

**Sunnyfield**

ABN 72 000 415 127

General purpose (RDR) report for the  
year ended 30 June 2015

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### Auditors

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Sydney, NSW 2000

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## Directors' report

### For the year ended 30 June 2015

Our 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 2015.

#### 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 1,200 employees as at 30 June 2015 (2014: 1,212 employees). The Group's activities during the year included:

- Support to 251 (2014: 243) 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 165 (2014: 161) person services in Community Based Respite, 267 (2014: 261) in Day Option Programs, 197 (2014: 212) are in Individualised including Self-Managed/Supported Living Programs and 973 (2014: 546) are in Respite Care for a total of 1,345 (2014: 1,200) person services as at the end of June 2015.
- Operation of 4 factories across the Sydney area providing employment to 291 (2014: 286) government funded supported people with disabilities and 15 (2014: 14) 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 seek 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 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.

## Directors' report (continued)

### For the year ended 30 June 2015

#### Operating and financial review

Sunnyfield has had another successful year progressing with its well established strategy.

The financial outcome for the year reflects:

- Revenue increasing to \$55.2m, or a 6% increase. This included government funding indexation increases and growth in our client base particularly in community services.
- Expenses were \$64.1m, or a 4.8% increase. It is pleasing expenses increased at a lower rate than revenue reflecting good cost management but also during the year we have invested into Sunnyfield. This investment is related to initiatives building organisational capability to be ready for the substantial emerging changes of the National Disability Insurance Scheme (NDIS). These costs are reflected in an increase in other expenses in IT developing new platforms and in other infrastructure changes.
- This resulted in a surplus for the year of \$2.5m (2014, \$2.7m).
- Our statement of financial position strengthened with an increase in total assets from \$23.3m (2014) to \$32.9m.

#### 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:

- (f) Financial
  - Financial Performance versus Budget by Division
  - Liquidity Ratios
  - Debtor Days Outstanding
  - Labour/Agency KPI's
- (nf) 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, AD @ Sc (Med), M.B.B.S., M.D., F.R.A.C.P. (appointed 29 August 2011)**

Dr John Carter is a Clinical Professor of Medicine at the University of Sydney. He is a past President of the Australian Diabetes Society and was Chairman of the Commonwealth Ministerial Advisory Committee on Diabetes. He was made an Officer of the Order of Australia (AO) in 2000 for services to diabetes and endocrinology. In addition, he is Chairman of the Cromhurst Foundation, was appointed to the Sunnyfield Board in August 2011 and is also Chairman of the Sunnyfield Fundraising, Branding & Communications Committee.

**Mr I Fraser, FGPA, FAIGD (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 include Managing Director Pioneer Sugar Mills Ltd, Managing Director Clyde Industries Ltd, Managing Director TNT Australia and Managing Director Australia 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 Legend Corporation Limited. Ian is a member of the Fundraising, Branding & Communications Committee.

## Directors' report (continued)

For the year ended 30 June 2015

### Directors (continued)

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

Melissa is the Health Manager at Cerebral Palsy. Melissa is a Registered Nurse, with qualifications in Management, Palliative Care, Disability and Aged Care. Melissa is the daughter of St Anthony's Patron, Bryan Whiddon CAM and granddaughter of founder Hazel Whiddon. Melissa is a member of the Fundraising, Branding and Communications Committee and the Human Resources, Nomination and Remuneration Committee.

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

Jane had a long career in roles serving the community including over 15 years as the CEO for Social Community Services (SCS) - NSW & ACT, and 4 years as CEO of the Macquarie Community College. Jane 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, Jane 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. Jane was also awarded the inaugural Minister's Award in 2005 for Excellence in Staff Development in the Aged Care sector.

#### Ms K Ingram, BA, LLB (Hons), MQR (appointed 12 February 2014)

Karen is a Partner at Clayton Utz. She has a Bachelor of Arts Communication Studies, Bachelor of Law First Class Honours and a Master of Dispute Resolution as well as being in charge of the Clayton Utz Community Connect volunteering and in-kind support program in Sydney. She is responsible for developing and maintaining relationships between the partners and staff of Clayton Utz and 10 not-for-profit organisations, including Sunnyfield, in the areas of volunteering, in-kind support and Foundation grants. Karen is a member of the Fundraising, Branding and Communication Committee.

#### Ms H Milnes (appointed 25 October 2010)

A former Director for 5 years, Heather recently retired from the Real Estate industry and has been the Chair of the Property Committee since re-joining the Board in 2010 due to this background. Heather is a member of the Fundraising, Branding & Communications Committee and the Housing, Property & Equipment Committee and is a director of Gateway 2015 Properties Limited.

#### Mr M Park, 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 was 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.

#### Mr T Perrett, B Com, FCA (appointed 9 December 2010)

Tom is currently a Director of Stockland Corporation Limited, Insurance Australia Group Limited, O'Connell Street Associates and three Woodwards Limited subsidiaries. Previously Tom was Finance Director of Woodwards Limited. Prior to Woodwards Limited he held positions including Deputy Chief Financial Officer at the Commonwealth Bank; General Manager Finance for Lion Lease Corporation and was with Chartered Accounting firm Deloitte. He is a Fellow of the Institute of Chartered Accountants in Australia (FCA). He was a member of the G100 and was a member of the Finance Reporting Council. He was Chairman of the Business Council of Taxation Reform from 2011 to 2016. Tom is Chair of the Audit, Finance and Risk Committee, a director of Independence Fund No 1 Limited, Independence Fund No 2 Limited and Gateway 2015 Properties Limited.

