



Finance Overview Report

The major issues affecting the financial results of Nulsen Disability Services (Nulsen) for the year ending 30 June 2017 are summarised on the following pages.

Major issues and activities that affected the financial results for the year

1. FOCUS ON LIQUIDITY:

The Association has continued to focus on improving its net cash liquidity position so as to ensure we are able to respond to changes of our existing quarterly grant payments. Under a Commonwealth run NDIS system we would no longer receive grant payments quarterly in advance, but will transition to receiving these payments monthly in arrears. The State run NDIS system currently retains the quarterly in advance payments, but this is not certain to remain in place.

Receiving payments monthly in arrears would mean that we will need to hold sufficient funds to cover expenses that will be incurred and paid before we receive any income for services delivered.

Cash liquidity is essential to the future sustainability of the Association, and will continue to be closely monitored and managed.

Transition to the new payment system is expected to occur gradually over two years and be fully in place by mid-2020.

2. ACCOMMODATION GROWTH PROGRAM:

The number of people receiving long term supported accommodation increased from 194 at June 2016 to 205 at June 2017, an increase of 5.7%.

3. HOSPITALISATION OF RESIDENTS:

During the 2016/17 year, a number of residents were admitted to hospital due to various medical conditions at a cost of \$1,364,460 (2015/16: \$299,066) to the Association to provide staff support for the residents whilst in hospital. Although this support is not funded through the Disability Services Commission funding received by each resident, the support of Nulsen staff to residents whilst in hospital is seen as a major safeguard to ensure the needs and health requirements of the residents are met. An ageing resident profile, plus increased complexity of health needs means that the likelihood of continued and increased levels of support to residents is very high.

4. ENTERPRISE BARGAINING AGREEMENT:

The Enterprise Bargaining Agreement which covers all support workers and direct care staff at Nulsen is valid for three years and is due for renewal mid-2018.

As we transition over to the NDIS pricing framework, it is becoming increasingly obvious that individuals are being funded to receive services in reducing increments of time which requires organisations to provide support on a flexible basis. During the forthcoming EBA renegotiations it will be necessary for us to look to maximise flexibility of supports, while still maintaining a "living wage" for our staff, in order for us to be able to compete with other providers in the sector.

5. CAPITAL/SPECIFIC FUNDING:

The Disability Services Commission provided capital funding of \$1,369,900 under the "new and replacement vehicle program" covering the cost of vehicles and any necessary hoist modifications. This funding program has now been withdrawn and future vehicle replacements will need to be sourced from internal funds. No other capital funding was received during the year.

6. RESIDENT SUBSIDIES:

The Association provided over \$410,388 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, and always strives to ensure that residents' needs are met.

7. BUILDING PROGRAM CAPITAL FUNDING:

The Association has maintained a \$1,500,000 line of credit with the National Australia Bank. This line of credit is being used to finance capital works such as land purchases and building constructions associated with the 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 \$1,135,665 with the balance earmarked for the construction cost of the house and units on the corner of Eudoria Street and Wade Street Gosnells (Wadoria property).

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Cover: Greg just loves putting his creative skills into practice with his woodwork group.

8. NATIONAL DISABILITY INSURANCE SCHEME - NDIS (POTENTIAL IMPACTS):

The eventual pricing model (Commonwealth or State) when the new NDIS is fully implemented may have a significant impact on the amount and timing of revenue received by the Association. Individual resident funding amounts will be reassessed when the revised system is operational. At present there is a potentially significant difference in the average prices set by the new NDIS for similar service levels received by our residents and the current amounts they receive annually from their Disability Services Commission funded service levels. Negotiations regarding final funding and agreed levels of support will occur for some areas during the 2017/18 financial year and eventually for all residents in subsequent years. The CEO, Gordon Trewern is involved at both a State and National level in lobbying to ensure that all residents receive the required level of funding to support their specific needs.

9. VEHICLE FUNDING AND RUNNING COSTS:

The capital costs of vehicles which were traditionally funded through the Disability Services Commission vehicle funding and replacement policy, will have to be funded internally in the future.

Funding vehicles would likely require the following investment:

- A typical wheelchair modified van over a five- year usage period will add approximately \$12,000 per year to costs. This additional cost would need to be shared between the number of people residing in the house and sharing the use of the vehicle.
- Running costs are mostly funded through Mobility Allowance benefits via the Commonwealth pension scheme. For people who access taxis, there has been a partial subsidy under the WA Taxi Users' Subsidy Scheme.

