



# 2019 ANNUAL REPORT

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## Mission Statement

*“To assist people with disability through independent advocacy.”*

## Vision Statement



*“A world of equality, justice and choice.”*

## *Our History*

From the initial meetings of interested people in 1987, a public meeting was organised to investigate the level of support for the concept of a rights and resource office for people with disability within the wider community. Approximately sixty people attended the meeting and a Steering Committee was formed, comprised of people with disability. Their primary task was to prepare a submission for the (then) Federal Department of Health, Housing and Community Services, for funds available to client groups as outlined in the Disability Services Act (1986).

The Steering Committee was successful in securing funding in late 1988, following which a further public meeting was held in March 1989 to elect a Management Committee from its membership of people with disability. This was the beginning of Independent Advocacy in the Tropics. The funding provided and enabled the Management Committee to open an office and to employ a full-time co-ordinator/advocacy worker and a part-time administrative worker. The role of the co-ordinator was focused on assisting individual people with disability to advocate for themselves. Independent Advocacy in the Tropics Inc. (IATI), was incorporated on 28<sup>th</sup> June 1991.

In 2004, Independent Advocacy Townsville, the first Business Name was registered, and it was not until 2018 that Independent Advocacy NQ, our second Business Name to truly reflected the large area we service was registered.

## *Strategic Objectives*

1. **Deliver and Grow Quality Services:** provide quality accredited advocacy to those with disability in our service region to achieve their personal goals without harmful effect and to expand these and introduce further services as the opportunity presents itself.
2. **Excellence in Governance and Leadership:** responsive, dynamic and accountable management of the organization that drives service improvement and innovation through a collaborative policy cycle and continuing analysis of its governance, systems and procedures.
3. **Broaden Engagement with Stakeholders:** harnessing all facets of social interaction, by continuing to develop a strong marketing and networking strategy and learn from the skills and knowledge of our community partners and stakeholders.
4. **Engaged and Productive Committee and Staff:** foster a culture that is vibrant, innovative, collaborative and inclusive as we strive to effect positive change in the lives of those with disability.

## *Accreditation and Standards*



## *Staff and Volunteers*

All Members of the Management Committee and the Chief Executive Officer would like to acknowledge and thank the dedicated staff and volunteers of IATI who give above and beyond what they are required to do. We are truly blessed to have such people working for us to help improve the lives of those in truly vulnerable positions. Our staff and volunteers for 2017-2018:

### **ADVOCATE/NDIS APPEALS OFFICERS**

Helen De-Campo

Anne Hansen

Joanna Mullins

Jason Thomas

### **ADMINISTRATION**

Beverly Smith, Operations Manager

### **VOLUNTEERS AND PLACEMENTS**

Carmel Parker, Administration

Jescyne Paras, Trainee Placement

### **INTAKE OFFICER/ADVOCATE**

Jessie Taylor

## *Management Committee 2018*

In accordance with the Constitution, we are led by a Management Committee, the majority of which have disability. As our organisation has grown, committee members have also come from a more diverse background.

### **Non-Executive Directors:**

#### **President & Public Officer:**

Michael Collins

#### **Vice-President:**

Tania Hornberg

#### **Secretary:**

Deborah Wilson

#### **Treasurer:**

Ross Kingsun

#### **Members:**

Richard Cordukes

### **Executive Director:**

#### **Chief Executive Officer**

Deborah Wilson

## *Management Committee Nominees 2019*

#### **President & Public Officer:**

Michael Collins

#### **Vice-President:**

Tania Hornberg

#### **Secretary:**

Deborah Wilson

#### **Treasurer:**

Ross Kingsun

#### **Members:**

Vicki Newton

## *President's Report*

Independent Advocacy in the Tropics Inc. has been providing advocacy for those with disability since 1991.

Another year has passed, and our services continue to be in great demand. We have decided to create a waiting list of clients requiring our services. Those awaiting our assistance are encouraged to commence advocating for themselves and are given guidance and assistance in this regard. When advocacy for a client is complete, a new client file is commenced.

As in previous years our main source of funding has been from our funding bodies, the Department of Social Services, Queensland's Department of Communities Disability Services and Seniors and Queensland Health. We thank them for their continuing support of our organisation.

We hope that future State and Federal governments continue to support advocacy services, such as IATI, in the wider community. Unfortunately, there will always be a need for support for those in need.

The Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability, was announced earlier this year and information regarding the commission can be found at [www.disability.royalcommission.gov.au](http://www.disability.royalcommission.gov.au).

A Community Forum has already been conducted in Townsville.

"The Disability Royal Commission wants to hear from the Australian disability community about their experiences of violence, abuse, neglect and exploitation of people with disability."

The Federal Government has announced that there will be advocacy support for persons appearing before the Commission, as well as those making submissions. We will receive funding to provide this support later in the year until 30 June 2022. A big thank-you to Deborah in her endeavours to obtain this funding.

Last year our CEO Deborah Wilson, was appointed to the Board of Directors for the peak advocacy body, Disability Advocacy Network Australia (DANA) and continues her appointment on the Board as its Vice-Chair. DANA is a network of agencies throughout Australia that undertakes or provides individual advocacy, systemic advocacy, self-advocacy, citizen advocacy, legal advocacy or family advocacy.

It is good to have North Queensland's continued representation on the Board of our national body.

I wish to thank Deborah for her continued leadership of her fantastic team at IATI, they have all done a great job.

Deborah, Beverly, Anne, Helen, Joanna, Jessie and Jason, on behalf of the Management Committee, a big thank you for your continuing provision of quality client services.

As in previous years, I wish to thank Deborah and Beverly for their continued administrative support for our meetings.

It certainly makes the Committee's job easier.

Further, thank you to my fellow committee members, Tania, Ross, Richard and for their support during this year. Richard is retiring from the Management Committee and I congratulate Richard on his appointment as our inaugural Ambassador for IATI.

Michael Collins

**President**

**Independent Advocacy in the Tropics Inc.**

## Treasurer's Report

In presenting this 2019 Treasurer's Report, I will say it has been a very busy year for Independent Advocacy in the Tropics Inc. (IATI). The organisation has experienced increased client demand for Advocacy support which has in turn put a strain on the organisation's limited financial resources and staff.

The organisations appointed Auditor for the previous financial year was Jessups Accountants and Business Advisors, they have completed the independent annual audit for the 2019 financial year. I would like to acknowledge Jessups Audit Team for the valuable contribution and assistance they provided to the Committee, Staff and the organisation.

IATI received funding from both State and Federal Government for the 2019 financial year:

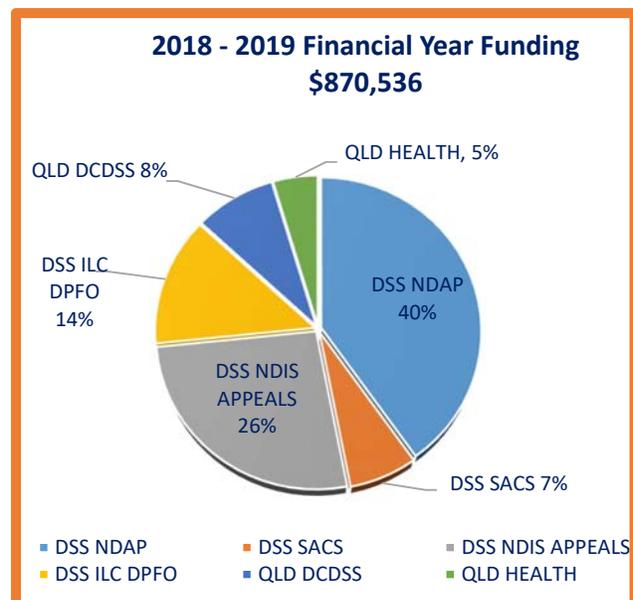
- Department of Social Services (DSS)
  - National Disability Advocacy Program (NDAP) Funding
  - NDAP SACS Funding
  - NDAP NDIS Appeals Funding
  - ILC Disabled Peoples and Families Organisations (DPFO) Funding
- Department of Communities, Disability Services and Seniors (DCDSS)
  - Disability Advocacy Funding
- Queensland Health
  - Individual Advocacy Support Program Funding

The 2019-2020 financial year to date will see:

- Department of Social Services (DSS)
  - NDAP – Under the Disability and Carer Support Program Funding cease
  - NDAP NDIS Appeals – Under the Disability and Carer Support Program Funding cease
  - Information, Linkages and Capacity Building (ILC) Readiness Round – Disabled Peoples and Families Organisations Funding cease
- Department of Communities, Disability Services and Seniors (DCDSS)
  - Disability Advocacy Support Program Funding extended to 2021
  - Advocacy Rural and Remote Funding cease
- Queensland Health
  - Individual Advocacy Support Program extended to 2021

In conclusion, please accept this Treasurer's report for 2019 financial year.

