

Eskleigh Foundation Incorporated

Financial Statements

For the Year Ended 30 June 2016

Eskleigh Foundation Incorporated

Financial Statements

For the Year Ended 30 June 2016

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

18

Eskleigh Foundation Incorporated

Board of Management Declaration

For the Year Ended 30 June 2016

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 2016 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



Linda McKenzie
Audit Committee Chairman

Dated this 30TH day of AUGUST 2016

Eskleigh Foundation Incorporated

Board of Management

For the Year Ended 30 June 2016

Chairman: Mr Timothy Whyte 313 John Lees Drive
DILSTON

Vice-Chairman: Mrs Lynette Broomby 513 Winkleigh Road
WINKLEIGH

Treasurer: Mrs Linda McKenzie 44 Cleghorn Avenue
(appointed 24th November 2015) RIVERSIDE

Public Officer: Dr Fiona Joske 21 William Street
LONGFORD

Board members:

Mr Michael Walsh 19 Broadview Crescent
(resigned 31st December 2015) TREVALLYN

Mrs E Brenda Sheldrick 6 Craiglands Court
(resigned 28th October 2015) PROSPECT

Mr Lionel J Morrell 41 High Street
LAUNCESTON

Mrs Rozanne Boyd 17 Bulwer Street
LONGFORD

Ms Alison Andrews 50 Wellington Street
LONGFORD

Mr Linus Grant 7 Tannery Road
(appointed 23rd February 2016) LONGFORD

Mr Les Baxter 8 Clifton Place
(appointed 26th April 2016) PROSPECT VALE

L K Kimpton
Ruddicks
102 Tamar Street
LAUNCESTON TAS 7250

Sign this 30th day of August 2016

Eskleigh Foundation Incorporated

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
OPERATING REVENUE			
Fees		2,293,930	2,262,098
Government funding		5,931,936	5,721,744
Other operating revenue		57,025	92,624
Total operating revenue	3	<u>8,282,891</u>	<u>8,076,466</u>
OPERATING EXPENSES			
Employee benefits		5,818,926	5,509,267
Domestic		730,433	694,012
Property		644,623	726,650
Administration		908,428	888,966
Motor vehicles		199,779	178,264
Total operating expenses		<u>8,302,189</u>	<u>7,997,159</u>
Operating surplus/(deficit)	3	<u>(19,298)</u>	<u>79,307</u>
NON-OPERATING ITEMS			
Fundraising		85,982	27,390
Bequests and donations		44,916	134,146
Memberships		285	270
Interest	2	69,065	84,802
Gain/(loss) on disposal of assets	2	-	(19,732)
Net non-operating items		<u>200,248</u>	<u>226,876</u>
Net surplus for the year	3	<u>180,950</u>	<u>306,183</u>
Other comprehensive income			
Revaluation of assets		240,884	0
Total Other comprehensive income		<u>240,884</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>421,834</u></u>	<u><u>306,183</u></u>

Eskleigh Foundation Incorporated

Statement of Financial Position

As At 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Current assets			
Cash	4	1,910,906	1,990,546
Inventories		1,062	1,062
Trade and other receivables	5	215,721	178,907
Prepayments		13,027	4,617
Total current assets		2,140,716	2,175,132
Non-current assets			
Loans		150,000	150,000
Property, plant and equipment	6	6,383,785	5,830,938
Art collection		112,110	91,158
Total non-current assets		6,645,895	6,072,096
TOTAL ASSETS		8,786,611	8,247,228
LIABILITIES			
Current liabilities			
Trade and other payables	7	593,100	546,765
Provisions	8	601,935	523,344
Total current liabilities		1,195,035	1,070,109
Non-current liabilities			
Provisions	8	72,228	79,605
Total non-current liabilities		72,228	79,605
TOTAL LIABILITIES		1,267,263	1,149,714
NET ASSETS		7,519,348	7,097,514
EQUITY			
Accumulated funds		4,056,428	3,934,767
Reserves	9	3,462,920	3,162,747
TOTAL EQUITY		7,519,348	7,097,514

