

Eskleigh Foundation Incorporated

Financial Statements

For the Year Ended 30 June 2014

Eskleigh Foundation Incorporated

Financial Statements

For the Year Ended 30 June 2014

CONTENTS

Page

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Funds	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Independent Auditor's Report	12

Eskleigh Foundation Incorporated

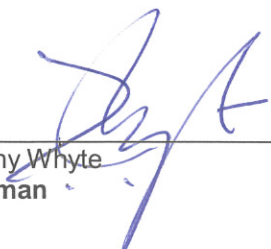
Board of Management Declaration

For the Year Ended 30 June 2014

In the opinion of the Board of Management, the financial statements and notes:

- i) present fairly the financial position of Eskleigh Foundation Inc. as at 30 June 2014 and the results and cash flows of the association for the year then ended;
- ii) have been prepared and presented in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements; and
- iii) satisfy the requirements of the *Associations Incorporations Act (Tasmania) 1964* to prepare accounts.

This statement is made in accordance with a resolution of the Board of Management:



Timothy Whyte
Chairman



Michael Walsh
Audit Committee Chairman

Dated this 26 day of August 2014

Eskleigh Foundation Incorporated

Board of Management

For the Year Ended 30 June 2014

Chairman:	Mr Timothy Whyte	1259 East Tamar Highway DILSTON
Vice-Chairman:	Dr Fiona Joske	21 William Street LONGFORD
Treasurer:	Mr Michael Walsh	19 Broadview Crescent TREVALLYN
Public Officer:	Mrs E Brenda Sheldrick	6 Craiglands Court PROSPECT
Board members:		
	Dr William R Gibson	Scone Drive PERTH
	Mr Lionel J Morrell	41 High Street LAUNCESTON
	Mrs Lynette Broomby	513 Winkleigh Road WINKLEIGH
	Ms Diane Porteous	71a Main Road PERTH
	Mrs Rozanne Boyd	17 Bulwer Street LONGFORD
	Ms Alison Andrews	159 High Street LAUNCESTON

R J Ruddick
Ruddicks
102 Tamar Street
LAUNCESTON TAS 7250

Sign this 26TH day of AUGUST 2014

Eskleigh Foundation Incorporated

Board of Management

For the Year Ended 30 June 2014

Chairman:	Mr Timothy Whyte	1259 East Tamar Highway DILSTON
Vice-Chairman:	Dr Fiona Joske	21 William Street LONGFORD
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	Ms Alison Andrews	159 High Street LAUNCESTON

R J Ruddick
Ruddicks
102 Tamar Street
LAUNCESTON TAS 7250

Sign thisday of..... 2014

Eskleigh Foundation Incorporated

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
OPERATING REVENUE			
Fees		2,303,042	2,432,502
Government funding		5,449,830	5,211,548
Other operating revenue		103,368	17,596
Total operating revenue	3	7,856,240	7,661,646
OPERATING EXPENSES			
Employee benefits		5,518,827	5,784,891
Domestic		578,164	438,065
Property		880,171	593,553
Administration		714,805	626,652
Motor vehicles		191,012	202,999
Total operating expenses		7,882,979	7,646,160
Operating surplus/(deficit)	3	(26,739)	15,486
NON-OPERATING ITEMS			
Fundraising		964	20,184
Bequests and donations		83,767	85,440
Memberships		300	119
Specific Purpose Capital Grants (non-Government)	2	32,133	-
Interest	2	99,171	106,341
Gain/(loss) on disposal of assets	2	(88,526)	(12,273)
Net non-operating items		127,809	199,811
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		101,070	215,297

Statement of Financial Position

As At 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current assets			
Cash	4	1,580,690	1,422,920
Inventories		1,062	1,062
Trade and other receivables	5	297,271	188,283
Prepayments		3,813	70,036
Total current assets		1,882,836	1,682,301
Non-current assets			
Loans		123,034	152,206
Property, plant and equipment	6	5,879,612	5,837,956
Art collection		84,802	86,950
Total non-current assets		6,087,448	6,077,112
TOTAL ASSETS		7,970,284	7,759,413
LIABILITIES			
Current liabilities			
Trade and other payables	7	589,281	544,444
Provisions	8	495,286	465,172
Total current liabilities		1,084,567	1,009,616
Non-current liabilities			
Provisions	8	94,386	59,536
Total non-current liabilities		94,386	59,536
TOTAL LIABILITIES		1,178,953	1,069,152
NET ASSETS		6,791,331	6,690,261
EQUITY			
Accumulated funds		3,652,176	4,850,787
Reserves	9	3,139,155	1,839,474
TOTAL EQUITY		6,791,331	6,690,261

