Sunnyfield

ABN 72 000 415 127

General purpose (RDR) report for the year ended 30 June 2016

Contents

Directors' report	1
Auditor independence declaration	9
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	11
Consolidated statement of changes in funds	12
Consolidated statement of cash flows	13
Notes to the consolidated financial statements	14
Directors' declaration	35
Independent auditor's report	36

Auditors

Ernst & Young
200 George Street
Sydney, NSW 2000

Registered Office

185 Allambie Road
Allambie Heights, NSW 2100
Ph: (02) 8977 8800
Fax: (02) 9975 5833

www.sunnyfield.org.au
admin@sunnyfield.org.au

Directors' report

For the year ended 30 June 2016

Your directors submit their report on the consolidated entities (referred to hereafter as the Group) consisting of Sunnyfield and the entities it controlled for the year ended 30 June 2016.

Principal activities

The Group provides a range of services to people with a disability, including employment, community services, shared living support services and accommodation. Sunnyfield has been supporting people with intellectual disability for over 60 years, with a core purpose to enrich the lives of people with disability to create choice, opportunities and skills for life. Sunnyfield had 1,304 employees as at 30 June 2016 (2015: 1,200 employees). The Group's activities during the year included:

- Support to 285 (2015: 251) people in Shared Living including Shared Living Support Services, Independent Living Drop-in Support (ILDS) and Independent Living Support Initiative (ILSI).
- Support to 1,567 (2015: 1,345) people in Community Services including Community Based Respite, Day Option Programs, Respite Care and other Individualised and Self-Managed Programs.
- Operation of 3 sites across the Sydney area providing employment to 282 (2015: 291) people under Government funded supported employment programs and 12 (2015: 15) people in transition to work programs.

Short and long-term objectives and strategies

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

- Vision:
  Excellence in supporting people with intellectual disabilities.
- Mission:
  To enrich the lives of people with intellectual disability by creating choice, opportunities and skills for life.
- Values:
  - Respect
  - Trust
  - Honesty
  - Innovation
- Goals:
  - Person-Centred, Support Outcomes that are Value for Money. We tailor support to the needs of our clients, and provide them with value for money. We actively support and skill people for their daily lives and work in partnership with families and communities to facilitate opportunities for true inclusion.
  - Dedicated and Skilled Staff. We are an employer of choice - our skilled staff love their jobs because they believe in our vision, provide person-centred, value for money support services and are ambassadors for Sunnyfield. We provide learning opportunities and career pathways for staff.
  - Professional, Value for Money Organisation. Our systems and processes make life easy for clients and our support offices provide value for money. This will help to ensure Sunnyfield's long term sustainability and enable investments in further improving and growing our services.

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

Directors' report (continued)

For the year ended 30 June 2016

Operating and financial review

Sunnyfield has had another successful year implementing its 2014 to 2017 strategic plan. The plan builds on the significant progress made by the organisation over the last 5 years to improve the quality and value for money of Sunnyfield's services and to strengthen the Group's financial position. Achieving these strategic outcomes is fundamental to ensuring Sunnyfield's long term viability in light of the major sector changes brought about by the introduction of the National Disability Insurance Scheme (NDIS), the full roll-out of which started on 1 July 2016. These changes include:

- Greater choice for participants in the NDIS, leading to a more competitive environment for service providers. This in turn will lead to an even greater focus on quality and value for money, as well as a greater emphasis on client retention and growth strategies.
- Reduction in the funding paid to service providers for the provision of certain services, with a consequent negative impact on revenues.
- Transition from payment in advance to payment in arrears leading to an erosion in cash reserves and working capital.
- New processes for tracking and invoicing for services provided to clients, requiring significant investment in new systems and staff training.

These changes present a major challenge for all organisations within the sector. However, the directors consider that the continued successful execution of Sunnyfield's strategic plan, and the financial outcomes for the last financial year, mean that Sunnyfield is well placed to meet this challenge and to capitalise on the opportunities that the sector changes present.

