



Eskleigh Foundation Incorporated

Financial Statements

For the Year Ended 30 June 2019

Eskleigh Foundation Incorporated

Financial Statements

For the Year Ended 30 June 2019

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Eskleigh Foundation Incorporated

Board of Management's Report

For the Year Ended 30 June 2019

The Board of Management present their report for Eskleigh Foundation Incorporated for the financial year ended 30 June 2019.

Review of Operations

The net profit for the year amounted to \$334,202 (2018: loss of \$615,264).

Included in the result of 2019 is a one-off bequest for \$469,163.

For comparative purposes; a number of unusual and on off expenses were incurred during the prior year, 2018 as follows:

	2018
• Loss from Start-up of Attendant Care North West	244,001
• Higher than usual consulting – e.g. CRM Project	47,693
• Loss on Fixed assets/ Asset Register clean up	32,248
• Eskleigh Resident Bad Debt written off	9,897
• Prior Year Workers comp catch-up	25,000
• Art Award / 70th Anniversary Net Expense	20,317
• High level of Recruitment Finder Fees	35,711
• Industrial settlement	<u>22,000</u>
	<u>436,867</u>

Significant Changes in the State of Affairs

Following a number strategic planning meetings, the Board has developed a list of projects that require completion over the next 12 to 24 months, each of these projects are important to the long-term success of Eskleigh. These projects include a review of the future use of Eskleigh Home and the site at Perth.

Principal Activities

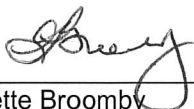
The principal activities of Eskleigh Foundation Incorporated are to provide a range of disability support services to Tasmanians. Our Service provides support for people with varying levels of physical and intellectual disability including: spinal injury, Acquired Brain Injury, aneurysm and stroke.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Eskleigh Foundation Incorporated.

Likely Developments and Expected Results of Operations

Eskleigh Foundation Incorporated will continue to pursue its strategic objectives to increase Eskleigh Foundations Incorporated's economic performance. This may entail a restructure of the current services supplied by the organisation. The board plans to continue to explore ways to increase profitability of the organisation and ensure its continued operation.



Lynette Broomby
Chairperson



Linda McKenzie
Audit Committee Chairperson

Dated this 24th day of September 2019

Eskleigh Foundation Incorporated

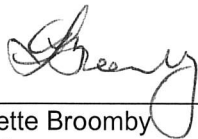
Certification by Board of Management

For the Year Ended 30 June 2019

In the opinion of the Board of Eskleigh Foundation Incorporated:

- a) The financial statements as set out on pages 1 to 18 present a true and fair view of the financial position of Eskleigh Foundation Incorporated as at 30 June 2019 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements and the requirement of the *Associations Incorporated Act (Tas) 1964*; and
- b) There are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- c) The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profit Commission Act 2012*.

Signed in accordance with subsection 60-15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Lynette Broomby
Chairperson



Linda McKenzie
Audit Committee Chairperson


Dated this *24th* day of *September* 2019

Eskleigh Foundation Incorporated

Board of Management

For the Year Ended 30 June 2019

Chairman:	Mrs Lynette Broomby	513 Winkleigh Road WINKLEIGH
Vice-Chairman:	Mr Les Baxter	8 Clifton Place PROSPECT
Treasurer:	Mrs Linda McKenzie	44 Cleghorn Avenue RIVERSIDE
Public Officer:	Dr Fiona Joske	21 William Street LONGFORD
Board members:		
	Mr Timothy Whyte	313 John Lees Drive DILSTON
	Mr Lionel J Morrell (Resigned 28 May 2019)	41 High Street LAUNCESTON
	Mr Linus Grant	7 Tannery Road LONGFORD
	Ms Angela Holzberger	9 Prince Regent Place HUNTINGFIELD


Nick Carter
WLF Accounting & Advisory
1st Floor, 160 Collins Street
HOBART TAS 7000

