



## Finance Overview Report

The major issues affecting the financial results of the Association for the year ending 30 June 2015 are summarised on the following pages.

### Major financial activities for the year:

#### 1. ACCOMMODATION GROWTH PROGRAM:

The number of people receiving long term supported accommodation increased from 126 at June 2014 to 173 at June 2015. The increase of 38% occurred gradually over the financial year and resulted in a 12% increase in total income. The full year income effect of the growth in Accommodation services will occur during the 2015-16 financial year.

#### 2. HOSPITALISATION OF RESIDENTS:

During the 2014-15 year a large number of residents were admitted to hospital due to various medical conditions at a cost of \$216,449 (2013-14: \$145,539) to the association to provide staff support for the residents whilst in hospital.

Whilst 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.

#### 3. ENTERPRISE BARGAINING AGREEMENT:

The Enterprise Bargaining Agreement which covers all support worker and direct care staff at Nulsen was due for renewal in June 2015. Negotiations were held between Nulsen Management and Nulsen staff; who were represented by a team from the United Voice (WA) union.

Discussions were highly positive and focussed on maintaining quality services to Nulsen residents whilst maximising staff flexibility and conditions of employment. The staff and the union team are to be congratulated for their understanding of the tough financial position faced by the Association in the current economic and political climate that surrounds the introduction of the new government NDIS/My Way funding regime. A new 3 year agreement was reached and was due to be lodged during July 2015.

#### 4. CHANGES TO EMPLOYEE BENEFITS:

Arising from the new Enterprise Bargaining Agreement, changes were made to the long service leave entitlement clauses. LSL pro-rata accrual changed from "after 7 years" of service to "after 5 years" of service. This has necessitated the balance sheet accrual for employee Long Service leave entitlements now being costed on the basis of "all entitlement and pro-rata after 3 years of service", plus an increased "percentage of pro-rata leave accrued for staff with 1-3 years of service".

The earlier access to pro-rata leave is expected to have a positive impact on reducing staff turnover by being an incentive for staff with 1-3 years of service to continue until they have reached 5 years of service.

#### 5. CAPITAL / SPECIFIC FUNDING:

With the transfer of vehicle hoist funding to Disability Services Commission, there was no Lotterywest capital funding received during 2014-15. Lotterywest have however granted \$3,200,000 for the part purchase and fit-out of an additional office building at 32 Burton St Cannington during 2015-16. The new building is expected to open in early 2016.

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

Disability Services Commission provided capital funding of \$506,510 for the new and replacement vehicle program including the funding for vehicle hoist modification (previously funded by Lotterywest) and \$72,500 for house set-up costs.

#### 6. RESIDENT SUBSIDIES:

The Association provided over \$239,000 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.

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**7. BUILDING PROGRAM CAPITAL FUNDING:**

The Association has maintained a \$1,500,000 line of credit with the National 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 \$1,144,650 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).

**8. HOUSE SET-UP COSTS:**

New house setup costs in the 2014-15 year totalled \$102,797 which was partly funded by the Disability Services Commission (\$72,500).

**9. NATIONAL DISABILITY INSURANCE SCHEME - NDIS (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.

The Commonwealth NDIS model requires invoices for services in arrears. Dependant 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.

Under the State "My Way" trial site model, payments will still be made in advance.

A decision by the State government on which will be the final model implemented in WA is expected during 2016.

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.

**10. VEHICLE FUNDING AND RUNNING COSTS:**

The Capital costs of vehicles are traditionally funded through the Disability Services Commission vehicle funding and replacement policy. Running costs are mostly funded through Mobility Allowance benefits via the Commonwealth pension scheme. For people who access taxis, there has been partial subsidy under the WA Taxi subsidy scheme.

Under the two NDIS trial sites in WA the continuation of these policies in future years has been brought into question. Mobility allowance and/or taxi subsidy cannot be claimed by people who receive funding under the two trial sites. To offset this reduced funding, the person will either need to have part of their funding package allocated to transport costs or will potentially incur a personal "user pays" type fee from their supporting agency.

Should the Disability Services Commission cease its vehicle capital funding and replacement program, the capital cost of vehicles will also need to be recovered from individuals or their families.