Statement of Changes in Funds

For the Year Ended 30 June 2014

	Accumulated Funds \$	Asset Revaluation Reserve \$	Operating Reserve \$	Total \$
Balance at 1 July 2012	4,635,490	2,941,674	-	7,577,164
Net surplus / (deficit) for year	215,297	-	-	215,297
Revaluation increment/(decrement) of property	-	(1,166,175)	-	(1,166,175)
Revaluation increment of artwork	-	65,472	-	65,472
Transfers				
Capital works funded from reserve	-	(1,497)	-	(1,497)
Balance as at 30 June 2013	4,850,787	1,839,474	-	6,690,261
Net surplus / (deficit) for year	101,070	-	-	101,070
Revaluation increment/(decrement) of property	-	-	-	-
Revaluation increment of artwork	-	-	-	-
Transfers				
Capital works funded from reserve	-	-	-	-
Operating Reserve	(1,299,681)	-	1,299,681	-
Balance as at 30 June 2014	3,652,176	1,839,474	1,299,681	6,791,331

Eskleigh Foundation Incorporated

Statement of Cash Flows

For the Year Ended 30 June 2014

	Notes	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees received		2,404,145	2,483,148
Government funding received		5,995,370	5,211,548
Payments to suppliers		(2,245,916)	(1,363,616)
Employee benefits paid		(5,391,707)	(5,777,250)
Interest received		100,031	107,865
GST remitted		(465,197)	(430,548)
Other income		229,445	178,110
Net cash inflow from operating activities		626,171	409,257
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		24,500	13,159
Purchase of property, plant and equipment		(493,334)	(428,913)
Loans – payments made		433	(145,877)
Net cash outflow from investing activities		(468,401)	(561,631)
NET INCREASE (DECREASE) IN CASH HELD		157,770	(152,374)
CASH AT BEGINNING OF FINANCIAL YEAR		1,422,920	1,575,294
CASH AT END OF FINANCIAL YEAR		1,580,690	1,422,920

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Eskleigh Foundation Incorporated ("the Association") is an association incorporated under the *Associations Incorporation Act (Tasmania) 1964*. This financial report covers the Association as an individual entity.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Associations Incorporations Act (Tasmania) 1964*. The Association has elected to early adopt the pronouncements AASB 1053: Applications of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2009.

The adoption of these standards has resulted in significantly reduced disclosures throughout the notes to the financial statements. There was no impact on the reporting financial position and performance of the Association.

Australian Accounting Standards set out policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the presentation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report, except for the cash flow information, is prepared on an accruals basis, is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income Tax

The Association has not adopted the principles of tax effect accounting as it has received notification of its exemption from income tax under section 50-45 of the Australian *Income Tax Assessment Act 1997*. The Association holds deductible gift recipient status.

(b) Revenue

Revenue from fees for services provided to clients is recognised upon billing of the service to the client. This generally occurs after the end of the relevant pay period when the number of hours of care provided to each client can be reliably determined. Government grants are recognised as revenue in the period in which control over the funding is obtained. Interest revenue is recognised on a proportional basis, taking into account the interest rates applicable to the financial assets. Other revenue items, including donations, bequests and fundraising are recognised on receipt.

(c) Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand, cash at bank and deposits at call.

(d) Employee Entitlements

Liabilities for salaries, wages and annual leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of the employees' service up to that date.

A liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, Plant and Equipment, and Art Collection

Land and buildings are measured at fair value, based on periodic but generally triennial valuations by an external independent valuer. Plant and equipment are measured using the cost basis and are depreciated over the expected useful life of each asset using the diminishing value basis. The art collection is measured using the cost basis and is depreciated over the expected life of each asset using the diminishing value basis, with an adjustment to fair value made periodically when valued by an external independent valuer.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The carrying amount of property, plant and equipment is reviewed annually by the board to ensure that it is not in excess of the recoverable amount of these assets. The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows from its continued use and subsequent disposal.

