

SUNNYFIELD

ABN 72 000 415 127

GENERAL PURPOSE (RDR) FINANCIAL REPORT
For the year ended 30 June 2013

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Auditors

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Directors' report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Sunnyfield and the entity it controlled for the year ended 30 June 2013.

Principal Activities

The principal activities of the Company, and its controlled entity, are for the purpose of providing a range of services to people with a disability, including employment, community services and accommodation. Sunnyfield has been supporting people with intellectual disability for over 60 years, with a core purpose to enrich the lives of people with disability to create choice, opportunities and skills for life. Sunnyfield had 1160 employees as at 30 June 2013 (2012: 1,029 employees). The Group's activities during the year included:

- Support to 238 residents in Supported Living including group homes, Independent Living Drop-in Support (ILDS), Independent Living Support Initiative (ILSI) and New England Supported Living settings.
- Support to 55 people in Community Recreational Programs, 183 in Community Based Respite, 265 in Day Option Programs, 20 are in Self-Managed/Supported Living Programs and 670 are in Respite Care for a total of 1193 clients as at the end of June 2013.
- Operation of 5 factories across the Sydney area providing employment to 292 government funded supported people with disabilities, 1 Enterprise funded supported employees and 9 people in a transition to work program.

Short and Long-Term Objectives and Strategies

The Group's short and long-term objectives and strategies are framed around:

- Vision:

Excellence in supporting people with intellectual disabilities.

- Mission:

To enrich the lives of people with intellectual disability by creating choice, opportunities and skills for life.

- Values:

- Respect
- Trust
- Honesty
- Innovation

- Goals:

- Person-Centred, Value for Money Services – we tailor support to the needs of our clients, and provide them with value for money. We actively support and skill people for their daily lives and work in partnership with families and communities to facilitate opportunities for true inclusion.
- Dedicated and Skilled Staff – We are an employer of choice – our skilled staff love their job because they believe in our vision, provide person-centred, value for money support services and are ambassadors for Sunnyfield. We provide learning opportunities and career pathways for all staff.
- Professional, Value for Money Organisation – our system and processes make life easy for clients and our support offices provide value for money. This will guarantee Sunnyfield's long term sustainability and enable investments in further improving and growing our services.

These goals will be achieved within an appropriate risk framework and within prudent financial management.

Operating Results for the Year

The consolidated entity generated a surplus for the year comprising results from operations of \$1,471,659 (2012: \$974,898) and investment income of \$590,761 (2012: \$429,387), totalling \$2,062,420 (2012: \$1,404,285).

Directors' report (continued)

Performance Measures

The Board measures and monitors the performance against the strategic plans through to the operating plans and detailed monthly budgets, and also against external benchmarking. Sunnyfield tracks and reports internally on numerous metrics, comparing these to internal benchmarks (including budgets, prior year data) and external benchmarks. Some of these are as follows:

- i) Financial
 - Financial Performance versus Budget by Division
 - Liquidity Ratios
 - Debtor Days Outstanding
 - Labour/Agency KPI's
- ii) Non-Financial
 - Staff Turnover
 - Feedback (complaints and praises)

DIRECTORS

The names of each person who has been a director during the year and up to the date of this report are noted below.

Directors' qualifications, experience and special responsibilities

Dr J Carter AO B Sc (Med), M.B.B.S, M.D, F.R.A.C.P. (appointed 29 August 2011)

Dr. John Carter is a Clinical Professor at the University of Sydney and is a visiting Endocrinologist at Concord Hospital, Sydney Adventist Hospital and Hornsby Ku-ring-gai Hospital. John has many medical publications to his credit. In 2000 John was made an Officer of the Order of Australia (AO). John serves as the Chair of the Fundraising, Branding & Communications Committee.

Ms J Levis * BA LLB, FAPI (appointed 3 January 2011)

Julie Levis has been a partner of the national law firm, Clayton Utz for 23 years practising in the field of real estate transactions and property development, and has worked on large scale development projects here and overseas. She is currently the Managing Partner of the Sydney office of Clayton Utz. She became a Fellow of the Australian Property Institute in 2006. Julie is a member of the Housing, Property & Equipment Committee.

Mr M Park (Chair) BSc (Eng) FAICD (appointed 29 August 2011)

Mal Park is semi-retired from the NSW Power Supply industry with extensive experience in long term strategic planning and presently acts as an Advisor to NSW Treasury. He has previously served on Boards of a number of organisations as well as Co-operative Research Centre Boards. Mal has been re-appointed to the board in August 2011 and is the Chairman and serves as a member of the Housing, Property & Equipment Committee and Audit, Finance & Risk Committee.

Ms H Milnes (appointed 25 October 2010)

Heather Milnes is a former Director, having been involved with Sunnyfield since 1988. She is a licensed real estate agent and owned her own businesses, and now provides consultancy services to local firms in property management. Heather is a member of the Fundraising, Branding & Communications Committee and the Housing, Property & Equipment Committee.

Mr T Pockett * B Com, FCA (appointed 9 December 2010)

Tom Pockett is currently Finance Director of Woolworths Limited. He has previously held positions with the Commonwealth Bank as Deputy Chief Financial Officer; Lend Lease Corporation as General Manager Finance, and with Chartered Accounting firm Deloitte for many years. Tom is a Member of the Group of 100, Fellow of the Institute of Chartered Accountants, and was a Member of the Financial Reporting Council from March 2003 to March 2006. He was appointed Chairman of the Business Coalition of Tax Reform in 2011. Tom is Chair of the Audit, Finance and Risk Committee, and a director of the Independence Fund No 1 & No 2 Limited.

Directors' report (continued)

DIRECTORS (CONTINUED)

Directors' qualifications, experience and special responsibilities (continued)

Mr R Rathmell* BEc, MAICD (appointed 25 October 2010)

Ross Rathmell has over 30 years financial and corporate experience in Australia and overseas, in both private and listed companies. He has an economics degree and sporting Blue from Sydney University. Ross worked as a Chartered Accountant for eight years with Pricewaterhouse and has seven years experience as a non-executive Director, including two ASX listed companies. Ross is Chair of the Human Resources, Nomination & Remuneration Committee, plus a member of the Audit, Finance & Risk Committee. Ross is also a director of the two trustee companies appointed to manage the Sunnyfield Independence Fund.

