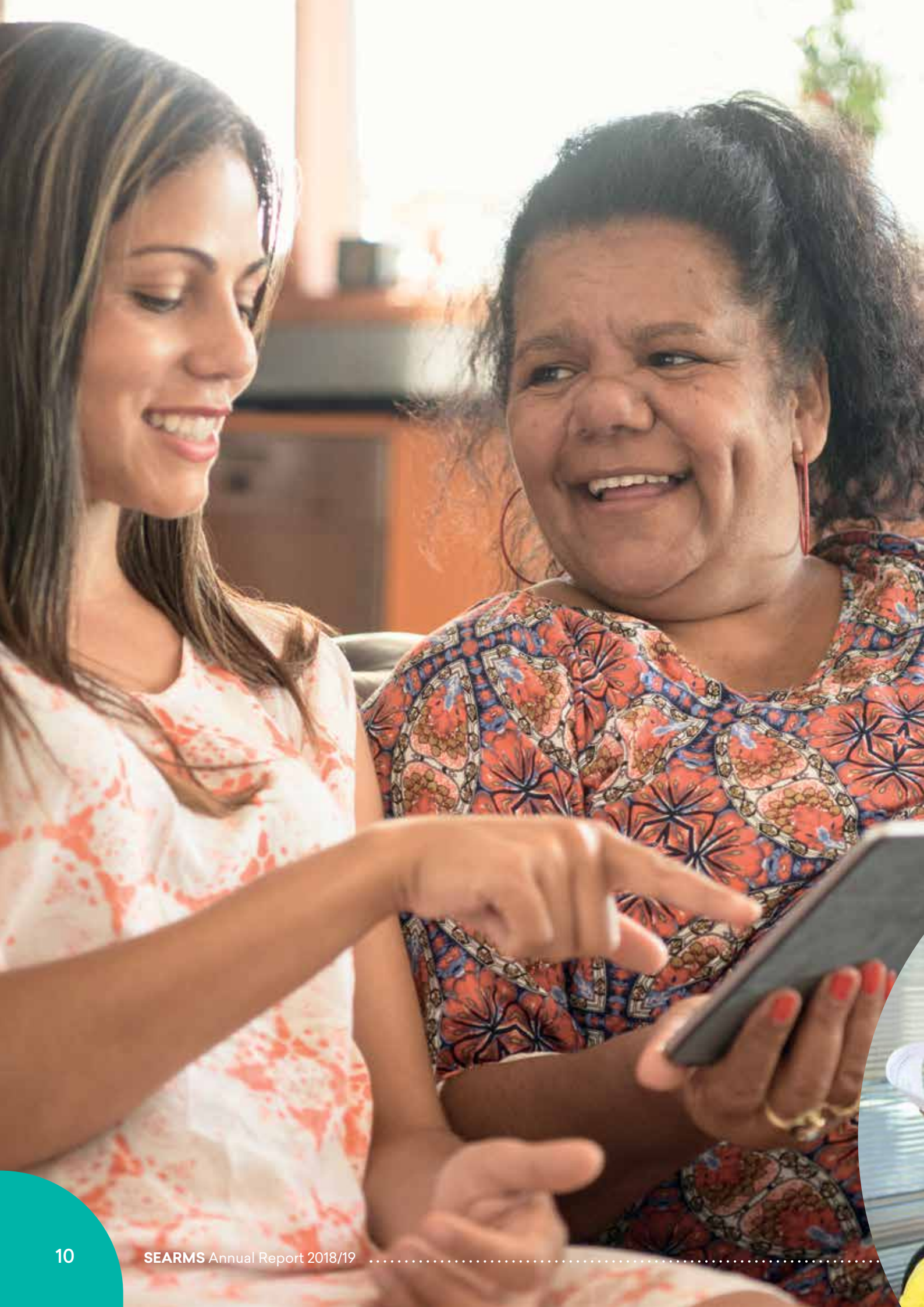
- To ensure our systems/policies/processes are fit-for-purpose;
- To invest in our people to meet their required outcomes through training and development plans;
- To regularly meet with our tenants/communities face-to-face
- To meet our internal and external compliance requirements.

Only then, with the credibility of delivering good quality services and housing to our communities will we be able to collaborate and partner to achieve our mid and long-term growth and service objectives.

Only then, with the assistance of our collaborators and partners will we be able to make a meaningful change to the entrenched and systematic discrimination in a range of policies for better housing outcomes for Aboriginal people.

Kim Sinclair
Chief Executive Officer





Our Services

We do this as owners and managers of our own housing portfolio and on behalf of the Aboriginal Housing Office (AHO), and other Aboriginal organisations (including Local Area Land Councils).

In the past year, our management portfolio consisted of over 230 properties in townships and communities from Nowra down the coast to Wallaga Lake, and across to Queanbeyan, Yass, Young and Goulburn.

Our services included:

- Tenancy management – local, social and affordable tenancies
- Asset management – responsive and service maintenance

- Project management – backlog cyclical maintenance programs (AHO funded)

Where possible, we use and promote Aboriginal employment internally and externally, in our procurement of contractors and services.

Education and consultation with our stakeholders – from tenants, client organisation boards and members through to local service providers – is key to us being able to meet our respective responsibilities and obligations to ensure culturally appropriate and sustainable housing outcomes.

“ *SEARMS provides housing and tenancy management services to the Aboriginal communities in the south eastern region of NSW* ”



Our Tenants

With a mix of small owner portfolios on a mix of agreements/contracts – service delivery to many of our Tenants is complex and finding tenant sustainability solutions can be complicated.

We rely on our Owner Organisations to work with us to support at risk tenants/ households.

Another core component of tenant sustainability is in ensuring our tenants have access to supports that assist them. As such, we work closely with tenant advocacy provider Murra Mia and locally based health and employment services.