Ross Kingsun  
Treasurer  
Independent Advocacy in the Tropics Inc.



## *Chief Executive Officer's Report*

Our question to both State and Federal funding bodies as to how we cover the demand for services, our need for more staff and larger offices remain unanswered. Our fears that we would be unable to secure additional funds to keep our office open in Charters Towers and its advocate employed past December 2018 became a reality. Last year was a Queensland State election, this year a Federal election to cause more uncertainty and concern regarding advocacy funding.

Because of this continued uncertainty and the extraordinary addition client services in the previous year (over 80% additional clients), there was no other choice but to limit our client services to funding amounts and this meant that our referrals were closed in April and did not reopen for the rest of the year as we tried to work through our standing referrals – some had been receiving self-advocacy assistance for twelve months or more. With the extended workload for the past two years, IATI was carrying a vastly excessive amount of TOIL, annual leave and other entitlements that the staff were unable to use. This meant that this year they needed to be paid out and/or leave taken by staff.

It was not all bad news on the funding front. In late May, we were advised that our ILC- Disabled Persons, Family Organisation (DPFO) grant application was successful. This was for a small one off, one-year Self-Advocacy Hub project comprising the 1800 info line, self-advocacy support for those on our waitlists. Also included are Self-Advocacy Workshops and other supporting workshops, extra support staff and updating of our website. The DPFO grant also allows us to translate workbooks and other material as well as producing small YouTube clips.

Another funding good news story was that the **37%** reduction in NDIS Appeals did not come to fruition, but notification did not come until just before the end of the funding period. The reduction to this funding was \$100 with no explanation of why it was not all re-instated.

The year continued to test our cash reserves and resolve with our information, communication and technology service provider going into sudden overnight receivership. While we had already made the decision to go with another provider and were in the process of transferring services, this sudden closure meant that while we had budgeted and planned for IT equipment upgrades, our telecommunications system was then also required to be replaced and extra data, telephone charges incurred as we worked through a protracted change over of providers. This equated to over \$24,000 in equipment, fees and charges as well as many extra hours of work by us.

What this has meant is we have again had to change our Client Record Management System to one that while does not offer a system to system transfer of basic information, it enables us to use a bulk file transfer. A time consuming and costly exercise that we needed to find the funds to do and is being introduced early in 2018-2019.

In closing I would like to sincerely thank our truly gifted and amazing advocates, Anne, Helen, Jason, Jessie and Joanna, as well as the indispensable Beverly who is the rock that holds us together. A word of thanks also to our Trainees and a sad farewell to our long-time Volunteer Carmel who has left our sunny town. Of course, we wouldn't be anywhere without our volunteer Management Committee members and I thank you for your continued support and belief in our organisation.

Deborah Wilson  
**Chief Executive Officer**

## Case Studies

*The names of clients have been altered to protect their privacy.*

### **Belinda's Story**

Belinda had an intellectual disability, and debilitating epilepsy and was in care since she was six years old. In 1997 she was discovered by her sister in a fragile state, her legs and arms covered in sores, and half her hair had been shaved off.

At 64 it was discovered Belinda was suffering from the late stages of syphilis. Belinda could no longer communicate; she was immobile and had severe memory loss. There was no record of sexual abuse recorded against Belinda whilst in care and no one could say how or when she contracted syphilis.

Complaints made by her family to Qld Police, the care facility, the Office of the Health Ombudsman and Aged Care Commission proved fruitless. Belinda's family contacted us to act on her behalf a few years ago but unfortunately not long after this, Belinda passed away. The system failed Belinda and her family terribly.

Better communication between government regulatory organisations and a clear complaints pathway would have helped Belinda's family in addressing the abuse and neglect Belinda suffered throughout her life while in care. It is only with our help that many details and supposedly lost records have come to light.

### **Paul's Story**

Paul is Autistic and 57 years old. He has been a consumer of mental health services for most of his adult life and an inpatient in several facilities. Paul was diagnosed with Schizophrenia in his 20s and his treatment has been directed towards it and not his Autism for over 30 years and during this time Paul received ECT treatment. Some facility treating teams and staff did not know Paul was Autistic. How could they not know?

It has only been the last 12 months that Autism has been diagnosed by his current treating team and his treatment adjusted. Sadly, Paul is now institutionalized, and services have great difficulty in transitioning Paul back to community living.

Paul is often physically assaulted in the facility by other patients, he is unsafe and acts out accordingly. When Paul returns to his home, his behaviour escalates and he and others are at risk, so he is transferred back to the facility, often by Police. Stakeholders are working together to have Paul returned to his home with the appropriate supports and it is hoped Paul's need to return to hospital will be reduced and become less frequent.

### **Jenny's Story**

Jenny was larger than life who was 45 when she entered an aged care facility after breaking her ankle in a fall at a medical rehab unit while being treated for her mental illness. When discharged from hospital, the unit was unable to accept her back, so Jenny was transferred to this rural aged care facility, away from friends and community supports.

Jenny's only living relative was an aged father living in Central Qld. We became Jenny's advocates to assist her to return to live in her own community. We tried to have Jenny rehabilitated for her physical injury but due to funding cuts the physiotherapist at the aged care facility only did outreach therapies, so Jenny missed out on crucial rehabilitation to the extent that over time she became confined to her bed and a wheelchair.

In her time at the facility, Jenny was exposed to neglect, sexual assault, intimidation, loss of dignity and isolation many only reported by us to those in charge and government departments. Several attempts to transfer Jenny to Townsville failed, but efforts were being made to bring services to Jenny and take her on outings.

NDIS was life changing and Jenny was able to go to many community events with occasional day visits to Townsville because she finally had a suitable wheelchair. Jenny lived at the facility until her premature death in January 2019 at the age of 54 from aggressive bladder cancer.

### *Systemic Issues*

Our organisation is required to spend 10% of its NDAP advocacy funding and 10% of its Department of Communities, Disability Services and Seniors' advocacy funding on systemic advocacy without any reduction in client numbers – just less money to use for individual advocacy for people who need it.

To cover our funding requirements in the most effective manner we can without taking unnecessarily taking away from our work as individual advocates, work and collaborate with others in several ways. Some of our system work in 2018-2019 included:

1. Our Board of Director involvement in DANA and joint work with them in relation to advocacy issues and funding requests;
2. Membership of the Combined Advocacy Group of Queensland (CAGQ) whose work include delegations to politicians for addition funding and raising awareness of the growing demand and pressures placed on advocacy organisation across the state. Collaborative work on submissions and Reports.
3. Cathy O'Toole MP Federal Member for Herbert:
  - a. NDIS Reference Group
  - b. Mental Health Reference Group
  - c. Seniors Reference Group
  - d. Queensland Alliance for Mental Health and the NQ Alliance Reference Group
4. Aged Care Royal Commission Submission and evidence given at Townsville Sitting.
5. Veteran's Advocacy and Support Services Scoping Study Submission by Advocacy Law Alliance Inc., in consultation with ourselves and DANA
6. Qld Disability Advocacy Strategy – working groups, meetings with government department senior representatives written and verbal submissions undertaken.




