

Annual Report

For the year ended 31 December 2018

Yalari Limited

ABN 66 113 794 148

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Directors' Report

The Directors present this report on the company for the financial year ended 31 December 2018.

DIRECTORS

The names and particulars of the Directors of the company during or since the end of the financial year are:

Bruce Davidson **Director**
August 2010 – current

Acting Chairman
October 2017 to present
October 2013 – March 2014

Bruce holds degrees in Law and Commerce from the University of Queensland and was formerly a partner in a leading commercial law firm. Bruce has spent the last 20 years at Davidson Group, a workplace performance group with a turnover in excess of \$100m. He is currently Davidson Group CEO, leading a large and talented team across Australia acting for Public and Private enterprises.

Bruce has been invited to consult to boards and senior executives, to act as a mentor, and speak on both formal and informal occasions. He also previously held the role of Regional Councillor for Finsia.

Llew Mullins **Managing Director**
April 2005 – August 2010
February 2011 – August 2014
November 2014 – March 2015
June 2015 - current

Llew has worked extensively throughout Australia with Indigenous people, coordinating business workshops and managing a mentoring program between corporate business people and Indigenous small business owners. She is an experienced counsellor and as Managing Director of Yalari, is responsible for the student support activities and operations.

Llew is ideally placed to understand firsthand the challenges facing students in remote communities as they transition to urban schools. Her experience in business, financial management and organisation, as well as many years working in the social welfare and counselling areas, has provided the necessary skills and administration to bring Yalari from an idea into a reality, where Indigenous children are nurtured and supported within some of the best schools throughout Australia.

Waverley Stanley AM **Founding Director**
April 2005 – current

As a Founding Director of Yalari, Waverley knows about the power of education. As a young man, he was given the opportunity to attend Toowoomba Grammar School for his secondary school education, and it was this opportunity that started him on the Yalari journey. He has a passion for education and the empowerment of Indigenous children and over the last thirteen years has worked tirelessly to bring his vision to a reality. His role within Yalari includes responsibility for student selection, leadership programs and external relations.

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Directors' Report

Waverley Stanley AM Founding Director (cont)

Waverley is a graduate of the Australian Rural Leadership Program and also the recipient of a prestigious Churchill Fellowship for 2013. Waverley was recently appointed as a Member (AM) of the Order of Australia (General Division) for "significant service to the Indigenous community through support for education".

Karen Spiller OAM Director *June 2015 – current*

Karen has had teaching and leadership experience in both girls' and co-educational Anglican schools for over 30 years. In January 2018 she assumed the Principalship of John Paul College after 18 years as Principal at St Aidan's Anglican Girls' School.

Karen is the immediate past National Chair of the Association of Heads in Independent Schools Australia and also held the position of Treasurer of that Board. She is current Vice President of Independent Schools Queensland, a member of the International Education and Training Advisory Group (IETAG) for the Queensland Government and a Past National President for the Alliance of Girls' Schools, Australasia. Karen holds both a Masters in Educational Administration and an MBA and was recognised with an OAM in the 2017 Queen's Birthday awards.

John Campbell Director *May 2018 - current*

John has a wealth of asset management experience, having spent more than 24 years in a variety of roles within the industry. Prior to joining Bennelong, John spent six years at UBS where he was Portfolio Manager of the UBS Australian Small Companies Fund, and was awarded the Australian Fund Managers' Best Small Cap Fund Manager of the Year in 2009. John joined UBS in 2004 from Credit Suisse First Boston where he was a Director of Equity Research Sales. He has worked in a broad range of roles within the industry including equity analysis, trading and sales at various financial institutions including Maple-Brown Abbott, Bankers Trust Australia and JP Morgan Private.

Edward Watkin Director *July 2018 – current*

Eddie is one of Australia's leading facilitators and highly respected leadership educators. He is a leadership entrepreneur, coach, mentor, strategist, presenter, author and speaker, and a lifelong learner of leadership.