Our Homes

Over the 2017 to 2019 years, SEARMS has provided Project Management for a number of AHO funded backlog maintenance projects.

Portfolio	Number of Properties	Total Project Cost	Average Age of Properties
Merrimans LALC	35	\$647,560	34.5
Gunangarah AC	12	\$722,036	27.5
Mogo LALC	20	\$786,883	28.0
Bodalla AHC	25	\$1,397,117	33.5
Bodalla LALC	4	\$269,247	28.0

This investment by the AHO has been crucial to ensure that the ageing housing stock for portfolios is kept to a reasonable standard as it is well evidenced that social housing rent portfolios do not receive enough rental revenue for funding long term Asset Management Plan components such as new roofing, kitchens, bathrooms etc.

Ensuring there remains enough funding for timely responsive repairs and maintenance after paying the rates, insurances and water expenses requires ongoing vigilance and continued engagement with the tenants and communities to discuss and address these matters.

Where possible, we use and promote Aboriginal employment, in our procurement of contractors and services.



“ Where possible, we use
and promote Aboriginal
employment ”

Our People

Restructuring

We believe housing is the foundation for better socio, economic and health outcomes for Aboriginal families and communities. And this also applies to our workforce.

The 2018-19 financial year commenced with a complement of nine employees – a mix of seven permanent and two non-permanent staffing roles.

Following the workforce review and restructure, we ended on a complement of nine employees – a mix of eight permanent and one fixed term role.

This included a turnover of five of the original nine employees –with two employees resigning to take up new positions, one redundancy, and two end of contracts.

The levels of each position reflect the expected capabilities and pay levels, in accordance with the Social, Community, Home Care and Disability Services Award 2010 (SCHADS).

Workforce Development and Capacity

The new structure, which came into full effect 1 July 2019, ensure we have roles whose key performance requirements 'roll up' to meet SEARMS required outcomes.

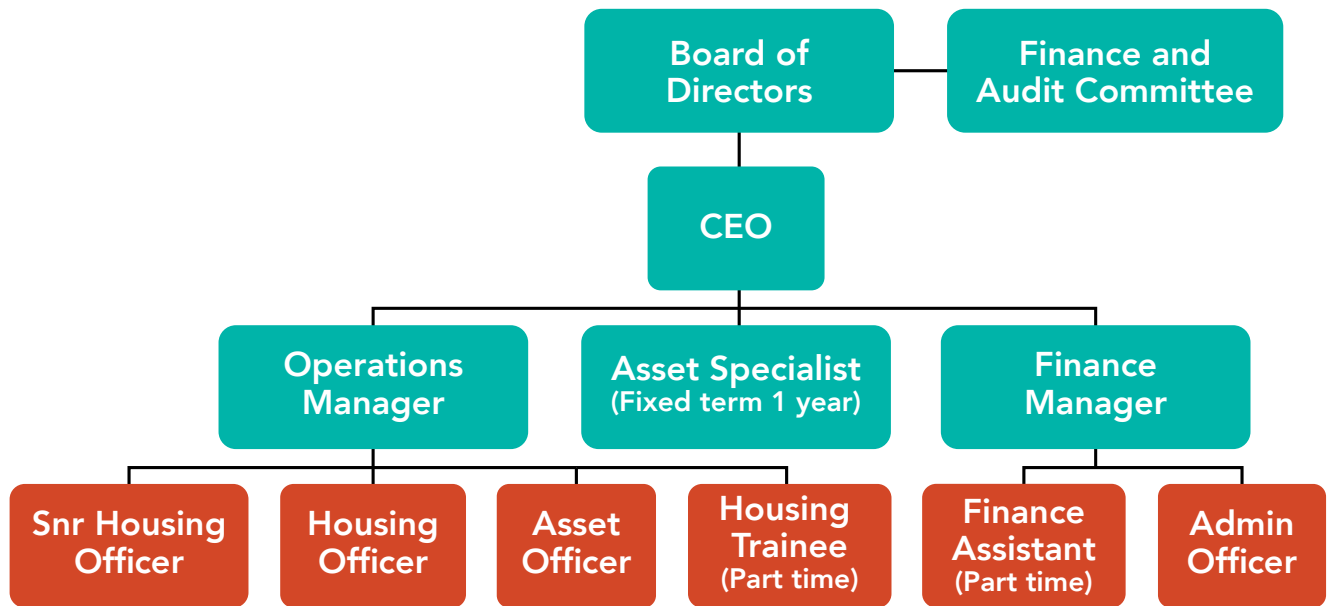
Recruitment of appropriately skilled staff as a regional provider is problematic and SEARMS is investing heavily in training and developing its workforce to ensure every person has access and opportunity to gain the skills and qualifications required in their roles.

The structure demonstrates SEARMS commitment to:

- Meaningful employment and training opportunities for Aboriginal youth (2 x Level 1 positions);
- Creating of career pathways for Aboriginal people;
- Sustainability/transparency – bringing key roles (such as finance) back in-house;
- Quality outcomes – fixed term Asset Specialist to reinstate Asset Management software and data; and
- Succession planning.

“ *Creating career pathways,
meaningful employment and
training opportunities for
Aboriginal youth* ”

Our Structure



Our Governance

The strategic plan is reviewed regularly and updated on an annual basis and forms the basis for the annual business plan and activities undertaken by the organisation.

Progress on activities and goals in this plan are reviewed regularly at Board meetings to ensure SEARMS remains on target to achieve the desired outcomes.

Meet the Board

Board members are selected and appointed for a two-year term based on their expertise in 5 key areas:

- Financial acumen,
- Strategy and governance,
- Property development,
- Quality assurance in community housing; and,
- Commercial experience.