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### *St. Ivo of Kermartin*

*Patron Saint of Honest Lawyers, Advocate of the Poor*

*Justice and power must be brought together,  
so that whatever is just may be powerful and  
whatever is powerful may be just.*

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## Service Demographics

### SERVICE AREA

- Ayr Region
- Charters Towers
- Ingham Region (inc. Palm Island)
- Innisfail
- Isaac \*\*
- Johnstone
- Mackay \*\*
- Northern Highlands - Flinders, Richmond & Mckinlay (S)
- Townsville \*\*\*
- Tully
- Whitsunday \*\*
- Wooroonooran

### Advocacy Service Region

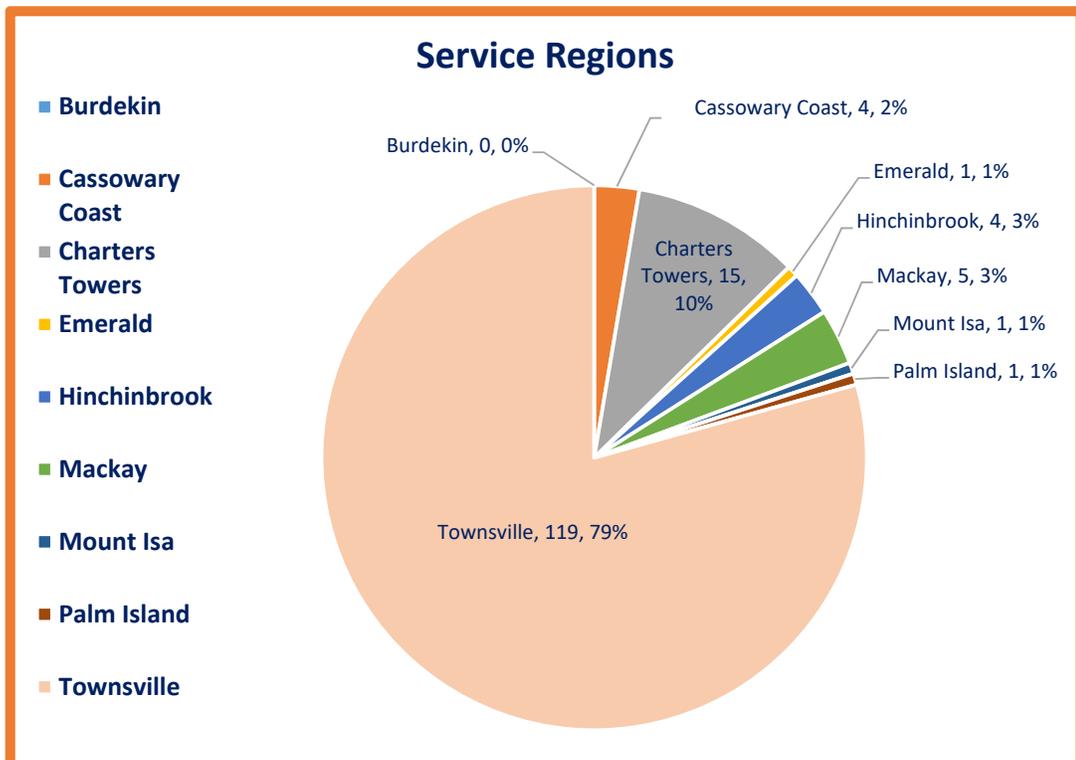
The Advocacy Service Region for **Individual and Systemic Advocacy** services funded by Department of Communities, Disability Services and Seniors (DCDSS) and the Department of Social Services (DSS) are duplicated because the DCDSS area of North Queensland is extensive and funding is inadequate to cover it fully.

### NDIS Appeals Advocacy Service Region\*\*

Funded separately by DSS, its Service Region includes our Advocacy Service Region as well as the greater Mackay Region.

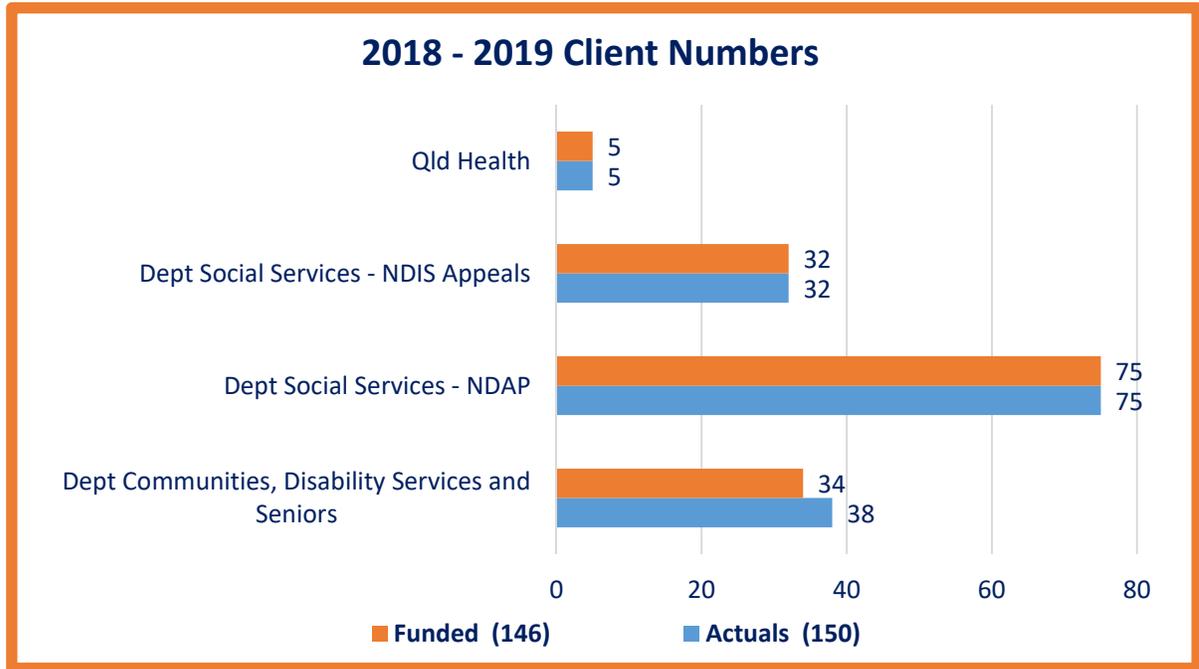
### THHS MH Advocacy Service Region\*\*\*

Queensland Health provided limited funding to provide Advocacy Services for patients within Mental Health and Rehabilitation Units within the Townsville Health and Hospital Services (THHS) District. Those patients with NDIS Appeals issues will be supported under NDIS Appeals Advocacy funding.



### Client Demographics

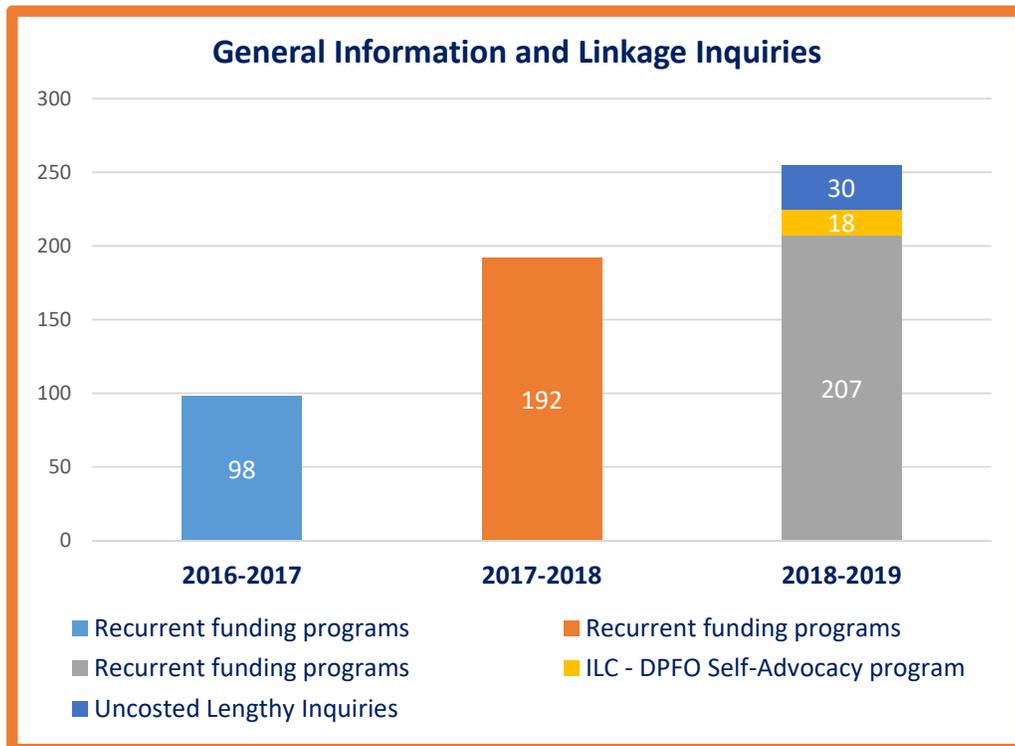
The following pages contain several graphs that breakdown key pieces of information relating to actual services delivered for the year.