Eddie's passion is to build, strengthen and advance better leadership connections between everyday people. He has had the privilege of coming alongside youth to inspire them to achieve their leadership best. He has coached executives and senior executives in business leadership. He has mentored people who want to make a difference in their personal lives, and he has had the honour of facilitating events for people who want to transform nations.

He continues to positively inspire, instruct and influence the lives of all generations in living their best leadership life.

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Directors' Report

Cameron Prout **Director**
August 2018 - current

Cameron joined the Yalari Board to help create opportunities in perpetuity for future generations of Indigenous children to realise their dreams and have a lasting impact on all Australians.

Cameron is the Head of Fundraising and Philanthropy at UnitingCare, helping hundreds of thousands of people and families throughout Queensland live life in all its fullness. Cameron is responsible for fundraising and philanthropy across UnitingCare's health, aged care and community services including Lifeline, Blue Care, The Wesley Hospital and St Andrew's War Memorial Hospital as well as UnitingCare's vast range of community programs.

Previously the Chief Executive Officer of the Queensland Children's Hospital Foundation and the Heart Foundation for over 18 years, Cameron led the efforts to significantly increase the impact, profile and revenue of both organisations.

REVIEW OF OPERATIONS

The profit for the year ended 31 December 2018 amounted to \$719,579 (compared to \$242,287 for the year ended 31 December 2017).

Short Term Objective

Yalari's short-term objectives are to provide the following:

- Secondary scholarships to Indigenous children from regional, rural and remote communities to attend boarding school for their entire secondary school education.
- Educational and pastoral support to Yalari students.
- Pathways for our students into tertiary or vocational education, employment or other meaningful activities.

Long Term Objective

Yalari's long-term objective is to educate and empower Indigenous children from regional, rural and remote communities to bring about generational change.

Strategy for Achieving Short Term and Long Term Objectives

To achieve these objectives, Yalari has adopted the following strategies:

- Adherence to the established and robust scholarship selection process for the identification of Indigenous children and their families that will ensure the successful completion of secondary school.
- Providing continued pastoral care and leadership training to past and present Yalari students to foster pride in self, community, heritage and achievement.
- Establish and maintain long term partnerships with high achieving secondary boarding schools around Australia who support and share Yalari's long term objective for providing educational opportunities to Indigenous children.
- Establish and maintain long term partnerships with donors and sponsors who support and share Yalari's long term objective for providing educational opportunities to Indigenous children.

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Directors' Report

- Attract and retain quality staff and volunteers who are committed to Yalari's long-term objective.
- Maintain the integrity of Yalari through continued open, honest and accountable behaviour.

Principal Activities

The principal activity of the company in the course of the financial year was the provision of scholarships for Indigenous youth supported by a program of pastoral support and personal development. This activity is directed to achieving the company's short and long-term objectives.

No significant change in the nature of this activity occurred during the year.

Measuring performance

The company measures its performance with a long-term focus on Student Outcomes supported by objectives and targets in the four key areas of Student Outcomes, Stakeholder Engagement, Financial Stewardship, and Organisational Capacity.

Subsequent Events

There were no adjusting or significant non-adjusting events which occurred between the reporting date and the date of authorisation.

Dividends

No dividends were declared or paid since the start of the financial year under review.

The company is Non-profit in nature. Under the Constitution of the company, there can be no distribution to members of the company.

Director's Meetings

During the period the Board met on 4 occasions, with attendance recorded as follows:-

	Held	Attended
Llew Mullins	4	4
Waverley Stanley	4	4
Bruce Davidson	4	4
Karen Spiller	4	4
John Campbell	2	2
Edward Watkins	2	2
Cameron Prout	2	2

Contribution in Winding Up

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, each ordinary member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 31 December 2018, the total amount that members of the company are liable to contribute if the company wound up is \$20.00 (31 December 2017: \$20.00).

