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Finance Overview Report

As part of the Board Governance review the activities of the Finance Committee were taken over by the Board from May 2013. The major issues affecting the financial results of the Association for the year ending 30 June 2014 are summarised on the following pages.

Major financial activities for the year:

1. DISABILITY SERVICES COMMISSION TENDERS:

Tenders to Disability Services Commission were completed for our two main service delivery areas;

- Individually funded Services
- Disability Professional Services 2012/13 (DPS)

The DPS and individually funded services tender has been accepted. The two tenders now recognise true costs of service delivery. This is now applied to all new service plans for individual clients. We are yet to see this reflected as an increase in funding availability, but have had levels of output adjusted to reflect the new cost structure.

2. COMPONENT II FUNDING:

Recurrent funding of \$263,843 was received from Disability Services Commission as part of the Economic Audit Committee review of sustainability in the sector.

3. DISABILITY PROFESSIONAL SERVICES FUNDING:

Nulsen Health Services are an integral safeguard in the provision of appropriate quality services to all our residents and include the areas of Speech Pathology, Occupational therapy, Physiotherapy, Nursing and Positive Behaviour Management. \$902,064 was received from Disability Services Commission for the provision of Professional Clinical services. Total expenses were \$908,451 meaning that \$6,387 was provided out of other earnings. Community Aids and Equipment Program - CAEP equipment funding of \$291,616 was expensed during the year, with a further \$433,068 carried forward to 2014-15.

Nursing services for the year 2013-14 for residents with high / changing medical needs cost the association \$162,853 which is unfunded and the cost was absorbed out of other earnings.

4. HOSPITALISATION OF RESIDENTS:

During the year 2013-14 a large number of residents were admitted to hospital due to various medical conditions at a cost of \$145,539 to the Association to provide staff support for the residents whilst in hospital.

5. CHANGES TO EMPLOYEE BENEFITS:

The Enterprise Bargaining Agreement changed the long service leave to be paid on a pro-rata basis after 7 years of service instead of 10 years service. This has resulted in accruals being brought into account from an earlier period of 3 years instead of the previous accrual starting from 4 years this cost \$397,189 in the 2013-14 year.

6. CAPITAL / SPECIFIC FUNDING:

Lotterywest has continued to be a major source of capital funding for information technology infrastructure. During 2013-14 funds of \$235,973 have been received for the implementation of the new IT server and Household equipment/ furniture.

We are always extremely grateful for the continued support of Lotterywest as our largest non government supporter.

Disability Services Commission provided capital funding of \$586,196 for the vehicle replacement program including the funding for vehicle hoist modification (previously funded by Lotterywest) and \$130,500 for house set-up costs.

7. NON-GRANT INCOME:

Gross income generated from Nulsen Business Services and from general consulting was \$396,192. The net contribution from these areas is used to offset our administration costs and to supplement our staff-training budget.

The Association continued its management of the Bluegum Community Centre in Melville for part of the year. This building served as the administrative base of our Nulsen Community recreation service and also as a vibrant community recreation centre. Income from the centre totalled \$34,044 for the year. Our contract with the centre ceased in October 2013. As a result of the centre closure the Community program was restructured with the segregation of Community internal for Nulsen residents and Community external for clients other than Nulsen residents.

Employfast grants for staff undertaking Certificate 3 and 4 training totalled \$14,460. This money is used to offset course fees and costs of staff attending onsite training.

8. RESIDENT SUBSIDIES:

The Association provided over \$199,000 in subsidies to residents who were unable to totally self-fund items such as Incontinence Aids, medical expenses and other essential items. The Association seeks voluntary financial assistance from families, but will always ensure that residents' needs are met.

9. BUILDING PROGRAM CAPITAL FUNDING:

The Association has maintained a \$1,500,000 line of credit with the National Australia Bank. This line of credit will be used to finance capital works such as land purchases and building constructions associated with its Accommodation program expansion plan. The line of credit is expected to be redeemed through service contributions over a 10-15 year time span. Current drawdown value is \$1,135,315 with the balance earmarked for the construction cost of the house and units on the corner of Eudoria St and Wade St Gosnells (Wadoria property).

10. HOUSE SET-UP COSTS:

New house setup costs in 2013-14 year totalled \$581,699 which was partly funded by the Disability Services Commission (\$130,500) and partly funded by the Homebuyers reserve (Donations received from Homebuyers Centre for the support of our ABI program). Balance of the reserve fund to be utilised in the 2014-15 year as required.

Nulsen truly values the ongoing support the Homebuyers Centre has continued to offer in the setup of new Nulsen houses.

11. DISABILITY CARE (POTENTIAL IMPACTS):

The potential change of funding under a possible federal or state based disability insurance scheme may see major changes to the liquidity and cash flow of the Association. Currently, grants are received quarterly in advance and expensed over the relevant time period.

Initial indications from launch sites in the Eastern States have raised the possibility that we may be required to invoice for services in arrears. Depending on the time taken for these invoices to be paid by the funding departments, income may be received up to 3 months in arrears, long after costs have already been incurred for service delivery.

The Board are very aware of this possibility and will work to ensure that sufficient working capital is available to cover the short term liquidity requirements.

12. SUMMARY OF SAVINGS:

Major factors enabling the positive results in 2013-14 were:

- General accommodation savings made by restructuring house rosters.
- Savings in wages as a result of restructuring the community program. Unused budget allocation for Nursing and Psychology support due to difficulties in sourcing staff for these positions.
- Savings in office/administration expenses were from reduced spending in conference and seminars, purchase of furniture and equipment, postage, stationery and printing, technology and hardware and travel and entertainment.

Financial Results:

REVENUE

Comprehensive Revenue:

The total Comprehensive Revenue for the 2013/14 year was \$30,956,092, an increase of \$2,241,123 (7.25%) on the 2012/13 total of \$28,714,969.