### General Information and Linkages

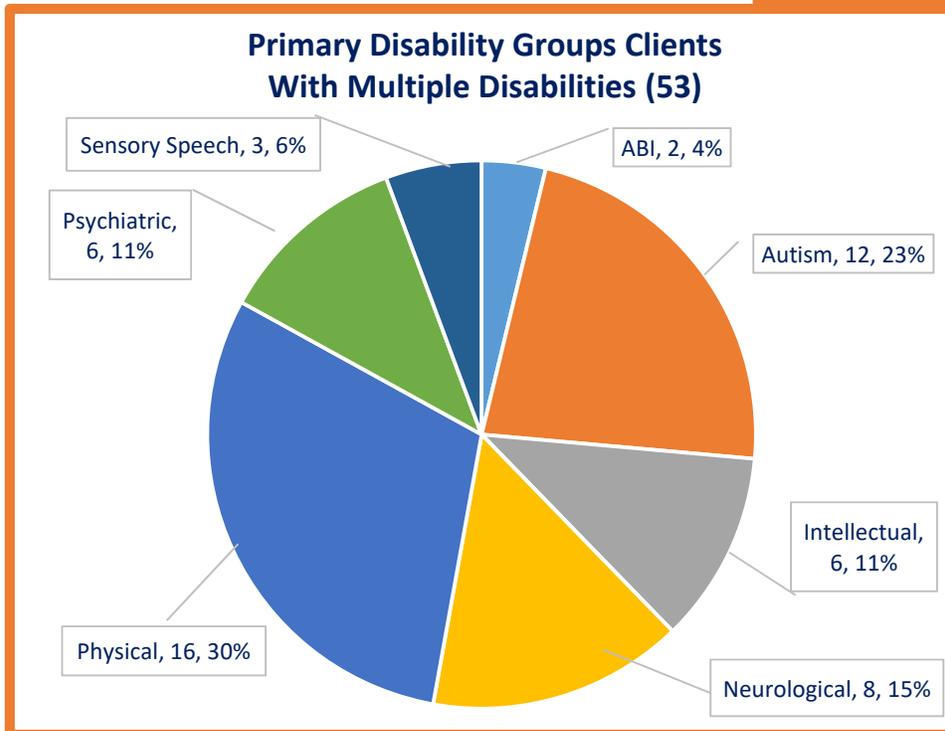
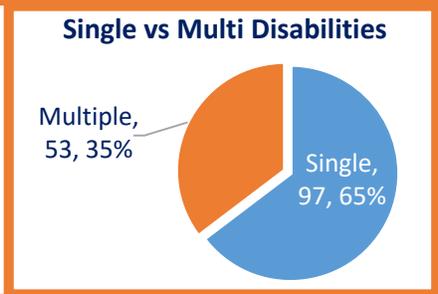
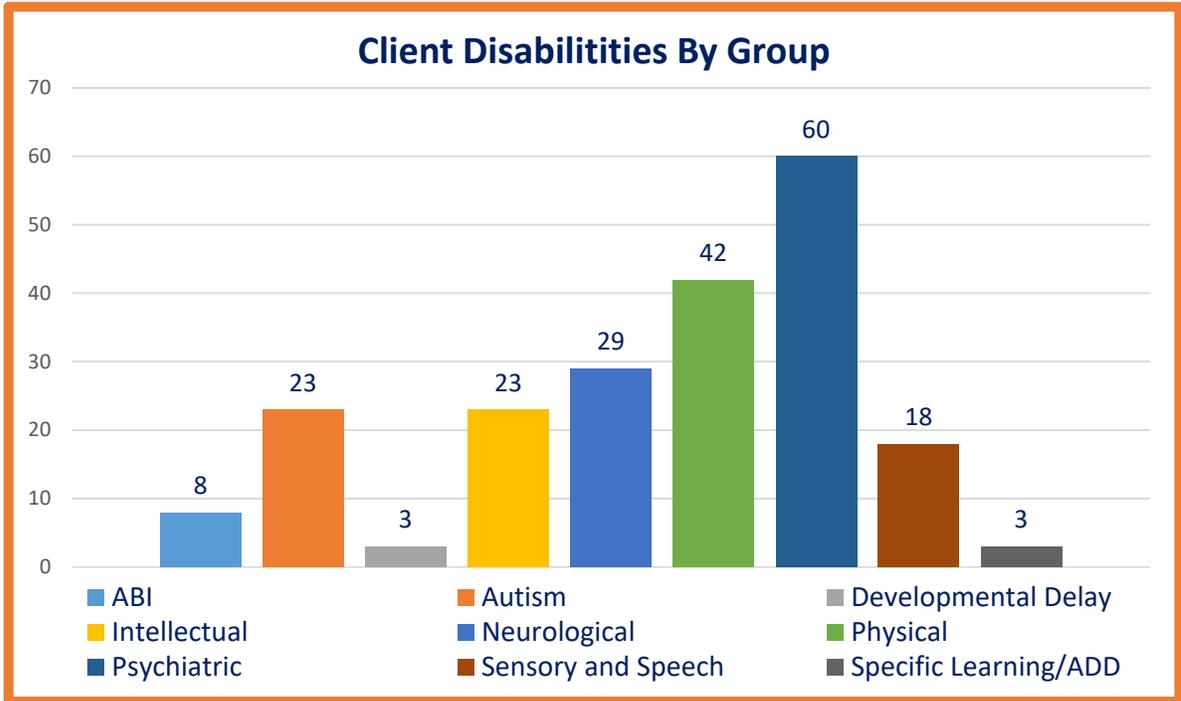
For the third year, we saw an increase in requests for general information, inquiries for links to service organisations, community groups, support groups, and government departments etc.

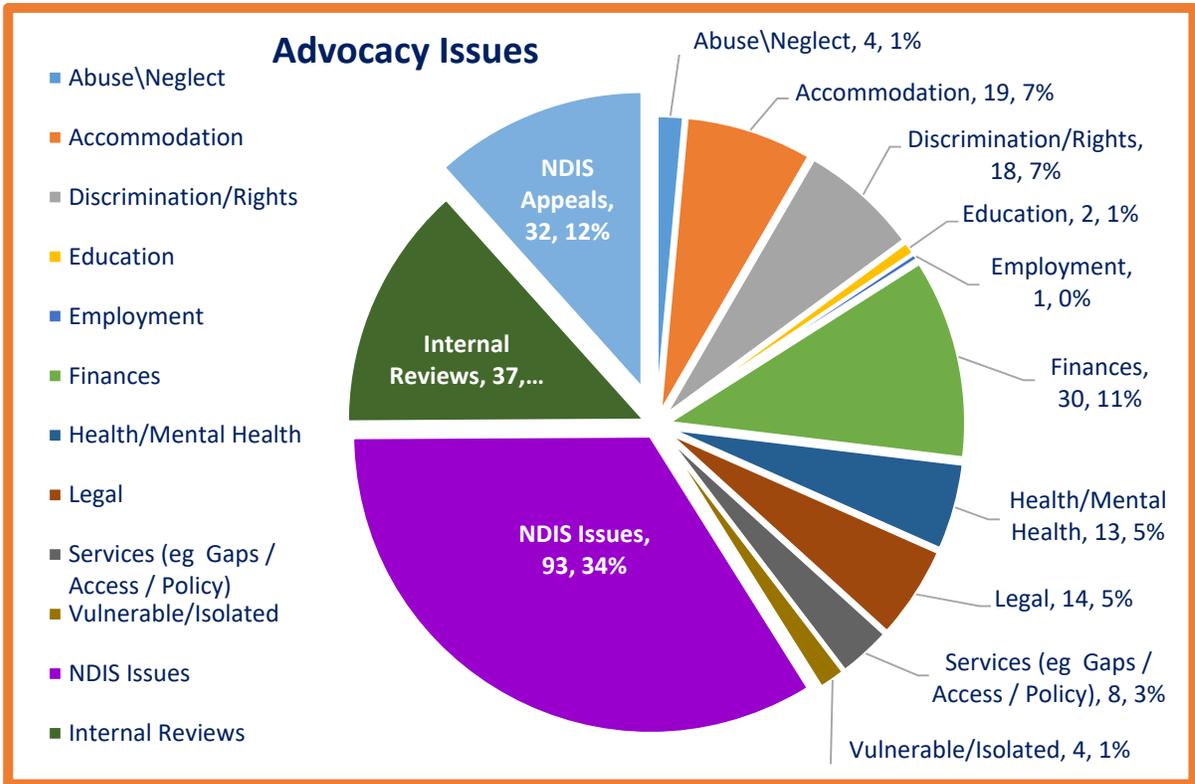
Also included are lengthy enquiries that were not costed to any funding body. To show the growth in this service we have put those figures in a graph.