## Directors' report (continued)

For the year ended 30 June 2015

### Directors (continued)

#### Mr R Rathnelli<sup>\*</sup> B.Ec, MAICD (appointed 25 October 2010)

Ross Rathnelli has over 30 years' financial and corporate experience in Australia and overseas, in both private and listed companies. He has an economics degree and accounting Blue from Sydney University. Ross worked as a Chartered Accountant for eight years with Pricewaterhouse and has ten years' experience as a non-executive Director including two ASX listed companies. Ross is Chair of the Human Resources, Nomination & Remuneration Committee, a member of the Audit, Finance & Risk Committee and a director of Independence Fund No 1 Limited and Independence Fund No 2 Limited.

#### Mr P Walsh<sup>\*</sup>, BBus, MBA, FCPA (appointed 9 July 2013)

Paul is currently CFO for Lend Lease's property business in the USA, having previously held a similar role 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 Davis Lend Lease and Head of Project Finance. Paul is a member of the Housing, Property & Equipment Committee.

\* - Non-executive Director who is not a member of Sunnyfield

### 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 Australian 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 2015. It is noted that Board of Directors currently must be comprised of at least 50% Members as per Sunnyfield's constitution.

### 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.

## Directors' report (continued)

### For the year ended 30 June 2015

#### Corporate governance statement (continued)

##### Board Committees (continued)

##### **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. The 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' meetings**

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

## Directors' report (continued)

For the year ended 30 June 2015

### Corporate governance statement (continued)

#### Board Committees (continued)

##### Directors' meetings (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
Dr J Carter	8	8	-	-	4	4	-	-	-	-
Mr I Frasca	8	7	-	-	4	3	-	-	-	-
Ms M. Herrmel	8	5	4	3	4	2	-	-	-	-
Ms J Heinrich	8	6	-	-	-	-	-	-	-	-
Ms K Ingram	8	6	-	-	4	2	-	-	-	-
Ms F Milnes	8	8	-	-	4	3	-	-	4	4
Mr M Park	8	8	4	3	-	-	4	4	4	4
Mr T Pockell	8	7	-	-	-	-	4	4	-	-
Mr P Walsh	8	6	-	-	-	-	-	-	4	2
Mr R Kinnell	8	6	4	4	-	-	4	4	4	-



## Directors' report (continued)

### For the year ended 30 June 2015

#### 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 2015, the number of members was 590 (2014: 576) and the total amount members would contribute is \$11,800 (2014: \$11,520).

#### Economic dependency

Sunnyfield is dependent upon continuing support from the NSW State and Federal Governments for funding and Crown Land leases. Refer to Note 18 in the financial statements for further details.

#### Subsidiary entities

##### The Independence Fund

The 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 JH Pay (Appointed: 15 March 2010);  
 Mr J Harston (Appointed: 28 April 2011);  
 Mr T Pockell (Appointed: 26 April 2011);  
 Mr K Rathmell (Appointed: 26 April 2011);  
 Mr M Brent (Appointed: 20 September 2012)

##### Gateway 2015 Properties Trust

The Gateway 2015 Properties Trust is a charitable trust registered as a community housing provider under the Community Housing Providers National Law, created on 19 May 2015.

The Trust Fund is to be applied for the purposes of providing money, property or other benefits for the advancement of Sunnyfield and other similar institutions whose purpose is to provide certain services or support to people with an intellectual or other disability. Sunnyfield provides services to the Trust under a services deed dated 19 May 2015.

The trustee of the Trust is Gateway 2015 Properties Limited, whose directors are:

Mr C Howells (Appointed: 19 May 2015);  
 Mr M Grant (Appointed: 19 May 2015);  
 Mr J Connell (Appointed: 19 May 2015);  
 Mrs H Milnes (Appointed: 19 May 2015);  
 Mr T Pockell (Appointed: 19 May 2015)

#### Significant events after the reporting date

After extensive advice and review, the trustees of the Independence Fund are currently in the process of winding up the Trust. Sunnyfield has agreed to accept the transfer of all assets in the Independence Fund. This is expected to be completed by December 2015.

## Directors' report (continued)

### For the year ended 30 June 2015

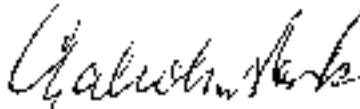
#### Significant events after the reporting date (continued)

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

#### Auditor independence and non-audit services

The auditor's declaration of independence appears on the following page and forms part of the Directors' report for the year ended 30 June 2015. 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 standards of independence for auditors imposed by the Corporations Act 2001.

The directors' report was authorised for issue by the directors dated at Sydney on 30 September 2015.