10. INVESTMENT COMMITTEE:

The Board has established an investment committee to oversee the management of the investment of Nulsen cash and other assets. Investment earnings play an important part in funding capital purchases and investment in software and other infrastructure. Currently \$1,200,000 has been placed in managed investment funds under the guidance of the committee. (Investment balance at 30 June 2017 is \$1,224,184 yielding a net return of 2.01% after payment of management fees.)

11. SUMMARY OF FINANCIAL RESULTS:

Major factors enabling the positive operating result of \$1,717,063 in 2016/17 were:

- Delays in filling some staff positions resulted in part year savings in wages and salaries of \$1,398,158 (3.5%).
- One-off workers compensation premium saving of \$526,061 related to Claims experience discount from prior years and lower than expected annual wage costs.

Financial Results

REVENUE

Comprehensive Income:

The total Comprehensive Income for the 2016/17 year was \$48,303,372, an increase of \$2,956,050 (6.5%) on the 2015/16 total of \$45,347,322.

| | | |
|--|------------|-------|
| <i>Source of Comprehensive Income:</i> | \$ | % |
| Operating Revenue | 42,922,822 | 88.9 |
| Residents' Fees | 4,268,432 | 8.8 |
| Donations, Fundraising, Other | 1,112,118 | 2.3 |
| Total | 48,303,372 | 100.0 |

Capital Subsidies:

Total Capital Subsidies received during the 2016/17 year was \$136,900, a decrease of (\$3,226,300) on the 2015/16 total of \$3,363,200.

| | | |
|-------------------------------------|----------|-------|
| <i>Source of Capital Subsidies:</i> | \$ | % |
| Disability Services Commission | 136,900. | 100.0 |

EXPENDITURE

The following table shows a breakdown of operating expenditure since 2012/13.

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---------------------------|------------|------------|------------|------------|------------|
| Salaries/Wages | 23,215,366 | 25,123,407 | 28,472,921 | 35,932,433 | 39,669,986 |
| Non-Salaries/Wages costs: | | | | | |
| Depreciation | 670,369 | 752,935 | 891,281 | 951,428 | 974,243 |
| Operating costs | 3,634,757 | 4,274,995 | 4,588,336 | 4,194,524 | 4,489,134 |
| Administration | 1,040,497 | 870,075 | 1,030,785 | 1,313,389 | 1,372,636 |
| Promotions | 187,366 | 208,330 | 125,282 | 191,231 | 217,300 |
| Total | 28,748,355 | 31,229,742 | 35,108,605 | 42,583,004 | 46,723,299 |

The total operating expenditure of \$46,723,299 gives a net operating contribution of \$1,580,073 over the 2016/17 year.

This net operating result becomes an overall positive result of \$1,717,063 when capital subsidies of \$136,990 are included.

Summary

The total Equity of the Association as at 30 June 2017 is \$13,500,671; an increase of \$1,717,063 on the 30 June 2016 amount.

In the opinion of the Finance Committee, whilst there are constant pressures on the liquidity of the Association, the Association holds sufficient assets to cover both Current and Non-Current Liabilities as at 30 June 2017. Forecast cash flows inclusive of State and Commonwealth funding indicate that the Association will be able to meet its obligations as and when they become due.

The committee wishes to thank Graham Holman, Executive Director - Corporate Services, and the finance team of the Association for their continuing efforts and dedication in what has been another demanding year.



Evelyn Hogg
Chair – Finance Committee

Board of Directors Report

for the year ended 30 June 2017

The Board of Directors presents the financial report of Nulsen Haven Association (Inc) for the financial year ended 30 June 2017.

Board of Directors

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

- Prof. David Gilchrist Chair
- Mr Kent Burwash
- Mr Bill Crofts - Resigned 6 December 2016
- Ms Lucy Henry - Resigned 22 February 2017
- Ms Evelyn Hogg
- Mr Troy MacMillan
- Mr Adam Smith
- Ms Penny Knight - Appointed 20 October 2016
- Ms Debra Leticia - Appointed 20 October 2016
- Mr Simon teBrinke - Appointed 17 January 2017

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; and
- clinical and medical support for residents.