Sign this 27th day of September 2019

Eskleigh Foundation Incorporated

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
OPERATING REVENUE			
Fees		6,309,828	4,137,844
Government funding		4,068,938	4,929,267
Other operating revenue		85,704	195,415
Total operating revenue	3	10,464,470	9,262,526
OPERATING EXPENSES			
Employee benefits		8,536,583	7,690,460
Domestic		733,451	758,507
Property		700,029	714,805
Administration		498,194	607,190
Motor vehicles		235,254	232,411
Total operating expenses		10,703,511	10,003,373
Operating surplus/(deficit)	3	(239,041)	(740,847)
NON-OPERATING ITEMS			
Fundraising		-	(6,750)
Bequests and donations		542,593	109,628
Memberships		378	61
Interest	2	33,738	54,892
Gain/(loss) on share revaluation		(5,464)	-
Gain/(loss) on disposal of assets	2	1,998	(32,248)
Net non-operating items		573,243	125,583
Net surplus/(deficit) for the year		334,202	(615,264)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gains on revaluation of land and buildings		307,721	-
Gain or revaluation of art collection		48,889	-
Total other comprehensive income for the period		356,610	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		690,812	(615,264)

This statement should be read in conjunction with the accompanying notes

Eskleigh Foundation Incorporated

Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,582,711	308,200
Trade and other receivables	5	960,832	131,425
Prepayments		8,490	9,592
Financial assets	7	364,535	1,264,535
Total current assets		2,916,568	1,713,752
Non-current assets			
Property, plant and equipment	6	7,295,961	6,903,552
Financial assets	7	463,699	-
Total non-current assets		7,759,660	6,903,552
TOTAL ASSETS		10,676,228	8,617,304
LIABILITIES			
Current liabilities			
Trade and other payables	8	1,791,056	619,947
Provisions	9	786,202	692,375
Total current liabilities		2,577,258	1,312,322
Non-current liabilities			
Provisions	9	166,778	63,602
Total non-current liabilities		166,778	63,602
TOTAL LIABILITIES		2,744,036	1,375,924
NET ASSETS		7,932,192	7,241,380
EQUITY			
Accumulated funds		3,862,791	3,528,589
Reserves	10	4,069,401	3,712,791
TOTAL EQUITY		7,932,192	7,241,380

This statement should be read in conjunction with the accompanying notes

Statement of Changes in Equity

For the Year Ended 30 June 2019

	Accumulated Funds \$	Asset Revaluation Reserve \$	Operating Reserve \$	Total \$
Balance at 1 July 2017	4,300,139	2,080,359	1,476,146	7,856,644
Net surplus / (deficit) for year	(615,264)	-	-	(615,264)
Revaluation increment/(decrement) of property	-	-	-	-
Revaluation increment of artwork	-	-	-	-
Transfers Operating Reserve	(156,286)	-	156,286	-
Balance as at 30 June 2018	<u>3,528,589</u>	<u>2,080,359</u>	<u>1,632,432</u>	<u>7,241,380</u>
Balance as at 1 July 2018	3,528,589	2,080,359	1,632,432	7,241,380
Net surplus / (deficit) for year	334,202	-	-	334,202
Revaluation increment/(decrement) of property	-	307,721	-	307,721
Revaluation increment of artwork	-	48,889	-	48,889
Transfers Operating Reserve	-	-	-	-
Balance as at 30 June 2019	<u>3,862,791</u>	<u>2,436,969</u>	<u>1,632,432</u>	<u>7,932,192</u>

Eskleigh Foundation Incorporated

Statement of Cash Flows

For the Year Ended 30 June 2019

	Notes	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees received		7,229,002	4,356,075
Government funding received		4,068,938	5,422,194
Payments to suppliers		(2,973,031)	(2,928,897)
Employee benefits paid		(7,396,390)	(7,271,457)
Interest received		33,738	54,453
GST remitted		(330,274)	(327,941)
Other income		85,704	345,540
Net cash inflow from operating activities		<u>717,687</u>	<u>(350,033)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		43,076	25,000
Purchase of property, plant and equipment		(386,252)	(761,763)
Proceeds from investment withdrawal		900,000	-
Net cash outflow from investing activities		<u>556,824</u>	<u>(736,763)</u>
NET INCREASE (DECREASE) IN CASH HELD		1,274,511	(1,086,796)
CASH AT BEGINNING OF FINANCIAL YEAR		308,200	1,394,996
CASH AT END OF FINANCIAL YEAR	4	<u>1,582,711</u>	<u>308,200</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

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 applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial report that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board, the *Australian Charities and Not-for-profits Commission Act 2012*, and the *Associations Incorporations Act (Tasmania) 1964*. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting 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 stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 24th September 2019 by the Board.