Statement of Changes in Funds

For the Year Ended 30 June 2016

	Accumulated Funds \$	Asset Revaluation Reserve \$	Operating Reserve \$	Total \$
Balance at 1 July 2014	3,652,176	1,839,474	1,299,681	6,791,331
Net surplus / (deficit) for year	306,183	-	-	306,183
Revaluation increment/(decrement) of property	-	-	-	-
Revaluation increment of artwork	-	-	-	-
Transfers				
Capital works funded from reserve	-	-	-	-
Operating Reserve	(23,592)	1	23,591	-
Balance as at 30 June 2015	3,934,767	1,839,475	1,323,272	7,097,514
Net surplus / (deficit) for year	180,950	-	-	180,950
Revaluation increment/(decrement) of property	-	219,555	-	219,555
Revaluation increment of artwork	-	21,329	-	21,329
Transfers				
Capital works funded from reserve	-	-	-	-
Operating Reserve	(59,289)	-	59,289	-
Balance as at 30 June 2016	4,056,428	2,080,359	1,382,561	7,519,348

Eskleigh Foundation Incorporated

Statement of Cash Flows

For the Year Ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees received		2,374,384	2,391,165
Government funding received		6,524,701	6,291,296
Payments to suppliers		(2,624,176)	(2,476,702)
Employee benefits paid		(5,613,155)	(5,493,678)
Interest received		61,324	83,988
GST remitted		(399,897)	(399,028)
Other income		231,006	295,064
Net cash inflow from operating activities		<u>554,187</u>	<u>692,105</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	35,250
Purchase of property, plant and equipment		(633,827)	(290,533)
Loans – payments made		-	(26,966)
Net cash outflow from investing activities		<u>(633,827)</u>	<u>(282,249)</u>
NET INCREASE (DECREASE) IN CASH HELD		(79,640)	409,856
CASH AT BEGINNING OF FINANCIAL YEAR		1,990,546	1,580,690
CASH AT END OF FINANCIAL YEAR	4	<u><u>1,910,906</u></u>	<u><u>1,990,546</u></u>

Notes to the Financial Statements

For the Year Ended 30 June 2016

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. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 2016

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.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 15, Fair Value Measurements.

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.

(g) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(i) Inventories

Stock on hand is valued at the lower of cost or net replacement cost.

(j) Trade and other payables

Trade and other payables are stated at their amortised cost.

(k) Impairment

The carrying amounts of the Association's assets, other than inventories (see accounting policy 1(i)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

(l) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) New and revised accounting standards

AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments

Part A of this standard updates references to the Framework for the Preparation and Presentation of Financial Statements in other standards as a consequence of the issue of AASB CF 2013-1 in December 2013.

Part B of this standard deletes references to AASB 1031, Materiality in various other standards. Once all references to AASB 1031 have been deleted from all Australian Accounting Standards, AASB 1031 will be withdrawn.

Part C of this standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and numerous other standards. Part C also amends the effective date of AASB 9 to annual reporting periods beginning on or after 1 January 2017, instead of 1 January 2015.

AASB 9 Financial Instruments and the relevant amending standards

AASB 9 is one of a series of amendments that are expected to replace AASB 139 Financial Instruments: Recognition and Measurement. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101

The amendments to AASB 101 do not require any significant change to current practice, but should facilitate improved reporting, including emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation of subtotals, the ordering of notes and the identification of significant accounting policies.

AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

The amendments extend the scope to AASB 124 Related Party Disclosures to include not-for-profit public sector entities.

AASB 15 Revenue from Contracts with Customers, and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15

Under the new standard, a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time is proposed. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The new standard will apply to contracts of not-for-profit entities that are exchange contracts. AASB 1004 Contributions will continue to apply to non-exchange transactions until the Income from Transactions of Not-for-Profit Entities project is completed.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Judgements and Assumptions

In the application of Australian Accounting Standards, the Board is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. 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.

The Board has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Judgements made by the Board that have significant effects on the financial report are disclosed in the relevant notes as follows:

Employee entitlements

Assumptions are utilised in the determination of the Associations employee entitlement provisions. These assumptions are discussed in note 1(d).

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of the Association's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 1(e).