Mr M Park  
Chair  
30 September 2015



Mr T Pickett  
Director  
30 September 2015



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## Auditor's Independence Declaration to the Directors of Sunnyfield

In relation to our audit of the financial report of Sunnyfield for the financial year ended 30 June 2015, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

  
Ernst & Young  


Loretta Di Mento  
Partner  
30 September 2015

## Consolidated statement of comprehensive income

For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
<b>Revenue</b>			
Government subsidies	4.1	44,777,600	42,847,352
Other revenue	4.1	11,433,058	10,165,696
<b>Total revenue</b>		<b>56,210,658</b>	<b>53,013,048</b>
<b>Expenses</b>			
Cost of sale of goods		(1,060,250)	(1,537,451)
Employee benefits expense	4.3	(40,635,628)	(35,538,225)
Occurrence expenses	4.4	(4,920,387)	(5,331,057)
Finance costs	4.6	(38,843)	(48,734)
Other expenses	4.5	(5,789,849)	(4,456,979)
Depreciation expense	8	(1,121,215)	(1,197,032)
<b>Total expenses</b>		<b>(54,062,162)</b>	<b>(51,607,988)</b>
Other income	4.2	99,833	642,027
<b>Operating surplus</b>		<b>2,278,311</b>	<b>1,963,187</b>
Investment income		639,347	704,711
<b>Surplus for the year</b>		<b>2,917,658</b>	<b>2,667,898</b>
Other comprehensive income for the year			
<b>Total comprehensive income for the year</b>		<b>2,917,658</b>	<b>2,667,898</b>

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

## Consolidated statement of financial position

As at 30 June 2015

	Notes	2015 \$	2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,422,294	6,605,062
Trade and other receivables	6	2,111,567	1,687,381
Inventories	7	400,850	115,371
Other current assets	8	14,470,117	2,594,599
<b>Total current assets</b>		<b>26,404,828</b>	<b>17,030,409</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	6,485,916	6,239,294
<b>Total non-current assets</b>		<b>6,485,916</b>	<b>6,239,294</b>
<b>Total assets</b>		<b>32,890,744</b>	<b>23,269,703</b>
<b>Current liabilities</b>			
Trade and other payables	10	5,734,524	2,704,655
Funding in advance		6,910,440	2,815,884
Employee benefit liabilities	12	2,281,921	2,549,493
Provisions	11	571,651	471,404
Interest-bearing liabilities	13	-	10,941
<b>Total current liabilities</b>		<b>16,498,536</b>	<b>9,806,387</b>
<b>Non-current liabilities</b>			
Employee benefit liabilities	12	589,932	562,511
Interest-bearing liabilities	13	-	15,208
<b>Total non-current liabilities</b>		<b>589,932</b>	<b>577,719</b>
<b>Total liabilities</b>		<b>17,188,468</b>	<b>10,535,106</b>
<b>Net Assets</b>		<b>15,702,265</b>	<b>12,734,697</b>
<b>Funds</b>			
General funds	14	15,002,021	12,504,360
Asset revaluation reserve	14	700,234	700,234
<b>Total funds</b>		<b>15,702,255</b>	<b>12,734,597</b>

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 2015

	General funds (Note 14) \$	Asset revaluation reserve (Note 14) \$	Total funds \$
At 1 July 2014	12,634,363	100,234	12,734,597
Surplus for the year	2,957,658	-	2,957,658
Other comprehensive income	-	-	-
Total comprehensive income	<u>2,957,658</u>	<u>-</u>	<u>2,957,658</u>
<b>At 30 June 2015</b>	<b><u>15,592,021</u></b>	<b><u>100,234</u></b>	<b><u>15,702,255</u></b>
At 1 July 2013	9,754,200	322,400	10,076,600
Surplus for the year	2,557,899	-	2,557,899
Other comprehensive income	-	-	-
Total comprehensive income	<u>2,557,899</u>	<u>-</u>	<u>2,557,899</u>
Transfer in equity	<u>222,206</u>	<u>(222,206)</u>	<u>-</u>
<b>At 30 June 2014</b>	<b><u>12,534,363</u></b>	<b><u>100,234</u></b>	<b><u>12,734,597</u></b>

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 2015

	2015	2014
Notes	\$	\$
<b>Operating activities</b>		
Receipts from customers	8,431,641	8,771,523
Payments to suppliers and employees	(57,208,845)	(51,159,557)
Receipts from government subsidies	48,874,356	40,574,457
Receipts from fees and fundraising	5,290,660	4,826,044
Interest received	389,047	704,717
Interest paid	(38,843)	(46,734)
<b>Net cash flows from operating activities</b>	<b>4,032,236</b>	<b>1,125,248</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	376,786	1,287,537
Purchase of property, plant and equipment	(9,583,752)	(1,134,521)
Proceeds from short-term deposits	5,674,927	(624,341)
<b>Net cash flows from/(used in) investing activities</b>	<b>(4,406,923)</b>	<b>(481,825)</b>
<b>Financing activities</b>		
<b>Net cash flows from/(used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,439,159</b>	<b>643,423</b>
Cash and cash equivalents at 1 July	15,144,234	14,500,811
<b>Cash and cash equivalents at 30 June</b>	<b>23,583,393</b>	<b>15,144,234</b>

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 2015

#### 1. Corporate Information

The financial report of Sunnyfield (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors.

Sunnyfield is a not for profit company limited by guarantee incorporated and domiciled in Australia.