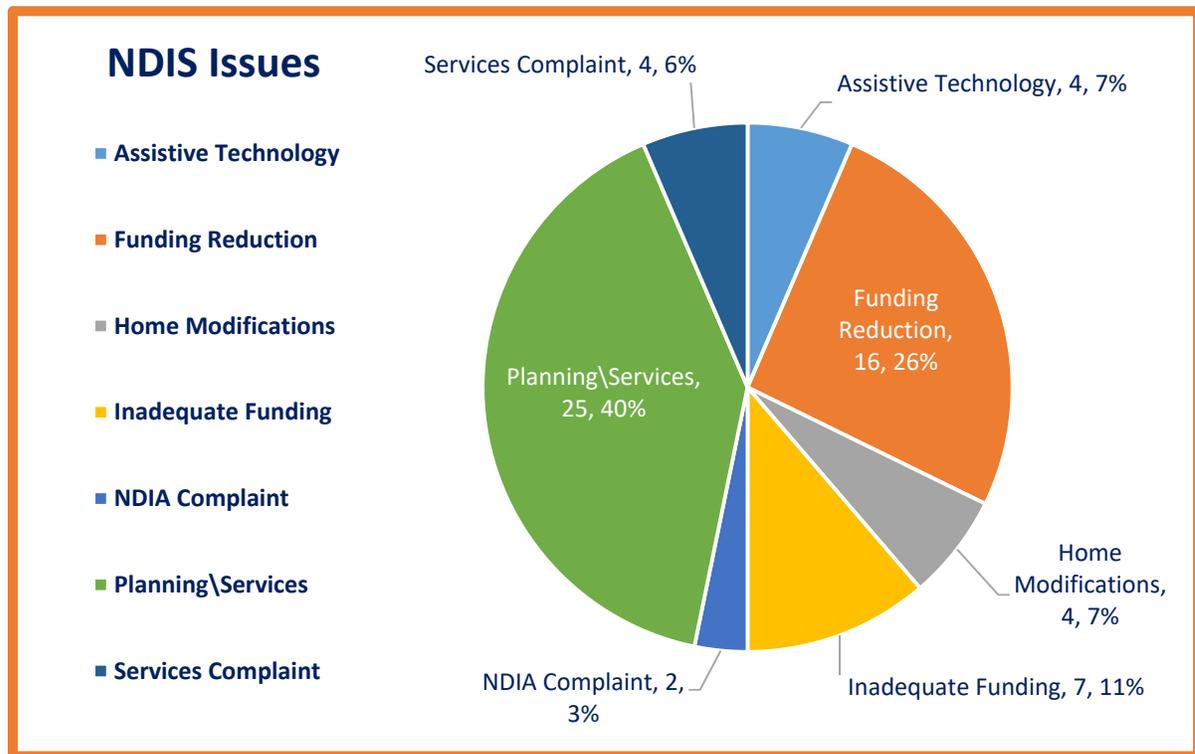
## DISABILITY DEMOGRAPHICS

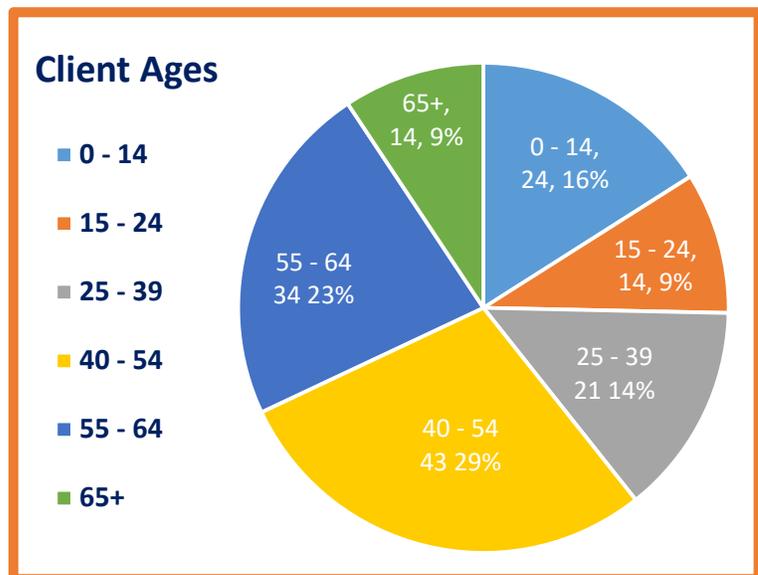
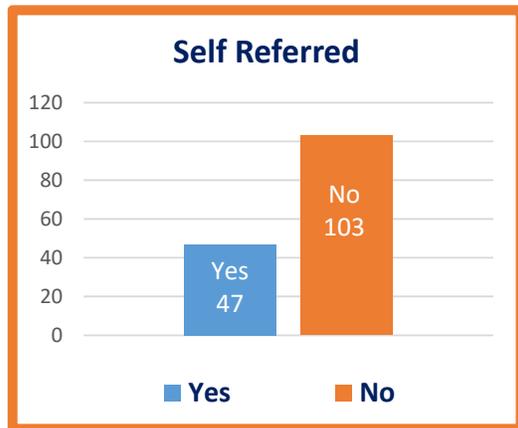
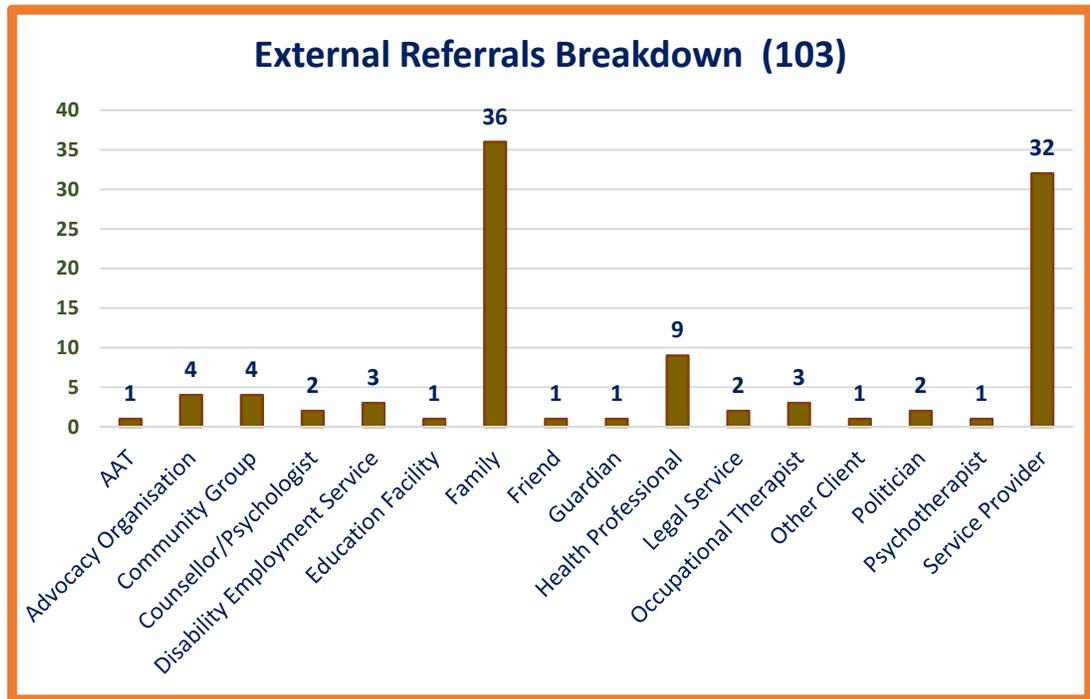
Following are a number of graphs which show the disability demographics for our clients.