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Directors' Report

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Subdivision 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in page 7 of this financial report and forms part of the Director's report.

Signed in accordance with a resolution of the directors.



Bruce Davidson
Acting Chairman



Waverley Stanley
Founding Director

Date: 12 March 2019

Auditor's Independence Declaration to the Members of Yalari Ltd

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Yalari Ltd for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M S Bell
Partner - Audit & Assurance

Brisbane, 12 March 2019

ACN-130 913 594

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Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013, including compliance with accounting standards and gives a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to Subdivision 60-C of the Australian Charities and Not-for-profits Commission Act 2012.

On behalf of the Directors:

A handwritten signature in blue ink, appearing to be 'PR' followed by a stylized flourish.

Bruce Davidson
Acting Chairman

A handwritten signature in blue ink, appearing to be 'W Stanley'.

Waverley Stanley
Founding Director

Date: 12 March 2019

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Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2018

		Dec 2018	Dec 2017
	Note	\$	\$
Revenue	5	7,113,953	6,188,758
Program Expenditure			
Scholarships		(3,660,897)	(3,441,618)
Student Support		(781,404)	(745,474)
Student Events		(285,645)	(226,414)
Pathways		(284,279)	(273,712)
Events - Fundraising		(349,099)	(309,617)
Fundraising Operations		(440,587)	(444,217)
Business Services		(592,463)	(505,419)
Total Expenditure	6	<u>(6,394,374)</u>	<u>(5,946,471)</u>
Profit for the Year		<u>719,579</u>	<u>242,287</u>
Other Comprehensive Income		-	-
Items of other comprehensive income		-	-
Income tax on other items of comprehensive income		-	-
Total comprehensive income attributed to members		<u>719,579</u>	<u>242,287</u>

This statement is to be read in conjunction with the Notes to the Financial Statements

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Statement of Financial Position As at 31 December 2018

	Note	Dec 2018 \$	Dec 2017 \$
Current Assets			
Cash and cash equivalents	7	7,932,792	6,843,543
Trade and other receivables	8	489,490	474,352
Other assets	9	<u>160,650</u>	<u>93,595</u>
Total Current Assets		<u>8,582,932</u>	<u>7,411,490</u>
Non - Current Assets			
Property, plant and equipment	10	<u>86,616</u>	<u>100,765</u>
Total Non - Current Assets		<u>86,616</u>	<u>100,765</u>
Total Assets		<u>8,669,548</u>	<u>7,512,255</u>
Current Liabilities			
Trade and other payables	11	120,786	217,918
Other financial liabilities	12	11,293	5,293
Provisions	13	145,736	153,162
Deferred revenue	14	<u>1,783,014</u>	<u>1,502,947</u>
Total Current Liabilities		<u>2,060,829</u>	<u>1,879,320</u>
Non-Current Liabilities			
Provisions	13	2,657	6,172
Deferred revenue	14	<u>259,720</u>	<u>-</u>
Total Non-Current Liabilities		<u>262,377</u>	<u>6,172</u>
Total Liabilities		<u>2,323,206</u>	<u>1,885,492</u>
Net Assets		<u>6,346,342</u>	<u>5,626,763</u>
Equity			
Retained earnings	17	6,125,415	5,418,286
Endowment Fund	17	<u>220,927</u>	<u>208,477</u>
Total Equity		<u>6,346,342</u>	<u>5,626,763</u>

This statement is to be read in conjunction with the Notes to the Financial Statements

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Statement of Changes in Equity For the year ended 31 December 2018