The Finance and Audit Committee assist the Board in discharging its corporate governance responsibilities to exercise due care, diligence and skill on:

- Applying accounting standards and policies;
- Maintaining the independence of the company's auditors;
- Financial management;
- Internal control systems;
- Risk management; and
- Compliance with applicable laws and regulations.

Tom Slockee, Chairperson

(Member of Finance & Audit Committee)



Tom was instrumental in setting up the South Eastern Aboriginal Regional Management Service (SEARMS) as a Co-Operative in 2003 and was the first Chairperson of this Co-Operative. After some time away Tom returned as Chair in 2011 when SEARMS moved from a Co-Operative structure to an Aboriginal Corporation under the Corporations (Aboriginal and Torres Strait Islander) Act with a skills and merits based Board.

Tom is driven by his faith and his mission is to serve and represent those who find life a struggle. He has a passionate concern for the good of all people. Other involvements include/have included:

- Chairperson Budawang Aboriginal Corporation
- Chairperson Murra Mia Tenants Advocacy and Advisory Service
- Chairperson of the AHO
- Deputy Mayor of Eurobodalla Shire Council
- Chairperson of the Umbarra Regional Council (ATSIC).
- Board of Campbell Page Ltd
- Board Chair of the Southern Area Health Services Board
- Director for Aboriginal Hostels Ltd
- Board Member of the Batemans Bay LALC

James Allen, Director

Jim is the former Chairperson of Batemans Bay Local Aboriginal Land Council.



He currently manages the Murra Mia Tenant Advice and Advocacy Service which assists tenants and communities with their dealings with landlords and the Consumer Traders and Tenancy Tribunal. Jim has been an active member of the Housing Appeals Committee (HAC). Jim was a strong advocate of Aboriginal Housing Providers as a Director of the NSW Aboriginal Housing Office Board.

Jim has a passion to represent the needs of the disadvantaged and is a voice for people in need, whatever your background or social standing. He has a passion for social justice and gives a voice to the marginalised.

Roslyn Field, Director

Roslyn Field (nee Ella) is a proud Walbunja/Yuin Elder who has spent most of her life living and working in Sydney.



Ros spent her early working career as an infants school teacher, then worked for 22 years in the Aboriginal education, training, and employment portfolio as a senior manager in the Australian Public Service.

Ros retired as the NSW Director of Indigenous Education for the Department of Education, Science and Training in 2007.

After spending 12 months at home looking after her family (4 children and 1 grandson), she was persuaded to work for 3 months as the CEO at La Perouse Local Aboriginal Land Council; this turned into 3 action-packed years.

In August 2011 she took up the position of Joint Management Coordinator with the National Parks and Wildlife Service (NPWS) in Narooma, and is currently the Chairperson of Gulaga National Park Board of Management.

Ros has dedicated her entire working career trying to make a difference for Koori and Murri people. Community development and capacity building, plus better education, training and employment opportunities will lead to increased socio-economic independence and better outcomes for Aboriginal people. Having grown up in a severely overcrowded substandard house, Ros has decided to focus her time, energy and commitment to this important area through her membership on the SEARMS Board.



Anne Greenaway, Director

(Chair of Finance & Audit Committee)



Anne is a proud Aboriginal woman (traditionally from Taree) who has lived and worked in the local communities on the Far South Coast for over 22 years, with over 30 years experience in the Aboriginal Community Controlled Health and Aboriginal Housing sectors. She is a great grandmother seven times over!

Anne has now retired from full-time work but continues to live and work in the local community, remaining active in participating and representing her community on a wide range of Aboriginal issues. She is currently Chairing the Little Yuin Preschool and Family Centre at Wallaga Lake.

Her qualifications include Bachelor of Arts; Masters of Letters (History); Diploma of Business (Management); Certificate IV Governance; Certificate IV in Training and Assessment.

Experience: Board Member SEARMS (8 years) – current; Chair, Little Yuin Preschool and Family Centre – current; Chief Executive Officer, Merrimans Local Aboriginal Land Council (6 years); Director AH&MRC (NSW Aboriginal Health Peak organisation for over 15 years); Deputy Chair and CEO, Katungul ACC & MS/South Coast Medical Service

Aboriginal Corporation: Director, NSW Aboriginal Legal Service; Director, Oolong House; Manager, Moruya Women's Refuge.

Cheryl Moreton, Director

(Member of Finance & Audit Committee)



Cheryl commenced worked in 1986 with the NSW Aboriginal Land Council (initially Far South Coast Regional Aboriginal Land Council) I was made redundant in 2004. Continued to work in various Aboriginal community organisation.

- Currently studying – Certificate IV in Business
- Completed Certificate IV in Training and Assessment TAE40110

Cheryl is currently:

- Chairperson of Bodalla Local Aboriginal Land Council,
- Director with the Bodalla Aboriginal Housing Company,
- Board member of the Regional Aboriginal Housing Committee (RAHC)
- Chief Executive Officer of Wagonga Local Aboriginal Land Council



Brendan Moyle, Director

Brendan's current position is as Branch Manager Delivery – Operational Policy, Department of Social Services.



He is responsible for leading the development of strategic operational policies that supports the delivery of DSS funded services and programs through the Department's national network. Brendan is a member (Aboriginal Economic Development Advisory Committee – NSW Aboriginal Land Council).

His previous experiences include General Manager Operations (Aboriginal Hostels Limited), Senior Adviser Indigenous Organisational Capability Department of the Prime Minister and Cabinet. Brendan was responsible for the development of policy frameworks and a national strategy for strengthening the capability of Indigenous organisations. Director Indigenous Leadership and Governance Frameworks (Department of Families, Housing, Community Services and Indigenous Affairs) and Branch Manager Governance (Office of the Registrar of Indigenous Corporations).