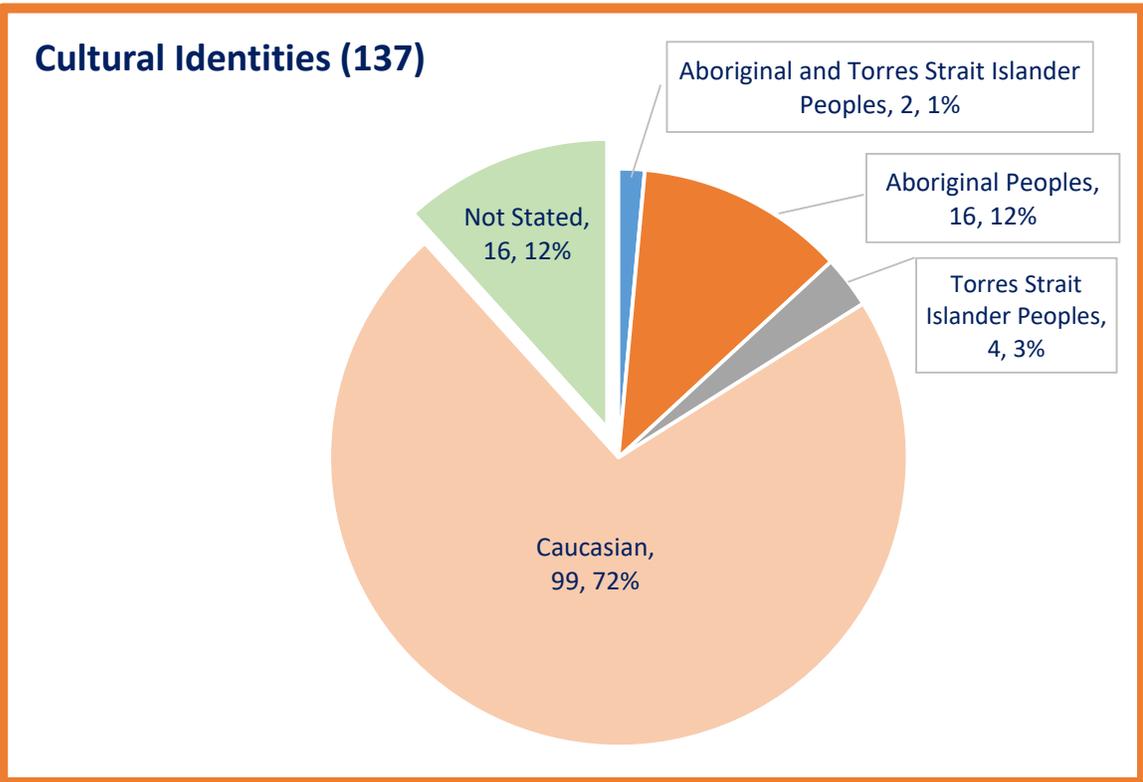
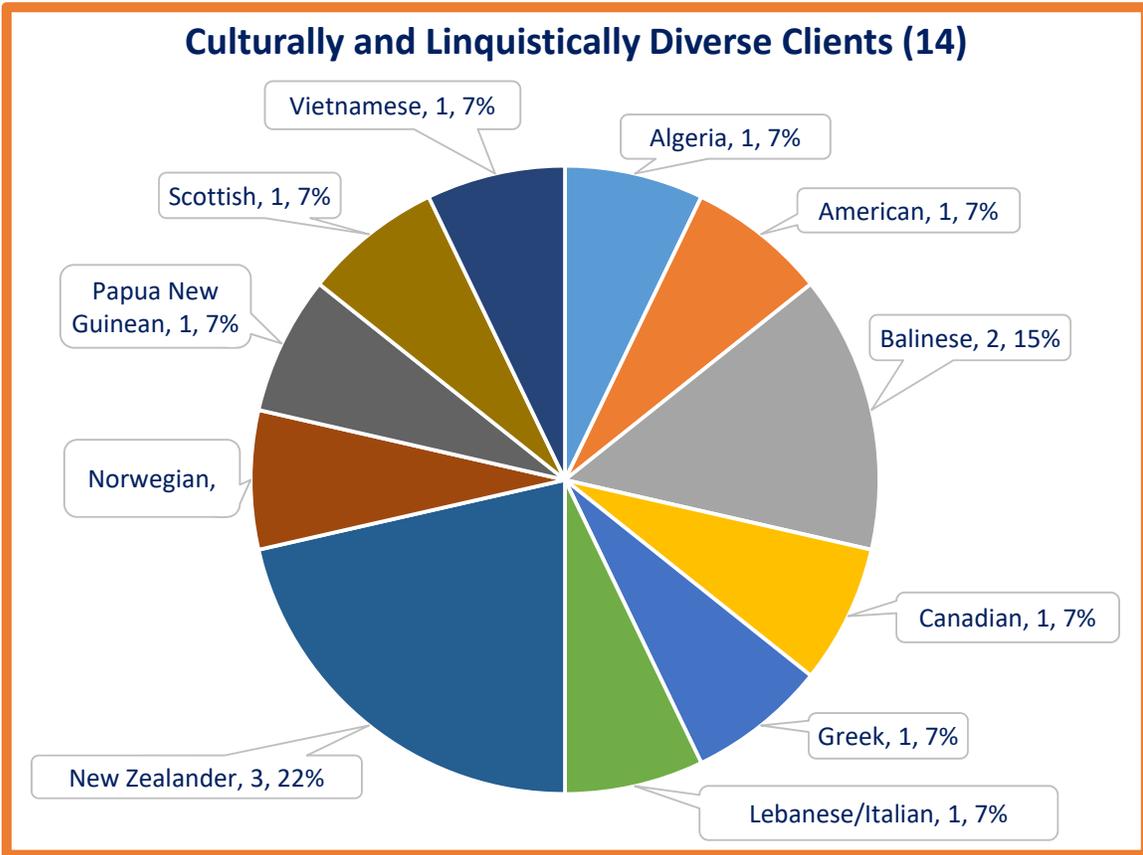




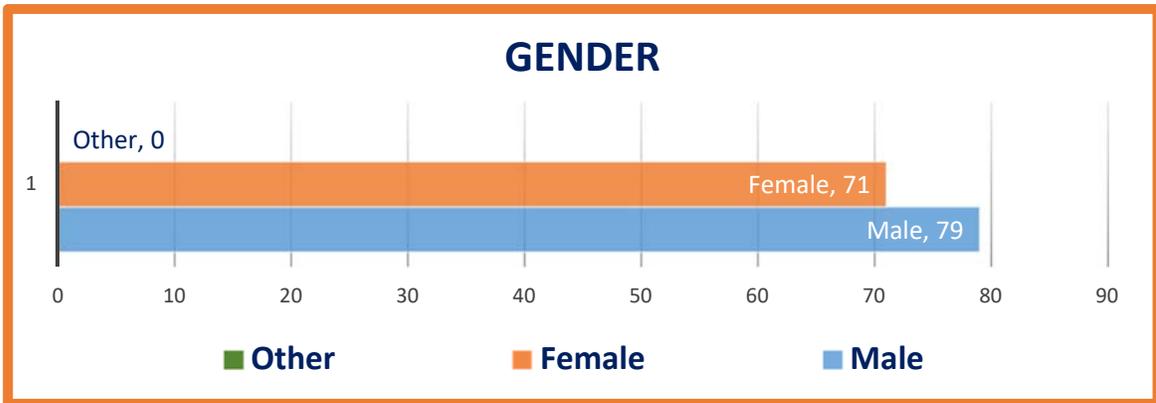
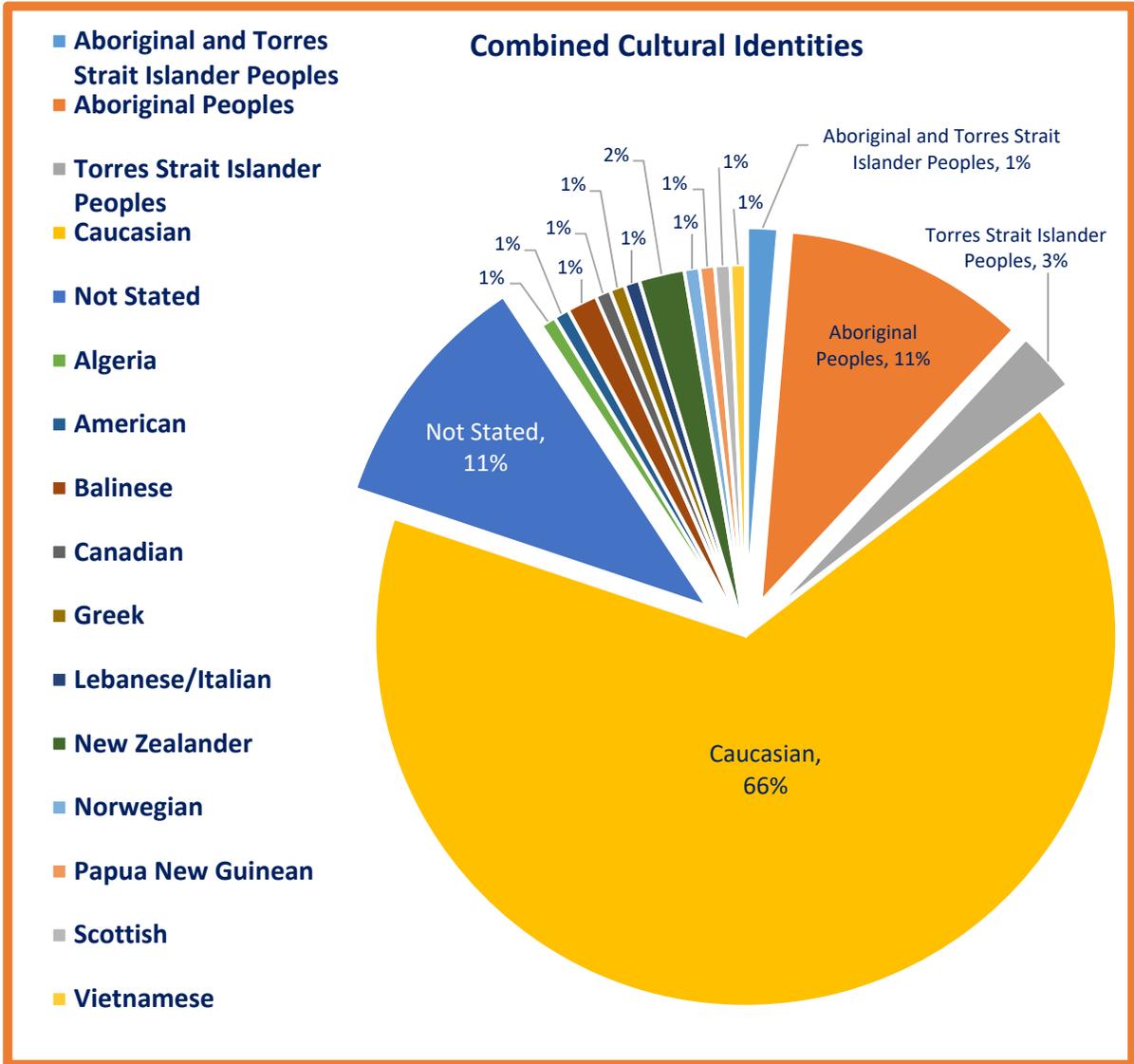
**NB:** NDIS Issues above are broken down further in the chart below.