Depreciation Rates

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

Motor Vehicles	20% - 21.43%
Computer Equipment	40%
Other Equipment	10% - 30%
Structural Improvements	2.5% - 10%
Art Collection	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(f) Provisions

Provisions are recognised when the company 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.

(h) Leases

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

Notes to the Financial Statements

For the Year Ended 30 June 2014

2 OPERATING RESULT

Included in the operating surplus/deficit were the following specific items of revenue and expense:

	2014	2013
	\$	\$
NET GAINS/(LOSSES)		
Proceeds from disposal of fixed assets	55,000	41,728
Carrying value of assets disposed	<u>(143,526)</u>	<u>(54,001)</u>
	<u>(88,526)</u>	<u>(12,273)</u>
Expenses		
Depreciation		
Buildings	60,590	65,604
Furniture and equipment	198,508	158,238
Motor vehicles	<u>11,239</u>	<u>9,913</u>
	<u>270,337</u>	<u>233,755</u>
Auditors remuneration		
Auditing or reviewing the financial report	<u>10,370</u>	<u>17,058</u>
	<u>10,370</u>	<u>17,058</u>
Operating lease rentals		
Equipment	6,797	6,553
Motor vehicles	126,444	144,241
Buildings	<u>35,572</u>	<u>33,852</u>
	<u>168,813</u>	<u>184,646</u>
Specific Purpose Capital Grants (non-Government)		
QBE Insurance	10,000	-
Tasmanian Community Fund	<u>22,133</u>	<u>-</u>
	<u>32,133</u>	<u>-</u>
Interest Revenue		
Financial instruments at amortised cost		
Interest	<u>99,171</u>	<u>106,341</u>

Notes to the Financial Statements

For the Year Ended 30 June 2014

3 SEGMENT CONTRIBUTION

	OPERATING REVENUE		OPERATING SURPLUS/DEFICIT	
	2014	2013	2014	2013
	\$	\$	\$	\$
Eskleigh Home	4,488,822	4,380,675	(251,688)	(90,940)
Group Home 1 - Longford	431,031	387,962	78,057	(8,189)
Group Home 2 - Kings Meadows	421,204	392,554	83,129	3,887
Group Home 4 - Montrose	583,587	507,039	97,533	64,281
Attendant Care - North	983,453	1,029,543	(94,577)	(18,593)
Attendant Care - South	233,801	223,600	9,708	5,807
Esk Banks Group Home	4,800	33,672	4,800	(52,184)
Group Home 5 - Carbeen Street	709,542	706,601	46,299	111,417
Total	7,856,240	7,661,646	(26,739)	15,486

	2014	2013
	\$	\$
4 CASH		
Cash on hand	1,500	1,500
Bank balances	363,372	240,940
Short-term deposits	1,215,818	1,180,480
	1,580,690	1,422,920

5 RECEIVABLES		
Trade receivables	248,850	155,456
Accrued fees	44,671	28,218
Accrued interest	3,750	4,609
	297,271	188,283

Notes to the Financial Statements

For the Year Ended 30 June 2014

6 PROPERTY PLANT AND EQUIPMENT

LAND AND BUILDINGS			
At independent valuation		4,906,219	4,835,000
Total land and buildings		4,906,219	4,835,000
PLANT AND EQUIPMENT			
Furniture and equipment			
At cost		2,150,947	2,365,581
Less accumulated depreciation		(1,179,951)	(1,401,212)
		970,996	964,369
Motor vehicles			
At cost		3,050	52,605
Less accumulated depreciation		(653)	(14,018)
Total motor vehicles		2,397	38,587
Total plant and equipment		973,393	1,002,956
Total property, plant and equipment		5,879,612	5,837,956

In accordance with note 1(e), land and buildings are measured on the fair value basis.

The independent valuations were carried out as at 30th June 2013 on the basis of a highest and best fair value of the properties. The independent valuations were carried out by Mr A Cubbins, Certified Practising Valuer, at 30th June 2013. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties. The valuations resulted in a revaluation decrement of \$1,166,175 being recognised in the Asset Revaluation Reserve for the year ended 30 June 2013.