The registered office of the Company is: 185 Allantree Road, Allantree 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 Charities and Not for Profits Commission Act 2012*, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. Australian Accounting Standards contain requirements specific to not for profit entities including standards AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets, AASB 15E Impairment of Assets and AASB 1004 Contributions. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar (\$) unless otherwise stated.

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

##### (b) Changes in accounting policy, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year.

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2014/2015 do not impact the financial statements of the Group.

##### (c) 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 (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.

##### (d) 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 note 18 to the accounts.



## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

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### 2. Summary of significant accounting policies (continued)

#### (d) Going concern (continued)

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.

#### (e) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the Group's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or a cash equivalent (unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period)

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Group's normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

#### (f) Comparatives

When applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

#### (g) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and are readily convertible to known amounts of cash.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above and short-term deposits.

#### (h) Trade and other receivables

Trade and other 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 receivables 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.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 2. Summary of significant accounting policies (continued)

#### (i) 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 at least 12 months after the reporting date.

#### (j) Borrowing costs

All borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### (k) 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.

#### (l) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date (ar value of the leased property or, if lower, at the present value of the minimum lease payments). Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of comprehensive 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.

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

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 2. Summary of significant accounting policies (continued)

#### (iv) Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred.

##### Freehold land and buildings

Buildings are depreciated over the estimated useful lives being 30 years.

##### Leasehold land and improvements

Sunlyfe 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

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 consolidated statement of comprehensive income when the asset is derecognised.

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.

#### (v) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indicator that an asset may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, the Group makes a formal estimate of the recoverable amount. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds recoverable amount, which is defined for not-for-profit entities as the higher of an asset's fair value less costs to sell or depreciated replacement cost. For the purpose of assessing impairment, assets are grouped at the level for which there are separately identifiable cash flows. An impairment loss is recognised in the consolidated statement of comprehensive income.

#### (vi) Provisions and employee benefit liabilities

##### 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 any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2015

#### 2. Summary of significant accounting policies (continued)

##### (o) Provisions and employee benefit liabilities (continued)

###### *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.

###### *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.

###### *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.

###### *Wages, salaries and sick 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. Expenses for non-accumulating sick leave are recognised when the leave is taken, and are measured at the rates paid or payable.

###### *Long service leave and annual leave*

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave as recognised and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match as closely as possible, the estimated future cash outflows.

##### (p) 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.

##### (q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

###### *Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

###### *Board and lodging fees from residents*

Revenue is recognised when the service is provided.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2015

#### 2. Summary of significant accounting policies (continued)

##### (q) Revenue recognition (continued)

###### *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.

###### *Bequest*

From time to time Sunnyfield is nominated as a benevolent 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.

###### *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.

###### *Individualised funding*

Funding received in respect of individualised packages is received in advance and initially recognised as a liability. Revenue is brought to account upon confirmation of services provided to the individual. The individualised funding is received from both the Department of Ageing, Disability and Home Care (ADHC) and National Disability Insurance Agency (NDIA) and is recorded as government subsidies and other revenue.

###### *Interest income*

Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in investment income in the consolidated statement of comprehensive income.

##### (r) Taxes

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

##### (s) 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 trade and other payables is deemed to reflect fair value.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 3. Significant accounting 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 commercial property as discussed in note 17. 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 21(i). 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.

##### *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, as they are not able to be reliably measured.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 4. Revenue and expenses

#### 4.1 Revenue

##### (i) Government subsidies

	2015	2014
	\$	\$
Department Family & Community Services	3,078,597	3,428,483
Department Agency, Disability & Home Care	41,293,244	39,156,448
Special Carers/Hostel funding from ADHC	94,000	232,321
National Disability Insurance Scheme	17,960	-
Total government subsidies	<u>44,777,800</u>	<u>42,847,252</u>

##### (ii) Other revenue

	2015	2014
	\$	\$
Sale of goods	6,202,378	6,239,952
Rents and leasing fees	3,127,288	3,049,601
Fundraising income (iii)	587,217	505,567
Individualised funding - fee for service and management fees	1,261,746	879,683
Other fees	304,430	497,963
Total other revenue	<u>11,483,058</u>	<u>10,165,896</u>

##### (iii) Fundraising income

	2015	2014
	\$	\$
Events and fundraising	71,250	234,984
Donations	188,180	186,643
Bequests	<u>327,777</u>	<u>81,740</u>
Total fundraising income (note 19.2)	<u>587,217</u>	<u>505,567</u>

#### 4.2 Other income

	2015	2014
	\$	\$
Net gain or loss on disposal of property	-	393,050
Net gain or loss on disposal of other plant and equipment	39,833	149,027
Total other income	<u>39,833</u>	<u>542,027</u>

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 4. Revenue and expenses (continued)

#### 4.3 Employee benefits expenses

	2015	2014
	\$	\$
Salaries and wages	31,333,728	29,673,205
Workers' compensation costs	865,070	953,564
Agency staff	1,900,228	2,683,675
Sub-contractors	141,761	432,332
Superannuation costs	2,119,272	2,802,550
Recruitment, training and amenities	540,073	371,008
Annual leave	3,279,685	1,845,843
Long service leave	295,813	264,061
Total employee benefits expenses	<u>40,826,828</u>	<u>39,038,235</u>