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 \$1,717,063 (2016: \$5,342,157). 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 Directors, 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 Directors.



David Gilchrist
Chair

Dated this 26th day of September 2017

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

| | Notes | 2017 \$ | 2016 \$ |
|--|-------|-------------------|-------------------|
| Revenue | | | |
| Operating revenue | 2(a) | 42,892,966 | 39,597,321 |
| Fees from clients | | 4,268,432 | 3,919,246 |
| Nulsen business services | | 29,856 | 26,622 |
| Donations, fundraising and bequests income | 2(b) | 212,924 | 300,462 |
| Other income | | | |
| Interest | | 415,231 | 343,652 |
| Gain on disposal of fixed assets | | 89,403 | 138,356 |
| Other sundry income | | 383,436 | 236,302 |
| Unrealised gain on investment | | 11,124 | - |
| Revenue and other income | | 48,303,372 | 44,561,961 |
| Operating expenses | | | |
| Staffing costs | 2(e) | 39,669,986 | 35,932,433 |
| Administration costs | | 1,372,636 | 1,313,389 |
| Marketing & promotions | | 217,300 | 191,230 |
| Other operating costs | 2(f) | 4,487,043 | 4,194,524 |
| Other expenses | | | |
| Fundraising expenses | | 2,091 | - |
| Depreciation | 2(c) | 974,243 | 951,428 |
| Total Expenditure | | 46,723,299 | 42,583,004 |
| Net current year surplus | | 1,580,073 | 1,978,957 |
| Income tax expense | | - | - |
| Net current year surplus | | 1,580,073 | 1,978,957 |
| Income received to fund capital purchases | | | |
| Capital grants | 2(g) | 136,990 | 3,363,200 |
| Total income received to fund capital purchases | | 136,990 | 3,363,200 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 1,717,063 | 5,342,157 |

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2017

| | Notes | 2017 \$ | 2016 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 3 | 17,747,570 | 16,671,228 |
| Trade and Other Receivables | 4 | 106,862 | 500,369 |
| Total Current Assets | | 17,854,432 | 17,171,597 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 5 | 8,961,664 | 9,200,324 |
| Other Financial Assets | 6 | 1,224,184 | 1,000,000 |
| Total Non-Current Assets | | 10,185,848 | 10,200,324 |
| Total Assets | | 28,040,280 | 27,371,921 |
| Current Liabilities | | | |
| Trade and Other Payables | 7 | 4,997,930 | 5,446,777 |
| Deferred Income | 8 | 1,587,148 | 2,957,104 |
| Borrowings | 9 | 1,135,675 | 1,135,555 |
| Provisions | 10(a) | 4,645,364 | 4,144,900 |
| Total Current Liabilities | | 12,366,117 | 13,684,336 |
| Non-Current Liabilities | | | |
| Provisions | 10(b) | 2,074,062 | 1,815,113 |
| Others | 11 | 99,430 | 88,864 |
| Total Non-Current Liabilities | | 2,173,492 | 1,903,977 |
| Total Liabilities | | 14,539,609 | 15,588,313 |
| Net Assets | | 13,500,671 | 11,783,608 |
| Equity | | | |
| Retained Earnings | | 13,402,291 | 11,783,608 |
| Reserves | | 98,380 | - |
| Total Equity | | 13,500,671 | 11,783,608 |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2017

| | Retained Earnings \$ | Reserve for Youth Patrons \$ | Reserve for the Ethel & John Hodgson Scholarship \$ | Reserve for the Kellie Bridger Safety Award \$ | Total \$ |
|---|-------------------------|---------------------------------|--|---|-------------|
| Opening balance at 1 July 2015 | 6,441,451 | - | - | - | 6,441,451 |
| Surplus after income tax expense for the year | 1,978,957 | - | - | - | 1,978,957 |
| Capital grants | 3,363,200 | - | - | - | 3,363,200 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | 5,342,157 | - | - | - | 5,342,157 |
| Balance at 30 June 2016 | 11,783,608 | - | - | - | 11,783,608 |
| Surplus after income tax expense for the year | 1,580,073 | - | - | - | 1,580,072 |
| Capital grants | 136,990 | - | - | - | 136,990 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | 1,717,063 | - | - | - | 1,717,062 |
| Transfers to/(from) reserves | (98,380) | 41,471 | 10,000 | 46,909 | - |
| Balance at 30 June 2017 | 13,402,291 | 41,471 | 10,000 | 46,909 | 13,500,671 |