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 OPERATING RESULT

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

	2016	2015
	\$	\$
NET GAINS/(LOSSES)		
Proceeds from disposal of fixed assets	-	32,069
Carrying value of assets disposed	-	(51,801)
	<u>-</u>	<u>(19,732)</u>
Expenses		
Depreciation		
Buildings	55,679	58,728
Furniture and equipment	186,422	195,303
Motor vehicles	1,195	7,792
Art collection	2,576	2,444
	<u>245,872</u>	<u>264,267</u>
Auditors remuneration		
Auditing or reviewing the financial report	11,139	9,600
	<u>11,139</u>	<u>9,600</u>
Operating lease rentals		
Equipment	1,080	4,329
Motor vehicles	157,591	126,972
Buildings	41,042	45,389
	<u>199,713</u>	<u>176,690</u>
Interest Revenue		
Financial instruments at amortised cost		
Interest	69,065	84,802
	<u>69,065</u>	<u>84,802</u>

Notes to the Financial Statements

For the Year Ended 30 June 2016

3 CONTRIBUTION

	OPERATING REVENUE		OPERATING SURPLUS/DEFICIT	
	2016	2015	2016	2015
	\$	\$	\$	\$
Eskleigh Home	4,870,168	4,752,940	(120,595)	(86,649)
Group Home 1 - Longford	464,314	445,802	26,346	22,261
Group Home 2 - Kings Meadows	464,490	445,307	40,331	34,141
Group Home 4 - Montrose	604,229	578,769	5,313	42,021
Attendant Care - North	918,188	891,414	34,793	23,344
Attendant Care - South	191,248	223,163	12,346	8,241
Esk Banks Group Home	13,678	12,800	(1,344)	12,059
Group Home 5 - Carbeen Street	756,576	726,271	(16,488)	23,889
Total	8,282,891	8,076,466	(19,298)	79,307

	2016	2015
	\$	\$
4 CASH		
Cash on hand	1,500	1,500
Bank balances	644,871	490,321
Short-term deposits	1,264,535	1,498,725
	1,910,906	1,990,546

5 RECEIVABLES		
Trade receivables	159,716	127,879
Accrued fees	43,700	46,464
Accrued interest	12,305	4,564
	215,721	178,907

Notes to the Financial Statements

For the Year Ended 30 June 2016

	2016	2015
	\$	\$
6 PROPERTY PLANT AND EQUIPMENT		
LAND AND BUILDINGS		
At independent valuation	5,489,068	4,890,827
Total land and buildings	<u>5,489,068</u>	<u>4,890,827</u>
PLANT AND EQUIPMENT		
Furniture and equipment		
At cost	2,393,995	2,289,416
Less accumulated depreciation	<u>(1,537,576)</u>	<u>(1,351,154)</u>
	<u>856,419</u>	<u>938,262</u>
Motor vehicles		
At cost	40,694	3,050
Less accumulated depreciation	<u>(2,396)</u>	<u>(1,201)</u>
Total motor vehicles	<u>38,298</u>	<u>1,849</u>
Total plant and equipment	<u>894,717</u>	<u>940,111</u>
Total property, plant and equipment	<u><u>6,383,785</u></u>	<u><u>5,830,938</u></u>

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 2016 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 2016. 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 increment of \$219,555 being recognised in the Asset Revaluation Reserve for the year ended 30th June 2016.

Movements in Carrying Amounts

	Buildings	Furniture and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Opening balance	4,890,827	938,262	1,849	5,830,938
Additions	434,365	104,579	37,644	576,588
Revaluation increments/(decrements)	219,555	-	-	219,555
Depreciation	<u>(55,679)</u>	<u>(186,422)</u>	<u>(1,195)</u>	<u>(243,296)</u>
Carrying amount at the end of year	<u>5,489,068</u>	<u>856,419</u>	<u>38,298</u>	<u>6,383,785</u>

Notes to the Financial Statements

For the Year Ended 30 June 2016

	2016	2015
	\$	\$
7 PAYABLES		
Sundry creditors and accruals	414,965	315,462
GST collected	72,860	82,753
Trade creditors	105,275	148,550
	<u>593,100</u>	<u>546,765</u>
8 PROVISIONS		
Current		
Annual leave	419,545	348,151
Long service leave	182,390	175,193
	<u>601,935</u>	<u>523,344</u>
Non-Current		
Long service leave	72,228	79,605

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 has developed and adopted a Financial Management Policy. 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 2016

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 2016 the number of financial members was 25 (2015 - 29), including 9 life members.