	Note	Dec 2018 \$	Dec 2017 \$
Retained Earnings			
Balance at the beginning of the year	17	5,418,286	5,281,531
Profit for the year		719,579	242,287
Other comprehensive income for the year		-	-
Transfers to Endowment Fund		<u>(12,450)</u>	<u>(105,532)</u>
Balance at the end of the year		<u>6,125,415</u>	<u>5,418,286</u>
Endowment Fund			
Balance at the beginning of the year	17	208,477	102,945
Transfers from Retained Earnings		<u>12,450</u>	<u>105,532</u>
Balance at the end of the year		<u>220,927</u>	<u>208,477</u>
Total Equity			
Balance at the end of the year		<u>6,346,342</u>	<u>5,626,763</u>

This statement is to be read in conjunction with the Notes to the Financial Statements

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Statement of Cash Flows For the year ended 31 December 2018

	Note	Dec 2018 \$	Dec 2017 \$
Cash flow from operating activities			
Receipts from fundraising, parents and government		7,917,918	5,581,334
Payments to suppliers and employees		(6,968,173)	(6,047,389)
Interest paid		-	-
Net cash used in operating activities		<u>949,745</u>	<u>(466,055)</u>
Cash flow from investing activities			
Interest received		145,019	176,854
Payments for property, plant and equipment		(11,515)	(21,431)
Net cash generated from investing activities		<u>133,504</u>	<u>155,423</u>
Cash flow from financing activities			
Net cash provided by (used in) financing activities		-	-
Net cash flow from financing activities		<u>-</u>	<u>-</u>
Net Increase in cash and cash equivalents		1,083,249	(310,632)
Cash at the beginning of the year		<u>6,838,250</u>	<u>7,148,882</u>
Cash at the end of the year	7	<u>7,921,499</u>	<u>6,838,250</u>

This statement is to be read in conjunction with the Notes to the Financial Statements

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Notes to the Financial Statements

For the year ended 31 December 2018

Note 1 - General information and statement of compliance

Yalari Limited is a not for profit public company limited by guarantee and incorporated in Australia on 13 April 2005. The address of its registered office and principal place of business is 5/62 Siganto Drive, Helensvale QLD 4212.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards' reduced disclosure requirements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

The financial statements for the year ended 31 December 2018 (including comparatives for the year ended 31 December 2017) were approved and authorised for issue by the board of directors on 12 March 2019.

Note 2 - Adoption of new and revised Accounting Standards

2.1 Standards and interpretations affecting amounts reported in the current period

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not result in any material changes to the reported results or financial position.

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the company has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 January 2018.

The adoption of AASB 9 no impact on the Company.

Accounting standards include Australian Accounting Standards.

Note 3 - Summary of accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement basis specified by the Australian Accounting Standards for each type of asset, liability, income and expense. The measurement basis are more fully described in the accounting policies below.

3.2 Basis of preparation

The financial report has been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in

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the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

3.3 Revenue

Revenue comprises revenue from donations and sponsorships, government grants, fundraising income, interest revenue and parent contributions. Revenue from major sources is shown in Note 5.

Revenue is measured by reference to the fair value of consideration received or receivable by Yalari for goods supplied and services provided, excluding taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of Yalari's different activities have been met. Details of the activity-specific recognition criteria are described below.

Donations and Bequests

Donations have been recorded when the right to that donation becomes controlled by Yalari Limited, when it is probable that the benefits comprising the contribution will flow to the company, and when the amount of the contribution can be measured reliably.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date Yalari becomes legally entitled to the shares or property.

Sale of goods

Revenue from the sale of goods comprises revenue earned from the sale of goods donated and purchased for resale. Sales revenue is recognised when the control of goods passes to the customer. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

Sponsorship Revenue

Sponsorship revenue is received from foundations, corporations and individuals and is recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis.

Gifts In Kind

Gifts in kind including professional pro bono services that can be reasonably valued are brought to account as revenue when the benefit of the service or the control of the asset transfers to Yalari.

The value of hours including the time of the Board of Directors, volunteer mentors, and fundraisers has not been brought to account because the fair value cannot be reliably determined. Donated goods that are distributed directly to clients have also not been brought to account as revenue or expenditure of the company.