(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 and cash equivalents

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

(d) Financial instruments

Initial recognition and measurement

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Notes to the Financial Statements

For the Year Ended 30 June 2019

(d) **Financial instruments (continued)**

Classification and subsequent measurement

Financial Assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost, as they are managed solely to collect contractual cash flows and the contractual term within the financial asset give rise to cash flows that are solely payments of principal and interest on principal amount outstanding on specified dates.

Financial assets designated at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Financial liabilities

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all risks and rewards of ownership are substantially transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished, being when the contract is discharged, cancelled or expires.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Recognition of expected credit losses

The Association recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of the financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

Recognition of expected credit losses (continued)

The Association applies the simplified approach as applicable under AASB 9. The simplified approach does not require tracking changes in credit risk at every reporting period, but instead requires recognition of lifetime expected credit loss at all times. This approach is applicable to trade receivables.

No predictive past losses for future write-offs have been incurred.

(e) 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.

(f) 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 at fair value 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 17, 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:

Buildings	2.5%
Motor Vehicles	20%
Computer Equipment	10% - 40%
Other Equipment	7.5% - 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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) Trade and other receivables

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

(i) 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.

(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 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 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.

(m) New and amended accounting standards

Initial application of AASB 9: Financial Instruments

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

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) New accounting standards for application in future periods

An assessment of Accounting Standards issued by the AASB that are not yet mandatorily applicable and their potential impact on the Association when adopted in future periods is discussed below:

AASB 16 Leases (AASB 16)

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. The date of initial application of AASB 16 for the Association will be 1 July 2019. AASB 16 will change how the Association accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet.

On initial application of AASB 16, the Association will:

- Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of other comprehensive income;
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

As at 30 June 2019, the Association has non-cancellable operating lease commitments of \$186,109 and the impact of adopting AASB 16 is not expected to be material. Similarly, the Association does not expect there to be a significant impact for assets held under a finance lease as a result of changes to the standard.

AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

For NFP entities, both AASB 1058 and AASB 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Association plans to adopt AASB 15 on the required effective date 1 July 2019 of using modified retrospective method.

During the financial year ended 30 June 2019, the Association performed a preliminary assessment of AASB 1058 and 15.

The Association has assessed there will not be a material impact on how revenue is recognised on application of AASB 1058 and 15.

(o) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Judgements and Assumptions (continued)

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(e).

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(f).

2 OPERATING RESULT

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

	2019	2018
	\$	\$
NET GAINS/(LOSSES)		
Proceeds from disposal of fixed assets	39,091	15,399
Carrying value of assets disposed	<u>(37,093)</u>	<u>(47,647)</u>
	1,998	(32,248)
Expenses		
Depreciation		
Buildings	119,529	61,941
Plant and equipment	181,601	173,594
Motor vehicles	9,026	9,926
Art collection	11,481	2,180
	<u>321,637</u>	<u>247,641</u>
Auditors remuneration		
Auditing or reviewing the financial report	14,265	10,575
	<u>14,265</u>	<u>10,575</u>
Operating lease rentals		
Equipment	11,619	1,080
Motor vehicles	175,988	178,433
Buildings	55,959	103,385
	<u>243,566</u>	<u>282,898</u>
Interest Revenue		
Financial assets at amortised cost		
Interest	33,738	54,892
	<u>33,738</u>	<u>54,892</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 CONTRIBUTION

	OPERATING REVENUE		OPERATING SURPLUS/(DEFICIT)	
	2019	2018	2019	2018
	\$	\$	\$	\$
Eskleigh Foundation	1,646	67,485	(82,465)	5,354
Administration	830	-	(1,492,641)	(621,238)
Eskleigh Home	6,297,170	5,209,476	1,272,474	154,915
Group Home - Longford	488,322	513,348	112,372	6,888
Group Home - Kings Meadows	326,412	537,044	(69,045)	83,376
Group Home - Montrose	560,580	567,131	31,415	(94,899)
Group Home - Carbeen	785,025	769,240	31,424	(90,320)
Esk Banks Group Home	8,965	14,912	(11,952)	15,430
Attendant Care - North	754,874	880,402	21,001	64,844
Attendant Care – N/West	588,060	143,748	28,857	(244,001)
Attendant Care - South	404,287	284,214	(43,925)	16,883
Day Support Centre South	248,299	275,526	(36,556)	(38,079)
Total	10,464,470	9,262,526	(239,041)	(740,847)