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2017

| | Note | 2017 \$ | 2016 \$ |
|---|------|--------------|--------------|
| Cash flows from operating activities | | | |
| Receipts from: Operating grant income | | 41,412,706 | 41,606,940 |
| Nulsen Business Services | | 140,161 | 26,622 |
| Fees from clients | | 4,263,577 | 3,919,246 |
| Interest income | | 423,985 | 343,651 |
| Donations, bequests and fundraising | | 161,564 | 178,349 |
| Other sundry income | | 430,251 | 311,332 |
| Payments to suppliers & employees | | (44,982,503) | (39,166,013) |
| Net cash provided by operating activities | | 1,849,741 | 7,220,127 |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant & equipment | | 648,273 | 702,935 |
| Payments to acquire other financial assets | | (200,000) | (1,000,000) |
| Payment for property, plant & equipment | | (1,694,227) | (4,767,208) |
| Net cash used in investing activities | | (1,245,954) | (5,064,273) |
| Cash flows from financing activities | | | |
| Bank fees capitalised on borrowings | | 120 | 120 |
| Proceeds from capital grants | | 472,435 | 3,027,755 |
| Net cash provided by financing activities | | 472,555 | 3,027,875 |
| Net increase in Cash and Cash Equivalents | | 1,076,342 | 5,183,729 |
| Cash and Cash Equivalents at the beginning of the Financial Year | | 16,671,228 | 11,487,499 |
| Cash and Cash Equivalents at the end of the Financial Year | 3 | 17,747,570 | 16,671,228 |

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2017

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 2015 (WA)*.

The financial report was authorised for issue on 26 October 2017 by the board of directors.

1. Summary of Significant Accounting Policies Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012*, the *Charitable Collections Act (1946) (WA)* and associated regulations and the *Associations Incorporation Act 2015 (WA)*, as appropriate for not-for-profit oriented entities.

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.

(A) 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 12. 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.

(iii) Estimation of useful lives of assets

The incorporated association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(B) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that the economic benefit will flow to the Association and the revenue can be reliably measured.

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.

(C) EXPENDITURE

All expenditure is accounted for on an accrual basis and recognised in the statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin.

(D) CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the incorporated association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the incorporated association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(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 residents' 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

(i) AFS financial assets

Effective as at the reporting date, Nulsen has early adopted AASB 9 Financial Instruments, in its entirety, replacing AASB 139 from 1 July 2016. Listed shares and listed redeemable notes held by Nulsen were classified as available for sale (AFS), with any movements (excluding impairment), to be taken through other comprehensive income (OCI). They are now measured at fair value through profit and loss (FVTPL).

Nulsen did have the irrevocable option to continue to recognise changes in the value of these listed shares and redeemable notes through OCI, however this election was not taken. As the market value movement in the listed shares and listed redeemable notes was not material and recognised in the prior year, there is no change to the recognition of prior year's financial statements.

(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) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at balance owed.

De-recognition

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 the statement of profit or loss and other comprehensive income.

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

Depreciation

Items of property, plant and equipment (other than land and work in progress) 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 reporting date.

Impairment

The carrying amount of plant & equipment is reviewed annually by the Association 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 and other comprehensive income.

De-recognition and disposal

An item of property, plant and equipment is de-recognised 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 de-recognition 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 de-recognised.

(H) TRADE AND OTHER PAYABLES

Trade 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 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 and salaries. 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 commercial 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.

(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 statement of profit or loss and other comprehensive income 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 2017.

(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.

Notes to the Financial Statements cont.

For the year ended 30 June 2017

(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.

(Q) 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 2017.

AASB 9 Financial Instruments

As disclosed in Note 1(f)(i), the Association has early adopted AASB 9 Financial Instruments, with effect of 1 July 2016, as the Board believes the revised accounting policy for fair value adjustments to these investments more reliably presents the financial position of the Association.