Ms J Heinrich BA(Hons), MSc, OEduc, Centenary Medal (appointed 19 February 2013)

June Heinrich has a long career in roles servicing the community, including over 16 years as the CEO for Baptist Community Services (BCS) - NSW & ACT and is currently the CEO of the Macquarie Community College. June is also a Director of the Aged Care Standards and Accreditation Agency, a Director of the Central Coast Local District Health Board and a Member of the NSW HomeCare Advisory Board. In 2003, June was awarded an Order of Australia Medal AM for services to the community, a Centenary Medal for services to Aged Care and in 2011, she was made a Member of the Order of Australia for service to the Australian Baptist Ministries, particularly in the area of aged and community care, and to a range of health sector organisations. June was also awarded the inaugural Minister's Award in 2000 for Excellence in Staff Development in the Aged Care sector.

Mr I Fraser FCPA, FAICD (appointed 11 May 2013)

Ian has over 40 years' experience in various industries in Australia, South East Asia and the USA. Senior management positions held included Managing Director Pioneer Sugar Mills Ltd, Managing Director Clyde Industries Ltd, Managing Director TNT Australia and Managing Director Australian Chemical Holdings Ltd. In 1998 Ian became a professional Non-Executive Director and has served on over fifteen Company Boards. He is presently a Non-Executive Director of The Australian Market Operator Limited (AEMO), Structural Systems Limited and Legend Corporation Limited.

Ms M Hammel RN, Dip. Mgmt (appointed 31 October 2012)

Melissa is the Health Manager at Cerebral Palsy Alliance as well as managing their high health needs facility - Venee Burges House. Melissa is a Registered Nurse, with qualifications in Management, Palliative Care, Disability and Aged Care. Melissa is the daughter of Sunnyfield Patron, Bryan Whiddon OAM and granddaughter of founder Hazel Whiddon.

Mr P Walsh B Bus, MBA, FCPA (appointed 9 July 2013)

Paul is currently CFO for Lend Lease's development business in Australia. Prior to that Paul was Managing Director of Lend Lease Retirement Living and Aged Care comprising over 70 retirement villages and 30 aged care facilities. Having been with Lend Lease for 24 years, he previously held positions such as Global CFO for Bovis Lend Lease and Head of Project Finance. Paul has worked with Lend Lease in Australia, the UK and USA.

Mr J Connell (appointed 21 October 2009, resigned 2 May 2013)

John Connell served as a member of the Human Resources, Nomination & Remuneration Committee and the Housing, Property & Equipment Committee. He has 23 years experience in retail management and for the last 34 years he has run his own business and was involved in importing and selling to the retail market, property investment, property development and now is primarily involved in shopping centre management.

Directors' report (continued)

DIRECTORS (CONTINUED)

Directors' qualifications, experience and special responsibilities (continued)

Mr J Harston MBA, Dip CE, CP Eng., MICE (appointed 25 October 2010, resigned 13 February 2013)

John Harston is a Chartered Professional Engineer. He has held Board positions for listed, private and state owned corporations and currently holds Board positions with two equity funds managed by a leading investment bank. He is the Chair of the Independence Fund No 1 and No 2 Limited, and serves as a member of the Audit, Finance & Risk Committee plus the Housing, Property & Equipment Committee.

Mr C Howells B Com (Ec) FAICD FACS (appointed 1 July 2004, resigned 21 June 2013)

Chris Howells has held positions as Chairman, Director and Chief Executive in the Computer Information and communications industry with extensive experience in Business Development and Sales and Marketing. He served as the Chair of the Fundraising, Branding & Communications Committee and as a member of the Human Resources, Nomination & Remuneration Committee.

Mr N Parnaby (appointed 21 October 2009, retired 31 October 2012)

Neale Parnaby served as Chair of the Housing, Property & Equipment Committee and as a member of the Fundraising, Branding & Communications Committee. He has been a company director for the last 15 years and is now in semi-retirement. Neale owned, ran and operated several businesses and also had a prior career in local government.

* - Non-executive director who is not a member of Sunnyfield

Directors' report (continued)

Corporate Governance Statement

The Board of Directors of Sunnyfield is responsible for the corporate governance of Sunnyfield. The Board guides and monitors the business and affairs of Sunnyfield on behalf of the people we support, and its members by whom they are elected and to whom they are accountable.

Sunnyfield's Corporate Governance Statement is structured along the following lines which are in compliance with the Governance Standards prescribed by the Australia Charities and Not-For-Profits Commission:

- Lay solid foundations for management and oversight
- Structure the board to add value
- Promote ethical and responsible decision making
- Safeguard integrity in financial reporting
- Make timely and balanced disclosure
- Respect the rights of members
- Recognise and manage risk
- Remunerate fairly and responsibly

Sunnyfield's corporate governance practices were in place throughout the year ended 30 June 2013. It is noted that Board of Directors currently must be comprised of at least 50% Members as per Sunnyfield's constitution.

Review of Board Committees

A summary of the purpose and function of each of the board committees is explained below.

Human Resources, Nomination and Remuneration Committee

The Human Resources, Nomination and Remuneration Committee operate under a charter approved by the Board to oversee, implement and maintain the right strategies, policies and processes regarding remuneration, performance management, safety and health objectives, succession planning plus training and professional development of Directors, plus the CEO and direct reports.

Audit, Risk and Finance Committee

The Audit, Risk and Finance Committee operate under a charter approved by the Board. The role of the Committee is to assist the Board in its collective responsibilities in regard to Sunnyfield's financial affairs and reports by a systematic oversight of financial and corporate governance policies, internal systems integrity and controls, statutory auditing processes and reporting, to support the achievement of Sunnyfield's business objectives and sustained viability within established limits of risk management.

Fundraising, Branding and Communications Committee

The Fundraising, Branding and Communications Committee operate under a charter approved by the Board. It is the Board's responsibility to oversee the implementation and effectiveness of Sunnyfield's brand and fundraising strategies and to ensure that goals are affected in a timely and professional manner. This reformed committee takes on the responsibility formerly held by Family and Communications Committee.