#### 4.4 Occupancy expenses

	2015	2014
	\$	\$
Operating leases rental	1,978,505	1,817,385
Food and household costs	575,194	627,381
Utilities	591,138	623,860
Cleaning	401,366	541,349
Repairs and maintenance	1,005,001	1,524,429
Other	125,853	192,154
Total occupancy expenses	<u>4,930,197</u>	<u>5,331,557</u>

#### 4.5 Other expenses

	2015	2014
	\$	\$
Insurance	407,017	640,978
Fundraising expenses	75,953	0,200
Printing and stationery	255,580	236,902
Communication expenses	436,291	453,427
Transport expenses	601,962	512,010
Individual package costs	975,620	373,221
Computer, IT and professional fees	1,784,133	847,394
Other	1,140,073	1,376,844
Total other expenses	<u>5,769,849</u>	<u>4,458,978</u>



## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 4. Revenue and expenses (continued)

#### 4.6 Finance costs

	2015	2014
	\$	\$
Fire purchase	36,843	46,734
Total finance costs	<u>36,843</u>	<u>46,734</u>

### 5. Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank	9,355,848	6,568,567
Cash on hand	66,346	69,506
	<u>9,422,294</u>	<u>6,638,073</u>
Short-term deposits (Note 8)	14,161,030	8,486,172
Total cash and cash equivalents	<u>23,583,324</u>	<u>15,144,234</u>

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

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

	2015	2014
	\$	\$
<b>Cash flow reconciliation</b>		
Reconciliation of net surplus after tax to net cash flows from operations		
Surplus for the year	<u>2,987,650</u>	<u>2,657,650</u>
Adjustments to reconcile surplus after tax to net cash flows		
Gain on disposal of property, plant and equipment	(96,833)	(542,037)
Depreciation expense of property, plant and equipment	1,121,215	1,191,002
Provision for doubtful debts	(53,111)	67,146
Changes in assets and liabilities		
: increase/(decrease) in trade and other receivables	(391,075)	7,456
: increase/(decrease) in inventories	(290,472)	36,354
: increase/(decrease) in short-term deposits and prepayments	(5,876,522)	690,640
: increase/(decrease) in employee benefit liabilities	459,260	75,681
: increase/(decrease) in trade and other payables	2,029,652	(740,462)
: increase/(decrease) in provisions	100,257	(194,813)
: increase/(decrease) in funding in advance	4,066,758	(1,972,791)
: increase/(decrease) in interest-bearing liabilities	(33,149)	(50,069)
Net cash flows from operating activities	<u>4,032,236</u>	<u>1,125,248</u>

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 6. Trade and other receivables

	2015	2014
	\$	\$
Trade and other receivables	1,742,116	1,374,707
Provision for doubtful debts	(24,088)	(77,139)
Deposits	393,559	369,873
	<u>2,111,587</u>	<u>1,667,381</u>

Movements in the provision for doubtful debts were as follows:

At 1 July 2013	20,053
(Reversal)/change for the year	57,146
At 30 June 2014	77,199
(Reversal)/change for the year	(53,111)
At 30 June 2015	<u>24,088</u>

At 30 June 2015 a portion of the receivables balance was past due but not considered impaired. No specific collection issues have been identified with these receivables.

### 7. Inventories

	2015	2014
	\$	\$
<b>Raw materials</b>		
Raw materials at cost	420,604	116,525
Provision for diminution in value and reworks	(100,000)	(50,000)
	<u>320,604</u>	<u>66,525</u>
<b>Finished goods</b>		
Finished goods at cost	17,010	42,323
	<u>17,010</u>	<u>42,323</u>
<b>Work in progress</b>		
Work in progress at cost	57,230	1,023
	<u>57,230</u>	<u>1,023</u>
Total inventories at the lower of cost and net realisable value	<u>400,850</u>	<u>110,371</u>

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2015 amounted to \$Nil (2014: \$Nil).

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 8. Other current assets

	2015	2014
	\$	\$
Short-term deposits	14,161,099	6,496,172
Prepayments	<u>309,018</u>	<u>108,423</u>
	<u>14,470,117</u>	<u>6,604,595</u>

Short-term deposits are made for varying periods depending on the forecast cash flow requirements of Sunmylife, and earn interest at the respective short-term deposit rates.

The increase in short-term deposits in 2015 reflects some large extra funding received in advance from ADHC during June 2015.