2. Revenue, other income and expenses

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| (A) REVENUE | | |
| Operating Grants | | |
| Disability Services Commission | 42,712,273 | 39,055,252 |
| Department of Child Protection | 116,406 | 270,394 |
| Other | 64,287 | 271,675 |
| Total Operating Grants | 42,892,966 | 39,597,321 |
| (B) DONATIONS, BEQUESTS, FUNDRAISING | | |
| Donations | 167,905 | 273,788 |
| Bequests | 32,083 | 18,332 |
| Fundraising | 12,936 | 8,342 |
| Total Donations, Bequests, Fundraising | 212,924 | 300,462 |
| (C) EXPENSES | | |
| Depreciation | 974,243 | 951,428 |
| Operating lease payments – Land & building | 56,799 | 77,236 |
| Auditors' remuneration; financial report audit | 20,500 | 17,970 |
| (D) EMPLOYEE BENEFIT EXPENSE | | |
| Salary and wages | 34,090,778 | 30,466,841 |
| Superannuation contributions | 3,238,624 | 2,894,350 |
| Movement in employee benefits | 811,176 | 1,119,217 |
| Total Employee Benefit Expense | 38,140,578 | 34,480,408 |
| (E) STAFFING COSTS | | |
| Employee Benefit | 38,140,578 | 34,480,408 |
| Workers Compensation Insurance | 742,272 | 825,632 |
| Training Costs | 363,413 | 344,826 |
| Other Staffing Costs | 423,723 | 281,567 |
| Total Staffing Costs | 39,669,986 | 35,932,433 |

(F) OTHER OPERATING COSTS

| | | |
|-----------------------------|-----------|-----------|
| House Expenses | 2,046,731 | 2,027,858 |
| Repairs & Maintenance | 1,171,023 | 940,641 |
| Vehicle Expenses | 601,338 | 619,848 |
| Therapy Expenses | 530,066 | 495,940 |
| Other Expenses | 137,885 | 110,237 |
| Total Other Operating Costs | 4,487,043 | 4,194,524 |

(G) CAPITAL SUBSIDIES

| | | |
|--------------------------------|---------|-----------|
| Disability Services Commission | 136,990 | 163,200 |
| Lotterywest grant | - | 3,200,000 |
| Total Capital Subsidies | 136,990 | 3,363,200 |

3. Cash and cash equivalents

| | 2017 \$ | 2016 \$ |
|---------------------------------|------------|------------|
| Cash on hand | 1,350 | 1,350 |
| NAB offset account | 1,144,510 | 1,144,580 |
| Term deposits | 8,677,337 | 6,106,581 |
| Cash management account | 2,628,354 | 3,858,868 |
| Online investment account | 1,533,126 | 2,010,908 |
| Bendigo Bank art account | - | 373 |
| Residents trust monies | 3,704,342 | 3,503,071 |
| Housekeeping accounts | 58,551 | 45,497 |
| Total cash and cash equivalents | 17,747,570 | 16,671,228 |

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. The average effective interest rate on the term deposits was 1.78% (2016: 2.2%).

4. Trade and other receivables

| | 2017 \$ | 2016 \$ |
|--------------------------------------|------------|------------|
| Trade receivables | 17,300 | 56,241 |
| Trust account receivable | 25,979 | - |
| Prepayments and other accrued income | 54,580 | 430,187 |
| Other receivables | 9,003 | 13,941 |
| Total trade and other receivables | 106,862 | 500,369 |

No impairment allowance on trade and other receivables is deemed necessary for the current and prior year.

Notes to the Financial Statements cont.