Key strategic achievements for the year included:

- Positive engagement with numerous existing clients and families to assist them with the NDIS transition process through family forums and NDIS pre-planning workshops.
- Growing our client base though our amalgamation with Pioneers Centre at Guildford, with many new clients, families and staff becoming part of Sunnyfield, and launching new services across New South Wales and ACT.
- Implementation of new software systems and business processes to ensure NDIS readiness.
- Continued improvement to Sunnyfield's financial viability through an increased surplus including additional Government funding of $3.5m.

The financial outcome for the year was as follows:

- Revenue increased by 15% to $64.6m. This primarily related to Government funding indexation increases and growth in our client base, particularly in community services.
- Expenses increased by 13% to $61.3m. It is pleasing expenses increased at a lower rate than revenue, reflecting good cost management, but also during the year we have invested into Sunnyfield to build organisational capability to be ready for the NDIS changes discussed above. These costs are reflected in an increase in other expenses, in IT developing new platforms and in other infrastructure changes.
- An overall surplus of $8.4m (2015: $2.9m) including additional Government funding of $3.5m (2015: $nil).
- Our financial position strengthened with an increase in total assets to $44.0m (2015: $32.9m) and an increase in net assets to $24.1m (2015: $15.7m).

Directors' report (continued)

For the year ended 30 June 2016

Performance measures

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

(i) Financial
- Financial Performance versus Budget by Division
- Liquidity Ratios
- Debtor Days Outstanding
- Labour/Agency KPI's

(ii) Non-Financial
- Staff Turnover
- Feedback (complaints and praises)

Directors

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

Directors' qualifications, experience and special responsibilities

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

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

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

Ian has over 40 years' experience in various industries in Australia, South East Asia and the USA. Senior management positions held include Managing Director Pioneer Sugar Mills Ltd, Managing Director Clyde Industries Ltd, Managing Director TNT Australia and Managing Director Australian Chemical Holdings Ltd. In 1998 Ian became a professional Non-Executive Director and has served on over fifteen Company Boards. He is presently a Non-Executive Director of Legend Corporation Limited. Ian is a member of the Fundraising, Branding and Communications Committee.

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

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

Ms June Heinrich*, AM, MSc, OEduc, Centenary Medal (appointed 19 February 2013, resigned 17 March 2016)

June had a long career in roles servicing the community, including over 16 years as the CEO for Baptist Community Services (BCS) - NSW & ACT, and 4 years as CEO of the Macquarie Community College and has also served as a Director of the Aged Care Standards and Accreditation Agency, a Director of the Central Coast Local District Health Board and a Member of the NSW HomeCare Advisory Board. June was appointed to the Board in February 2013 and resigned on 17 March 2016.

Directors' report (continued)

For the year ended 30 June 2016

Directors (continued)

Ms Karen Ingram*, BA, LLB (Hons), MDR (appointed 12 February 2014)

Karen is a Partner at Clayton Utz. She has a Bachelor of Arts Communication Studies, Bachelor of Law First Class Honours and a Master of Dispute Resolution. Karen is also in charge of the Clayton Utz Community Connect volunteering and in-kind support program in Sydney. This program develops and maintains relationships between the partners and staff of Clayton Utz and a number of not-for-profit organisations, including Sunnyfield, in the areas of volunteering, in-kind support and Foundation grants. Karen assumed the role of Chair of the Board in February 2016 and is a member of the Audit, Finance and Risk Committee and the Human Resources, Nomination and Remuneration Committee.

Ms Heather Milnes (appointed 25 October 2010)

Heather recently retired from the Real Estate industry. She re-joined the Board in 2010 having previously served as a Director between 1996 and 2001. Heather is the Chair of the Housing Property and Equipment Committee and a member of the Fundraising, Branding and Communications Committee. She is also a director of Gateway 2015 Properties Limited.

Mr Mike Nicholls, BBA (appointed 24 February 2016)

Mike is currently the Head of Commercial Operations and Planning at Fox Sports and has over 10 years' experience in the media and sports industry in a variety of executive management roles. Mike is responsible for commercial and distribution management with Fox Sports suppliers, commercial partners and advertisers, and leads the Program Management Office delivering major projects across IT, digital platforms and content distribution solutions. He has previously led sales, marketing and retail distribution for Optus and IAG for an additional 15 years.