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Interest Income

Interest income from a financial asset is recognised when it is received.

Government grants

Government grants are not recognised until there is a reasonable assurance that the company will comply with the conditions attached to them and that the grants will be received. The Commonwealth Government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives using the straight line or diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at each year end with the effect of any changes in estimate accounted for on a prospective basis.

The following rates are used in the calculation of depreciation:

- Furniture and office equipment 25-40% SL
- Motor Vehicles 12.5% DV
- Leasehold improvement 17% SL

3.5 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to the reporting date.

3.6 Income taxation

Yalari has been granted the following concessions:

- Income tax exemption from 1 July 2005 under subdivision 50B of the Income Tax Assessment Act 1997
- GST concessions from 1 July 2005 under Divisions 176 of a New Tax System (Goods and Services Tax) Act 1999
- FBT rebate from 1 July 2005 under section 123E of the Fringe Benefits Tax Assessment Act 1986.

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3.7 Cash and cash equivalents

Cash on hand and in the bank and short term deposits are stated at nominal value. Cash and bank balances reflected in the accounts include cash on hand, cheque account balances, online saver accounts and short term time deposits. Short term time deposits have a maturity of less than 12 months.

3.8 Impairment of other tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation increase.

3.9 Leased assets

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefit from the leased assets is consumed.

3.10 Provisions

Provisions are recognised when Yalari has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefits will result and that the outflow can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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3.11 Deferred Revenue

Deferred revenue represents funds that have been received in advance of the related expense or its entitlement. Such revenue is reflected as Deferred Revenue in the liability section in the Statement of Financial Position and is recognised on a systematic and rational basis as the expenses are incurred or when earned.

3.12 Good and services tax

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

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

3.13 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable)

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

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Notes to the Financial Statements

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3.13 Financial instruments (cont.)

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposit that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

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3.13 Financial instruments (cont.)

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and writes off fully any amounts that are more than 90 days past due.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

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Notes to the Financial Statements

For the year ended 31 December 2018

3.13 Financial instruments (cont.)

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for the inventories less all estimated cost of completion and costs necessary to make the sale.

3.15 Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Note 4 - Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A significant estimate for Yalari Limited is the allowance for doubtful debts.

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Notes to the Financial Statements

For the year ended 31 December 2018

Note 5 - Revenue and Note 6 Expenditure

Yalari has divided its operations into eight programs, being four front line service delivery programs (Scholarships, Student Support, Student Events and Pathways) and Events - Fundraising, Fundraising Operations, Business Services and the Endowment Fund.

These programs are monitored by management and those charged with governance and program results are reviewed to ensure that strategic outcomes are being delivered. The measurement methods for determining the programs' profit and loss are the same for 2018 and 2017.

Revenue identified for a specific activity is allocated directly to that program and other untied revenue is retained in Business Services and allocated to programs as required.

Fundraising Events include third party fundraisers and Yalari sponsored events. Revenue from the fundraising dinners only includes tickets sales, auction proceeds, raffles and donations received on the night that are not allocated to a specific activity (e.g. a student event or scholarship). Revenue identified for a specific activity is allocated directly to that program. Revenue received in advance of the related expense or its entitlement will be included in Revenue Received in Advance as outlined in Note 3.11 and Note 14.

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Notes to the Financial Statements For the year ended 31 December 2018