**NB:** One client identified as coming from a CALD and Aboriginal Peoples background.



*Appendix A: Audited Financial Report*

INDEPENDENT ADVOCACY IN THE TROPICS INC  
ABN: 13 573 741 460

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019



# INDEPENDENT ADVOCACY IN THE TROPICS INC

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**INDEPENDENT ADVOCACY IN THE TROPICS INC**

**STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Income</b>			
DSS re-current operational		349,912	399,820
DSS re-current SACS support		58,852	-
DSS NDIS appeals		230,000	243,200
DSQ A&E Advocacy		73,539	71,206
DSS-NDIS-ILC DPFO		118,000	-
Qld Health		40,233	38,184
Unexpended grants brought forward		11,408	19,339
Interest received		3,610	4,396
Sundry income		5,270	2,311
Donations received		50	-
Gain/(Loss) on sale of NCA		(16,256)	-
		<hr/>	<hr/>
		874,617	778,456
<b>Expenses</b>			
Accounting fees		2,210	2,210
Advertising and promotion		661	7,353
Audit fees		4,470	6,500
Bank Charges		390	843
Cleaning and pest control		5,733	5,150
Computer Expenses		23,075	19,872
Consultancy Fees		540	-
Criminal history screening		181	174
Depreciation		7,979	14,383
Employee support and supervision		1,420	999
Electricity		5,264	5,017
Equipment < \$1,000		3,166	8,576
Fees and permits		54	183
Hire		850	1,576
Insurance		5,693	4,950
Internet		1,603	147
Meeting expenses		45	1,430
Membership fees		962	2,910
Motor vehicle expenses		24,638	17,217
MC brokerage – support worker		-	-
Phone equipment		6,654	5,641
Postage, freight and courier		604	1,230
Printing and stationery		77	3,323
Provision for annual leave expense		11,834	20,374
Provision for long service leave expense		5,240	19,875
Publications, information and resources		44	284
Quality assurance		8,164	114
Rental expense		66,995	71,664
Repairs and maintenance		3,545	1,816
Salaries		546,052	470,754

*The accompanying notes are an integral part of these financial statements.*

**INDEPENDENT ADVOCACY IN THE TROPICS INC**

**STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
Staff amenities		34	624
Sundry expenses		303	742
Superannuation contributions		50,921	43,679
Telephone and fax		2,321	188
Training and venue hire		998	4,268
Travel expenses		6,582	11,310
Unexpended grants		117,145	11,408
Taxi - Management Committee		51	-
Taxi – consumer support		18	114
Website maintenance		1,103	400
Workers compensation insurance		2,801	2,931
Workplace, health and safety		447	2,087
		<u>920,867</u>	<u>772,316</u>
<b>Surplus/(deficit) before income tax</b>		(46,250)	6,140
Income tax expense		-	-
<b>Surplus/(deficit) after income tax</b>		<u>(46,250)</u>	<u>6,140</u>

*The accompanying notes are an integral part of these financial statements.*

**INDEPENDENT ADVOCACY IN THE TROPICS INC**

**STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank - Operational		258,358	179,733
Cash at bank – Gifts and donations		70	20
Term deposits		154,217	150,607
Accounts Receivable		322	-
Petty cash		11	36
Prepayments		31,788	24,423
<b>Total current assets</b>		<u>444,766</u>	<u>354,819</u>
<b>Non-current assets</b>			
Property, plant and equipment	2	<u>32,869</u>	<u>36,721</u>
<b>Total non-current assets</b>		<u>32,869</u>	<u>36,721</u>
<b>Total assets</b>		<u>477,635</u>	<u>391,540</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,340	10,941
Provision for annual leave		74,941	63,107
GST payable/(refundable)		8,668	-4,416
PAYG payable		9,636	7,604
Super payable		4,034	15
Unexpended grants liability		117,145	11,408
<b>Total current liabilities</b>		<u>215,764</u>	<u>88,659</u>
<b>Non-current liabilities</b>			
Provision for long service leave		<u>25,115</u>	<u>19,875</u>
<b>Total non-current liabilities</b>		<u>25,115</u>	<u>19,875</u>
<b>Total liabilities</b>		<u>240,879</u>	<u>108,534</u>
<b>Net assets</b>		<u>236,755</u>	<u>283,006</u>
<b>MEMBER'S FUNDS</b>			
Retained surplus		182,256	228,507
Capital equipment reserve		54,499	54,499
<b>Total equity</b>		<u>236,755</u>	<u>283,006</u>

*The accompanying notes are an integral part of these financial statements.*

**INDEPENDENT ADVOCACY IN THE TROPICS INC**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Retained surplus at the beginning of the year	228,507	222,367
Surplus/ (deficit) for the year	(46,250)	6,140
Capital equipment reserve	54,499	54,499
	<hr/>	<hr/>
<b>Equity at 30 June 2019</b>	<b>236,755</b>	<b>283,006</b>
	<hr/>	<hr/>

*The accompanying notes are an integral part of these financial statements.*

# INDEPENDENT ADVOCACY IN THE TROPICS INC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 1. Summary of Significant Accounting Policies

#### Financial Reporting Framework

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the association. The committee has determined that the association is not a reporting entity.

#### Statement of Compliance

The financial report has been prepared in accordance with the *Associations Incorporation Act 1981*, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101: *Presentation of Financial Statements*, AASB 107: *Cash Flow Statements*, AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1031: *Materiality* and AASB 1054: *Australian Additional Disclosures*.

#### Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs. They do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

#### (a) Income Tax

The entity is exempt from income tax.

#### (b) Property, Plant and Equipment

Property, plant and equipment is carried at cost, less, where applicable, accumulated depreciation and impairment losses.

#### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the committee to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash inflows have been discounted to their present values in determining recoverable amounts.

#### Depreciation

The depreciable amount of all property, plant and equipment is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

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

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Plant and equipment – diminishing and straight-line	10 - 67%

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income and expenditure statement.

## INDEPENDENT ADVOCACY IN THE TROPICS INC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### **(c) Impairment of Assets**

At the end of each reporting period, the committee reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the statement of income and expenditure.

#### **(d) Employee Provisions**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions have been measured at the amounts expected to be paid when the liability is settled.

#### **(e) Provisions**

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

#### **(f) Cash and Cash Equivalents**

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

#### **(g) Trade and Other Receivables**

Trade and other receivables include amounts due from members as well as amounts receivable from donors and sponsors. Receivables expected to be collected within twelve months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

#### **(h) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised using the effective interest method.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt. If conditions are attached to the grant that must be satisfied before the association is eligible to receive the contribution, recognition of the grant as revenue will be deferred until those conditions are satisfied.