Based on a typical wheelchair modified van over a 5 year usage period this will add \$12,000 per year to the cost of purchasing and replacing a house van. This cost will need to be shared between the number of people residing in the house and sharing the use of the vehicle.

**11. 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 a significant part in funding capital purchases and investment in software and other infrastructure. The committee is currently establishing an investment policy for endorsement by the board.

**12. SUMMARY OF FINANCIAL RESULTS:**

Major factors enabling the positive results in 2014-15 were:

- Additional overhead contribution from service delivery through the growth of the Accommodation program.
- General accommodation savings made by restructuring house rosters.
- Savings in office and support wages as a number of key positions were vacant during the year.
- General savings in overall overhead costs.

**Financial Results:**

**REVENUE**

**Comprehensive Revenue:**

The total Comprehensive Revenue for the 2014/15 year was \$35,557,165, an increase of \$4,601,073 (14.9%) on the 2013/14 total of \$30,956,092.

<i>Source of Comprehensive Revenue:</i>	\$	%
Operating Grants	30,893,778.	86.9
Residents' Fees	3,076,083.	8.6
Nulsen Business Services/Consulting	216,047.	0.6
Donations, Fundraising, Other	1,371,257.	3.9
<b>Total</b>	<b>35,557,165.</b>	<b>100.0</b>

**Capital Subsidies:**

Total Capital Subsidies received during the 2014/15 year was \$473,811 - a decrease of (\$238,281) on the 2013/14 total of \$712,092.

<i>Source of Capital Subsidies:</i>	\$	%
Disability Services Commission	506,511.	100.0
Lotterywest (refund of Rosella Land)	(\$32,700).	n/a

**EXPENDITURE**

The following table shows a breakdown of operating expenditure since 2010/11.

	2010/11	2011/12	2012/13	2013/14	2014/15
Salaries/Wages	16,847,794	21,254,720	23,215,366	25,123,407	28,472,921
Non-Salaries/Wages costs:					
Depreciation	740,359	742,448	670,369	752,935	891,281
Operating Costs	3,104,437	3,146,476	3,634,757	4,274,995	4,588,336
Administration	1,059,051	878,728	1,040,497	870,075	1,030,785
Promotions	33,712	211,332	187,366	208,330	125,282
<b>Total</b>	<b>21,785,353</b>	<b>26,233,704</b>	<b>28,748,355</b>	<b>31,229,742</b>	<b>35,108,605</b>

The total operating expenditure of \$35,108,605 gives a net operating contribution of \$448,560 over the 2014/15 year.

NB: \$217,094 of the contribution comes from the value of Wheelchair Modified and other vehicles transferred from Disability Services Commission to the Association. The trade value of those vehicles is recognised as donation income in the Association's accounts. Funding has also been received for initial house set-up costs and house renovations.

This net operating deficit becomes a positive result of \$922,370 when Capital subsidies (\$473,811) are included.

**Summary**

Total Equity of the Association as at 30 June 2015 is \$6,441,452; an increase of \$922,370 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 2015. 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 2015

The Board of Management presents the financial report of Nulsen Haven Association (Inc) for the financial year ended 30 June 2015.

### Board of Management

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

Mr Kent Burwash – Appointed 30th October 2014  
 Mr William Crofts – Appointed 30th October 2014  
 Prof. David Gilchrist  
 Ms Lucy Henry  
 Ms Evelyn Hogg  
 Mr Max Kousins  
 Mr Troy MacMillan  
 Ms Mariani Peck  
 Mr Adam Smith  
 Ms Erin Van Turnhout – On Leave of Absence October 2014 to current.  
 Mr Gavin Bain – Resigned 28th October 2014  
 Mr Richard Curry – Resigned 28th October 2014

### 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 \$922,370 (2014 surplus of \$438,441). 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