4 CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash on hand	2,050	2,050
Bank balances	1,580,661	306,150
	1,582,711	308,200

5 RECEIVABLES

Trade receivables	967,662	67,145
Accrued fees	9,359	55,003
Accrued interest	3,811	9,277
Provision for Impairment	(20,000)	-
	960,832	131,425

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
6 PROPERTY PLANT AND EQUIPMENT		
LAND AND BUILDINGS		
At independent valuation	6,191,809	5,915,387
Total land and buildings	6,191,809	5,915,387
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	2,351,700	2,097,783
Less accumulated depreciation	(1,513,148)	(1,332,047)
Total plant and equipment	838,552	765,736
MOTOR VEHICLES		
At cost	116,528	116,994
Less accumulated depreciation	(7,696)	(7,925)
Total motor vehicles	108,832	109,069
ARTWORK COLLECTION		
At independent valuation	156,768	113,360
Total artwork collection	156,768	113,360
Total property, plant and equipment	7,295,961	6,903,552

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

The independent valuations were carried out as at 30 June 2019 on the basis of a highest and best fair value of the properties. The independent property valuations were carried out by Mr J Hunt, Certified Practising Valuer, at 30 June 2019. 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 independent art valuations were carried out by Ms A Wilcox, Australian Art Valuers, at 30 June 2019. The valuations resulted in a revaluation increment of \$356,610 being recognised in the Asset Revaluation Reserve for the year ended 30 June 2019.

Notes to the Financial Statements

For the Year Ended 30 June 2019

6 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Movements in Carrying Amounts

	Land and Buildings	Plant and Equipment	Motor Vehicles	Artwork Collection	Total
	\$	\$	\$	\$	\$
Opening balance	5,915,387	765,736	109,069	113,360	6,903,552
Additions	88,230	254,484	45,815	6,000	394,529
Disposals	-	(67)	(37,026)	-	(37,093)
Valuation	307,721	-	-	48,889	356,610
Depreciation	(119,529)	(181,601)	(9,026)	(11,481)	(321,637)
Carrying amount at the end of year	6,191,809	838,552	108,832	156,768	7,295,961

	Note	2019 \$	2018 \$
7 FINANCIAL ASSETS			
Current			
Financial assets at amortised cost	8a	364,535	1,264,535
		364,535	1,264,535
Non-Current			
Financial assets designated as at fair value through profit and loss	8b	463,699	-
		463,699	-
a. Financial assets at amortised cost			
Investments in managed funds		364,535	1,264,535
b. Financial assets designated as at fair value through profit and loss			
Listed Investments:			
- Shares in listed companies		463,699	-

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
8 PAYABLES		
Sundry creditors and accruals	1,570,994	485,227
GST collected	57,325	52,143
Trade creditors	162,737	82,577
	<u>1,791,056</u>	<u>619,947</u>

9 PROVISIONS

Current

Annual leave	596,011	443,507
Long service leave	190,191	248,868
	<u>786,202</u>	<u>692,375</u>

Non-Current

Long service leave	166,778	63,602
	<u>166,778</u>	<u>63,602</u>
Total provisions	<u>952,980</u>	<u>755,977</u>

Analysis of total provisions

	Employee Benefits \$	Total \$
Opening balance at 1 July 2018	755,977	755,977
Additional provisions raised during the year	723,483	723,483
Amounts used	(526,480)	(526,480)
Balance at 30 June 2019	<u>952,980</u>	<u>952,980</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

10 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.

11 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 2019, the number of financial members was 30 (2018 - 31), including 7 (2018 – 6) life members.

12 LEASING AND CAPITAL COMMITMENTS

	2019	2018
	\$	\$
Operating Lease Commitments Payable		
Not later than 12 months	265,252	169,510
Between 12 months and 5 years	1,602,857	215,150
	1,868,109	384,660

Lease commitments are non-cancellable operating leases in relation to the Association's copiers, fleet of vehicles and property utilised in service delivery that is not owned by the Association.

Notes to the Financial Statements

For the Year Ended 30 June 2019

13 KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, is considered key management personnel.

Total remuneration paid to key management personnel during the year:

- Total employee benefits	<u>414,476</u>	<u>407,906</u>
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14 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, no related parties provided services to Eskleigh Foundation Incorporated.