Mr Mal Park, BSc (Eng), FAICD (appointed 29 August 2011)

Mal is semi-retired from the NSW Power Supply industry with extensive experience in long term strategic planning and presently acts as an Advisor to NSW Treasury. He has previously served on Boards of a number of organisations as well as Co-operative Research Centre Boards. Mal was re-appointed to the board in August 2011 having previously served as a Director between 2008 and 2010, and acted as Chair of the Board from November 2012 to February 2016. He is the Chair of the Human Resources, Nomination and Remuneration Committee and also serves as a member of the Housing, Property and Equipment Committee.

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

Tom is a Director and Chair-elect of Stockland Corporation Limited. He is also a Director of Insurance Australia Group Limited and O'Connell Street Associates. Previously Tom was Finance Director of Woolworths Limited, Deputy Chief Financial Officer at the Commonwealth Bank, General Manager Finance for Lend Lease Corporation and was with Chartered Accounting firm Deloitte. He is a Fellow of the Institute of Chartered Accountants in Australia (FCA). Tom is Chair of the Audit, Finance and Risk Committee, a member of the Housing, Property and Equipment Committee and a director of Independence Fund No 1 Limited, Independence Fund No 2 Limited and Gateway 2015 Properties Limited.

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

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

Directors' report (continued)

For the year ended 30 June 2016

Directors (continued)

Ms Clare Sowden* BA, BArch (appointed 14 September 2016)

Clare is Director of Real Estate Development at PwC Australia, having previously held senior development management roles with Stockland and Mirvac. She has more than 15 years of real estate and related experience in the residential and urban renewal sector ranging from architectural design to the development and strategic review of large scale assets and sites. Clare holds an Honorary Academic role with UTS and is also an executive member of the Australian division of the Urban Land Institute (ULI), a global property institute focused on building sustainable, resilient communities. At ULI she chairs the Australian Young Leaders Group and sits on the Women's Leadership Committee.

Mr Paul Walsh*, BBus, MBA, FCPA (appointed 9 July 2013, resigned 10 February 2016)

Paul is currently CFO for Lend Lease's property business in the USA, having previously held a similar role in Australia. Prior to that Paul was Managing Director of Lend Lease Retirement Living and Aged Care comprising over 70 retirement villages and 30 aged care facilities. Having been with Lend Lease for 24 years, he previously held positions such as Global CFO for Bovis Lend Lease and Head of Project Finance. Paul resigned from the Board on 10 February 2016.

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

Corporate governance statement

The Board of Directors of Sunnyfield is responsible for the corporate governance of Sunnyfield. The Board guides and monitors the business and affairs of Sunnyfield on behalf of its members by whom the Directors are elected and to whom they are accountable. Under Sunnyfield's constitution, at least 50% of the Board of Directors must be Members of Sunnyfield.

Sunnyfield's corporate governance policies and practices are in compliance with the Governance Standards prescribed by the Australian Charities and Not-For-Profits Commission.

Board Committees

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

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

Fundraising, Branding and Communications Committee
The Fundraising, Branding and Communications Committee operates under a charter approved by the Board. It is the Board's responsibility to oversee the implementation and effectiveness of Sunnyfield's brand and fundraising strategies and to ensure that goals are achieved in a timely and professional manner.