Dated this 29th day of September 2015

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
<b>Revenue</b>			
Operating grants	2(a)	30,893,778	26,969,423
Fees from clients		3,076,083	2,741,499
Nulsen business services		216,047	396,190
Donations, bequests and fundraising income	2(b)	581,762	351,269
<b>Other income</b>			
Interest		364,339	283,579
Gain on disposal of fixed assets		316,777	41,130
Other sundry income		108,378	173,003
<b>Revenue and other income</b>		<b>35,557,164</b>	<b>30,956,092</b>
<b>Operating expenses</b>			
Staffing costs	2(e)	29,736,148	25,796,289
Administration costs		1,030,783	870,072
Marketing & promotions		125,281	208,514
Other operating costs	2(f)	3,252,159	3,535,209
<b>Other expenses</b>			
Fundraising expenses	2(g)	72,953	66,723
Depreciation		891,281	752,935
<b>Total Expenditure</b>		<b>35,108,605</b>	<b>31,229,742</b>
<b>Net current year surplus/(deficit) attributable to members of the entity</b>		<b>448,559</b>	<b>(273,651)</b>
<b>Income received to fund capital purchases</b>			
Capital subsidies	2(h)	473,811	712,092
<b>Total income received to fund capital purchases</b>		<b>473,811</b>	<b>712,092</b>
<b>Total comprehensive income attributable to members of the entity</b>		<b>922,370</b>	<b>438,441</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position

As at 30 June 2015

	Notes	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	3	11,487,499	9,707,647
Trade and Other Receivables	4	289,075	273,484
<b>Total Current Assets</b>		<u>11,776,574</u>	<u>9,981,131</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5	5,827,010	5,514,235
Available for Sale Financial Assets		-	207
<b>Total Non-Current Assets</b>		<u>5,827,010</u>	<u>5,514,442</u>
<b>Total Assets</b>		<u>17,603,584</u>	<u>15,495,573</u>
<b>Current Liabilities</b>			
Trade Creditors and Other Payables	6	3,388,966	3,213,348
Deferred Income	7	1,732,846	1,294,640
Provisions	9(a)	3,361,611	2,888,427
Borrowings	8	1,135,435	1,135,315
<b>Total Current Liabilities</b>		<u>9,618,858</u>	<u>8,531,730</u>
<b>Non-Current Liabilities</b>			
Provisions	9(b)	1,543,274	1,444,762
<b>Total Non-Current Liabilities</b>		<u>1,543,274</u>	<u>1,444,762</u>
<b>Total Liabilities</b>		<u>11,162,132</u>	<u>9,976,491</u>
<b>Net Assets</b>		<u>6,441,452</u>	<u>5,519,082</u>
<b>Equity</b>			
Retained Earnings		6,441,452	5,221,891
Reserves		-	297,191
<b>Total Equity</b>		<u>6,441,452</u>	<u>5,519,082</u>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

For the year ended 30 June 2015

	Retained Earnings \$	Development & Expansion Reserve \$	Charlesworth Fundraising Reserve \$	Vehicle Replacement Reserve \$	Total \$
Opening balance at 1 July 2013	4,763,620	220,000	21,966	75,055	5,080,641
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>
Total comprehensive income for the year	922,370	-	-	-	922,370
Transfers to/(from) reserves	297,191	(200,170)	(21,966)	(75,055)	-
Balance at 30 June 2015	<u>6,441,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,441,452</u>

The accompanying notes form part of these financial statements.

## Statement of Cashflows

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from:			
Operating grant income		31,040,051	26,564,661
Nulsen Business Services		216,047	396,190
Fees from clients		3,074,452	2,734,748
Interest income		364,339	283,579
Donations, bequests and fundraising		364,668	351,269
Other sundry income		377,456	507,821
Payments to suppliers & employees		(33,460,907)	(29,551,992)
Net cash provided by operating activities		1,976,106	1,286,276
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant & equipment		576,456	595,931
Payment for property, plant & equipment		(1,246,642)	(1,624,296)
Net cash used in investing activities		(670,184)	(1,028,365)
<b>Cash flows from financing activities</b>			
Bank borrowings		120	191,110
Proceeds from capital grants		473,811	712,092
Net cash provided by financing activities		473,931	903,202
Net increase in Cash and Cash Equivalents		1,779,852	1,161,113
Cash and Cash Equivalents at the beginning of the Financial Year		9,707,647	8,546,534
Cash and Cash Equivalents at the end of the Financial Year	3	11,487,499	9,707,647

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

For the year ended 30 June 2015

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

Nulsen Haven Association (Inc) applies Australian Accounting Standards – Reduced Disclosure Requirements as set but in AASB 1053: Application of Tiers of Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other applicable Australian Accounting Standards – Reduced Disclosure Requirements.