Steve Shanahan, Director

(Member of Finance & Audit Committee)



Steve was appointed to the Independent/Specialist Director position at the 2018 AGM, following his interim role as General Manager for SEARMS.

His housing career has spanned over three decades across the ACT and NSW, with roles in youth, special purpose housing, and strategic and business planning, culminating in executive positions with the Department of Family & Community Services managing public housing operations in the Southern NSW District.

He remains a passionate advocate for 'housing first' based solutions to assist individuals and communities, particularly in regional areas, to get access to and sustain appropriate housing. He has worked extensively to achieve structural coordination of support services to achieve sustainable housing outcomes for clients.



Long Term Outcomes and Strategic Direction

Our Vision and Values underpin our work to improve housing access and outcomes for Aboriginal and Torres Strait Islander peoples.

The focus of our strategy is on achieving meaningful and sustainable gains at a local and regional levels, and our strategic direction is aligned with the four pillars of the AHO's 2018-2028 strategy.

Culture is at the centre of all we do. We acknowledge the impact of colonisation

on our communities resulting in the current disadvantage in health, education and employment outcomes of Aboriginal peoples.

We acknowledge that effective engagement to our stakeholders requires regular, sustainable face-to-face forums.

Listening and yarning, then acting and delivering builds respect and trust which in turn provides opportunities to partner and prosper.



Source: AHO Strong Families, Strong Communities 2018-2028 Implementation Plan 2019-2022

Our Priorities 2019-2023

We will measure our key results through...

- Gaining and maintaining NRSCH accreditation
- Improvement in the security and quality of housing for our tenants and communities
- Tenant and community satisfaction
- Being an employer of choice for Aboriginal people and being able to attract, retain and develop our staff
- Increasing number of properties managed in our existing regional coverage
- Increasing diversity of housing options in response to local needs
- Being a key influencer in the Aboriginal community housing sector and sharing lessons learnt collectively to grow the sector collectively

Empowering the use of language, culture and identity in our resources, policy and operations. Recognising and understanding the diversity of stories and strong links of our tenants, family and community to country is the foundation of mutual respect and productive relationship

We are strategically focused in our work.

We model best practise against clearly articulated and aligned objectives to grow housing supply and options.

We are consistent and diligent in ensuring our services are financially sustainable while meeting statutory and regulatory requirements.

We develop strategic partnerships and relationships with government, non-government and industry groups to advocate for investment in growth of the sector

Our Priorities 2019-2023

Client Outcomes

We acknowledge the history of our country and employ a well-being based, trauma informed care and practise service delivery approach throughout our organisation

Providing quality, timely, culturally appropriate service delivery to our clients. We believe that all individuals can and want to contribute to their fullest potential and embed early intervention and pathways to appropriate health, safety, education and employment supports

Increasing and providing a range of housing and housing wrap-around services to assist our clients secure and maintain appropriate housing

Increasing our service offerings and delivery to include the clients on a broader range of the housing continuum. Expanding from social housing to include homelessness, crisis, transitional and affordable housing services and options.

Growing the Sector

Gaining NRSCH registration to be able to afforded same opportunities for growth as mainstream community housing providers

Providing leadership in cultural expression and opportunities for the development of individuals and communities. Focusing on workforce development and employment opportunities in the community housing sector.

Leveraging our purchasing power – by promoting trainee and employment opportunities for Aboriginal people by our suppliers/contractors and stakeholders

Securing capital funding to increase housing stock and housing types to address the local and regional housing needs. For example: people exiting custody, elder's housing, disability housing, youth housing.

Expanding our owned housing portfolio through redevelopment and new development

Securing additional management transfers to improve financial sustainability and increase service offerings. Actively seeking new agreements to manage new/additional properties from the AHO, NSW FaCs and ACT Housing

Partnerships and collaborations with local, state and federal organisations both Profit and Not for Profit that improve the quality of our service offerings and build on the strengths of individuals and organisation to empower and grow Aboriginal housing providers and the Aboriginal housing sector.



Housing Solutions

Secure, sustainable, appropriate housing that address local and regional community needs and allows the necessary funds for repairs and maintenance to be conducted in a timely manner.

Increasing and providing a range of housing options to meet the many and varied needs of the ABORIGINAL peoples in our local and regional communities.