Housing, Property and Equipment Committee

The Committee works under a charter approved by the Board to oversee the implementation and effectiveness of Sunnyfield's strategies in relation to the use, lease and purchase of all land and buildings, plus other major fixed assets and equipment involved in its operations.

Directors' report (continued)

Corporate Governance Statement (continued)

Review of Board Committees (continued)

The Sunnyfield Independence Fund

The Sunnyfield Independence Fund is a discretionary Trust. Any distribution from the Trust Fund is to be applied to the advancement of Sunnyfield, or generally in projects designed for the support and nurturing of people with an intellectual disability. Trustees are responsible for the governance and running of the Trust under a Deed of Trust dated 30 January 2006.

The Independence Fund No. 1 Limited and The Independence Fund No. 2 Limited are companies limited by guarantee, formed on 15 March 2010 and are the Trustees of the Sunnyfield Independence Fund. The two companies have the following directors in common:

Mrs J F Hay (appointed 15 March 2010)
Mr J Harston (appointed 28 April 2011)
Mr T Pockett (appointed 28 April 2011)
Mr R Rathmell (appointed 28 April 2011)
Mr M Brent (appointed 20 September 2012)

Directors' report (continued)

Corporate Governance Statement (continued)

Review of Board Committees (continued)

Board Members	Board		Human Resources, Nomination and Remuneration Committee		Fundraising, Brand and Communications Committee		Audit, Risk and Finance Committee		Housing, Property and Equipment Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr J Connell (Previous Chair)	7	6	5	5	-	-	-	-	2	2
Mr J Harston	6	6	-	-	-	-	3	3	-	-
Mr C Howells	9	7	7	4	4	4	-	-	-	-
Ms J Levis	9	5	-	-	-	-	-	-	3	1
Ms H Milnes	9	8	-	-	4	2	-	-	3	3
Mr N Parnaby	3	3	-	-	-	-	-	-	1	1
Mr M Park (Chair)	9	9	3	3	-	-	6	6	3	3
Mr T Pockett	9	6	-	-	-	-	6	6	-	-
Mr R Rathmell	9	9	7	7	-	-	6	6	-	-
Dr J Carter	9	6	-	-	4	3	-	-	-	-
Ms J Heinrich	3	2	-	-	-	-	-	-	-	-
Mr I Fraser	1	1	-	-	-	-	-	-	-	-
Ms M Hammel	5	5	3	3	-	-	-	-	-	-
Mr P Walsh	-	-	-	-	-	-	-	-	-	-

Directors' report (continued)

Directors' Benefits

The board members of Sunnyfield provide their time and expertise on an entirely voluntary basis and receive no fees, salaries or benefits for the work they undertake on behalf of Sunnyfield.

Members' Guarantee

Sunnyfield has one class of member and in the event of the Company being wound up, each member would be required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Company. At 30 June 2013, the number of members was 573 (2012: 584), and the total amount members would contribute is \$11,460 (2012: \$11,680).

Economic Dependency

Sunnyfield is dependent upon continuing support from the NSW State and Federal Governments for funding and Crown Land leases. Refer to Note 17 in the Financial Statements for further details.

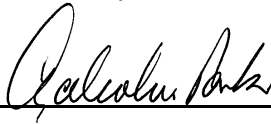
Events after Balance date

There have been no significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

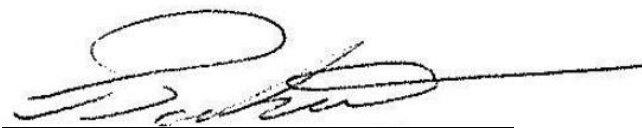
Auditor's Independence

The auditor's declaration of independence appears on the following page and forms part of the Directors' report for the year ended 30 June 2013. Non-audit services were provided by the entity's auditor, Ernst & Young as outlined in the notes to the accounts. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors' report was authorised for issue by the directors dated at Sydney, this 2 October 2013.



M Park
Chair
2 October 2013



T Pockett
Director
2 October 2013

Auditor's independence declaration

In relation to our audit of the financial report of Sunnyfield or the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

A handwritten signature in blue ink, appearing to read 'L. Di Mento', is positioned below the company name.

Loretta Di Mento
Partner
2 October 2013

Consolidated statement of comprehensive income

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue			
Government subsidies	3(a)	42,456,645	39,886,326
Other revenue	3(a)	9,505,453	9,630,481
Total revenue		51,962,098	49,516,807
Expenses			
Employee benefits expense	3(c)	(38,610,144)	(37,948,232)
Occupancy expenses	3(d)	(4,818,709)	(4,118,494)
Cost of sale of goods		(2,119,742)	(2,209,745)
Depreciation and amortisation expense		(1,406,606)	(1,515,635)
Other expenses	3(e)	(3,978,764)	(2,782,464)
Finance costs	3(f)	(27,233)	(20,240)
Total expenses		(50,961,198)	(48,594,810)
Other income	3(b)	470,759	52,901
Operating surplus		1,471,659	974,898
Investment income		590,761	429,387
Surplus for the year		2,062,420	1,404,285
Other comprehensive income for the year			
Other comprehensive income		-	-
Total comprehensive income for the year		2,062,420	1,404,285

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2013

	Note	2013 \$	2012 \$
Assets			
Current assets			
Cash and cash equivalents	5	5,379,798	5,401,713
Trade and other receivables	6	1,706,566	1,148,247
Inventories	7	146,755	288,830
Other current assets	8	9,184,235	3,720,774
		16,417,354	10,559,564
Non-current assets			
Property, plant and equipment	9	7,066,732	7,783,808
Total non-current assets		7,066,732	7,783,808
Total assets		23,484,086	18,343,372
Liabilities			
Current liabilities			
Trade and other payables	10	4,445,334	3,359,032
Provisions	11	3,587,420	3,416,567
Interest-bearing liabilities	12	50,089	16,941
Funding in advance		4,786,475	2,920,014
Total current liabilities		12,869,318	9,712,554
Non-current liabilities			
Provisions	11	504,920	548,777
Interest-bearing liabilities	12	33,149	67,762
Total non-current liabilities		538,069	616,539
Total liabilities		13,407,387	10,329,093
Net assets		10,076,699	8,014,279
Funds			
General funds		9,754,190	7,691,770
Settlor's account		10	10
Asset revaluation reserve		322,499	322,499
Total funds		10,076,699	8,014,279