For the year ended 30 June 2017

5. Property, plant and equipment

| | Land \$ | Buildings \$ | WIP- 32 Burton Street \$ | Computer \$ | Plant and Equipment \$ | Furniture and Fittings \$ | Motor Vehicles \$ | TOTAL \$ |
|--------------------------------------|------------|-----------------|-----------------------------------|----------------|------------------------------|---------------------------------|-------------------------|-------------|
| COST | | | | | | | | |
| Balance at 30 June 2015 | 961,927 | 3,458,052 | - | 417,740 | 713,084 | 12,497 | 4,058,031 | 9,621,331 |
| Additions | 1,400,000 | 800,000 | 1,486,597 | 11,772 | 63,075 | - | 1,127,876 | 4,889,320 |
| Disposals | - | - | - | - | - | - | (1,053,798) | (1,053,798) |
| Balance at 30 June 2016 | 2,361,927 | 4,258,052 | 1,486,597 | 429,512 | 776,159 | 12,497 | 4,132,109 | 13,456,853 |
| Additions | - | - | - | - | 57,937 | 257,011 | 979,505 | 1,294,453 |
| WIP Capitalised ¹ | - | - | (1,486,597) | - | - | 1,486,597 | - | - |
| Disposals | - | - | - | - | - | - | (898,776) | (898,776) |
| Balance at 30 June 2017 | 2,361,927 | 4,258,052 | - | 429,512 | 834,096 | 1,756,105 | 4,212,838 | 13,852,530 |
| Accumulated Depreciation | | | | | | | | |
| Balance at 30 June 2015 | - | (991,937) | - | (354,785) | (653,348) | (12,497) | (1,781,752) | (3,794,319) |
| Disposals | - | - | - | - | - | - | 489,218 | 489,218 |
| Depreciation Expense | - | (167,766) | - | (42,616) | (24,814) | - | (716,232) | (951,428) |
| Balance at 30 June 2016 | - | (1,159,703) | - | (397,401) | (678,162) | (12,497) | (2,008,766) | (4,256,529) |
| Disposals | - | - | - | - | - | - | 339,906 | 339,906 |
| Depreciation Expense | - | (187,767) | - | (24,917) | (40,629) | (319,662) | (726,981) | (1,299,956) |
| Depreciation Adjustment ² | - | 325,713 | - | - | - | - | - | 325,713 |
| Balance at 30 June 2017 | - | (1,021,757) | - | (422,318) | (718,791) | (332,159) | (2,395,841) | (4,890,866) |
| Net Book Value | | | | | | | | |
| As at 30 June 2016 | 2,361,927 | 3,098,349 | 1,486,597 | 32,111 | 97,997 | - | 2,123,343 | 9,200,324 |
| As at 30 June 2017 | 2,361,927 | 3,236,295 | - | 7,194 | 115,305 | 1,423,946 | 1,816,997 | 8,961,664 |

¹ This relates to renovations at 32 Burton Street, Cannington that has been completed.

² The depreciation adjustment is due to an incorrect depreciation rate being used on two building assets. The error was rectified retrospectively in the current year.

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 Helsall 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

6. Other Financial assets

Other financial assets carried at fair value

| | 2017 \$ | 2016 \$ |
|---------------------|------------|------------|
| Managed investments | 658,668 | 228,273 |
| Term deposits | - | 400,000 |
| Cash account | 565,516 | 371,727 |
| | 1,224,184 | 1,000,000 |

Balances as at 30 June 2017 includes a portfolio of securities listed on the Australian Stock Exchange and managed investments. The portfolio valuation managed is by a professional investment adviser. These investments are spread across a range of various industrial and geographical sectors in accordance with the Associations investment policy to reduce exposure to market price risk.

7. Trade and other payables

| | 2017 \$ | 2016 \$ |
|--------------------------------|------------|------------|
| Trade payables | 294,838 | 648,404 |
| Residents Trust Funds (*) | 3,730,321 | 3,503,071 |
| Other payables | 327,413 | 351,019 |
| Accruals | 645,358 | 944,283 |
| Total trade and other payables | 4,997,930 | 5,446,777 |

(*) Included in the resident trust funds payable is \$25,979 which is still receivable from the public trust (note 4).

8. Deferred Income

| | 2017 \$ | 2016 \$ |
|--------------------------------|------------|------------|
| Disability Services Commission | 1,572,524 | 2,903,699 |
| Other grants | 14,624 | 53,405 |
| | 1,587,148 | 2,957,104 |

9. Borrowings

| | 2017 \$ | 2016 \$ |
|------------------|------------|------------|
| CURRENT | | |
| Loans | 1,135,675 | 1,135,555 |
| Total Borrowings | 1,135,675 | 1,135,555 |

The Association currently has no obligations under finance leases.

BANK FACILITIES

A drawdown facility of \$1,500,000 (2016: \$1,500,000) was available to the Association at the end of the financial year with the National Australia Bank. As at this date, \$1,135,675 (2016: \$1,135,555) 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, \$1,144,510 (2016: \$1,144,580) was held in the offset 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.

National Australia Bank reviews this drawdown facility annually and the last review was done on 31 May 2017.

Notes to the Financial Statements cont.