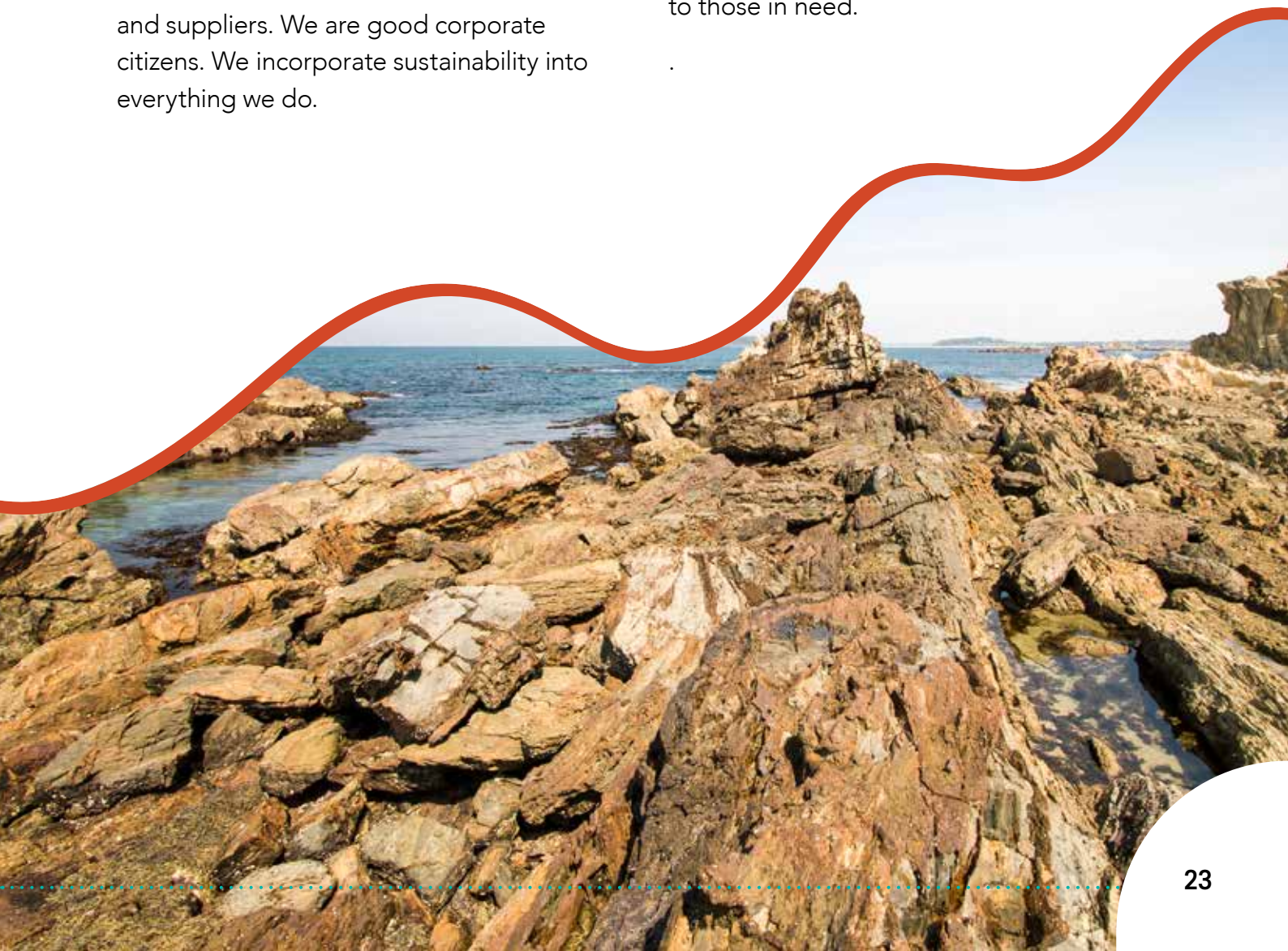
Develop a clear understanding of tenants and community needs. We develop close, mutually productive relationships with our tenants and communities and our contractors and suppliers. We are good corporate citizens. We incorporate sustainability into everything we do.

Data and Evidence

Addressing the gap on indigenous disadvantage. Providing a credible, trusted platform and voice for advocacy on matters that lead to and keep our Aboriginal and Torres Strait Islander peoples improving in education, employment, overcoming poverty and ensuring community safety, especially for women and children.

Addressing the housing shortfalls. Using data and evidence to create the opportunity to acquire more housing, leverage economies of scale and become more innovative in creating solutions to provide accommodation to those in need.

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SEARMS Aboriginal Corporation

ABN 98 718 757 162

Financial Statements

For the Year Ended 30 June 2019



Contents

SEARMS Aboriginal Corporation

ABN 98 718 757 162

1

- Director's Declaration

3

- Statement of Profit or Loss and Other Comprehensive Income

4

- Statement of Financial Position

5

- Statement of Changes in Equity

6

- Statement of Cash Flows

7

- Notes to the Financial Statements

20

- Director's Declaration

21

- Independent Audit Report

Director's Declaration

30 June 2019

The Board of Directors present their report on the Corporation (SEARMS) for the year ended 30 June 2019.

(a) General information

Principal activities

The principal activity of the Corporation during the financial year was management of the provision of housing to members of the local Aboriginal community.

Operating Result

SEARMS Aboriginal Corporation's operating surplus for the year to 30 June 2019 was \$219,036 compared to a surplus of \$8,028,237 in the prior financial year.

Directors

The names of the Directors throughout the year and at the date of this report are:

Jim Allen	Director
Roslyn Field	Director
Anne Greenaway	Director
Cheryl Moreton	Director
Brendan Moyle	Director
Tom Slockee	Chairperson
Stephen Shanahan	Independent Director (appointed 30 November 2019)

During the financial year, 9 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Jim Allen	9	9	-	-
Roslyn Field	9	8	-	-
Anne Greenaway	9	8	7	7
Cheryl Moreton	9	8	7	4
Brendan Moyle	9	8	-	-
Tom Slockee	9	8	7	6
Stephen Shanahan	5	5	2	3 (1 as observer only)

Management Contracts

No contracts of significance to which the Corporation was a party and in which a member or Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year. At no time during the year was the Corporation a party to any arrangements to enable the members or Directors of the Corporation to acquire benefits.

Indemnifying Officers or Auditor

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

Director's Declaration

30 June 2019

(a) General information

Indemnifying Officers or Auditor

person who is or has been an officer or auditor of the Corporation.

Significant changes in state of affairs


On 30 June 2018, SEARMS received title to 43 Budawang Aboriginal Corporation properties, previously managed by SEARMS via a sub-lease with the Aboriginal Housing Office. The value of the properties received was \$8,233,960 and this was recorded as Donation revenue during the 2018 Financial Year.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Corporation, the results of those operations or the state of affairs of the Corporation, for the year ended 30 June 2019 that are not adequately disclosed in these financial statements.