Movements in Carrying Amounts

	Buildings	Furniture and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Opening balance	4,835,000	964,369	38,587	5,837,956
Additions	138,291	265,909	49,171	453,371
Disposals	(6,482)	(60,774)	(74,122)	(141,378)
Depreciation	(60,590)	(198,508)	(11,239)	(270,337)
Carrying amount at the end of year	4,906,219	970,996	2,397	5,879,612

Notes to the Financial Statements

For the Year Ended 30 June 2014

	2014	2013
	\$	\$
7 PAYABLES		
Sundry creditors and accruals	352,919	307,374
GST collected	52,105	92,725
Trade creditors	184,257	144,345
	<u>589,281</u>	<u>544,444</u>
8 PROVISIONS		
Current		
Annual leave	330,427	302,929
Long service leave	164,859	162,243
	<u>495,286</u>	<u>465,172</u>
Non-Current		
Long service leave	94,386	59,536

9 RESERVES

(a) *Asset Revaluation Reserve*

The asset revaluation reserve records unrealised revaluation increments or decrements on non-current assets. Where a previously revalued asset is disposed of, the amount in the asset revaluation reserve related to that asset is transferred back to the accumulated funds.

(b) *Operating Reserve*

Eskleigh Foundation Incorporated developed and adopted a Financial Management Policy during the year. The purpose of this policy is to ensure Eskleigh Foundation Incorporated keeps accurate financial records, submits annual reports, undertakes an annual audit and at all times is an organisation with sound financial probity. One aspect of the policy related to the creation of an Operating Reserve.

The Operating Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. Operating Reserves are not intended to replace a permanent loss of funds or to eliminate an ongoing budget gap. Operating Reserves used are to be replenished as soon as that becomes feasible. The Operating Reserve Fund is defined as the designated fund set aside by action of the Board. It should contain an amount sufficient to continue its main operations measured for two (2) months. The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to both internal and external changes.

The Operating Reserve fund will be funded with surplus, unrestricted, operating funds. The Board may from time to time direct that a specific source of revenue be set aside for Operating Reserves. Examples could include one-time gifts or bequests, special grants, or special appeals.

Notes to the Financial Statements

For the Year Ended 30 June 2014

10 MEMBERS GUARANTEE

Eskleigh Foundation Incorporated is incorporated under the *Associations Incorporations Act (Tasmania) 1964*. If it is wound up, the rules of the Association state that each member is required to contribute a maximum of \$10 each toward meeting any outstanding obligations of the Association.

At 30 June 2014 the number of financial members was 31 (2013 - 19), including 11 life members.

11 LEASING AND CAPITAL COMMITMENTS

	2014 \$	2013 \$
Operating Lease Commitments		
Payable		
0 - 1 year	108,413	130,686
2 - 5 years	44,711	91,233
	153,124	221,919

12 KEY MANAGEMENT PERSONNEL COMPENSATION

Total remuneration paid to key management personnel during the year

Employee benefits	263,999	310,118
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13 CONTINGENT LIABILITIES

Eskleigh Foundation Incorporated is aware of a claim being made against another disability service provider in relation to the translation of employees with effect from 1 July 2012, and which all providers were required to perform. The decision made by the Fair Work Commission is now subject to an appeal to the Full Bench of the Federal Court, with the result of that appeal unlikely to be known for several months.

If the appeal is dismissed, it is likely that action will be taken against Eskleigh Foundation Incorporated at some time in the future. Eskleigh Foundation Incorporated will defend any future action on the basis that it translated employees correctly with effect from 1 July 2012, however, given the uncertainty of any future action and the inability to quantify any potential liability, Eskleigh Foundation is unable to include an estimate of any future liability in these financial statements.

14 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors is not aware of any significant events since the end of the reporting period.

Independent Auditor's Report

For the Year Ended 30 June 2014

Report on the Financial Report

I have audited the accompanying financial report of Eskleigh Foundation Inc (the association), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the members of the board giving a true and fair view of the financial position and performance of the association.

Board's Responsibility for the Financial Report

The directors' of the association are responsible for the preparation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporation Act (Tas) 1964* and for such internal control as the board determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's Opinion

In my opinion, the financial report of Eskleigh Foundation Inc is in accordance with the *Associations Incorporation Act (Tas) 1964*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards – reduced disclosure requirements as disclosed in Note 1.

Ruddicks
R J Ruddick
102 Tamar Street
Launceston TAS 7250

Signed:



Dated this 26th day of August 2014