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 – Reduced Disclosure Requirements and Accounting Interpretations. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions 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 11. 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

##### (i) 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.

## Notes to the Financial Statements cont.

For the year ended 30 June 2015

### (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.

### (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

#### (i) 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.

#### (ii) 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 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 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.

#### De-recognition 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.

## Notes to the Financial Statements cont.

For the year ended 30 June 2015

### (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.

### (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 2015.

### (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 2015.

## Notes to the Financial Statements cont.

For the year ended 30 June 2015

### 2. Revenue, other income and expenses

	2015	2014
	\$	\$
<b>(A) REVENUE</b>		
Operating Grants		
Disability Services Commission	30,632,539	26,790,271
Department of Child Protection	127,223	-
Lotterywest	-	109,987
Other	134,016	69,165
<b>Total Operating Grants</b>	<b>30,893,778</b>	<b>26,969,423</b>
<b>(B) DONATIONS, BEQUESTS, FUNDRAISING</b>		
Donations	422,106	228,413
Bequests	76,714	29,501
Fundraising	82,942	93,355
<b>Total Donations, Bequests, Fundraising</b>	<b>581,762</b>	<b>351,269</b>
<b>(C) EXPENSES</b>		
Depreciation	891,281	752,935
Operating lease payments – Land & building	65,484	64,764
Auditors' remuneration; financial report audit	16,500	16,750
<b>Total Expenses</b>	<b>973,265</b>	<b>834,449</b>
<b>(D) EMPLOYEE BENEFIT EXPENSE</b>		
Salary and wages	24,654,343	21,389,698
Superannuation contributions	2,342,163	1,925,073
Movement in employee benefits	548,048	567,323
<b>Total Employee Benefit Expense</b>	<b>27,544,554</b>	<b>23,882,094</b>
<b>(E) STAFFING COSTS</b>		
Employee Benefit	27,544,554	23,882,093
Workers Compensation Insurance	697,053	681,112
Training Costs	285,129	135,148
Shared Management	978,096	897,507
Other Staffing Costs	231,316	200,429
<b>Total Staffing Costs</b>	<b>29,736,148</b>	<b>25,796,289</b>
<b>(F) OTHER OPERATING COSTS</b>		
House Expenses	1,568,931	1,882,217
Repairs & Maintenance	677,694	651,521
Vehicle Expenses	469,116	523,031
Therapy Expenses	438,278	384,864
Other Expenses	98,140	93,575
<b>Total Other Operating Costs</b>	<b>3,252,159</b>	<b>3,535,209</b>
<b>(G) FUNDRAISING EXPENSES</b>		
Beer and lobster raffle expenses	61,589	66,782
Other fundraising expenses	11,364	(59)
<b>Total Fundraising Expenses</b>	<b>72,953</b>	<b>66,723</b>
<b>(H) CAPITAL SUBSIDIES</b>		
Disability Services Commission	506,510	586,196
Refund to Lotterywest	(32,700)	125,896
<b>Total Capital Subsidies</b>	<b>473,811</b>	<b>712,092</b>

### 3. Cash and cash equivalents

	2015	2014
	\$	\$
Cash on hand	1,350	1,350
NAB offset account	1,144,650	1,144,650
Term deposits	3,394,643	3,217,269
Cash management account	1,349,553	1,340,727
Funeral trust account	-	43,953
Online investment account	3,131,959	2,488,467
Bendigo Bank art account	369	395
Residents trust monies	2,425,823	1,436,726
Housekeeping accounts	39,152	34,110
<b>Total cash and cash equivalents</b>	<b>11,487,499</b>	<b>9,707,647</b>

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 2.8% (2014: 3%).