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in funds

For the year ended 30 June 2013

	<i>General funds</i>	<i>Settlor's account</i>	<i>Asset revaluation reserve</i>	<i>Total funds</i>
	\$	\$	\$	\$
At 1 July 2012	7,691,770	10	322,499	8,014,279
Surplus for the year	2,062,420	-	-	2,062,420
Total comprehensive income for the year	2,062,420	-	-	2,062,420
At 30 June 2013	9,754,190	10	322,499	10,076,699
At 1 July 2011	6,287,485	10	322,499	6,609,994
Surplus for the year	1,404,285	-	-	1,404,285
Total comprehensive income for the year	1,404,285	-	-	1,404,285
At 30 June 2012	7,691,770	10	322,499	8,014,279

The above consolidated statement of changes in funds should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Operating activities			
Receipts from customers		6,088,621	7,522,505
Payments to suppliers and employees		(48,443,592)	(46,992,419)
Receipts from fees, fundraising & subsidies		48,140,601	43,513,596
Interest received		590,761	429,387
Borrowing costs		(27,233)	(20,240)
Net cash flows from operating activities	20	6,349,158	4,452,829
Investing activities			
Proceeds from sale of property, plant and equipment		-	52,901
Purchase of property, plant and equipment		(868,847)	(940,727)
Purchase of short term-deposits		(5,502,226)	(3,618,787)
Net cash flows used in investing activities		(6,371,073)	(4,506,613)
Financing activities			
Net cash flows/(used in) financing activities		-	-
Net decrease in cash and cash equivalents		(21,915)	(53,784)
Cash and cash equivalents at 1 July		5,401,713	5,455,497
Cash and cash equivalents at 30 June	5	5,379,798	5,401,713

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 30 June 2013

1 CORPORATE INFORMATION

The financial report of Sunnyfield (the "Company") and its subsidiary (the "Group") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors.

Sunnyfield is a company limited by guarantee incorporated and domiciled in Australia.

The registered office of the Company is: 185 Allambie Road, Allambie Heights, NSW 2100.

The nature of the operations and principal activities of the Group are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars (\$).

(b) Statement of compliance

The financial statements of the Group comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board.

The financial report also complies with Australian Accounting Standards specific to not-for-profit entities, including standards AASB 116 Property, Plant and Equipment, AASB 136 Impairment of Assets and AASB 1004 Contributions.

(c) New accounting standards and interpretations

Accounting standards and interpretations issued but not yet effective.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2013. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

The consolidated financial statements comprise of the financial statements of Sunnyfield and the entity it controls, The Sunnyfield Independence Fund as at 30 June each year (the Group).

The financial statements of the controlled entity are prepared for the same reporting period as the parent entity using consistent accounting policies.

In preparing the consolidated financial statements, all inter-entity balances and transactions, income and expenses and surpluses and deficits resulting from the intra-Group transactions have been eliminated in full.

(e) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings on the statement of financial position.

(f) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for a least 12 months after the reporting date.

(g) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(h) Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- ▶ Raw materials – weighted average cost basis
- ▶ Finished goods – a standard costing approach is adopted using cost of direct materials and labour plus a proportion of variable and fixed manufacturing overheads based on normal operating capacity.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

Finance leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to Sunnyfield are capitalised at the inception of the lease at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to income.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the estimated useful life of the improvement or over the expected remaining lease term, whichever is the shorter.

(j) Property, plant and equipment

Cost

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Freehold land and buildings

Freehold land and buildings are depreciated over the estimated useful lives being 33 years.

Leasehold land and improvements

Sunnyfield premises are located on Leasehold Land 185 Allambie Road, Allambie Heights. Buildings and other structures located on the land are Leasehold Improvements and are written off over the term of the lease.

Plant and equipment and motor vehicles

Plant and equipment, furniture and motor vehicles are depreciated over the estimated life of each asset from 2 to 5 years on a straight-line basis as follows:

Plant and equipment: 2 to 5 years

Motor vehicles: 4 years

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of changes in equity when the asset is derecognised.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, plant and equipment (continued)

Derecognition (continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(k) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

Make good provision

Costs required to return certain leased premises to their original condition as set out in the lease agreements are recognised as a provision in the financial statements. The provision has been calculated as an estimate of future costs.

Warranty provision

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Provision for legal claims

Provisions for legal claims are recognised when claims are made against Sunnyfield, based on the probable outcome of specific cases and well as historical experience. The provision for legal claims is revised annually.

Provision for inventory obsolescence

Provision for inventory obsolescence is recognised when stock is slow moving for periods greater than 12 months or where significant doubt exists over the realisable value of the inventory. Analysis is performed monthly by stock line monthly and takes into account previous experience.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Provisions (continued)

Long service leave

The obligation in respect of long-term service benefits is the amount of future benefits that employees have earned in the current and prior periods. The obligation is calculated using expected future increases in wages and salary rates, experience of employee departures and periods of service including related on-costs and expected settlement dates. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match the estimated future cashflows.

(m) Funding in advance

The liability for funding in advance is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions are usually fulfilled within 12 months of receipt of the grant. In some cases funding received will be paid directly to third parties.

(n) Revenue recognition

Revenue is recognised to the extent that Sunnyfield is legally entitled to the income and the amount can be reliably measured. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Tax Office. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the control of goods have passed to the buyer and can be reliably measured.

(ii) Board and lodging fees from residents

Revenue is recognised when the service is provided.

(iii) Fundraising and donation income

Donations and amounts collected in respect of fundraising, including cash and goods for resale, are recognised as revenue when Sunnyfield gains control, economic benefits are probable and the amount of the donation can be measured reliably.

(iv) Bequests

From time to time Sunnyfield is nominated as a beneficiary under a will or other form of trust. Amounts under these arrangements are recognised as revenue only when a beneficial entitlement to the bequest exists.

(v) Interest revenue

Revenue is recognised as the interest accrues using the effective interest method.