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

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

Directors' report (continued)

For the year ended 30 June 2016

Directors' meetings

The number of meetings of Directors and meetings of Committees of Directors held during the year and the number of meetings attended by each Director were as follows:

	Board		Human Resources, Nomination and Remuneration Committee		Fundraising, Branding and Communications Committee		Audit, Finance and Risk Committee		Housing, Property and Equipment Committee	
Board Members	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Dr John Carter	6	4	-	-	4	4	-	-	-	-
Mr Ian Fraser	6	5	-	-	4	4	-	-	-	-
Ms Melissa Hammel	6	6	4	3	4	1	-	-	-	-
Ms June Heinrich (a)	4	2	-	-	-	-	-	-	-	-
Ms Karen Ingram	6	6	1	1	3	3	1	1	-	-
Ms Heather Milnes	6	5	-	-	4	3	-	-	4	4
Mr Mike Nicholls (b)	2	2	-	-	-	-	-	-	-	-
Mr Mal Park	6	6	4	4	-	-	3	2	4	4
Mr Ross Rathmell	6	4	3	3	-	-	4	3	-	-
Mr Tom Pockett	6	3	-	-	-	-	4	4	1	1
Mr Paul Walsh (c)	3	2	-	-	-	-	-	-	2	1

(a) Resigned: 17 March 2016
(b) Appointed: 24 February 2016
(c) Resigned: 10 February 2016

Directors' report (continued)

For the year ended 30 June 2016

Directors' benefits

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

Members' guarantee

Sunnyfield has one class of member and in the event of the Company being wound up, each member would be required to contribute a maximum of $20 towards meeting any outstanding obligations of the Company. At 30 June 2016, the number of members was 597 (2015: 590), and the total amount members would contribute is $11,940 (2015: $11,800).

Economic dependency

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

Subsidiary entities

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

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

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

The Trustees have resolved to distribute the assets of the Trust to Sunnyfield and then to revoke the Trust. This process is expected to be completed during the year ending 30 June 2017.

Gateway 2015 Properties Trust
The Gateway 2015 Properties Trust is a charitable trust registered as a community housing provider under the Community Housing Providers National Law. The Trust is constituted by a Trust Deed dated 19 May 2015.

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

The trustee of the Trust is Gateway 2015 Properties Limited, a company limited by guarantee, whose directors are:

Mr C Howells (Appointed: 19 May 2015)
Mr M Brent (Appointed: 19 May 2015)
Mr J Connell (Appointed: 19 May 2015)
Mrs H Milnes (Appointed: 19 May 2015)
Mr T Pockett (Appointed: 19 May 2015)

The Trust had no income or expenditure, acquired no assets and made no distributions during the year ended 30 June 2016.

Directors' report (continued)

For the year ended 30 June 2016

Subsidiary entities (continued)

The Sunnyfield Board has approved in principle a proposal for existing and future property assets of Sunnyfield to be owned by the Trust, subject to the Sunnyfield Board approving a more detailed transition plan. Any Assets transferred to the Trust would continue to form part of the consolidated assets of the Sunnyfield Group reported in Sunnyfield's financial statements.

Significant events after the reporting date

On 1 July 2016, the full roll-out of the National Disability Insurance Scheme (NDIS) commenced. The changes brought about by the NDIS will significantly change the way in which Sunnyfield receives funding for the services that it provides. There have been no other significant events occurring after the reporting date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Auditor independence and non-audit services

The auditor's declaration of independence appears on the following page and forms part of the Directors' report for the year ended 30 June 2016. Non-audit services were provided by the entity's auditor, Ernst & Young as outlined in the notes to the accounts. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Australian Charities and Not-for-Profits Commission Act 2012*.

The directors' report was authorised for issue by the directors dated at Sydney, on 29 September 2016.

Karen Ingram
Director
29 September 2016

Tom Pockett
Director
29 September 2016

Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Sunnyfield

In relation to our audit of the financial report of Sunnyfield for the financial year ended 30 June 2016, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Loretta Di Mento
Partner
29 September 2016

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Consolidated statement of comprehensive income