Summary by Program ('000's)	Scholarships		Student Support		Student Events		Pathways		Fundraising Events		Fundraising		Business Services		Endowment Fund		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Note 5. Revenue																		
Commonwealth Grants	1,771	2,049	292	174	155	-	-	-	-	-	-	751	279	-	-	2,969	2,502	
Donations & Sponsorship	1,703	1,402	222	237	121	212	259	258	200	-	-	502	388	7	103	3,014	2,600	
Events	-	-	-	-	-	-	-	-	666	698	-	-	-	-	-	666	698	
<i>Other Income:</i>																		
Parent Contribution	-	-	-	-	-	-	-	-	(1)	-	-	293	216	-	-	292	216	
Other Revenue	-	-	11	7	1	3	-	-	-	-	-	16	-	-	-	28	10	
Interest Income	-	-	-	-	-	-	-	-	-	-	-	140	160	5	2	145	162	
Total Funding	3,474	3,451	525	418	277	215	259	258	865	698	-	-	1,702	1,043	12	105	7,114	6,188
Note 6. Expenditure																		
Bad Debts	-	-	-	-	-	-	-	-	-	-	-	(4)	-	-	-	(4)	-	
Bank fees and charges	-	-	-	-	-	-	-	-	(18)	(13)	-	(5)	(4)	-	-	(23)	(17)	
Depreciation	-	-	-	-	-	-	-	-	-	-	(2)	(2)	(23)	(19)	-	(25)	(21)	
Direct Event Costs	-	-	-	-	(252)	(194)	(11)	-	(305)	(275)	-	-	-	-	-	(568)	(469)	
Fees & Permits	-	-	(1)	(1)	-	-	-	-	-	-	(2)	(1)	(1)	(3)	-	(4)	(5)	
Insurance	-	-	-	(5)	-	-	-	-	-	-	(1)	(12)	(27)	-	-	(13)	(32)	
Motor Vehicle	(1)	(2)	(1)	(3)	(4)	(6)	-	-	-	-	(14)	(3)	(15)	-	-	(23)	(26)	
Professional Fees	-	-	-	(9)	-	-	-	-	-	-	-	(23)	(32)	-	-	(23)	(41)	
Rent & Outgoings	-	-	(28)	(34)	-	-	(11)	(4)	-	-	(18)	(20)	(37)	(29)	-	(94)	(87)	
Scholarship/Student Costs	(3,639)	(3,389)	(34)	(35)	-	-	(42)	(31)	(2)	-	-	1	-	-	-	(3,716)	(3,455)	
Staff costs	-	(20)	(661)	(618)	-	-	(209)	(231)	-	-	(361)	(373)	(443)	(317)	-	(1,674)	(1,559)	
Technology & Communications	-	-	(29)	(11)	(1)	-	(6)	(3)	(6)	(1)	(24)	(32)	(39)	(58)	-	(105)	(105)	
Travel & Accommodation	(21)	(31)	(27)	(30)	(29)	(26)	(5)	(4)	(18)	(21)	(18)	(16)	(4)	(1)	-	(122)	(129)	
Total Expenditure	(3,661)	(3,442)	(781)	(746)	(286)	(226)	(284)	(273)	(349)	(310)	(440)	(444)	(593)	(505)	-	(6,394)	(5,946)	
Sub Total	(187)	9	(256)	(328)	(9)	(11)	(25)	(15)	516	388	(440)	(444)	1,109	538	12	105	720	242
Allocation of funds to Programs	187	-	256	328	9	11	25	15	(516)	(388)	440	444	(401)	(410)	-	-	-	-
Profit for the Year	-	9	-	-	-	-	-	-	-	-	-	-	708	128	12	105	720	242

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Notes to the Financial Statements For the year ended 31 December 2018

Note 7 - Cash and cash equivalents	Dec 2018	Dec 2017
	\$	\$
Bank accounts:		
Cash at bank	1,901,053	916,981
Cash at bank – Term Deposit (short term)	6,024,479	5,920,320
Cash at bank – Endowment Fund	7,260	6,242
	<u>7,932,792</u>	<u>6,843,543</u>

Reconciliation of cash:

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of the financial position as follows:

	Dec 2018	Dec 2017
	\$	\$
Cash	7,932,792	6,843,543
Credit card (see also Note 12)	<u>(11,293)</u>	<u>(5,293)</u>
	<u>7,921,499</u>	<u>6,838,250</u>

Note 8 - Trade and other receivables

Current

	Dec 2018	Dec 2017
	\$	\$
Trade & sundry debtors	429,434	408,183
Allowance for doubtful debts	(38,201)	(51,229)
Accrued Income	68,705	55,186
GST payable / (receivable)	29,552	27,012
Interest receivable	-	35,200
	<u>489,490</u>	<u>474,352</u>

Trade receivables disclosed are classified as receivables and are therefore measured at amortised cost. Debtors also include parents' school fees invoiced quarterly. The company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right to offset against any amounts owed by the company to the counter party.