Signed in accordance with a resolution of the Board at Batemans Bay, NSW:

Director:



Director:



Dated this

20th

day of

NOVEMBER

2019

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Income	2	4,487,640	11,083,445
Cost of sales		(3,468,935)	(1,967,463)
Gross profit		1,018,705	9,115,982
Accounting fees		(31,763)	(18,445)
Advertising		-	(544)
Auditors remuneration		(13,010)	(31,650)
Bank charges		(559)	(581)
Bad debts		(149,836)	(75,000)
Community Outreach		(247)	(12,109)
Business Development		-	(5,820)
Board Costs		-	(11,861)
Cleaning, Garden & Waste Removal		(7,344)	(7,831)
Computer expenses		(2,269)	(2,996)
Depreciation & Amortisation		(116,751)	(17,799)
Electricity		(3,733)	(3,826)
Insurance		(3,189)	(4,838)
NAIDOC		(93)	(1,825)
Interest Expense		-	(1,341)
Legal expenses		(1,425)	(2,956)
Meeting Expenses		(17,377)	(33,481)
Motor vehicle expenses		(39,803)	(42,825)
Training and Development		(6,743)	(532)
Postage, Printing and stationery		(16,867)	(14,862)
Rates		743	(14,032)
Rental		-	(4,135)
Repairs and maintenance		1,455	(8,673)
Subcontractors		(32,930)	(19,721)
Security Service		(604)	(12,421)
Staff Amenities & Recruitment		(12,037)	(24,025)
Staff uniforms		(665)	(4,513)
Sundry Expenses		-	(420)
Superannuation		-	(56,249)
Telephone & Internet		(15,612)	(20,247)
Travel		(4,594)	(33,696)
Subscriptions		(16,862)	(9,104)
Wages and Salaries		(307,554)	(589,388)
Profit from continuing operations		219,036	8,028,236
Other comprehensive income			
Total comprehensive income for the year		219,036	8,028,236

The accompanying notes form part of these financial statements.

Statement of Financial Position

30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,169,300	658,116
Trade and other receivables	4	277,931	287,926
Inventory		297	13,083
TOTAL CURRENT ASSETS		1,447,528	959,125
NON-CURRENT ASSETS			
Property, plant and equipment	5	9,190,398	9,258,224
Intangible Assets		-	9,620
TOTAL NON-CURRENT ASSETS		9,190,398	9,267,844
TOTAL ASSETS		10,637,926	10,226,969
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	401,400	298,358
Funds in Trust	7	387,628	315,500
Provisions	9	15,650	5,025
Grants in Advance	8	27,491	21,365
TOTAL CURRENT LIABILITIES		832,169	640,248
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		832,169	640,248
NET ASSETS		9,805,757	9,586,721
EQUITY			
Accumulated Funds		9,805,757	9,586,721
TOTAL EQUITY		9,805,757	9,586,721

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2019

	Note	\$
1 July 2018		9,586,721
Operating Surplus/(Deficit)		219,036
Balance at 30 June 2019		<u>9,805,757</u>

	Note	\$
1 July 2017		1,558,484
Operating Surplus/(Deficit)		8,028,237
Balance at 30 June 2018		<u>9,586,721</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers & members		4,751,371	3,500,531
Payments to suppliers, employees & members		(4,196,875)	(3,759,893)
Interest received		2,192	3,880
Interest paid		-	(1,341)
Net cash provided by/(used in) operating activities	14	<u>556,688</u>	<u>(256,823)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(45,504)	(13,389)
Net cash used by investing activities		<u>(45,504)</u>	<u>(13,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase/(decrease) in cash and cash equivalents held		511,184	(270,212)
Cash and cash equivalents at beginning of year		658,116	928,328
Cash and cash equivalents at end of financial year	3	<u><u>1,169,300</u></u>	<u><u>658,116</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards board.

The financial report was authorised for issue by the Directors on 20 November 2019.

(b) Reporting Basis and Convention

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

(c) Adoption of New and Revised Accounting Standards

In the current year, the entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2019. The adoption of these new standards and Interpretations has not resulted in any changes to the Entity's accounting policies that have affected the amounts reported for the current or prior years.

Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Corporation has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Corporation where the standard is relevant:

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(c) Adoption of New and Revised Accounting Standards

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 Leases	Annual reporting period beginning on or after 1 January 2019	<p>AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet.</p> <p>The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments.</p> <p>A corresponding right to use asset will be recognised which will be amortised over the term of the lease.</p> <p>The variance in fair value of the lease liability and the right to use asset will be recognised as income at the time that the lease is recognised.</p> <p>Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.</p>	<p>AASB 16 will cause an increase in the assets and liabilities recorded for most entities, whilst the net asset impact on day 1 may be nil, this will not be the case going forward as the asset and liability will be amortised using different bases. Operating profit should increase as rental expense is now shown as depreciation and interest expense.</p> <p>On an ongoing basis, there will be revisions to the asset and liability whenever a relevant index affecting payments (such as CPI) changes, the lease term changes or the lease is modified.</p> <p>Whilst the impact of AASB 16 has not yet been fully quantified, the entity currently has operating leases which we anticipate will be brought onto the statement of financial position through the recognition of a right to use asset and associated lease liability.</p> <p>Interest and amortisation expense will increase and rental expense will decrease.</p>

(d) Significant Accounting Judgements, Estimates And Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(e) Compliance with IFRS

As the Entity is a Not-For-Profit entity it is not required to comply with all International Financial Reporting Standards (IFRSs). The financial report is prepared in accordance with Australian Equivalents to International Financial Reporting Standards applicable to Not-For-Profit entities.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity 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.

(g) Trade and Other Receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the entity will not be able to collect the receivable. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(h) Property Plant & Equipment

Property, Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation charges have been calculated so as to write off the net cost of each asset over its estimated useful life. Additions are depreciated from the date of purchase in the year of acquisition. The estimated useful lives used are:

Motor Vehicles	8 Years
Plant & Equipment	3-10 Years
Office Equipment	3-13 Years
Buildings	40 Years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(j) Trade and Other Payables

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Corporation prior to the end of the financial year that are unpaid and arise when the Corporation becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Provisions and employee benefits

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the value of management's best estimate of the expenditure required to settle the present obligation. As all obligations are expected to be settled within 12 months the balances are not discounted.