Source of Comprehensive Revenue:

	\$	%
Operating grants	26,969,423.	87.0
Residents' fees	2,741,499.	9.0
Nulsen Business Services/Consulting	396,190.	1.0
Donations, fundraising, other	848,981.	3.0
Total	30,956,092.	100.0

Capital Subsidies:

Total Capital Subsidies received during the 2013/14 year was \$712,092 - an increase of \$236,284 on the 2012/13 total of \$475,808.

Source of Capital Subsidies:

	\$	%
Disability Services Commission	586,196.	82.0
Lotterywest (Capital)	125,896.	18.0
Total	712,092	100.0

EXPENDITURE

The following table shows a breakdown of operating expenditure since 2009.

	2009/10	2010/11	2011/12	2012/13	2013/14
Salaries/wages	15,543,137	16,847,794	21,254,720	23,215,366	25,123,407
Non Salaries/wages costs:					
Depreciation	650,005	740,359	742,448	670,369	752,935
Operating costs	2,890,073	3,104,437	3,146,476	3,634,757	4,274,995
Administration	816,208	1,059,051	878,728	1,040,497	870,075
Promotions	51,872	33,712	211,332	187,366	208,330
Total	19,951,295	21,785,353	26,233,704	28,748,355	31,229,742

The total operating expenditure of \$31,229,742 gives a net operating deficit of (\$273,650) over the 2013/14 year.

This net operating deficit becomes a positive result of \$438,441 when Capital subsidies are included.

Summary

Total Equity of the Association is \$5,519,082; an increase of \$438,441 on 30 June 2014.

In the opinion of the Finance Committee, that whilst there is constant pressures on the liquidity of the Association, the Association holds sufficient long term assets to cover the significant employee Provisions shown in the Balance Sheet as both Current and Non Current Liabilities as at 30 June 2014. Forecast cash flows inclusive of State funding indicate that the Association will be able to meet its employee obligations as and when they become due.

Board of Management Report

for the year ended 30 June 2014

The Board of Management presents the financial report of Nulsen Haven Association (Inc) for the financial year ended 30 June 2014.

Board of Management

The names of the Board of Management members throughout the year and at the date of this report are:

Prof. David Gilchrist

Mr Max Kousins

Mr Richard Curry

Ms Evelyn Hogg - Appointed 28th October 2013

Ms Lucy Henry - Appointed 28th October 2013

Ms Mariani Peck

Mr Troy MacMillan - Appointed 28th October 2013

Ms Erin Van Turnhout - Appointed 28th October 2013

Mr Gavin Bain

Mr Adam Smith - Appointed 28th October 2013

Ms. Viv Huntsman - Resigned 28th October 2013

Principal activities

The Association's principal activities during the year were the provision of:

- Long-term residential support for people with disabilities;
- Support to enable people with disabilities to participate in recreational and community activities;
- Clinical and medical support for residents;
- Bookkeeping and payroll services to small not-for-profit organisations.

There were no significant changes in the nature of the Association's activities during the year.

Operating result and review of operations

The operating result for the year was a surplus of \$438,441 (2013 surplus of \$442,422). The Association is exempt from income tax.

A detailed review of operations can be found in the annual report.

Significant changes in the state of affairs

In the opinion of the Board of Management, there were no significant changes in the state of affairs of the Association that occurred during the financial year under review not otherwise disclosed in this report.

Signed in accordance with a resolution of the Board of Management.



David Gilchrist
Chairman

6 October 2014

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Revenue			
Operating grants	2(a)	26,969,423	25,054,576
Fees from clients		2,741,499	2,312,958
Nulsen business services		396,190	421,781
Donations, bequests and fundraising income	2(b)	351,269	285,188
Other income			
Interest		283,579	343,785
Gain on disposal of fixed assets		41,130	92,630
Other sundry income		173,003	204,051
Revenue and other income		30,956,092	28,714,969
Operating expenses			
Accommodation support and intensive family support	2(e)	25,125,229	23,428,536
Health services expenses	2(f)	1,529,261	1,387,461
Recreation and community support costs		1,485,055	1,703,794
Program development expenses		270,183	397,235
Family and community services expenses		1,368,759	401,577
Other Expenses			
Fundraising expenses	2(g)	85,724	67,598
Self funded initiatives expenses		612,597	691,784
Depreciation		752,935	670,369
Expenditure		31,229,742	28,748,355
Net current year deficit attributable to members of the entity		(273,651)	(33,386)
Income received to fund capital purchases			
Capital subsidies	2(h)	712,092	475,808
Total income received to fund capital purchases		712,092	475,808
Total comprehensive income attributable to members of the entity		438,441	442,422

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2014

	Notes	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	4	9,707,647	8,546,534
Trade and other receivables	5	273,484	323,465
Total Current Assets		<u>9,981,131</u>	<u>8,869,999</u>
Non-Current Assets			
Property, plant and equipment	6	5,514,235	5,197,675
Available for sale financial assets		207	207
Total Non-Current Assets		<u>5,514,442</u>	<u>5,197,882</u>
Total Assets		<u>15,495,573</u>	<u>14,067,881</u>
Current Liabilities			
Trade creditors and other payables	7	3,213,348	2,889,319
Deferred income	8	1,294,640	1,407,467
Provisions	10(a)	2,888,427	2,705,436
Total Current Liabilities		<u>7,396,416</u>	<u>7,002,222</u>
Non-Current Liabilities			
Borrowings	9	1,135,315	944,205
Provisions	10(b)	1,444,762	1,040,814
Total Non-Current Liabilities		<u>2,580,077</u>	<u>1,985,019</u>
Total Liabilities		<u>9,976,491</u>	<u>8,987,241</u>
Net Assets		<u>5,519,082</u>	<u>5,080,640</u>
Equity			
Retained earnings	11(a)	5,221,891	4,763,619
Reserves	11(b)	297,191	317,021
Total Equity		<u>5,519,082</u>	<u>5,080,640</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2014