Note 9 - Other assets

Current

	Dec 2018	Dec 2017
	\$	\$
Short term deposits (see below)	41,687	36,044
Prepayments	<u>118,963</u>	<u>57,551</u>
	<u>160,650</u>	<u>93,595</u>

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Notes to the Financial Statements

For the year ended 31 December 2018

Note 9 - Other assets (cont)	Dec 2018 \$	Dec 2017 \$
Short term deposits:		
School enrolment deposits	19,500	19,000
Office rental bond	5,833	5,833
Events deposits	16,354	11,211
Total deposits	<u>41,687</u>	<u>36,044</u>

Note 10 - Property, plant and equipment	Dec 2018 \$	Dec 2017 \$
Leasehold Improvements		
Assets at cost	41,976	41,976
Less: Accumulated amortisation	<u>(31,854)</u>	<u>(25,524)</u>
	<u>10,122</u>	<u>16,452</u>
Plant and equipment		
Assets at cost	100,796	89,280
Less: Accumulated depreciation	<u>(79,743)</u>	<u>(68,303)</u>
	<u>21,053</u>	<u>20,977</u>
Motor Vehicles		
Assets at cost	169,746	169,746
Less: Accumulated depreciation	<u>(114,305)</u>	<u>(106,410)</u>
	<u>55,441</u>	<u>63,336</u>
Total Property, plant and equipment	<u>86,616</u>	<u>100,765</u>

Leasehold improvements		
Opening balance	16,452	22,781
Additions	<u>-</u>	<u>-</u>
	16,452	22,781
Disposals	-	-
Depreciation	<u>(6,330)</u>	<u>(6,329)</u>
Closing Balance	<u>10,122</u>	<u>16,452</u>
Plant and equipment		
Opening balance	20,977	6,460
Additions	<u>11,516</u>	<u>21,430</u>
	32,493	27,890
Disposals	-	-
Depreciation	<u>(11,440)</u>	<u>(6,913)</u>
Closing Balance	<u>21,053</u>	<u>20,977</u>

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Notes to the Financial Statements

For the year ended 31 December 2018

	Dec 2018 \$	Dec 2017 \$
Note 10 - Property, plant and equipment (cont)		
Motor Vehicles		
Opening balance	63,336	72,384
Additions	<u>-</u>	<u>-</u>
	63,336	72,384
Disposals	-	-
Depreciation	<u>(7,895)</u>	<u>(9,048)</u>
Closing Balance	<u>55,441</u>	<u>63,336</u>
	Dec 2018 \$	Dec 2017 \$
Note 11 - Trade and other payables		
Trade creditors	60,954	161,846
Accrued expenses	33,871	30,826
PAYG payable	13,778	13,474
Superannuation payable	<u>12,183</u>	<u>11,772</u>
	<u>120,786</u>	<u>217,918</u>
	Dec 2018 \$	Dec 2017 \$
Note 12 - Other financial liabilities (unsecured)		
Credit card	<u>11,293</u>	<u>5,293</u>
	11,293	5,293
	Dec 2018 \$	Dec 2017 \$
Note 13 - Provisions		
Current		
Employee entitlements - annual leave accrual	117,432	128,800
Employee entitlements - long service leave	<u>28,304</u>	<u>24,362</u>
	145,736	153,162
Non-current		
Employee entitlements - long service leave	<u>2,657</u>	<u>6,172</u>
	2,657	6,172
	Dec 2018 \$	Dec 2017 \$
Note 14 - Deferred revenue		
Current		
Deferred revenue	<u>1,783,014</u>	<u>1,502,947</u>
	1,783,014	1,502,947
Non-current		
Deferred revenue	<u>259,720</u>	<u>-</u>
	259,720	-