### 9. Property, plant and equipment

	2015	2014
	\$	\$
<i>Residential care</i>		
At cost	2,914,780	2,964,077
Accumulated depreciation	<u>(2,342,022)</u>	<u>(2,149,585)</u>
Net carrying amount	<u>572,758</u>	<u>814,492</u>
<i>Residential care and buildings</i>		
At cost	4,676,794	4,406,294
Accumulated depreciation	<u>(1,823,215)</u>	<u>(722,790)</u>
Net carrying amount	<u>3,853,579</u>	<u>3,683,504</u>
<i>Plant and equipment</i>		
At cost	1,335,541	1,307,143
Accumulated depreciation	<u>(1,025,921)</u>	<u>(1,071,006)</u>
Net carrying amount	<u>312,620</u>	<u>236,137</u>
<i>Motor vehicles</i>		
At cost	3,624,393	3,641,064
Accumulated depreciation	<u>(3,051,664)</u>	<u>(2,506,212)</u>
Net carrying amount	<u>572,729</u>	<u>1,134,852</u>
<i>Computers - Hardware</i>		
At cost	1,547,368	625,798
Accumulated depreciation	<u>(522,608)</u>	<u>(356,393)</u>
Net carrying amount	<u>1,024,760</u>	<u>269,405</u>
<i>Total property, plant and equipment</i>		
At cost	14,221,346	13,247,362
Accumulated depreciation	<u>(7,715,430)</u>	<u>(7,028,065)</u>
Net carrying amount	<u>6,505,916</u>	<u>6,219,297</u>

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 9. Property, plant and equipment (continued)

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

As outlined in note 18, Sunnyfield has use of three crown leases, on which it does not pay rent or recognise within property, plant and equipment.

#### Reconciliation of carrying amounts at the beginning and the end of the year

	<u>2015</u>
	\$
<i>Buildings on leasehold land</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	714,392
Additions	105,584
Disposals	(150,381)
Depreciation charge for the year	(192,337)
<b>Balance at the end of the year - Net carrying amount</b>	<u>572,258</u>
<i>Freehold land and buildings</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	3,685,504
Additions	267,490
Depreciation charge for the year	(107,426)
<b>Balance at the end of the year - Net carrying amount</b>	<u>3,853,568</u>
<i>Furniture and equipment</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	436,137
Additions	51,398
Disposals	(12,947)
Depreciation charge for the year	(140,968)
<b>Balance at the end of the year - Net carrying amount</b>	<u>312,820</u>
<i>Motor vehicles</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	1,032,856
Additions	462,730
Disposals	(479,444)
Depreciation charge for the year	(527,370)
Depreciation disposals for the year	427,317
<b>Balance at the end of the year - Net carrying amount</b>	<u>922,689</u>

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 9. Property, plant and equipment (continued)

	2015
	\$
<i>Computers - Hardware</i>	
Balance at the beginning of the year	
At 1 July	269,405
Additions	721,550
Depreciation charge for the year	(109,215)
<b>Balance at the end of the year - Net carrying amount</b>	<b><u>881,740</u></b>
<i>Total property, plant and equipment</i>	
Balance at the beginning of the year	
At 1 July	6,239,294
Additions	1,683,793
Disposals	(643,773)
Depreciation charge for the year	(1,121,218)
Depreciation disposals for the year	427,817
<b>Balance at the end of the year - Net carrying amount</b>	<b><u>6,485,916</u></b>

### 10. Trade and other payables

	2015	2014
	\$	\$
Trade and other payables	6,734,524	6,704,865
<b>Carrying amount of trade and other payables</b>	<b><u>6,734,524</u></b>	<b><u>6,704,865</u></b>

### 11. Provisions

	2015	2014
	\$	\$
<i>Current</i>		
Legal provision	150,000	75,000
Make good provision	421,661	396,404
	<b><u>571,661</u></b>	<b><u>471,404</u></b>

#### Movement in provisions

Movement in each class of provision during the financial year are set out below:

	Legal claim	Make good provisions	Total
	\$	\$	\$
At 1 July 2014	75,000	396,404	471,404
Arising during the year	75,000	26,257	100,257
<b>At 30 June 2015</b>	<b><u>150,000</u></b>	<b><u>421,661</u></b>	<b><u>571,661</u></b>

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 12. Employee benefit liabilities

	2015	2014
	\$	\$
<b>Current</b>		
Annual leave	2,015,300	1,952,119
Long service leave	1,266,531	997,374
	<u>3,281,831</u>	<u>2,949,493</u>
<b>Non current</b>		
Long service leave	689,933	552,511
	<u>689,933</u>	<u>552,511</u>

### 13. Interest-bearing liabilities

	2015	2014
	\$	\$
<b>Current</b>		
Hire purchase liability	-	16,941
	<u>-</u>	<u>16,941</u>
<b>Non current</b>		
Hire purchase liability	-	16,208
	<u>-</u>	<u>16,208</u>

#### (a) Secured bank loans at 30 June 2015

Sunnyfield has a \$1,920,000 (2014: \$1,920,000) unused debt facility at Westpac should it be required.

This facility has not been drawn down as at 30 June 2015 or during the year.

#### (b) Bank guarantee

Sunnyfield has bank guarantees with Westpac to the value of \$317,353 (2014: \$263,581) and with Commonwealth Bank of Australia to the value of \$186,172 (2014: \$186,172).

### 14. Funds

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

##### General Funds

General Funds represent the accumulation of the funds including the surplus for the year from Sunnyfield and the Independence Fund.

##### Asset Revaluation Reserve

This reserve is used to record increases in the fair value above the acquisition cost of freehold and semi-detached buildings. Decreases in the reserve relate to prior increases in the value of that class of assets or sales.

During 2014, one property was sold and the associated surplus in the asset revaluation reserve was transferred to general funds.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2015

#### 14. Funds (continued)

##### (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 2015, the number of members was 590 (2014: 576) and the total amount members would contribute is \$11,800 (2014: \$11,520).