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(l) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue is recognised by reference to the stage of completion of a contract or contracts in progress at balance date or at the time of completion of the contract and billing to the customer.

Interest revenue

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.

(m) Grants Received

Government Grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that all conditions will be complied with, and that the grants will be received. Grants are recognised in the income statement over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(n) Recognition & Treatment of sub lease Surpluses

This policy relates to the recognition of income and expenses for properties managed under AHO Sub Leases which are now recognised through Profit & Loss. SEARMS has reviewed its sublease contracts with the Aboriginal Housing Office which leases properties to SEARMS at a peppercorn rent of \$1 per annum. These contracts require SEARMS to perform certain tenancy services and maintain the property assets to certain standards. SEARMS may keep all rents in order to fulfil these requirements and meet all the expenses incurred in such duties, including covering its associated staffing and administration costs. These contracts also state that on expiry or termination of the lease, SEARMS is to return any surplus at the end of the sub-lease to the AHO. As these contracts are ongoing and are not expected to generate surpluses after allowing for repairs and maintenance the balance that may be repayable upon completion of the Sub-Lease will be disclosed as a contingent liability in the Annual Financial Statements for each year.

Based on an analysis performed by SEARMS all property portfolios are operating at a deficit once reasonable direct costs have been allocated to them. As such SEARMS is not recognising any contingent liability as it is not anticipated that any funds will be required to be returned at the completion of the sub-lease or management agreement period.

2 Revenue and Other Income

Revenue from continuing operations

	2019	2018
	\$	\$
Revenue		
- AHO Growth Subsidy	322,800	324,375
- Other Grants	2,349,597	994,642
- Rent Received - Commercial	18,764	18,764
- Management Fees	235,212	380,905
- Rent Received - Residential	1,455,848	1,066,641
- Other revenue	103,140	60,279
- Donation from Budawang Aboriginal Corporation	-	8,233,960
	4,485,361	11,079,566
Finance income		
- Interest Received	2,279	3,880
	2,279	3,880
Total Other Income	4,487,640	11,083,446

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Cash and cash equivalents

	2019	2018
	\$	\$
Operating Account	186,380	127,576
General ING High Interest Account	123,925	122,952
CHIA IT Grant Funds	27,491	-
Rent ING High Interest Account	-	89,894
Rent Account	831,494	317,694
Cash on Hand	10	-
	1,169,300	658,116

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled as follows:

	2019	2018
	\$	\$
Cash and cash equivalents	1,169,300	658,116

4 Trade and other receivables

	2019	2018
	\$	\$
CURRENT		
Trade Debtors	272,589	260,284
Prepaid Expenses	3,992	-
Sundry Receivables	1,350	27,642
Total current trade and other receivables	277,931	287,926

The carrying value of receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

5 Property, plant and equipment

	2019 \$	2018 \$
Land & Buildings		
At cost	9,244,296	9,244,296
Accumulated depreciation	(112,761)	(15,645)
Total Land & Buildings	9,131,535	9,228,651
	2019 \$	2018 \$
Plant and equipment		
At cost	56,996	54,446
Accumulated depreciation	(49,675)	(48,334)
Total plant and equipment	7,321	6,112
	2019 \$	2018 \$
Office Equipment		
At cost	212,678	169,724
Accumulated Depreciation	(161,136)	(146,263)
Total Office Equipment	51,542	23,461
Total plant and equipment	58,863	29,573
Total property, plant and equipment	9,190,398	9,258,224

Notes to the Financial Statements

For the Year Ended 30 June 2019

5 Property, plant and equipment

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

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

	Land & Buildings \$	Plant and Equipment \$	Office Equipment \$	Total \$
Year ended 30 June 2019				
Opening Balance	9,228,651	6,112	23,461	9,258,224
Additions	-	2,550	42,954	45,504
Depreciation	(97,116)	(1,341)	(14,873)	(113,330)
Balance at the end of the year	9,131,535	7,321	51,542	9,190,398

	Land & Buildings \$	Plant and Equipment \$	Office Equipment \$	Total \$
Year ended 30 June 2018				
Opening Balance	988,957	7,604	32,113	1,028,674
Additions	8,245,881	-	1,468	8,247,349
Depreciation	(6,187)	(1,492)	(10,120)	(17,799)
Balance at the end of the year	9,228,651	6,112	23,461	9,258,224

Notes to the Financial Statements

For the Year Ended 30 June 2019

6 Trade and other payables

	2019 \$	2018 \$
Trade Creditors	142,811	43,192
Visa Card	416	-
GST payable/(refundable)	(14,648)	(60,689)
Bega LALC Short St Rebuild Funds	165,413	179,395
PAYG Withholding	4,704	19,075
Sundry payables and accrued expenses	32,120	60,331
Superannuation	33,304	34,290
Unidentified Deposits RP Office	16,536	14,326
Rental Trust Creditors	20,744	8,107
Visa Card	-	331
	401,400	298,358