All revenue is stated net of the amount of goods and services tax.

#### **(i) Leases**

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period. Lease assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### **(j) Goods and Services Tax ("GST")**

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

## INDEPENDENT ADVOCACY IN THE TROPICS INC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is include other receivables or other payables in the statement of financial position.

#### **(k) Trade and Other Payables**

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

#### **(l) Initial application of AASB 9: Financial Instruments**

The Association has adopted AASB 9 with a date of initial application of 1 July 2018. As a result the Association has changed its financial instruments accounting policies as detailed in this note.

Considering the initial application of AASB 9 during the financial period, financial statement line items have been affected for the current and prior period. The following tables summarise the adjustments made to the affected financial statement line items.

There were no financial assets/liabilities which the Association had previously designated as at fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the Association has elected to designate as at fair value through profit or loss at the date of initial application of AASB9.

The Association applied AASB 9 (as revised in July 2014) and the related consequential amendments to other Accounting Standards. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

The date of initial application was 1 July 2018. The Association has applied AASB 9 to instruments that have not been derecognised as at 1 July 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 July 2018 have been restated where appropriate.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the Association's business model and the cash flow characteristics of the financial assets, as follows:

– debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;

– debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and

– All other debt investments and equity investments are measured at fair value through profit or loss.

Despite the issues mentioned, the Association may make irrevocable elections at initial recognition of a financial asset as follows:

– the Association may choose to present subsequent changes in fair value of an equity investment that is not held for trading and not a contingent consideration in a business combination in other comprehensive income; and

– the Association may choose to present a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if this choice significantly reduces an accounting mismatch.

When an equity investment at fair value through other comprehensive income has a gain or loss previously recognised in other comprehensive income, it is not reclassified to profit or loss. However, when a debt investment at fair value through other comprehensive income is derecognised, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

## INDEPENDENT ADVOCACY IN THE TROPICS INC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The directors of the Association determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- the Association's investments in equity instruments not held for trading that were previously classified as available-for-sale financial assets and were measured at fair value have been designated as at fair value through other comprehensive income. The movement in fair value on equity instruments is accumulated in the financial assets reserve; and
- financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

#### *Impairment*

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the Association to account for expected credit losses since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument has not shown significant change since initial recognition, an expected credit loss amount equal to 12-month expected credit losses is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

#### *Classification and measurement of financial liabilities*

AASB 9 determines that the classification and measurement of financial liabilities relates to changes in the fair value designated as at fair value through profit or loss attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained surplus when the financial liability is derecognised and not reclassified through profit or loss.

AASB 139 requires the fair value amount of the change of the financial liability designated as at fair value through profit or loss to be presented in profit or loss.

Apart from the abovementioned, the application of AASB 9 has had no impact on the classification and measurement of the Association's financial liabilities.

#### **(m) Impact of Standards Issued But Not Yet Applied by the Association**

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

As at the reporting date, the directors have concluded that the impact of AASB 16 on the financial statements would not be material.

The Association has chosen not to early-adopt AASB 16. However, the Association has conducted a preliminary assessment of the impact of this new Standard, as follows.

A core change resulting from applying AASB 16 standard is that most leases will be recognised on the balance sheet by lessees, as the Standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases.

#### ***Basis of preparation***

The accounting for the Association operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by the Association from its mandatory adoption date of 1 July 2019. The comparative amounts for the year prior to first adoption will not be restated, as the association has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new

## INDEPENDENT ADVOCACY IN THE TROPICS INC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption (after adjustments for any prepaid or accrued lease expenses).

AASB 1058 : Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019) and AASB 15 : Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019).

As at the reporting date, the directors have concluded that the impact of AASB 1058 and AASB 15 on the financial statements would not be material.

The Association has chosen not to early-adopt AASB 1058 and AASB 15. However, the Association has conducted a high-level assessment of the impact of these new Standards, as follows.

A core change of AASB 1058 and AASB 15 is that they shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. AASB 1058 is applicable when an association receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the association to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

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

AASB 15 applies where there is an "enforceable" contract with a customer with "sufficiently specific" performance obligations that results in income being recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. AASB 15 introduced a five-step approach to revenue recognition that is far more prescriptive than AASB 118 : Revenue .

#### ***Basis of preparation***

AASB 15 and AASB 1058 will be applied by the Association from their mandatory adoption date of 1 July 2019. The modified transition approach will be the chosen approach, and thus the comparative amounts for the year prior to first adoption will not be restated and the Association will recognise the cumulative effect of retrospective application to incomplete contracts.

The income recognition for each grant has been assessed on a high-level basis to determine whether it is enforceable and whether its performance obligations are sufficiently specific. For those grant contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058. Income will be deferred under AASB 15 otherwise.

The Association does not expect any significant impact on its financial statements arising from the change in income recognition requirements for donations and bequests, capital grants and contributed assets. Nonetheless, from 2020, additional disclosures will be required under AASB 15 and AASB 1058.

AASB 2018-8: Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019)

For leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives (commonly known as "peppercorn"/concessionary leases), AASB 2018-8 provides a temporary option for not-for-profit lessees to elect to measure a class (or classes) of right-of-use assets arising at initial recognition either at fair value or cost. Where an entity elects to measure the class of right-of-use assets at cost, additional qualitative and quantitative disclosures are required and this shall include:

- The entity's dependence on these peppercorn/concessionary leases; and
- The nature and terms of the leases.

# INDEPENDENT ADVOCACY IN THE TROPICS INC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Association has performed a high-level impact assessment and notes that all leases are at-market terms and conditions. Accordingly, AASB 2018-8 does not apply and AASB 16: Leases will apply instead.

### (n) Economic Dependence

The association is dependent on government departments for the majority of its operational funding. The committee expects that the government departments will continue to support the association in the future.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>2. Property, Plant and Equipment</b>		
Plant and equipment at cost	28,239	23,249
Less accumulated depreciation	<u>(15,202)</u>	<u>(11,684)</u>
	<u>13,037</u>	<u>11,565</u>
Motor vehicles at cost	25,680	25,680
Less accumulated depreciation	<u>(22,467)</u>	<u>(21,726)</u>
	<u>3,213</u>	<u>3,954</u>
Computer equipment at cost	28,285	62,256
Less accumulated depreciation	<u>(11,666)</u>	<u>(41,054)</u>
	<u>16,619</u>	<u>21,202</u>
Leasehold improvements at cost	11,141	11,141
Less accumulated amortisation	<u>(11,141)</u>	<u>(11,141)</u>
	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>32,869</u>	<u>36,721</u>

### 3. Subsequent Events

No matters or circumstances have arisen since the end of the reporting period, which have significantly or may significantly affect the operations, or state of affairs of the association in subsequent financial years.

### 4. Commitments and Contingencies

The committee members are not aware of any commitments or contingencies that exist at the date of signing this report.

### 5. Association Details

The principal place of business of the association is 2/179-181 Ross River Road, Townsville, QLD, 4812.

**INDEPENDENT ADVOCACY IN THE TROPICS INC**

**STATEMENT BY MEMBERS OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 30 JUNE 2019**

In accordance with a resolution of the committee of Independent Advocacy in the Tropics Inc., the members of the committee declare that:

1. The financial statements as set out on pages 1 to 10, present a true and fair view of the financial position of Independent Advocacy in the Tropics Inc. as at 30 June 2019 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the Associations Incorporations Act 1981; and
2. At the date of this statement, there are reasonable grounds to believe that Independent Advocacy in the Tropics Inc. will be able to pay its debts as and when they fall due.

This statement is signed for and on behalf of the committee by:

President ..... 

Treasurer ..... 

Dated: 10/09/2019

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
INDEPENDENT ADVOCACY IN THE TROPICS  
FOR THE YEAR ENDED 30 JUNE 2019**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Independent Advocacy in the Tropics Inc (the association), which comprises the statement of financial position as at 30 June 2019, the income and expenditure statement for the year then ended, statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position and performance of the association.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the association as at 30 June 2019 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the *Associations Incorporation Act 1981*.

**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 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.

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### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the association to meet the requirements of the *Associations Incorporation Act 1981*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### **Responsibilities of the Committee for the Financial Report**

The committee is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Associations Incorporation Act 1981* and for such internal control as the committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the association or to cease operations, or has 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

**JESSUPS**



**Rodger Dunstan**  
Director

Level 1, 19 Stanley Street, Townsville QLD 4810

Dated: 10 September 2019