#### 15. Information relating to Sunnyfield (the Parent)

	2015	2014
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	9,422,254	5,358,052
Trade and other receivables	2,315,239	1,577,076
Inventories	400,650	110,371
Other current assets	13,305,777	8,488,954
<b>Total current assets</b>	<u>26,324,160</u>	<u>15,834,473</u>
<b>Non-current assets</b>		
Property, plant and equipment	5,313,103	5,293,629
<b>Total non-current assets</b>	<u>5,313,103</u>	<u>5,293,629</u>
<b>Total assets</b>	<u>30,637,263</u>	<u>20,828,101</u>
<b>Current liabilities</b>		
Trade and other payables	5,692,045	3,654,852
Interest-bearing liabilities	-	10,941
Funding in advance	6,910,440	2,813,684
Employee benefit liabilities	3,261,331	2,949,493
Provisions	571,657	471,404
<b>Total current liabilities</b>	<u>16,456,078</u>	<u>9,906,384</u>
<b>Non-current liabilities</b>		
Employee benefit liabilities	659,333	552,511
Interest-bearing liabilities	-	16,206
<b>Total non-current liabilities</b>	<u>659,333</u>	<u>573,719</u>
<b>Total liabilities</b>	<u>17,146,011</u>	<u>10,485,103</u>
<b>Funds</b>		
General funds	13,391,316	10,342,754
Asset revaluation reserve	100,234	100,234
	<u>13,481,252</u>	<u>10,442,988</u>
<b>Surplus for the year</b>	<b>3,048,254</b>	<b>2,777,293</b>

There are no commitments or contingencies as at the reporting date which would have a material effect on the Parent's financial statements as at 30 June 2015 (2014: nil).

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2015

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#### 16. Related party disclosures

##### The 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 2015, The Sunnyfield Independence Fund had a net surplus of \$35,453 (2014: net surplus of \$10,608) and net assets of \$2,211,007 (2014: \$2,291,604). The Sunnyfield Independence Fund Accounts for the year ended 30 June 2015 have been included in Sunnyfield's consolidated accounts.

#### 16.1 Directors' compensation

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

#### 16.2 Transactions with director-related entities

During the years ended 30 June 2015 and 30 June 2014, the following transactions with director-related entities took place:

##### 2015

- Many of the member directors had family who received services from Sunnyfield Housing, Community and/or Enterprises
- Director K Ingram is a partner of law firm Clayton Utz. Clayton Utz performed both paid and pro-bono work on legal matters for Sunnyfield. The paid work was performed on normal commercial terms.
- A person related to director R Rathmall was engaged on arms length hourly basis for a short period of time.

##### 2014

- Many of the member directors had family who received services from Sunnyfield Housing, Community and/or Enterprises
- Directors J Lewis, K Ingram and their firm Clayton Utz performed both paid and pro-bono work on legal matters for Sunnyfield. The paid work was performed on normal commercial terms.
- A person related to director R Rathmall 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.

#### 16.3 Key management personnel compensation

Refer to note 20 for key management personnel compensation.



## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 17. Commitments and contingencies

#### (a) Operating lease commitments

Sunnyfield has entered into commercial property leases. These leases are non-cancelable 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 a maximum life of 5 years with no renewal option included in the contract.

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

	2015	2014
	\$	\$
Within one year	1,197,819	1,508,311
After one year but not more than five years	2,034,120	2,158,877
	<u>3,225,939</u>	<u>3,668,198</u>

The above figures do not include any commitment for properties where the lease is currently on a month-to-month basis at 30 June 2015.

#### (b) Finance lease or hire purchase commitments

Sunnyfield has no commitments as at 30 June 2015.

	2014	2013
	\$	\$
Within one year	-	60,080
After one year but not more than five years	-	33,149
	<u>-</u>	<u>93,238</u>

### 18. 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 60% (2014: 41%) from the Federal Government and 73.5% (2014: 74.5%) from the NSW State Government.

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 18. Economic dependency (continued)

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

	2015	2014	Contract term
	\$	\$	
<b>Federal Government</b>			
Department of Social Services	3,379,597	3,426,543	This funding has been in place since 1984 and the current contract runs to 30 June 2018
National Disability Insurance Scheme	11,359	-	New funding from the National Disability Insurance Scheme (NDIS)
<b>State Government</b>			
ADHC	35,985,780	36,621,532	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 36 months to 30 June 2016
Post School Options	254,050	379,950	Portable funding transition to work to 30 June 2013
CPP Funding	3,194,964	2,265,036	Portable individual funding
Stronger Together	170,788	161,890	Portable individual funding to 30 June 2018
Individualised	2,474,443	-	Portable individualised funding to 30 June 2018
	<b>44,771,800</b>	<b>42,947,252</b>	

The premises at Druid's Court are under a crown land lease which expired in December 2014. The premises at 185 Allambie Road, Allambie Heights and Aquatic Drive, Allambie Heights are also subject to crown land leases (with no rental costs) and expire in November 2010. The new long term positions are actively being pursued for all these leases. It is our understanding that the leases will be renegotiated in 2015.