	Retained Earnings \$	Development & Expansion Reserve \$	Charlesworth Fundraising Reserve \$	Vehicle Replacement Reserve \$	Total \$
Opening balance at 1 July 2012	4,373,921	170,000	19,242	75,055	4,638,218
Total comprehensive income for the year	442,422	-	-	-	442,422
Transfers to/(from) reserves	(52,724)	50,000	2,724	-	-
Balance at 30 June 2013	<u>4,763,620</u>	<u>220,000</u>	<u>21,966</u>	<u>75,055</u>	<u>5,080,640</u>
Total comprehensive income for the year	438,441	-	-	-	438,441
Transfers to/(from) reserves	19,830	(19,830)	-	-	-
Balance at 30 June 2014	<u>5,221,891</u>	<u>200,170</u>	<u>21,966</u>	<u>75,055</u>	<u>5,519,082</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts From:			
Operating grant income		26,564,661	24,059,743
Nulsen Business Services		396,190	421,781
Fees from clients		2,734,748	2,327,265
Interest income		283,579	343,785
Donations, bequests and fundraising		351,269	285,188
Other sundry income		507,821	695,950
Payments to suppliers & employees		(29,551,992)	(27,114,256)
Net cash provided by operating activities	13	1,286,276	1,019,456
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		595,931	433,687
Payment for property, plant & equipment		(1,624,296)	(1,483,911)
Net cash used in investing activities		(1,028,365)	(1,050,244)
Cash flows from financing activities			
Bank borrowings		191,110	323,716
Proceeds from capital grants		712,092	475,808
Net cash provided by financing activities		903,202	799,524
Net increase in cash and cash equivalents		1,161,113	768,736
Cash and cash equivalents at the beginning of the Financial Year		8,546,534	7,777,798
Cash and cash equivalents at the end of the Financial Year	4	9,707,647	8,546,534

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2014

The financial statements cover Nulsen Haven Association (Inc) as an individual entity. Nulsen Haven Association (Inc) is an association incorporated in Western Australia under the Associations Incorporation Act 1987.

1. Summary of Significant Accounting Policies

(A) BASIS OF PREPARATION

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards and Australian Accounting Interpretations. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the Association applying not-for-profit specific requirements contained in the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

(B) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Judgements

(I) Leases

The Association has entered into leases of houses with the Department of Housing as disclosed in Note 14. Management has determined that all of the risks and rewards of ownership of these houses remains with the lessor and has therefore classified the leases as operating leases.

Key Estimates

(II) Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(C) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue from fundraising

Donations

Donations are recognised when received.

Legacies

Legacies are recognised when the association is notified of an impending distribution or when the legacy is received, whichever occurs earlier.

Revenue from government funding

The Association's accommodation, recreation and community support and therapy support programs are supported by grants received from the Disability Services Commission. 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 received.

Fees from residents

Fees charged to residents are recognised when the service is provided.

Asset sales

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

In-kind donations

Goods donated to the Association are included at the fair value to the Association where this can be quantified. No amounts are included in the financial statements for services donated by volunteers.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

(D) EXPENDITURE

All expenditure is accounted for on an accrual basis and recognised in profit or loss upon utilisation of the service or at the date of their origin and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category, they have been allocated to activities on a basis consistent with use of resources.

- (I) **Accommodation support and intensive family support expenses** are those expenses incurred in supporting people with disabilities in accommodation facilities.
- (II) **Recreation and community support expenses** are those expenses incurred in supporting people with disabilities to access recreation and community activities.
- (III) **Health services expenses** are those expenses incurred in providing therapy support to people with disabilities within the Association's facilities. The Community Aids and Equipment program (CAEP) expenses are included in this area.
- (IV) **Program development expenses** are those expenses incurred in the expansion of the Association.
- (V) **Family and community services expenses** are those expenses incurred in supporting families within their own home environment and supporting other NFP agencies via partnership initiatives.
- (VI) **Fundraising expenses** are those expenses incurred in seeking voluntary contributions by donations or sale of goods and do not include costs of disseminating information relating to the activities carried on by the Association.
- (VII) **Self funded initiatives expenses** are those expenses incurred as a result of activities undertaken by the Association which are funded predominantly from the Association's resources. These activities include Nulsen Business Services, Creative Development Program, Blue Gum Recreation Centre management, Cooke Street house rental and other non recurring projects.
- (VIII) **Finance costs** are those expenses directly incurred as a result of financing activities.

(E) CASH AND CASH EQUIVALENTS

Cash and cash equivalents 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.

Cash and term deposits relating to the resident's trust account is included in the cash and cash equivalents of the Association. There is a corresponding liability of an equal amount as these funds are held on behalf of individual residents.

(F) FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions for the instrument. For financial assets, this is the equivalent to the date that the Association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at the fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (I) The amount at which the financial asset or financial liability is measured at initial recognition;
- (II) Less principal repayments;
- (III) Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (IV) Less any reduction for impairment

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(I) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(II) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(III) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

(IV) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual right to the receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(G) PROPERTY, PLANT AND EQUIPMENT

Basis of measurement of carrying amount

Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses. Plant and equipment is stated at cost less accumulated depreciation and less any impairment losses.

The cost of buildings constructed within the association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Any property, plant and equipment donated to the Association or acquired for nominal cost is recognised at fair value at the date the Association obtains control of the asset.

Only items of greater than \$5,000 in value are capitalised in the statement of financial position.

Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the Association commencing from the date the asset is purchased. Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets as follows:

Plant and Equipment	20% - 33%
Furniture	20%
Motor Vehicles	20%
Buildings	2.5%

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

Impairment

The carrying amount of Plant & Equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount. Impairment losses are recognised in profit or loss.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the Association or when it has no sale value. 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 profit or loss in the year the asset is derecognised.