(vi) Government subsidies

Sunnyfield's residential care and employment activities are supported by grants received from the Commonwealth and state governments. Grants received on the condition that specified services are delivered, or conditions are fulfilled are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the Group obtains control of the funds.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Taxation

Sunnyfield and The Sunnyfield Independence Fund have both received endorsement as an income tax exempt charity. Both organisations also hold deductible gift recipient status.

(p) Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. These amounts are usually settled in 45 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

Trade receivables, which comprise amounts due from sales of merchandise and from services provided to residents, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement vary from 30 to 90 days. The carrying amount of the receivable is deemed to reflect fair value. A provision for doubtful debts is made when there is objective evidence that Sunnyfield will not be able to collect the debts. Bad debts are written off when identified.

(r) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As a not-for-profit organisation, Sunnyfield is primarily dependent on subsidies from the Commonwealth and State Governments and the continuation of crown land leases to provide the funding and facilities necessary for its operations each year. The annual results will continue to be affected by the levels of subsidies received and further detail of these subsidy agreements and leases is included in Notes 16 & 17 to the accounts.

The directors and management believe the level of subsidies required to maintain the current programs and services are likely to continue, and reassesses this position annually. Based on these assumptions and strategies in place to continue to improve the operating result, the directors believe Sunnyfield will be able to pay its debts as and when they fall due and can continue on a going concern basis.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Significant judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments – Group as lessee

The Group has entered into operating leases on property, plant and equipment as disclosed in Note 16(a). Management has determined that all of the risks and rewards of ownership remain with the lessor and has therefore classified the leases as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for legal claims

Provisions for legal claims are based on assessments of specific cases and the Group's past experience. These estimates may vary from the actual costs incurred.

Make good provisions

Provisions for future costs to return certain leased premises to their original condition are based on the Group's past experience with similar premises and estimates of likely restoration costs. These estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated.

Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 2(l). The amount of these provisions would change should any of these factors change in the next 12 months.

Inventory obsolescence provisions

Provision for inventory obsolescence is recognised when stock is slow moving for periods greater than 12 months or where significant doubt exists over the realisable value of the inventory. Analysis is performed monthly by stock line monthly and takes into account previous experience.

Pro bono policy

Sunnyfield has been provided with pro bono services but these have not been quantified or reflected in the accounts for the current year.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

3 REVENUE AND EXPENSES

	2013	2012
	\$	\$
(a) Revenue		
Government subsidies (i)	42,456,645	39,886,326
Sale of goods	5,687,958	6,550,822
Board and lodging fees	2,744,849	2,246,817
Fundraising income (ii)	476,185	578,747
Other fees	596,461	254,095
Total revenue	51,962,098	49,516,807
(i) Government subsidies		
<i>Commonwealth Government</i>		
Department Family & Community Services	3,429,073	3,244,644
Department Ageing, Disability & Home Care	38,262,572	35,876,682
Special Carinya/Hostel funding from ADHC	765,000	765,000
Total government subsidies	42,456,645	39,886,326
(ii) Fundraising income		
Events and fundraising	282,704	141,221
Donations	106,177	117,564
Bequests	21,903	281,013
Grants	65,401	38,949
Total fundraising income (note 18(b))	476,185	578,747
(b) Other income		
Gain on sale of property, plant and equipment	119,338	52,901
Other income	351,421	-
	470,759	52,901
(c) Employee benefits expense		
Salaries and wages	28,926,536	27,512,143
Workers' compensation costs	727,589	971,000
Agency staff	3,010,716	3,775,595
Sub-Contractors	329,698	424,427
Superannuation costs	2,638,009	2,432,564
Recruitment, training and amenities	529,099	686,129
Annual leave	2,231,578	2,023,763
Long service leave	216,919	122,611
Total employee benefits expense	38,610,144	37,948,232

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

3 REVENUE AND EXPENSES (continued)

	2013	2012
	\$	\$
(d) Occupancy expenses		
Operating leases rental	1,673,346	1,525,994
Food & household costs	649,745	669,634
Utilities	644,925	673,749
Cleaning	514,453	530,107
Repairs and maintenance	892,963	514,574
Other items	443,277	204,436
Total occupancy expenses	<u>4,818,709</u>	<u>4,118,494</u>
(e) Other expenses		
Insurance	627,742	480,254
Fundraising expenses	23,799	43,498
Printing and stationery	335,405	377,224
Professional fees	449,528	286,573
Communication expenses	476,357	392,869
Transport expenses	464,435	346,731
Individual package costs	374,353	-
Computer	502,759	178,015
Other	724,386	677,300
Total other expenses	<u>3,978,764</u>	<u>2,782,464</u>
(f) Finance costs		
Hire purchase	<u>27,233</u>	<u>20,240</u>

4 INCOME AND EXPENDITURE STATEMENT FOR DRUIDS COURT

Sunnyfield is the operator of the retirement village known as Druid's Court which is situated on crown leasehold land in Allambie Heights NSW 2100. This activity commenced in May 2010 and the village consists of 20 one-bed apartments owned by The Sunnyfield Independence Fund of which 19 are currently occupied. The amounts below for Druid's Court are included in the Statement of Comprehensive Income and are presented for the purposes of the Retirement Villages Act 1999.

	2013	2012
	\$	\$
Revenue		
Fees	120,160	97,534
Total revenue	<u>120,160</u>	<u>97,534</u>
Occupancy expenses	(7,459)	(27,737)
Repairs & maintenance	(22,038)	(14,205)
Other	(1,565)	(12)
Total expenditure	<u>(31,062)</u>	<u>(41,954)</u>
Surplus from continuing operations	<u>89,098</u>	<u>55,580</u>

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

5 CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Cash at bank	5,312,287	4,274,829
Cash on hand	67,511	75,363
Short-term deposits	-	1,051,521
	5,379,798	5,401,713

For the purposes of consolidated statement of cash flows, cash and cash equivalents comprise of the above.

Cash at bank earns interest at floating rates based on daily deposit rates.

Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of Sunnyfield, and earn interest at the respective short-term deposit rates.