### 19. Information and declarations to be furnished under the Charitable Fundraising Act, 1991

#### 19.1 Fundraising appeals conducted during the financial year ended 30 June 2015

Fundraising appeals conducted during the financial year included rallies, direct mailing and sundry unsolicited donations and requests.

#### 19.2 Results of fundraising appeals

Included in the consolidated statement of comprehensive income are the following:

	SUNNYFIELD	
	2015	2014
	\$	\$
Fundraising income	587,217	505,567
Direct costs	(170,953)	(10,203)
Net surplus	<b>510,264</b>	<b>499,364</b>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2015

#### 19. Information and declarations to be furnished under the Charitable Fundraising Act, 1991 (continued)

##### 19.3 Application of net surplus obtained from fundraising appeals

During the year Sunnyfield received gross proceeds and grants of \$657,217 (2014, \$505,537) from fundraising appeals. These funds were spent on direct care and program and equipment acquisitions.

##### 19.4 Comparison of certain monetary figures and percentages from fundraising appeals

	SUNNYFIELD 2015		SUNNYFIELD 2014	
	\$	%	\$	%
Fundraising income	657,217	100	505,537	100
Direct costs	(16,953)	(3)	(6,203)	(1)
Net surplus	<b>540,264</b>	<b>81</b>	<b>499,334</b>	<b>99</b>

#### 20. Key management personnel

##### 20.1 Details of key management personnel

###### (i) Directors (non-executive)

Dr J Carter	(Appointed: 29 August 2011)
Mr I Fraser	(Appointed: 11 May 2013)
Ms V Hammel	(Appointed: 31 October 2012)
Ms J Heinrich	(Appointed: 19 February 2013)
Ms K Ingram	(Appointed: 19 February 2014)
Ms F Milnes	(Appointed: 26 October 2010)
Mr M Parr	(Appointed: 29 August 2011)
Mr T Pickett	(Appointed: 1 December 2010)
Mr R Rathwell	(Appointed: 26 October 2010)
Mr P Walsh	(Appointed: 9 July 2012)

###### (ii) Senior leadership team executives

At 30 June 2015 the team comprised

Mr C Cuddihy	CFO
Dr V Clayton	Executive General Manager Supported Living
Mr M Lombos	Executive Manager Human Resources
Mr P. McKendry	CFO
Mr S Robb	General Manager Enterprises
Mr S Russell	Acting General Manager Community Services
Mr J Swan	General Manager Corporate and Company Secretary

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

### 20. Key management personnel (continued)

#### 20.2 Compensation of key management personnel

Key management personnel comprises the Senior Leadership Team

	SUNNYFIELD	
	2015	2014
	\$	\$
Total compensation	<u>1,162,345</u>	<u>1,262,268</u>

### 21. Events after the reporting period

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. Auditors' remuneration

The auditor of Sunnyfield is Ernst & Young

	2015	2014
	\$	\$
Amounts received or due and receivable by Ernst & Young for An audit of the financial report of the entity and any other entity in the consolidated group	43,500	42,000
Other services in relation to the entity and any other entity in the consolidated group		
Conciliation services	6,900	6,750
Specific reviews	3,500	5,500
	<u>53,900</u>	<u>54,250</u>

## Directors' declaration

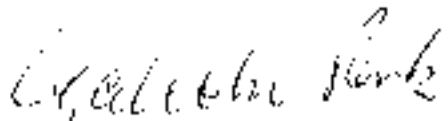
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In accordance with a resolution of the directors of Sunnyfield, we state that:


In the opinion of the directors:

- (a) the consolidated financial statements and notes of Sunnyfield and of the consolidated entity for the financial year ended 30 June 2015 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with *Accounting Standards - Reduced Disclosure Requirements*, the *Corporations Regulations 2001* and *Australian Charities and Not-for-Profits Commission Act 2012*;
- (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 and the Regulations under the NSW Charitable Fundraising Regulations 2008 have been complied with; and
  - (ii) the money received as a result of fundraising appeals conducted by Sunnyfield during the financial year ended 30 June 2015 has been properly accounted for and applied in all material respects in accordance with the above mentioned Acts and Regulations.

On behalf of the board:



Mr M Park  
Chair  
30 September 2015



Mr T Pockett  
Director  
30 September 2015

## Independent auditor's report to the members of Sunnyfield

### Report on the financial report

We have audited the accompanying financial report of Sunnyfield (the 'registered entity'), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' responsibility for the financial report*

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation of the financial report that gives a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

In conducting our audit we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We have given to the directors of the registered entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

#### *Opinion*

In our opinion the financial report of Sunnyfield is in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the financial position of Sunnyfield as at 30 June 2015 and of its performance for the year ended on that date; and

- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

## Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*

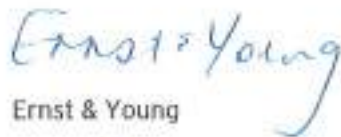
We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the requirements described in the above-mentioned Act and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

### Opinion

In our opinion:

- a) the financial report of Sunnyfield has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2015, in all material respects, in accordance with:
- i sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
  - ii sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*;
- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2015 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.



Ernst & Young



Loretta Di Mento

Loretta Di Mento  
Partner  
Sydney  
30 September 2015