For the year ended 30 June 2017

10. Provisions

| | 2017 \$ | 2016 \$ |
|------------------------------------|------------------|------------------|
| (A) CURRENT | | |
| Long service leave | 319,002 | 346,826 |
| Accrued days off | 798,823 | 630,897 |
| Annual leave | 3,526,469 | 3,114,344 |
| Residents Fee Waiver | 1,070 | 5,924 |
| | <u>4,645,364</u> | <u>4,097,991</u> |
| (B) NON-CURRENT | | |
| Long service leave | 2,074,062 | 1,815,113 |
| (C) MOVEMENTS IN PROVISIONS | | |
| Opening balance | 5,913,105 | 4,793,888 |
| Charge for the year | 6,403,253 | 6,024,102 |
| Utilised during the year | (5,596,932) | (3,953,620) |
| Closing balance | <u>6,719,426</u> | <u>5,913,105</u> |

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.

11. Other Non- Current Liabilities

The Association is setting rent surplus aside totalling \$99,430 (2016: \$88,864) for the year ended 30 June 2017 for the Pira Avenue property leased from Disability Services Commission in the event that Disability Services Commission recall the lease and request the return of the rent surplus.

12. Financial Risk Management

The Association's financial instruments mainly comprise of cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables and borrowings.

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

| | 2017 \$ | 2016 \$ |
|------------------------------|-------------------|-------------------|
| Financial assets | | |
| Cash and cash equivalents | 17,747,570 | 16,671,228 |
| Trade and other receivables | 106,862 | 500,369 |
| Other financial assets | 1,224,184 | 1,000,000 |
| Total financial assets | <u>19,078,616</u> | <u>18,171,597</u> |
| Financial liabilities | | |
| Trade and other payables | 4,997,930 | 5,446,777 |
| Deferred Income | 1,587,148 | 2,957,104 |
| Borrowings | 1,135,675 | 1,135,555 |
| Total financial liabilities | <u>7,720,753</u> | <u>9,539,436</u> |

13. Operating Lease Commitments

The Association has an on-going lease agreement with the Department for Housing for the rental of residential houses for the accommodations program. The Association's lease agreement with the Department for Housing will continue indefinitely under the current contract agreement for a yearly rental cost of \$54,000.

14. 28 Burton Street site

Funding of \$512,000 was received from the Disability Services Commission in 1996/97 to enable the purchase of premises at Lot 1, 28 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 ended 30 June 2002.

In December 1999, \$85,000 was received from the Lotteries Commission to purchase a second Strata Title on the Lot 2, 28 Burton Street site for use as a Staff Training Facility. The Lotteries Commission held a 10-year caveat over the property. The caveat expired in December 2009 and was replaced with Deed of Trust.

In June 2006, a third Strata Title on the Lot 3, 28 Burton Street 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:

- 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.
- The undivided share to the Lotterywest Commission will be 920,000/2,000,000.
- 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 2017 was \$1,278,130 (2016: \$1,312,502).

15. Nulsen Business Services Accounts

The Association currently holds bank accounts on behalf of bookkeeping and payroll 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 2017 total \$283,215 (2016: \$217,701).

16. Contingent Liabilities

The Association had no contingent liabilities as at 30 June 2017 and 30 June 2016.

17. Related Party Transactions

(A) BOARD MEMBERS

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

(B) BOARD MEMBERS COMPENSATION

Board members act in an honorary capacity and receive no compensation for their services. However, the Chair, David Gilchrist, has had the use of a fuel card to an amount of \$439 (GST inclusive) for the year ended 30 June 2017 (2016: \$756).

(C) KEY MANAGEMENT PERSONNEL COMPENSATION

| Name | Position |
|----------------|--|
| Gordon Trewern | Chief Executive Officer |
| Graham Holman | Executive Director of Corporate Services |
| Caroline Watt | Executive Director of Operations |

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

| | 2017 | 2016 |
|------------------------------------|---------|---------|
| | \$ | \$ |
| Salaries | 551,274 | 529,982 |
| Fringe Benefits (Grossed up value) | 134,868 | 125,185 |
| Superannuation | 102,997 | 99,803 |
| Total short-term employee benefits | 789,139 | 754,970 |
| % of total Revenue | 1.63% | 1.69% |

The 2016 key management personnel compensation included all Managers' compensation. During the year the definition of key management has been redefined to exclude Managers and only include the three personnel above. As a result, the 2016 key management personnel compensation was amended accordingly.