6 TRADE AND OTHER RECEIVABLES

	2013	2012
	\$	\$
Trade and other receivables	1,501,501	1,145,958
Provision for doubtful debts	(20,053)	(98,808)
	1,481,448	1,047,150
Deposits	225,118	101,097
Carrying amount of trade and other receivables	1,706,566	1,148,247

Movements in the provision for doubtful debts were as follows:

	2013	2012
	\$	\$
At 1 July	98,808	129,524
(Reversal)/charge for the year	(62,862)	8,444
Amounts written off	(15,893)	(39,160)
At 30 June	20,053	98,808

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

7 INVENTORIES

	2013	2012
	\$	\$
<i>Raw Materials</i>		
Raw materials at cost	112,053	297,890
Provision for diminution in value	(50,000)	(53,199)
	62,053	244,691
<i>Finished goods</i>		
Finished goods at cost	37,106	131,189
Provision for diminution in value	-	(87,148)
	37,106	44,041
<i>Work in progress</i>		
At cost	47,596	98
Total inventory at the lower of cost and net realisable value	146,755	288,830

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2013 amounted to \$0 (2012: \$87,565).

8 OTHER CURRENT ASSETS

	2013	2012
	\$	\$
Short-term deposits	9,121,013	3,618,787
Prepayments	63,222	101,987
	9,184,235	3,720,774

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

9 PROPERTY, PLANT AND EQUIPMENT

	2013 \$	2012 \$
<i>Building on leasehold land</i>		
At cost	2,570,143	3,355,283
Accumulated amortisation	(1,965,529)	(2,689,469)
Net carrying amount	<u>604,614</u>	<u>665,814</u>
<i>Freehold land and buildings at cost</i>		
At cost	5,269,454	5,244,219
Accumulated depreciation	(807,995)	(696,734)
Net carrying amount	<u>4,461,459</u>	<u>4,547,485</u>
<i>Plant and equipment</i>		
At cost	1,243,067	3,074,686
Accumulated depreciation	(694,201)	(2,324,832)
Net carrying amount	<u>548,866</u>	<u>749,854</u>
<i>Motor Vehicles</i>		
At cost	4,265,040	4,380,361
Accumulated depreciation	(2,957,494)	(2,781,114)
Net carrying amount	<u>1,307,546</u>	<u>1,599,247</u>
<i>Computers - Hardware</i>		
At cost	395,820	1,358,806
Accumulated depreciation	(251,573)	(1,137,398)
Net carrying amount	<u>144,247</u>	<u>221,408</u>
Total property, plant and equipment		
At cost	13,743,524	17,413,355
Accumulated amortisation and depreciation	(6,676,792)	(9,629,547)
Net carrying amount	<u>7,066,732</u>	<u>7,783,808</u>

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liability.

As outlined in Note 17, Sunnyfield has use of three crown leases, on which it does not pay rent or recognise within property, plant and equipment.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

9 PROPERTY, PLANT AND EQUIPMENT (continued)

During the year a review was undertaken of the fixed asset register for fully depreciated assets no longer in existence. The cost and accumulated depreciation by category was as follows, and the write off had no impact on the income statement.

	2013		
	\$		
	At cost	Accumulated depreciation	Net carrying amount
Building on leasehold land	797,781	(797,781)	-
Plant and equipment	1,938,841	(1,938,841)	-
Motor Vehicles	307,366	(307,366)	-
Computers - Hardware	1,036,413	(1,036,413)	-
	<u>4,080,401</u>	<u>(4,080,401)</u>	-

(a) Reconciliation of carrying amounts at the beginning and end of the year

	2013
	\$
<i>Buildings on leasehold land</i>	
Balance at the beginning of the year	
At cost	3,355,283
Accumulated amortisation	<u>(2,689,469)</u>
Net carrying amount	665,814
Additions	126,037
Disposals	(12,279)
Depreciation charge for the year	<u>(174,958)</u>
Balance at the end of the year - Net carrying amount	<u>604,614</u>
<i>Freehold land and buildings at cost</i>	
Balance at the beginning of the year	
At cost	5,244,219
Accumulated depreciation	<u>(696,734)</u>
Net carrying amount	4,547,485
Additions	25,235
Depreciation charge for the year	<u>(111,261)</u>
Balance at the end of the year - Net carrying amount	<u>4,461,459</u>
<i>Plant and equipment</i>	
Balance at the beginning of the year	
At cost	3,074,686
Accumulated depreciation	<u>(2,324,832)</u>
Net carrying amount	749,854
Additions	107,222
Disposals	(59,617)
Depreciation charge for the year	<u>(248,593)</u>
Balance at the end of the year - Net carrying amount	<u>548,866</u>

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

9 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of carrying amounts at the beginning and end of the year (continued)

Motor Vehicles

Balance at the beginning of the year	
At cost	4,380,361
Accumulated depreciation	<u>(2,781,114)</u>
Net carrying amount	1,599,247
Additions	536,926
Disposals	(107,311)
Depreciation charge for the year	<u>(721,316)</u>
Balance at the end of the year - Net carrying amount	<u><u>1,307,546</u></u>

Computers - Hardware

Balance at the beginning of the year	
At cost	1,358,806
Accumulated depreciation	<u>(1,137,398)</u>
Net carrying amount	221,408
Additions	73,427
Disposals	(110)
Depreciation charge for the year	<u>(150,478)</u>
Balance at the end of the year - Net carrying amount	<u><u>144,247</u></u>

Total Property, plant and equipment

Balance at the beginning of the year	
At cost	17,413,355
Accumulated amortisation and depreciation	<u>(9,629,547)</u>
Net carrying amount	7,783,808
Additions	868,847
Disposals	(179,317)
Depreciation charge for the year	<u>(1,406,606)</u>
Balance at the end of the year - Net carrying amount	<u><u>7,066,732</u></u>

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

10 TRADE AND OTHER PAYABLES

	2013	2012
	\$	\$
Trade and other payables	3,402,526	2,425,171
Goods and services tax	1,042,808	933,861
Carrying amount of trade and other payables	<u>4,445,334</u>	<u>3,359,032</u>