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Notes to the Financial Statements For the year ended 31 December 2018

Note 15 - Key management personnel compensation

The aggregate compensation made to executive directors and other members of key management personnel of the company is set out below:

	Dec 2018 \$	Dec 2017 \$
Short term employee benefits	221,504	223,114
Post-employment benefits	21,043	43,465
Other long term benefits	-	-
	<u>242,547</u>	<u>266,579</u>

Note 16 - Remuneration of auditors

	Dec 2018 \$	Dec 2017 \$
	20,000	19,500

The auditors of Yalari are Grant Thornton. The market value of the pro bono audit fee has been valued at \$20,000 based on a fee estimate.

Note 17 - Equity

	Retained earnings \$	Dec 2018 Endowment Fund \$	Total equity \$
Balance at 1 January 2018	5,418,286	208,477	5,626,763
Profit for the year	719,579	-	719,579
Transfers to Endowment Fund	(12,450)	12,450	-
Balance at 31 December 2018	<u>6,125,415</u>	<u>220,927</u>	<u>6,346,342</u>

	Retained earnings \$	Dec 2017 Endowment Fund \$	Total equity \$
Balance at 1 January 2017	5,281,531	102,945	5,384,476
Profit for the year	242,287	-	242,287
Transfers to Endowment Fund	(105,532)	105,532	-
Balance at 31 December 2017	<u>5,418,286</u>	<u>208,477</u>	<u>5,626,763</u>

Yalari has established an 'Endowment Fund' by an internal governance structure as a vehicle for growing the fundraising capacity of Yalari to accumulate and build a capital base, the income from which is to be applied to Yalari's purposes. The Endowment Fund is not a separate legal entity. The governing body of the Endowment Fund is the Yalari board. The Endowment Fund has been established in accordance with the director's intention to ensure the ongoing viability of Yalari.

A portion of the Endowment Fund has been transferred from the Endowment Fund Account to the Term Deposits (short term) as reflected in Note 7.

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Notes to the Financial Statements

For the year ended 31 December 2018

Note 18 - Leases and Other Commitments	Dec 2018	Dec 2017
	\$	\$
Operating lease expenses	84,663	78,909
<i>Non- cancellable operating leases:</i>		
Not longer than one year	86,267	87,754
Longer than one year and not longer than five years	51,192	137,459
	<u>137,459</u>	<u>225,213</u>

Note 19 - Economic Dependency

Yalari Limited is dependent upon the continued support of sponsorships, donations and government funding in order to provide world class education in a supportive school environment to Indigenous children.

Note 20: Subsequent Events

There were no adjusting or significant non-adjusting events which occurred between the reporting date and the date of authorisation.

Note 21: Members guarantee

The company is limited by Guarantee. If the company is wound up, the Constitution of Yalari Limited states that each member is required to contribute \$10.00, meeting the outstanding obligations of the company. As at 31 December 2018 there are only 2 members of the company.

Independent Auditor's Report

To the Members of Yalari Ltd

Report on the audit of the financial report

Opinion

We have audited the accompanying financial report of Yalari Ltd (the "Registered Entity"), which comprises the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and Directors Declaration.

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

- a giving a true and fair view of the Registered Entity's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards to the extent described in Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity 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 audit opinion.

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 for the purposes of fulfilling the Registered Entity's financial reporting responsibilities under the ACNC Act. As a result the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act. The responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Registered Entity'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 Registered Entity or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M S Bell
Partner - Audit & Assurance

Brisbane, 12 March 2019