(H) TRADE CREDITORS AND OTHER PAYABLES

Trade creditors and other payables represent liabilities for goods and services provided to the Association and were unpaid at the end of the reporting period. These amounts are usually settled in 30 days. The notional amount of the creditors and payables is deemed to reflect fair value.

(I) DEFERRED INCOME

The liability for deferred income 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 usually fulfilled within 12 months of the receipt of the grant. Where a liability is incurred, the services or conditions will be satisfied within 12 months of the reporting date.

(J) EMPLOYEE PROVISIONS

Employee provisions comprise wages and salaries, annual, sick and long service leave, accrued days off and contributions to superannuation plans.

Short-term employee provisions

Provision is made for the Association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at the rates determined by reference to the market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Association's obligations for long-term employee benefits are presented at non-current employee provisions in its statement of financial position, except where the Association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provision.

Notes to the Financial Statements cont.

For the year ended 30 June 2014

(K) PROVISIONS

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(L) OPERATING LEASES

Leases are classified as operating leases where substantially all the risks and benefits remain with the lessor. Operating lease payments are recognised as an expense in the profit or loss on a straight line basis over the lease term.

(M) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

No borrowing costs have been capitalised in the financial year ended 30 June 2014.

(N) INCOME TAX

The Association is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(O) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the statement of financial position are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

(P) COMPARATIVE FIGURES

When required by the Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(Q) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, none of which are relevant to the Association.

(R) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the year, the Association adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has not significantly impacted the recognition, measurement and disclosure of the transactions of the Association and its financial statements for the financial year ended 30 June 2014.

2. Revenue, other income and expenses

	2014 \$	2013 \$
(A) REVENUE		
Operating Grants		
Disability Services Commission	26,790,271	24,940,345
Lotterywest	109,987	27,500
Other	69,165	86,731
Total Operating Grants	26,969,423	25,054,576
(B) DONATIONS, BEQUESTS, FUNDRAISING		
Donations	228,413	141,710
Bequests	29,501	38,624
Fundraising	93,355	104,854
Total Donations, bequests, fundraising	351,269	285,188
(C) EXPENSES		
Depreciation	752,935	670,369
Operating lease payments – Land & building	36,325	26,857
Auditors' remuneration for audit of the financial report	16,750	18,826
Total Expenses	806,010	716,052
(D) EMPLOYEE BENEFIT EXPENSE		
Salary and wages	21,389,698	20,427,125
Superannuation contributions	1,925,073	1,838,442
Movement in employee benefits	567,323	198,988
Total employee benefits	23,882,094	22,464,555
(E) ACCOMMODATION SUPPORT AND INTENSIVE FAMILY SUPPORT		
Direct Care expenses	22,859,619	21,389,957
Household operating expenses	2,265,610	2,038,579
Total accommodation support and intensive family support	25,125,229	23,428,536
(F) HEALTH SERVICES EXPENSE		
Therapy support expenses	1,065,617	1,097,651
CAEP program	297,870	289,810
Nursing Services	165,774	
Total health services expenses	1,529,261	1,387,461
(G) FUNDRAISING EXPENSES		
Beer and lobster raffle expenses	66,782	66,315
Other fundraising expenses	18,942	1,283
Total fundraising expenses	85,724	67,598
(H) CAPITAL SUBSIDIES		
Disability Services Commission	586,196	406,135
Lotterywest	125,896	69,673
Total Capital subsidies	712,092	475,808

3. Segment reporting

The Association has nine operating segments, as described below. The operating segments reflect the significant activities undertaken by the Association to achieve its mission of "enabling people with disabilities to achieve and maintain a valued quality of life as part of an accepting community".

- (i) **Accommodation support program** involves the provision of residential accommodation options and the provision of the support required to enable disabled persons to access accommodation options.
- (ii) **Household operations** involve the provision of day to day household operating functions.
- (iii) **Recreation and community support program** involves the provision of the support required to enable people with disabilities to access recreation and community activities.
- (iv) **Health services program** involves the provision of physiotherapy, occupational therapy, speech therapy and other therapy as required to residents. This area also included the Community Aids and Equipment program.
- (v) **Program development** involves the provision of support required for the expansion of the Association's activities.
- (vi) **Self funded initiatives** are those initiatives undertaken by the Association which are funded predominantly from the Association's resources. These activities include Nulsen Business Services, Creative Development Program, Blue Gum Recreation Centre management, Cooke Street house rental and other non recurring projects.
- (vii) **Family & Community Services** includes partnership initiatives with other not for profit agencies and support to external families.
- (viii) **Fundraising** involves the collection of voluntary contributions by donations and the organisation of fundraising events to raise funds for all programs.
- (ix) **Other** comprises finance expenses, income received to fund capital purchases and depreciation expenses.

MAJOR SOURCE OF FUNDS

The Association receives a significant part of its funding for its programs from the Disability Services Commission of Western Australia.

GEOGRAPHICAL INFORMATION

The Association operates in one geographical area – Australia (country of domicile).

Revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the year (2014: nil).

The below are the measures reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The accounting policies of the reportable segments are the same as the Association's accounting policies described in Note 1.