15 EVENTS AFTER THE REPORTING PERIOD

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

16 FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable, investments in listed shares, investments in managed funds and leases.

The totals for each category of financial instruments as measured in accordance with AASB 9, *financial instruments*, as detailed in the accounting policies to these financial instruments are as follows:

	Note	2019 \$	2018 \$
Carrying amounts classified as:			
<i>Financial assets at amortised cost</i>			
Cash and cash equivalents	4	1,582,711	308,200
Trade and other receivables	5	960,833	131,425
Investments in managed funds	7	364,535	1,264,535
<i>Financial assets designated as at fair value through profit and loss</i>			
Shares in listed companies	7	463,699	-
Total financial assets		<u>3,371,778</u>	<u>1,704,160</u>
<i>Financial liabilities at amortised cost</i>			
Trade and other payables	8	1,791,056	619,947
Total financial liabilities		<u>1,791,056</u>	<u>619,947</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

17 FAIR VALUE MEASUREMENTS

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

- Land and buildings
- Art collection
- Financial assets at fair value through profit and loss

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 9 as detailed in the accounting policies to these financial instruments are as follows:

(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 Association's assets and liabilities measured and recognised at fair value at 30 June 2019.

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 2019:

	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements		\$	\$	\$	\$
Financial assets					
Shares in listed companies	7	463,699	-	-	463,699
Non -Financial assets					
Land and buildings	6	-	6,191,809	-	6,191,809
Art collection	6	-	156,768	-	156,768
		463,699	6,348,577	-	6,821,276

Notes to the Financial Statements

For the Year Ended 30 June 2019

17 FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Fair value hierarchy (continued)

As at 30 June 2018:

	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements		\$	\$	\$	\$
Non -Financial assets					
Land and buildings	6	-	5,915,387	-	5,915,387
Art collection	6	-	113,360	-	113,360
		-	6,028,747	-	6,028,747

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 2019 financial year.

(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 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 2019 and these resulted in a revaluation increment of \$307,721.

The Association's valuation policies and procedures for art 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 2019 and these resulted in a revaluation increment of \$48,899.

Shares in listed companies are valued at the market rate as listed by the Australian Stock Exchange at 30th June 2019.

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.

Eskleigh Foundation Incorporated

Notes to the Financial Statements

For the Year Ended 30 June 2019

18 ECONOMIC DEPENDENCE

Eskleigh Foundation Incorporated is dependent upon continued funding from the National Disability Insurance Agency for the delivery of most of its services.

The introduction of the National Disability Insurance Scheme is being rolled out within Tasmania progressively through to the 2019/20 financial year. The Association has had the remaining services transition to the NDIA during the 2019 financial years. For services transitioned to the NDIS model, the Association has been working with local NDIS Coordinators to ensure adequate care plans and related funding packages are made available.

As at the date of this report, the Directors have no reason to believe ongoing financial support won't be provided by relevant funding bodies as services are transitioned in the coming years.

19 ASSOCIATION DETAILS

The registered office of the Association is:

Eskleigh Foundation Inc.
16087 Midland Highway
Perth TAS 7300

The principal place of business is:

Eskleigh Foundation Inc.
16087 Midland Highway
Perth TAS 7300

INDEPENDENT AUDITOR'S REPORT

Members of Eskleigh Foundation Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eskleigh Foundation Incorporated, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to and forming part of the financial statements, including a summary of significant accounting policies, and the certification by Board of Management .

In our opinion the financial report of Eskleigh Foundation Incorporated has been prepared in accordance with the *Associations Incorporation Act (Tas) 1964* and Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Association's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, the *Associations Incorporation Regulations 2007* and 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 Association in accordance with the *Associations Incorporation Act (Tas) 1964*, *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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 purpose of fulfilling the Association's financial reporting responsibilities under the *Associations Incorporation Act (Tas) 1964* and 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Responsibility of the Association's Board for the Financial Report

The Board of the Association is 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 *Associations Incorporation Act 1964*, ACNC Act and the needs of the Association's constitution and are appropriate to meet the needs of members. The Board's responsibility also includes such internal control as the Board determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



NICK CARTER

Partner

Wise Lord & Ferguson

Date: 27/9/2019