11 LEASING AND CAPITAL COMMITMENTS

	2016 \$	2015 \$
Operating Lease Commitments Payable		
0 - 1 year	127,127	150,755
2 - 5 years	127,005	164,361
	<u>254,132</u>	<u>315,116</u>

12 KEY MANAGEMENT PERSONNEL COMPENSATION

Total remuneration paid to key management personnel during the year

Employee benefits	<u>323,071</u>	<u>245,614</u>
-------------------	----------------	----------------

Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons, unless otherwise stated.

During the year, the following related parties provided services to Eskleigh Foundation Incorporated:

ARC Support Services - provision of administration and payroll services	148,564	148,156
ARC Support Services - provision of Emplive services	26,976	-
ARC Support Services - provision of personal and home care services	1,279	30,434
	<u>176,819</u>	<u>178,590</u>

During the year, Eskleigh Foundation Incorporated provided services to the following related parties:

ARC Support Services - provision of personal and home care services	<u>916</u>	<u>698</u>
---	------------	------------

Notes to the Financial Statements

For the Year Ended 30 June 2016

13 EVENTS AFTER THE REPORTING PERIOD

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

14 FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, related party loans, accounts receivable and payable, and leases.

The totals for each category of financial instruments as measured in accordance with AASB 139 as detailed in the accounting policies to these financial instruments are as follows:

	2016 \$	2015 \$
Carrying amounts classified as:		
<i>Financial assets</i>		
Cash and cash equivalents	1,910,906	1,990,546
Loans and receivables	309,716	277,879
	<u>2,220,622</u>	<u>2,268,425</u>
<i>Financial liabilities</i>		
Trade and other payables	593,100	546,765
	<u>593,100</u>	<u>546,765</u>
Net financial assets/(liabilities)	<u><u>1,627,522</u></u>	<u><u>1,721,660</u></u>

15 FAIR VALUE MEASUREMENTS

The Association measures and recognises the following assets at fair value on a recurring basis: Property, plant and equipment

- Land and buildings

The Association does not measure any liabilities at fair value on a recurring basis.

The totals for each category of financial instruments as measured in accordance with AASB 139 as detailed in the accounting policies to these financial instruments are as follows:

Notes to the Financial Statements

For the Year Ended 30 June 2016

15 FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Fair value hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Association. The table presents the Associations assets and liabilities measured and recognised at fair value at 30 June 2016.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3.

As at 30 June 2016:

	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements		\$	\$	\$	\$
Land and buildings	6	-	5,489,068	-	5,489,068
		-	5,489,068	-	5,489,068

As at 30 June 2015:

	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements		\$	\$	\$	\$
Land and buildings	6	-	4,890,827	-	4,890,827
		-	4,890,827	-	4,890,827

Transfers between levels of the hierarchy

The Association's policy is to recognise transfers in and out of the fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. No relevant transfers occurred during the 2016 financial year.

Notes to the Financial Statements

For the Year Ended 30 June 2016

15 FAIR VALUE MEASUREMENTS (CONTINUED)

(b) **Highest and best use**

All assets valued at fair value in this note are being used for their highest and best use.

(c) **Valuation techniques and significant inputs used to derive fair values**

The Association has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

(d) **Valuation processes**

The Association's valuation policies and procedures for land and buildings involve reviewing all asset values at the reporting date and ensuring the values are consistent with other available information. The primary source of information comes from the triennial valuations performed by an external independent valuer. Independent valuations were carried out as at 30th June 2016 and these resulted in a revaluation increment of \$219,555.

The Association also reviews asset holdings for other indicative evidence that may indicate a change in fair value. No evidence attained during the financial year suggested that the values used were inappropriate.

Independent Auditor's Report

For the Year Ended 30 June 2016

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 2016, 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 association's financial position as at 30 June 2016 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
L K Kimpton
102 Tamar Street
Launceston TAS 7250

Signed:



Dated this 30th day of August 2016

Page 18