### 4. Trade and other receivables

	2015	2014
	\$	\$
Trade debtors	30,090	39,576
Prepayments and other accrued income	179,712	151,334
Other debtors	30,152	26,188
GST input tax	49,121	56,386
<b>Total trade and other receivables</b>	<b>289,075</b>	<b>273,484</b>

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

## Notes to the Financial Statements cont.

For the year ended 30 June 2015

### 5. Property, plant and equipment

	Land	Buildings	Plant and Equipment	Furniture	Motor Vehicles	TOTAL
	\$	\$	\$	\$	\$	\$
<b>GROSS CARRYING AMOUNT- COST</b>						
Balance at 30 June 2013	1,034,627	3,199,991	970,174	12,497	3,295,990	8,513,278
Additions	-	17,620	136,931	-	1,469,745	1,624,297
Disposals	-	-	-	-	(927,047)	(927,047)
Balance at 30 June 2014	1,034,627	3,217,611	1,107,105	12,497	3,838,688	9,210,528
Additions	-	534,710	23,718	-	1,358,146	1,916,574
Disposals	-	(366,969)	-	-	(1,138,803)	(1,505,772)
Balance at 30 June 2015	1,034,627	3,385,352	1,130,823	12,497	4,058,031	9,621,330
<b>ACCUMULATED DEPRECIATION</b>						
Balance at 30 June 2013	-	(813,526)	(892,012)	(12,497)	(1,597,570)	(3,315,604)
Disposals	-	-	-	-	372,246	372,245
Depreciation Expense	-	(160,116)	(52,176)	-	(540,643)	(752,935)
Balance at 30 June 2014	-	(973,642)	(944,188)	(12,497)	(1,765,967)	(3,696,294)
Disposals	-	145,557	-	-	647,697	793,254
Depreciation Expense	-	(163,852)	(63,943)	-	(663,485)	(891,280)
Balance at 30 June 2015	-	(991,937)	(1,008,131)	(12,497)	(1,781,755)	(3,794,320)
<b>NET BOOK VALUE</b>						
As at 30 June 2014	1,034,627	2,243,969	162,918	-	2,072,721	5,514,235
As at 30 June 2015	1,034,627	2,393,415	122,692	-	2,276,276	5,827,010

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. Trade creditors and other payables

	2015	2014
	\$	\$
Trade creditors	286,450	444,277
Residents Trust Funds	2,438,032	1,443,417
Other creditors	304,873	1,161,934
GST Payable	55,161	15,884
Accruals	304,450	147,836
Financial liabilities as trade and other payables	3,388,966	3,213,348

### 7. Deferred Income

	2015	2014
	\$	\$
Disability Services Commission	1,623,668	1,031,464
Other grants	109,178	263,176
	1,732,846	1,294,640

### 8. Borrowings

	2015	2014
	\$	\$
<b>CURRENT</b>		
Loans	1,135,435	1,135,315
Total Borrowings	1,135,315	1,135,315

The Association currently has no obligations under finance leases

#### Bank facilities

An overdraft facility with the Commonwealth Bank of Australia of \$30,000 (2014 - \$30,000) was available to the Association at the end of the financial year 2015. As of that date \$nil (2014 - nil) of that facility was in use.

A drawdown facility of \$1,500,000 (2014 - \$1,500,000) was available to the Association at the end of the financial year with the National Australia Bank. As at this date \$1,135,435 (2014 - \$1,135,315) 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 (2014 - \$1,144,650) 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.

NAB reviews this drawdown facility annually and the last review was done on the 31st of May 2015.

## Notes to the Financial Statements cont.

For the year ended 30 June 2015

### 9. Provisions

	2015 \$	2014 \$
<b>(A) CURRENT</b>		
Long service leave	267,693	155,445
Accrued days off	481,605	475,779
Annual leave	2,495,390	2,163,929
Housing Provider Maintenance	64,089	38,809
Residents Fee Waiver	5,925	7,556
Kelly Bridger Safety & Best Practice Award	46,909	46,909
	3,361,611	2,888,427
<b>(B) NON-CURRENT</b>		
Long service leave	1,543,274	1,444,762
<b>(C) MOVEMENTS IN PROVISIONS</b>		
Opening balance	4,333,188	3,746,250
Charge for the year	4,352,679	4,644,152
Utilised during the year	(3,780,982)	(4,057,215)
Closing balance	4,904,885	4,333,187

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.