	Accommodation Support Program		Household Operations		Recreation & Community Support Program		Health Services Program inc CAEP		Program Development		Self Funded Initiatives		Family & Community Services		Fundraising		Other		Total	
	2014	\$	2014	\$	2014	\$	2014	\$	2014	\$	2014	\$	2014	\$	2014	\$	2014	\$	2014	\$
(A) SEGMENT RESULT																				
Revenue																				
Grants - Operating	22,933,058		80,000		1,388,621		1,228,880		58,178		1,280,686		351,269		26,969,423					
Donations, bequests & fundraising															351,269					351,269
Fees from clients			2,530,580		101,041				36,423		73,454				2,741,499					2,741,499
Nulsen Business Services									369,316		7,704				369,316					369,316
Interest									275,875						283,579					283,579
Net gain on disposal of property, plant and equipment																			41,130	41,130
Sundry income	7,742		42,550		1,489,662		11,852		112,971		24,763				199,877					199,877
Total segment revenue	22,940,800		2,653,130		1,489,662		1,240,732		852,763		1,386,606		351,269		30,956,092					30,956,092
Expenses																				
Salaries and superannuation	20,026,014		297,414		1,280,796		1,091,155		420,991		519,782				23,882,093					23,882,093
Other staffing costs	1,012,592		14,293		45,776		30,491		6,906		787,090				1,914,196					1,914,196
Depreciation									752,935						752,935					752,935
Operating expenses	1,821,013		1,953,903		158,483		407,615		17,335		61,886				4,680,518					4,680,518
Total segment expenses	22,859,619		2,265,610		1,485,055		1,529,261		1,365,532		1,368,759		85,724		31,229,742					31,229,742
Capital Subsidies																				
Segment surplus (deficit)	81,181		387,520		4,607		(288,529)		(512,770)		17,848		265,545		712,092					438,441
(B) SEGMENT LIABILITIES																				
Segment assets																				15,495,573
Segment liabilities																				9,976,491
(C) RATIO ANALYSIS																				
Cost as a % of segment revenue	99.65%		85.39%		99.69%		123.25%		0.00%		98.71%		24.40%		N/A					N/A
Surplus as a % of segment revenue	0.35%		14.61%		0.31%		(23.25%)		0.00%		1.29%		75.60%		N/A					N/A
Segment expenses as % total expenditure	73.20%		7.25%		4.76%		4.90%		0.87%		4.38%		0.27%		0.00%					100.00%
Segment expenses as % total income	73.85%		7.32%		4.80%		4.94%		0.87%		4.42%		0.28%		0.00%					100.88%

Segment reporting table continued over page

Notes to the Financial Statements cont.

For the year ended 30 June 2014

	Accommodation Support Program Inc IFS	Household Operations	Recreation & Community Support Program	Health Services Program inc CAEP	Program Development	Self Funded Initiatives	Family & Community Services	Fundraising	Other	Total
	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013
(A) SEGMENT RESULT										
Revenue										
Grants - Operating	21,233,529		1,662,094	1,120,643	400,552	100,572	537,187	281,352		25,054,576
Donations, bequests & fundraising		3,836								285,188
Fees from clients		2,196,806	101,588			14,564				2,312,958
Nulsen Business Services						382,781				382,781
Interest						334,291	9,494			343,785
Net gain on disposal of property, plant and equipment								92,630		92,630
Sundry income	2,855	12,042		2,422		188,231	37,500			243,050
Total segment revenue	21,236,384	2,212,684	1,763,682	1,123,065	400,552	1,020,439	584,181	281,352	92,630	28,714,969
Expenses										
Salaries and superannuation	18,704,587	227,789	1,516,431	963,121	357,779	457,542	237,306			22,464,555
Other staffing costs	816,591	6,889	28,801	23,304	8,252	12,798	164,271			1,060,916
Depreciation						670,369				670,369
Operating	1,868,779	1,803,891	158,562	401,036	31,204	221,445	67,598			4,552,515
Total segment expenses	21,389,957	2,038,579	1,703,794	1,387,461	397,235	1,362,153	401,577	67,598	475,808	28,748,355
Capital Subsidies										
Segment surplus (deficit)	(153,573)	174,105	59,888	(264,396)	3,317	(341,715)	182,604	213,754	568,438	442,422
(B) SEGMENT LIABILITIES										
Segment assets									14,067,881	14,067,881
Segment liabilities									8,987,241	8,987,241
(C) RATIO ANALYSIS										
Cost as a % of segment revenue	100.72%	92.13%	96.60%	123.54%	99.17%	133.49%	68.74%	24.03%	N/A	
Surplus as a % of segment revenue	(0.72%)	7.87%	3.40%	(23.54%)	0.83%	(33.49%)	31.26%	75.97%	N/A	
Segment expenses as % total expenditure	74.40%	7.09%	5.93%	4.83%	1.38%	4.74%	1.40%	0.24%	0.00%	100.00%
Segment expenses as % total income	74.49%	7.10%	5.93%	4.83%	1.38%	4.74%	1.40%	0.24%	0.00%	100.12%

4. Cash and cash equivalents

	2014	2013
	\$	\$
Cash on hand	1,350	1,100
NAB offset account	1,144,650	953,655
Term deposits	3,217,269	3,155,514
Cash Management account	1,340,727	643,332
Funeral trust account	43,953	43,953
Online investment account	2,488,467	2,519,190
Bendigo Bank Art Account	395	421
Residents trust monies	1,436,726	1,205,866
Housekeeping accounts	34,110	23,503
Total cash and cash equivalents	9,707,647	8,546,534

Cash at bank earns interest at floating rates on daily deposit rates. Short term deposits are made for varying periods of between 30 days and 90 days depending on the Associations' cash requirements. These deposits earn interest at market rates.

A bank guarantee of \$30,000 to the Office of Racing and Gaming exists to provide security for the value of prizes in the 'Summer Seafood' Raffle.

The Association's exposure to interest rate risk is disclosed in Note 12.

5. Trade and other receivables

	2014	2013
	\$	\$
Trade debtors	39,576	93,579
Prepayments and other accrued income	151,334	144,466
Other debtors	26,188	21,936
GST input tax	56,386	63,484
Total trade and other receivables	273,484	323,465

CREDIT RISK

The following table details the Association's receivables exposed to credit risk with ageing analysis and impairment provided thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Association and the member or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Association. Past experience indicates that no impairment allowance is necessary.