11 PROVISIONS

	2013	2012
	\$	\$
Current		
Legal	275,977	413,789
Warranty	-	20,000
Long service leave	938,154	892,861
Annual leave	1,993,049	1,955,667
Make good	380,240	134,250
	<u>3,587,420</u>	<u>3,416,567</u>
Non-current		
Long service leave	<u>504,920</u>	<u>548,777</u>

Movements in provisions

Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out below:

	2013
	\$
<i>Provision for legal</i>	
At 1 July 2012	413,789
Utilised	(137,812)
At 30 June 2013	<u>275,977</u>
<i>Warranty</i>	
At 1 July 2012	20,000
Utilised	(20,000)
At 30 June 2013	<u>-</u>
<i>Make good</i>	
At 1 July 2012	134,250
Arising during the year	288,500
Utilised	(42,510)
At 30 June 2013	<u>380,240</u>
<i>Total Provisions</i>	
At 1 July 2012	568,039
Arising during the year	288,500
Utilised	(200,322)
At 30 June 2013	<u>656,217</u>

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

12 INTEREST-BEARING LIABILITIES

	2013 \$	2012 \$
Current		
Hire purchase liability	50,089	16,941
	<u>50,089</u>	<u>16,941</u>
Non-current		
Hire purchase liability	33,149	67,762
	<u>33,149</u>	<u>67,762</u>

(a) Secured bank loans at 30 June 2013

Sunnyfield has a \$1,920,000 debt facility at Westpac should it be required.

This facility has not been drawn down as at 30 June 2013 or during the year.

(b) Bank guarantee

Sunnyfield has bank guarantees with Westpac to the value of \$186,172.

13 FUNDS

(a) Details of reserves and funds included in statement of changes in funds

General Funds

General Funds represents the funds of Sunnyfield that are not designated for particular purposes.

Asset Revaluation Reserve

This reserve is used to record increases in the fair value of freehold land and buildings and decreases to the extent that such decreases relate to an increase in the value of that class of assets previously recognised in the reserve.

(b) Members' guarantee

Sunnyfield is a company limited by guarantee. Sunnyfield has one class of members of Sunnyfield and in the event of the company being wound up, each member would be required to contribute a maximum of \$20 towards meeting any outstanding obligations of the company. At 30 June 2013, the number of members was 573 (2012: 584), and the total amount members would contribute is \$11,460 (2012: \$11,680).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

14 INFORMATION RELATED TO SUNNYFIELD ("the parent entity")

	<i>PARENT</i>	
	<i>2013</i>	<i>2012</i>
	\$	\$
Current assets		
Cash and cash equivalents	5,327,820	5,050,199
Trade and other receivables	1,836,045	1,127,884
Inventories	146,755	288,830
Other current assets	7,604,235	2,501,987
Total current assets	14,914,855	8,968,900
Non-current assets		
Property, plant and equipment	6,108,235	6,815,897
Total non-current assets	6,108,235	6,815,897
Total assets	21,023,090	15,784,797
Current liabilities		
Trade and other payables	4,395,334	3,348,851
Funding in advance	4,786,475	2,920,014
Interest bearing liabilities	50,089	16,941
Provisions	3,587,420	3,416,567
Total current liabilities	12,819,318	9,702,373
Non-current liabilities		
Interest bearing loans	33,149	67,762
Provisions	504,920	548,777
Total non-current liabilities	538,069	616,539
Total liabilities	13,357,387	10,318,912
Net assets	7,665,703	5,465,885
Funds		
General funds	7,343,204	5,143,436
Asset revaluation reserve	322,499	322,449
Total funds	7,665,703	5,465,885
Surplus for the year	2,199,768	927,447

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

15 RELATED PARTY DISCLOSURES

Sunnyfield Independence Fund

The Sunnyfield Independence Fund is a discretionary Trust and it is intended that any distribution from the Trust Fund be applied to the advancement of Sunnyfield, or generally in projects designed for the support and nurturing of people with an intellectual disability.

For the year ended 30 June 2013, the Sunnyfield Independence Fund had a net deficit of \$17,398 (2012: net surplus of \$476,888) and net assets \$2,410,996 (2012: \$2,548,394). The Sunnyfield Independence Fund Accounts for the year ended 30 June 2013 have been included in Sunnyfield's consolidated accounts.

(a) Director compensation

The directors act in an honorary capacity and receive no compensation for their services.

(b) Transactions with director-related entities

During the years ended 30 June 2012 and 30 June 2013, the following transactions with director-related entities took place:

2013

- ▶ Most of the member Directors had family who received services from Sunnyfield Housing, Community and/or Enterprises.
- ▶ Sunnyfield was charged rent for its Druid's Court retirement village and Horst Place from The Sunnyfield Independence Fund.
- ▶ Director J Levis and her employer Clayton Utz performed both paid and pro-bono work on legal matters for Sunnyfield. The paid work was performed on normal commercial terms.
- ▶ Director Rathmell's sister in law was engaged on arms length hourly basis for a short period of time.

2012

- ▶ Most of the member Directors had family who received services from Sunnyfield Housing, Community and/or Enterprises.
- ▶ Sunnyfield was charged rent for its Druid's Court retirement village and Horst Place from The Sunnyfield Independence Fund.
- ▶ Director J Levis and her employer Clayton Utz performed pro-bono work on legal matters for Sunnyfield.
- ▶ Director Rathmell's sister in law was engaged on arms length hourly basis for a short period of time.

Other than the transactions disclosed above, no other amounts were paid or received from directors or director-related entities at the reporting dates.

(c) Key management personnel compensation

Refer to note 19(b) for key management personnel compensation.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

16 COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

Sunnyfield has entered into commercial property leases. These leases are non-cancellable leases having remaining terms up to 5 years. All property leases include a clause to enable upward revision of rental charges. Sunnyfield has also entered into commercial leases on certain plant and equipment. These leases have an average life of 5 years with no renewal option included in the contract.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2013	2012
	\$	\$
Within one year	1,603,820	1,506,997
After one year but not later than five years	1,372,385	1,505,428
	<u>2,976,205</u>	<u>3,012,425</u>

The above figures do not include any commitment for properties where the lease is currently on a month to month basis (\$128,052 per month) at 30 June 2013.