### 10. Financial Risk Management

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

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

	2015 \$	2014 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	11,487,499	9,707,647
Trade and other receivables	289,075	273,484
Available-for-sale financial asset	-	207
Total financial assets	11,776,574	9,981,338
<b>FINANCIAL LIABILITIES</b>		
Trade creditors and other payables	3,388,966	3,213,349
Borrowings	1,135,435	1,135,315
Total financial liabilities	4,524,401	4,348,664

### 11. 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, reviewed on an annual basis. Future minimum rentals payable under this agreement as at the reporting date are:

	2015 \$	2014 \$
Within one year	75,096	44,700
After one year but not more than five years	300,384	178,800
	375,480	223,500

The rentals payable is estimated based on the assumption that the leases are re-negotiated on the same terms as the existing leases.

### 12. 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 2015 was \$1,358,565 (2014 - \$1,404,628).

### 13. 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 2015 total \$1,082,458 (2014 \$1,460,013)

### 14. Commitment – Burton Street Building

Nulsen is committed to fund 20% (up to \$800,000) of the total value of 32 Burton Street building, while the remaining 80% (up to \$3,200,000) is to be funded by LotteryWest. If the total building purchase and renovation costs more than \$4,000,000, Nulsen will be entirely responsible for any costs in excess of the \$4,000,000 budget.

## 15. 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. However, the Chair, David Gilchrist, has had the use of a fuel card to an amount of \$834 (GST inclusive) for the year ended 30 June 2015.

### (C) KEY MANAGEMENT PERSONNEL COMPENSATION

Name	Position	2015 \$	2014 \$
Gordon Trewern	Chief Executive Officer		
Graham Holman	Executive Director of Corporate Services		
Caroline Watt	Executive Director of Operations		
Karen Malyon	Manager Payroll Services		
Karen Hanlon	Manager Administrative Services		
Kerry Madaffari	Manager Human Resources		
Heather Blyth	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		
Rod Pennings	Manager Property & Fleet		
Heath Flanagan	Manager Workforce Development		

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

Salaries	1,085,241	1,079,476
Fringe Benefits (Grossed up value)	409,363	388,640
Superannuation	244,170	212,023
Total short-term employee benefits	1,738,774	1,680,139

### (D) CONSULTANTS

Board member, Lucy Henry, through her company, Marketing Umbrella, received consulting fees amounting to \$91,293 (GST inclusive).

## 16. 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 State MyWay funding restructures.

## 17. Events After the Balance Sheet Date

Subsequent to year end, the Association entered into an agreement for the purchase of the property at 32 Burton Street at a purchase price of \$2.2 million. Refer to note 14 for further commitment disclosure.

Other than that disclosed, 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 of Management, the financial report as set out on pages 2 to 17, presents a true and fair view of the financial position of Nulsen Haven Association (Inc) as at 30 June 2015 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.



David Gilchrist  
Chairman

Dated this 29th day of September 2015.

## Independent Auditor's Report

to the members of Nulsen Haven Association (Inc)



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

#### Report on the Financial Report

We have audited the accompanying financial report of Nulsen Haven Association (Inc.) on pages 2 to 18, which comprises the statement of financial position as at 30 June 2015, 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 management's assertion statement.

#### Managements' Responsibility for the Financial Report

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

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 and fair presentation of the financial report 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 the directors, as well as evaluating the overall presentation of the financial report.

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

#### Auditor's Opinion

In our opinion the accompanying financial report of Nulsen Haven Association (Inc.) on pages 2 to 18 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 2015 and of its performance and cash flows for the year ended on that date; and
- complying with Australian Accounting Standards – Reduced Disclosure Regime and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

#### CHARTERED ACCOUNTANTS & ADVISORS

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

#### 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 2015 included on Nulsen Haven (Inc.)'s web site. Management is responsible for the integrity of the Nulsen Haven (Inc.)'s web site. We have not been engaged to report on the integrity of the Nulsen Haven (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 29<sup>th</sup> day of September, 2015



Janine loves keeping up with her favourite football team, the West Coast Eagles, and participating in footy tipping with her iPad.



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