	Gross Amount	Past due & Impaired	Past Due but Not Impaired (Days Overdue)			Within Trade Terms
			31-60	61-90	>90	
	\$	\$	\$	\$	\$	\$
2014						
Trade Debtors	39,576		286	2,924		36,366
Other receivables	233,908					233,908
Total	273,484		286	2,924		270,274
2013						
Trade Debtors	93,579		6,883	3,070	838	82,787
Other receivables	229,886					229,887
Total	323,465		6,883	3,070	838	312,674

Collateral held as security - No collateral is held as security for any of the trade and other receivable balances.

Notes to the Financial Statements cont.

For the year ended 30 June 2014

6. Property, plant and equipment

	Land	Buildings	Plant and Equipment	Furniture	Motor Vehicles	TOTAL
	\$	\$	\$	\$	\$	\$
GROSS CARRYING AMOUNT- COST						
Balance at 30 June 2012	1,034,672	2,766,312	943,271	12,496	3,100,834	7,857,585
Additions	-	433,634	26,903	-	1,023,373	1,483,910
Disposals	-	-	-	-	(828,217)	(828,217)
Balance at 30 June 2013	1,034,672	3,199,946	970,174	12,496	3,295,990	8,513,278
Additions	-	17,620	136,931	-	1,469,746	1,624,297
Disposals	-	-	-	-	(927,047)	(927,047)
Balance at 30 June 2014	1,034,672	3,217,566	1,107,105	12,496	3,838,688	9,210,529
ACCUMULATED DEPRECIATION						
Balance at 30 June 2012	-	(741,299)	(794,011)	(12,496)	(1,584,609)	(3,132,415)
Disposals	-	-	-	-	487,180	487,180
Depreciation Expense	-	(72,227)	(98,001)	-	(500,141)	(670,369)
Balance at 30 June 2013	-	(813,526)	(892,012)	(12,496)	(1,597,570)	(3,315,604)
Disposals	-	-	-	-	372,246	372,246
Depreciation Expense	-	(160,116)	(52,176)	-	(540,643)	(752,935)
Balance at 30 June 2014	-	(973,642)	(944,188)	(12,496)	(1,765,967)	(3,696,293)
NET BOOK VALUE						
As at 30 June 2013	1,034,672	2,386,420	78,162	-	1,698,421	5,197,675
As at 30 June 2014	1,034,672	2,243,924	162,918	-	2,072,721	5,514,235

The Association currently has no equipment or motor vehicles under finance lease agreements

The following assets have been pledged as security for the National Australia Bank drawdown facility:

1. Land and building situated at 2 Cook Street, Silver Sands WA as described in Certificate of Title Volume 214 Folio 67A
2. Land situated at 150 Eudoria Street, Gosnells WA as described in Certificate of Title Volume 569 Folio 181A
3. Land and building situated at 22 Hellsall Court Willetton WA as described in Certificate of Title Volume 1392 Folio 826
4. Land and building situated at 111 Eudoria Street, Gosnells WA as described in Certificate of Title Volume 1761 Folio 768

7. Trade creditors and other payables

	2014	2013
	\$	\$
Trade creditors	444,277	476,190
Residents Trust Funds	1,443,417	1,210,482
Other creditors	1,161,934	188,520
GST Payable	15,884	106,156
Accruals	147,836	907,971
Financial liabilities as trade and other payables	3,213,348	2,889,319

The Association's exposure to currency and liquidity risks related to trade creditors and other payables is disclosed in Note 12.

8. Deferred Income

	2014	2013
	\$	\$
Disability Services Commission	1,031,464	1,301,751
Other grants	263,176	65,588
Income received in advance	-	40,128
	1,294,640	1,407,467

9. Borrowings

	2014	2013
	\$	\$
NON-CURRENT		
Loans	1,135,315	944,205
Total Borrowings	1,135,315	944,205

The Association currently has no obligations under finance leases

BANK FACILITIES

An overdraft facility with the Commonwealth Bank of Australia of \$30,000 (2013 - \$30,000) was available to the Association at the end of the financial year 2014. As of that date \$nil (2013 - nil) of that facility was in use.

A drawdown facility of \$1,500,000 (2013 - \$1,500,000) was available to the Association at the end of the financial year with the National Australia Bank. As at this date \$1,135,315 (2013 - \$944,205) was in use. An offset account operates in conjunction with this draw down facility in order to minimise or eliminate interest charges. As at this date \$1,144,650 (2013 - \$953,655) was held in this account. This drawdown facility has no specific repayment terms and management can choose to repay as and when they wish. As at year end, management has no intention of making repayments for the next 12 months.

10. Provisions

	2014	2013
	\$	\$
(A) CURRENT		
Long service leave	155,445	176,504
Accrued days off	475,779	437,741
Annual leave	2,163,929	2,017,532
Housing provider maintenance	38,809	12,444
Residents fee waiver	7,556	14,306
Kelly Bridger Safety & Best Practice Award	46,909	46,909
	2,888,427	2,705,436
(B) NON-CURRENT		
Long service leave	1,444,762	1,040,814
(C) MOVEMENTS IN PROVISIONS		
Balance at 1 July 2013	3,746,250	3,520,887
Charge for the year	4,644,152	3,837,867
Utilised during the year	(4,057,215)	(3,612,504)
Balance at 30 June 2014	4,333,187	3,746,250

Employee provisions represent amounts accrued for annual leave and long service leave.

The current portion of this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service entitlements that have vested due to employees having completed the required period of service. Based on the past experience, the Association does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Association does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long-service leave entitlements that have not yet vested in relation to those employees who have not yet completed required period of service.

Notes to the Financial Statements cont.

For the year ended 30 June 2014

11. Reserves and Retained Earnings

(a) **Retained earnings** represents the funds of the Association that are not designated for particular purposes

(b) **Reserves** comprise funds set aside for

- the replacement of Nulsen Community vehicles.
- the purchase of a spa for Charlesworth (Money raised by Charlesworth's fundraising activities).
- development and expansion of Nulsen's services.

12. Financial and borrowings Risk Management

The Association's financial instruments mainly comprise cash and cash equivalents, trade and other receivable, trade and other payable and borrowings.