For the year ended 30 June 2016

	Notes	2016 $	2015 $
Revenue			
Government subsidies	4.1	49,929,383	44,765,641
Other revenue	4.1	14,719,379	11,495,017
Total revenue		**64,648,762**	**56,260,658**
Expenses			
Cost of sale of goods		(2,749,296)	(1,598,258)
Employee benefits expense	4.4	(45,356,804)	(40,625,628)
Occupancy expenses	4.5	(4,701,426)	(4,930,387)
Finance costs	4.7	(18,630)	(36,843)
Other expenses	4.6	(6,713,635)	(5,769,849)
Depreciation expense	9	(1,052,911)	(1,121,215)
Total expenses		(60,592,702)	(54,082,180)
		4,056,060	**2,178,478**
Other income	4.2	1,934,258	99,833
Capital funding	4.3	1,687,215	-
Surplus before investment income		**7,677,533**	**2,278,311**
Investment income		790,738	689,347
Surplus for the year		**8,468,271**	**2,967,658**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**8,468,271**	**2,967,658**

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

Consolidated statement of financial position

As at 30 June 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	5	2,767,211	9,422,294
Trade and other receivables	6	2,115,846	2,111,567
Inventories	7	295,743	400,850
Other current assets	8	29,299,066	14,470,117
Total current assets		34,477,866	26,404,828
Non-current assets			
Property, plant and equipment	9	9,486,706	6,485,916
Total non-current assets		9,486,706	6,485,916
Total assets		**43,964,572**	**32,890,744**
Current liabilities			
Trade and other payables	10	6,090,001	5,734,524
Funding in advance		8,599,593	6,910,440
Provisions	11	656,609	571,661
Employee benefit liabilities	12	3,594,599	3,281,931
Total current liabilities		18,940,802	16,498,556
Non-current liabilities			
Employee benefit liabilities	12	853,244	689,933
Total non-current liabilities		853,244	689,933
Total liabilities		**19,794,046**	**17,188,489**
Net assets		**24,170,526**	**15,702,255**
Funds			
General funds	14	24,070,292	15,602,021
Asset revaluation reserve	14	100,234	100,234
Total funds		**24,170,526**	**15,702,255**

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

Consolidated statement of changes in funds

For the year ended 30 June 2016

	General funds (Note 14)	Asset revaluation reserve (Note 14)	Total funds
	$	$	$
At 1 July 2015	15,602,021	100,234	15,702,255
Surplus for the year	8,468,271	-	8,468,271
Other comprehensive income	-	-	-
Total comprehensive income	8,468,271	-	8,468,271
At 30 June 2016	**24,070,292**	**100,234**	**24,170,526**
At 1 July 2014	12,634,363	100,234	12,734,597
Surplus for the year	2,967,658	-	2,967,658
Other comprehensive income	-	-	-
Total comprehensive income	2,967,658	-	2,967,658
At 30 June 2015	**15,602,021**	**100,234**	**15,702,255**

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

Consolidated statement of cash flows

For the year ended 30 June 2016

	Notes	2016 $	2015 $
Operating activities			
Receipts from customers		7,406,414	6,431,541
Payments to suppliers and employees		(59,400,965)	(51,531,918)
Receipts of funding for land purchase		3,399,639	-
Receipts from government subsidies		53,918,404	48,874,356
Receipts from fees and fundraising		6,042,705	5,280,680
Interest received		790,738	689,347
Interest paid		(18,630)	(36,843)
Net cash flows from operating activities	5	**12,138,305**	**9,707,163**
Investing activities			
Proceeds from sale of property, plant and equipment		289,114	315,788
Purchase of property, plant and equipment	9	(4,342,815)	(1,583,792)
Investment in short-term deposits		(14,739,687)	(5,674,927)
Net cash flows used in investing activities		**(18,793,388)**	**(6,942,931)**
Financing activities			
Net cash flows from/(used in) financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(6,655,083)	2,764,232
Cash and cash equivalents at 1 July		9,422,294	6,658,062
Cash and cash equivalents at 30 June	5	**2,767,211**	**9,422,294**

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

Notes to the consolidated financial statements

For the year ended 30 June 2016

1. Corporate information

The financial report of Sunnyfield (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors.

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

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

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

2. Summary of significant accounting policies

a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. Australian Accounting Standards contain requirements specific to not-for-profit entities, including standards AASB 116 *Property, Plant and Equipment*, AASB 138 *Intangible Assets*, AASB 136 *Impairment of Assets* and AASB 1004 *Contributions*. The financial report has also been prepared on a historical cost basis.