(D) CONSULTANTS

Board member, Lucy Henry, through her company, Marketing Umbrella, received consulting fees amounting to \$63,117 (2016: \$104,543) (GST inclusive).

(E) TRANSACTIONS WITH RELATED PARTIES

The Association has committed to a three-year sponsorship totalling \$45,000, to The Independent Centre for Applied Not for Profit Research, which was paid in May 2016.

18. Reserves - restricted funds

On occasions the Association may receive resources restricted for particular purposes. To facilitate observance of these limitations, the financial report lists separately those funds which are restricted. Restricted funds are those funds presently available for use, but expendable only for operating purposes specified by the donor or by statute. When the Board specifies a purpose for the expenditure of funds, where none has been stated by the original donor, such funds are classified as designated funds.

| | 2017 | 2016 |
|--------------------------------------|--------|------|
| | \$ | \$ |
| Restricted funds | | |
| Youth Patrons | 41,471 | - |
| The Ethel & John Hodgson scholarship | 10,000 | - |
| Kellie Bridger Safety Award | 46,909 | - |
| | 98,380 | - |

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 service funding would not continue to provide financial support to Nulsen Haven Association (Inc). notwithstanding possible industry restructuring under the Commonwealth NDIS or the WA NDIS funding restructures.

20. Events After the Reporting Date

The Association is not aware of any other matter or circumstances not otherwise dealt with in this report or the financial statements that has significantly or may significantly affect the Association.

In the opinion of the Board:

Nulsen Haven Association (Inc.) is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached RDR general purpose financial statements have been prepared for the purposes of complying with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the *Associations Incorporation Act 2015* (WA);

- the attached financial statements and notes comply with the Australian Accounting Standards – Reduced Disclosure Requirements and Accounting Interpretations;
- the attached financial statements and notes give a true and fair view of Nulsen Haven Association (Inc.) financial position as at 30 June 2017 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that Nulsen Haven Association (Inc.) will be able to pay its debts as and when they become due and payable;
- the financial statements have been properly prepared, and the associated records have been properly kept for the year ended 30 June 2017, in accordance with the Charitable Collections Act (1946) (WA) and the Charitable Collections Regulations (1947) (WA).
- funds received as a result of fundraising activities conducted during the year ended 30 June 2017 have been properly accounted for and applied in accordance with the Charitable Collections Act (1946) (WA) and the Charitable Collections Regulations (1947) (WA);

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



David Gilchrist

Chair

Dated this 26th day of September 2017



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Nulsen Haven Association (Inc) for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

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A White
 ALASDAIR WHITE
 Director

Perth, WA
 Dated: 26 September 2017

**INDEPENDENT AUDITOR'S REPORT
 TO THE BOARD OF
 NULSEN HAVEN ASSOCIATION (INC)**

Opinion

We have audited the financial report of Nulsen Haven Association (Inc) (Nulsen), which comprises the statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Board of Management

In our opinion, the financial report of Nulsen has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act 2015 (WA)*, including:

- (a) giving a true and fair view of the registered Association's financial position as at 30 June 2017 and of its financial performance and cash flows for the year ended on that date; and
- (b) Complying with *Australian Accounting Standards – Reduced Disclosure Regime*, the *Australian Charities and Not-for-profits Commission Regulation 2013* and the *Associations Incorporation Act 2015 (WA)*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of Nulsen, in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Board of Management for the Financial Report

The Board of Management are responsible for the preparation and fair presentation of the financial report in accordance with *Australian Accounting Standards – Reduced Disclosure Regime*, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act 2015 (WA)*, and for such internal control as the Board determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing Nulsen's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Nulsen or to cease operations, or has no realistic alternative but to do so.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on the requirements of the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA)*

Opinion

We have audited the financial report of Nulsen as required by the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA)*.

In our opinion

- a) The financial report of Nulsen has been properly prepared, and the associated records have been properly kept for the year ended 30 June 2017, in accordance with the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA)*; and
- b) Funds received as a result of fundraising activities conducted during the year ended 30 June 2017 have been properly accounted for and applied in accordance with the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA)*.

Auditor's Responsibilities

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 activities pursuant to the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA)*.

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 Acts 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.

RSM

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A handwritten signature in black ink that reads 'A Whyte'.

ALASDAIR WHYTE
Director

Perth, WA
Dated: 28 September 2017



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