(b) Finance lease and hire purchase commitments

Sunnyfield has one finance lease for plant and equipment as at 30 June 2013.

	2013	2012
	\$	\$
Within one year	50,089	33,881
After one year but not after five	83,238	50,822
	<u>133,327</u>	<u>84,703</u>

(c) Capital Commitments

Capital Commitments within one year	-	68,195
	<u>-</u>	<u>68,195</u>

17 ECONOMIC DEPENDENCY

Sunnyfield as a going concern is dependent upon the continuing support from the NSW State and Federal Governments. A very significant portion of income is derived from Government grants and subsidies, with 7.7% (2012: 8.12%) from the Federal Government and 86% (2012: 82%) from the NSW State Government.

The terms of the largest Federal and State Government agreements are broadly summarised in the below analysis.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

17 ECONOMIC DEPENDENCY (continued)

	2013 (\$)	2012 (\$)	Contract term
<u>Federal Government</u>			
FAHCSIA	3,233,052	3,236,929	This funding has been in place since 1984 and the current contract runs to 30 June 2015
<u>State Government</u>			
ADHC	34,913,483	32,709,555	NSW Government funding has been provided in some form for many years. The current Recurring funding contracts have various Service Models, with the latest signed contract period being for the 12 months to 30 June 2015
Post School Options	651,680	1,020,283	Portable funding transition to work
CPP Funding	2,730,140	2,485,752	Portable individual funding
Stronger Together	278,148	241,700	Portable individual funding to 30 June 2015
One Off Funding (other)	650,142	219,107	One off funding

The premises at 185 Allambie Road, Allambie Heights and Aquatic Drive, Allambie Heights, are subject to crown land leases which expired in November 2010 and the new long term positions are actively being reviewed. It is our understanding that the lease will be renegotiated in unison. The premises at Druid's Court are also under a crown land lease which is due to expire in 2014.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

18 INFORMATION AND DECLARATIONS TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT, 1991 FOR SUNNYFIELD

(a) Fundraising appeals conducted during the financial year ended 30 June 2013

Fundraising appeals conducted during the financial year included dinners, golf days, rallies, direct mailing and sundry unsolicited donations and bequests.

(b) Results of fundraising appeals

Included in the statement of comprehensive income are the following:

	SUNNYFIELD	
	2013	2012
	\$	\$
Fundraising income	476,185	578,747
Less: Direct costs	23,799	43,498
Net surplus	452,386	535,249

(c) Application of net surplus obtained from fundraising appeals

During the year Sunnyfield received gross proceeds and grants of \$476,185 from fundraising appeals, all this income was spent on direct care and plant and equipment acquisitions.

(d) Comparison of certain monetary figures and percentages from fundraising appeals

	SUNNYFIELD		SUNNYFIELD	
	2013		2012	
	\$	%	\$	%
Fundraising income	476,185	100	578,747	100
Less: Direct costs	23,799	5	43,498	8
Net surplus	452,386	95	535,249	92

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

19 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors (non-executive)

Dr J Carter	
Ms J Levis	
Mr M Park (Chair)	
Ms H Milnes	
Mr T Pockett	
Mr R Rathmell	
Ms J Heinrich	(appointed 19 February 2013)
Mr I Fraser	(appointed 11 May 2013)
Ms M Hammel	(appointed 31 October 2012)
Mr P Walsh	(appointed 9 July 2013)
Mr J Connell (Previous Chair)	(resigned 2 May 2013)
Mr J Harston	(resigned 13 February 2013)
Mr C Howells	(resigned 21 June 2013)
Mr N Parnaby	(retired 31 October 2012)

(ii) Senior Leadership Team Executives

At 30 June 2013 the team comprised:

Ms C Cuddihy	CEO
Ms A Doyle	CFO
Mr M Churchman	Company Secretary
Mr. W. Curry	General Manager Community Services
Mr F Van Steel	General Manager Enterprises
Dr M Clayton	General Manager Supported Living
Mr T Matthew	Executive Manager Human Resources
Ms Y Hsia	Executive Manager Business Development

(b) Compensation of key management personnel

Compensation of key management personnel comprises the Senior Leadership Team.

	SUNNYFIELD	
	2013	2012
	\$	\$
Total compensation	<u>1,299,003</u>	<u>1,253,746</u>

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2013

20 STATEMENT OF CASH FLOWS RECONCILIATION

	2013 \$	2012 \$
Reconciliation of surplus after tax to net cash flows from operations		
Total expenses	2,062,420	1,404,285
<i>Adjustments for:</i>		
Depreciation and amortisation expense	1,406,606	1,464,044
Net profit on disposal of property, plant and equipment	(119,338)	(52,901)
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in trade and other receivables	(259,664)	316,601
Decrease/(Increase) in inventories	142,075	(16,270)
Decrease/(Increase) in other assets	38,765	71,001
Increase/(Decrease) in trade and other payables	1,086,302	584,773
Increase/(Decrease) in provisions	126,996	48,982
Increase/(Decrease) in deferred income	1,864,996	632,314
Net cash flows from operating activities	<u>6,349,158</u>	<u>4,452,829</u>

21 EVENTS AFTER BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

22 AUDITOR'S REMUNERATION

The auditor of Sunnyfield is Ernst & Young (Australia) .

	CONSOLIDATED	
	2013 \$	2012 \$
<i>Amounts received or due and receivable by Ernst & Young (Australia) for:</i>		
• An audit of the financial report of the entity and any other entity in the consolidated group	42,616	41,715
• Other services in relation to the entity and any other entity in the consolidated group		
- Financial statements preparation	6,489	6,180
- Specific reviews	21,321	8,652
	<u>70,426</u>	<u>56,547</u>

Directors' declaration

In accordance with a resolution of the directors of Sunnyfield, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of Sunnyfield and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial positions as at 30 June 2013 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) In respect of Sunnyfield:
 - (i) the provisions of the NSW Charitable Fundraising Act 1991, the Regulations under the Act and the conditions attached to the fundraising authority have been complied with;
 - (ii) the internal controls exercised by Sunnyfield are appropriate and effective in accounting for all income received.

On behalf of the Board



M Park
Chair



T Pockett
Director

Sydney, 2 October 2013