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

7 Funds in Trust

	2019 \$	2018 \$
CURRENT		
Batemans Bay LALC	28,618	29,533
Bodalla LALC	9,030	3,210
Budawang AC	21,800	18,616
Mogo LALC	36,998	35,604
SEARMS	810	(13,239)
Wagonga LALC	5,046	465
Merrimans LALC	-	5,000
Ngambri LALC	19,892	15,902
Bodalla Aboriginal Housing Corporation	129,912	49,154
Jerrinja LALC	-	1,400
Gunangurah Aboriginal Corporation	43,084	9,326
AHO Location Transfers	-	62,332
Sub Lease Batemans Bay LALC	2,200	13,029
AFF	-	2,191
Sub Lease Ngunawal Housing Aboriginal Corporation	8,100	10,000
Sub Lease Ngambri LALC	7,000	10,000
Sub Lease Budawang AC	36,210	41,210
Boomerang Meeting Place	33,264	21,886
ERA	5,664	(119)
Total	387,628	315,500

Notes to the Financial Statements

For the Year Ended 30 June 2019

8 Grants in Advance

	2019	2018
	\$	\$
CURRENT		
General	27,491	21,365

9 Employee Benefits

	2019	2018
	\$	\$
Current liabilities		
Annual Leave	15,650	5,025
	<u>15,650</u>	<u>5,025</u>

(a) Movements in Provision Balances

2019
\$

10 Financial Risk Management

(a) Introduction

The Corporation's financial instruments comprise receivables, payables and cash and cash equivalents. The main risks arising from the Corporation's financial instruments are liquidity risk, credit risk and market price risk. The Corporation does not use derivative instruments to manage risks associated with its financial instruments.

The Directors have overall responsibility for risk management, including risks associated with financial instruments. Risk management policies are established to identify and analyse the risks associated with the Corporation's financial instruments and to monitor the significance of these risks.

This note presents information about the Corporation's exposure to liquidity, credit and market price risk, and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

(b) Financial Instruments Composition and Maturity Analysis

Liquidity risk is the risk that the Corporation will not be able to fund its obligations as they fall due. The Corporation manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds are available to meet normal operating expenses. The tables below reflect an undiscounted contractual maturity analysis for financial assets and liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Notes to the Financial Statements

For the Year Ended 30 June 2019

10 Financial Risk Management

(b) Financial Instruments Composition and Maturity Analysis

	Less Than 1 year		1 to 5 years	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash & Cash Equivalents	1,169,300	658,116	-	-
Trade Debtors	272,589	260,284	-	-
Sundry Receivables	1,350	27,642	-	-
Trade Creditors	(142,811)	(43,192)	-	-
Visa Card	(416)	-	-	-
GST Payable/(Refundable)	14,648	60,689	-	-
Sundry Payables	(32,120)	(60,331)	-	-
Funds in Trust	(387,628)	(315,500)	-	-
Rental Trust Creditors	(20,744)	(8,107)	-	-
Total	874,168	579,601	-	-

(c) Sensitivity analysis: Interest rate risk

(i) Interest rate risk

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in the risk. The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +2.00% and -2.00% (2018: +2.00%/-2.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2019		2018	
	+2.00%	-2.00%	+2.00%	-2.00%
	\$	\$	\$	\$
Net Results	23,386	(23,386)	13,162	(13,162)
Equity	23,386	(23,386)	13,162	(13,162)

Notes to the Financial Statements

For the Year Ended 30 June 2019

11 Related Party Transactions

The Board received total remuneration from the Entity of \$25,855 during the year (2018: \$11,860). There were no transactions with related parties, other than those at normal commercial terms and conditions, and other benefits approved by members at the annual general meeting.

Key management personnel have been identified as members of the board for the year ended 30 June 2019 and also the Chief Executive Officer.

	2019	2018
	\$	\$
Short-term benefits	135,644	71,397

12 Remuneration of Auditors

	2019	2018
	\$	\$
Remuneration of the auditor for:		
- auditing the financial statements of SEARMS Aboriginal Corporation	13,010	9,000

13 Contingencies

In the opinion of the Board, the Corporation did not have any contingencies or commitments at 30 June 2019 other than those noted in Note 1(o) (30 June 2018: None).

14 Cash Flow Information

(a) Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	\$	\$
Operating Surplus	219,036	87,028,237
Non-cash flows in net surplus:		
- depreciation	122,950	17,799
- Donation of property	-	(8,233,960)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	22,781	533,124
- increase/(decrease) in trade and other payables	181,296	(588,279)
- increase/(decrease) in provisions	10,625	(13,744)
Cash flow from operations	<u>556,688</u>	<u>78,743,177</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

15 Events Occurring After the Reporting Date

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

16 Corporation Details

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

SEARMS Aboriginal Corporation
19 Old Princes Highway
Batemans Bay NSW 2536

Director's Declaration

In accordance with a resolution of the Directors of SEARMS Aboriginal Corporation, the Directors declare that in their opinion:

1. the financial statements and notes of the Corporation are in accordance with the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*, including:
 - giving a true and fair view of the corporation's financial position as at 30 June 2019 and of their performance for the year ended on that date; and
 - complying with Accounting Standards in Australia and the *Corporations (Aboriginal and Torres Strait Islander) Regulations 2007*; and
2. there are reasonable grounds to believe that the corporation will be able to pay its debts as and when they become due and payable.

Director 

Director 

Dated this 20th day of NOVEMBER 2019

SEARMS Aboriginal Corporation

Independent Audit Report to the members of SEARMS Aboriginal Corporation

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SEARMS Aboriginal Corporation (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations (Aboriginal and Torres Strait Islanders) Act 2006*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations (Aboriginal and Torres Strait Islanders) Regulations 2007*.

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 Company in accordance with the auditor independence requirements of the *Corporations (Aboriginal and Torres Strait Islanders) Act 2006* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations (Aboriginal and Torres Strait Islanders) Act 2006* and 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 the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

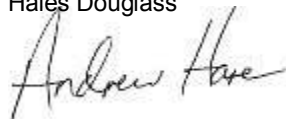
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Hales Douglass



Andrew Hare
Partner

Ulladulla NSW 2539

Dated this 20th day of November 2019