	2014 \$	2013 \$
Financial Assets		
Cash and cash equivalents	9,707,647	8,546,534
Trade and other receivables	273,484	323,465
Available for sale financial assets	207	207
Total financial assets	9,981,338	8,870,206
Financial Liabilities		
Trade and other payables	3,213,348	2,887,818
Deferred income	1,294,640	1,408,967
Borrowings	1,135,315	944,205
Total Financial Liabilities	5,643,303	5,240,990

FINANCIAL RISK MANAGEMENT POLICIES

The Board of Management has overall responsibility for risk management, including risks associated with the Association's financial instruments. Risk management policies are established to monitor the risks and adherence to limits. The Board Finance Committee is responsible for monitoring investment policies.

SPECIFIC FINANCIAL RISK EXPOSURE AND MANAGEMENT

The main risks arising from the Association's financial instruments are liquidity risk, credit risk and interest rate risk.

(a) Liquidity risk

Liquidity risk is the risk that the Association will not be able to fund its obligations as they fall due. The Association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds are available to meet normal operating expenses.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
FINANCIAL LIABILITIES DUE FOR PAYMENT								
Trade and other payables	3,213,348	2,887,818	-	-	-	-	3,213,348	2,887,818
Deferred income	1,294,640	1,408,967	-	-	-	-	1,294,640	1,408,967
Borrowings			1,135,315	944,205	-	-	1,135,315	944,205
Total contractual outflows	4,507,988	4,296,785	1,135,315	944,205	-	-	5,643,303	5,240,990
Total expected outflows	4,507,988	4,296,785	1,135,315	944,205	-	-	5,643,303	5,240,990

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Cash and cash equivalents	8,562,997	7,592,878					8,562,997	7,592,878
Cash offset account			1,144,650	953,655			1,144,650	953,655
Trade and other receivables	273,484	323,465					273,484	323,465
Available for sale financial assets					207	207	207	207
Total anticipated inflows	8,836,481	7,916,343	1,144,650	953,655	207	207	9,981,338	8,870,205
Net (outflow)/inflow on financial instruments	4,328,493	3,619,558	9,335	9,450	207	207	4,338,035	3,629,215

(b) Credit risk

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets recorded in the Statement of Financial Position net of any provisions for losses, represents the maximum exposure to credit risk.

Credit risk is managed through maintaining procedures (such as utilisation of systems for the approval, granting and removal of credit limits) ensuring, to the extent possible, that counterparties to transactions are of sound credit worthiness.

(c) Interest rate risk

The exposure to interest rate risk for each class of financial asset and financial liability is set out below:

(i) Cash comprises non-interest bearing cash floats of \$29,136 (2013 - \$24,603) and cash management accounts and term deposits comprising \$9,678,511 (2013 - \$8,521,931) bearing interest rates of 2.40% to 3.55% (2013- 2.75% to 4.20%). Investments are fixed for periods varying from 30 days to 90 days, except the funeral fund deposit which is fixed for 6 months. Cash held in trust for Nulsen Business clients are not included in the above as the interest on these accounts belongs to the clients, not the Association. The Association does not have a material risk in relation to its interest-bearing loans.

(ii) Receivables are non interest bearing.

(iii) Payables are non interest bearing.

Sensitivity analysis

The following table illustrates sensitivities to the Association's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by the changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
Year Ended 30 June 2014		
+/- 1% in interest rates	+/-109,555	+/-109,555
Year Ended 30 June 2013		
+/- 1% in interest rates	+/-112,513	+/-112,513

No sensitivity analysis has been performed for price or foreign exchange risk, as the Association is not exposed to such risk.

NET FAIR VALUES

The fair values of financial assets and financial liabilities can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Notes to the Financial Statements cont.

For the year ended 30 June 2014

13. Cash flow information

	2014	2013
	\$	\$
RECONCILIATION OF NET SURPLUS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES.		
Surplus / (loss) from ordinary activities	438,441	442,422
(Profit)/loss on disposal of non-current assets	(41,130)	(92,630)
Capital Funding	(712,092)	(475,808)
Depreciation and amortisation expense	752,935	670,369
Changes in net assets and liabilities		
(Increase)/decrease in current receivables	49,982	170,234
Increase/(decrease) in current payables	324,030	782,405
Increase/(decrease) in provisions	586,938	225,364
Increase/(decrease) in other current liabilities	(112,828)	(702,900)
Net cash provided by operating activities	1,286,276	1,019,456

14. Operating Lease Commitments

The Association has entered into a lease agreement with the Department for Housing for the rental of residential houses for the accommodations program. Future minimum rentals payable under this agreement as at the reporting date are:

	2014	2013
	\$	\$
Within one year	44,700	32,700
After one year but not more than five years		
Greater than five years		
	44,700	32,700

The property lease commitment is a cancellable operating lease with a 1-year term, with rent payable monthly in advance. The lease agreement requires the minimum lease payments shall be increased by nil per annum. The lease is currently under review with the Department of Housing.

15. Burton Street site

Funding of \$512,000 was received from the Disability Services Commission in 1996/97 to enable the purchase of premises at 28(a) Burton Street, Cannington. Nulsen Haven Association (Inc) holds 100% equity in the site; Disability Services Commission holds a caveat over the property which ensures that the site will only be used to provide appropriate services. A further \$149,100 was received from the Lotteries Commission to enable a refit of the new administration site in the year ending 30 June 2002.

In December 1999, \$85,000 was received from the Lotteries Commission to purchase a second Strata Title on the 28(b) Burton St site for use as a Staff Training Facility. The Lotteries Commission held a ten year caveat over the property. The caveat expired in December 2009 and was replaced with the Deed of Trust.

In June 2006 a third Strata Title on the 28(B) Burton St site was purchased from Extrim. This was funded by Nulsen Haven Association Inc. Nulsen Haven has completed work on renovations to this property. The Lotteries Commission contributed \$800,000 towards these costs.

A Deed of Trust has been drawn up in relation to this work with the following terms:

- (i) The Trustee (Nulsen Haven) holds the property on trust for itself and the Lotterywest Commission as tenants in common in respect to the number of undivided shares as specified in the Deed schedule.
- (ii) The undivided share to the Lotterywest Commission will be 920,000/2,000,000.
- (iii) The term of the Deed is 20 years. At the end of the term (2026) the Lotteries Commission's beneficial interest in the property will revert to Nulsen Haven Association (Inc).

The written down value of this property as at 30 June 2014 was \$1,404,628 (2013 - \$1,450,690).

16. Joint venture properties

The properties at Dillon Place, Rosella Place and Robins Road were purchased through joint venture funding with the Department of Housing and Works (formerly Homeswest), and the property at St George's Avenue through joint venture funding with Department of Housing and Works and the Disability Services Commission. Nulsen Haven Association (Inc)'s equity value in the four properties is held as a percentage of the historical cost value of the properties. Should any of the properties be sold in the future, Nulsen Haven Association (Inc) would receive a percentage of the final resale value. These percentages are: Dillon Place (43.86%), Rosella Place (35%), Robins Road (37.63%) and St George's Avenue (6.11%). Caveat's are currently in place over these properties registering the interests of both Ministry of Housing and Disability Services Commission where applicable.

17. Nulsen Business Services Accounts

The Association currently holds bank accounts on behalf of bookkeeping and accounting services clients within the Nulsen Business service. These accounts are used to make payments on behalf of the clients. All transactions are authorised by the client and the Association cannot initiate a transaction or decide how to use the funds in these accounts. The client decides how much is to be retained in the account at any point in time, and has access to the electronic banking system to enable them to monitor the account. The bank accounts are included in the financial reports of the individual client. While the Association are the sole bank signatories it is for clerical purposes only and they do not have any control over the use of the funds. Consequently the accounts do not appear in the Association's financial statements.

Funds held at 30 June 2014 total \$1,460,013 (2013 \$2,271,256)

18. Related Party Transactions

(A) BOARD MEMBERS

Board members in office during the year are disclosed in the Board of Management report that accompanies these financial statements.

(B) BOARD MEMBERS COMPENSATION

Board members act in an honorary capacity and receive no compensation for their services.

(C) KEY MANAGEMENT PERSONNEL COMPENSATION

Name	Position	2014 \$	2013 \$
Gordon Trewern	Chief Executive Officer		
Graham Holman	Deputy Chief Executive Officer		
Caroline Watt	Director Operations		
Karen Malyon	Manager Payroll Services		
Karen Hanlon	Manager Administrative Services		
Kerry Madaffari	Manager Human Resources		
Heather Blyth	Manager Financial Services		
Rukshan Abeyasinghe	Acting Manager Financial Services		
Sally Williams	Director Health Services		
Richa Vinod	Director Human Resources		
Jen Gouvignon	Manager Service Development		
Danica Wieman	Manager Partnerships & Communications		
Mauricio Sanabria	Manager Program Development		

The compensation paid to the key management personnel noted is as follows:

Salaries	1,079,476	1,051,125
Fringe Benefits (Grossed up value)	388,640	403,454
Superannuation	212,023	177,470
Total short-term employee benefits	1,680,139	1,632,049

19. Economic Dependence

The Association's activities are largely funded by the Disability Services Commission. At the date of this report, the members of the board had no reason to believe that the Disability Services Commission would not continue to provide financial support to Nulsen Haven Association Inc.

In the opinion of the Board of Management, the financial report as set out on pages 20 to 43:

- (a) Presents a true and fair view of the financial position of Nulsen Haven Association (Inc) as at 30 June 2014 and its performance for the year ended on that date in accordance with The Australian Charities and Not-for-profits Commission Act 2012; and complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and The Australian Charities and Not-for-profits Commission Regulation 2013;and,
- (b) At the date of this statement, there are reasonable grounds to believe that Nulsen Haven Association (Inc) will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Management and is signed for and on behalf of the Board by:



David Gilchrist
Chairman

6 October 2014



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NULSEN HAVEN ASSOCIATION (INC.)

Report on the Financial Report

We have audited the accompanying financial report of Nulsen Haven Association (Inc.) (the Association) on pages 4 to 27 which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the board of management's assertion statement.

Managements' Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the management determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NULSEN HAVEN ASSOCIATION (INC.) (CONT)

Auditor's Opinion

In our opinion the accompanying financial report of Nulsen Haven Association (Inc.) on pages 4 to 27 is prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- giving a true and fair view of the Association's financial position as at 30 June 2014 and of its performance and cash flows for the year ended on that date; and
- complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Nulsen Haven Association (Inc.) for the year ended 30 June 2014 included on Nulsen Haven Association (Inc.)'s web site. The association's management is responsible for the integrity of the Nulsen Haven Association (Inc.)'s web site. We have not been engaged to report on the integrity of the Nulsen Haven Association (Inc.)'s web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck Audit (WA) Pty Ltd.

William Buck Audit (WA) Pty Ltd
ABN 62 125 012 124

Stephen K. Breihl

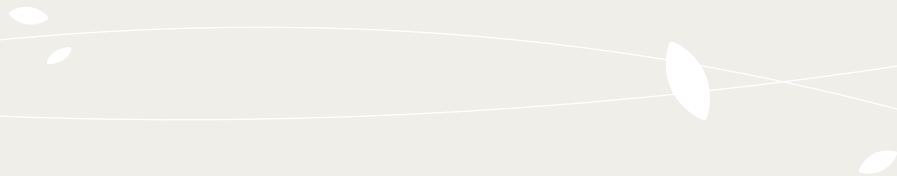
Stephen K Breihl
Director

Dated this 6 OCT 2014

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