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

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

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

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

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2015/2016 do not impact the financial statements of the Group.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Sunnyfield and the entities it controls, namely The Sunnyfield Independence Fund and Gateway 2015 Properties Trust as at 30 June each year (Group).

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

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

d) Going concern

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

As a not-for-profit organisation, Sunnyfield is primarily dependent on subsidies from the Commonwealth and State Governments and the continuation of Crown Land leases to provide the funding and facilities necessary for its operations each year. The annual results will continue to be affected by the levels of subsidies received and further detail of these subsidy agreements and leases is included in note 18 to the accounts.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

d) Going concern (continued)

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

e) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

f) Cash and cash equivalents

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

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

g) Trade and other receivables

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

h) Interest-bearing loans and borrowings

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

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

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

i) Borrowing costs

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

j) Inventories

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

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

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

k) Leases

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

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

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

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

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

l) Property, plant and equipment

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

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

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

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

- Plant and equipment	2 to 5 years
- Motor vehicles	4 years

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

l) Property, plant and equipment (continued)

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

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

m) Impairment of non-financial assets

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

n) Provisions and employee benefit liabilities

General

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

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

Make good provision

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

Provision for legal claims

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

Provision for inventory obsolescence

Provision for inventory obsolescence is recognised when stock is slow moving for periods greater than 12 months or where significant doubt exists over the realisable value of the inventory.

Wages, salaries and sick leave

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

n) Provisions and employee benefit liabilities (continued)

Long service leave and annual leave

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

o) Funding in advance

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

p) Revenue recognition

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

Sale of goods

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

Board and lodging fees from residents

Revenue is recognised when the service is provided.

Fundraising and donation income

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

Bequest

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

Government subsidies

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

Individualised funding

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

p) Revenue recognition (continued)

Funding for land purchase

Funding in relation to capital items, including the purchase of land, buildings and significant capital works is initially received in advance and recognised as a liability. Revenue is recognised upon confirmation of land purchases/commitment and is disclosed as Capital Funding.

Interest income

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

q) Taxes

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

r) Trade and other payables

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

3. Significant accounting judgements, estimates and assumptions

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

Judgements

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

Operating lease commitments – group as lessee

The Group has entered into operating leases on commercial property as disclosed in note 17. Management has determined that all of the risks and rewards of ownership remain with the lessor and has therefore classified the leases as operating leases.

Estimates and assumptions

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

Provision for legal claims

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

Make good provisions

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

Provisions for employee benefits

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

Inventory obsolescence provisions

Provision for inventory obsolescence is recognised when stock is slow moving for periods greater than 12 months or where significant doubt exists over the realisable value of the inventory.

Pro bono policy

Sunnyfield has been provided with pro bono services but these have not been quantified or reflected in the accounts for the current year, as they are not able to be reliably measured.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

4. Revenue and expenses

4.1 Revenue

(i) Government subsidies

	2016	2015
	$	$
Department of Social Services	3,324,019	3,379,597
Department of Family and Community Services (FACS)	46,605,364	41,386,044
Total government subsidies	**49,929,383**	**44,765,641**

(ii) Other revenue

	2016	2015
	$	$
Sale of goods	8,176,167	6,202,378
Board and lodging fees	3,460,952	3,127,288
Fundraising income (iii)	692,473	587,217
Fee for service and management fees	1,405,147	1,261,745
National Disability Insurance Scheme	500,507	11,959
Other fees	484,133	304,430
Total other revenue	**14,719,379**	**11,495,017**

(iii) Fundraising income

	2016	2015
	$	$
Events and fundraising	387,548	71,260
Donations and grants	304,925	188,180
Bequests	-	327,777
Total fundraising income (note 19.2)	**692,473**	**587,217**

4.2 Other income

	2016	2015
	$	$
Net gain on disposal of other plant and equipment	-	99,833
Large residential centre (LRC) gap funding from FACS	1,799,361	-
Other income	134,897	-
Total other income	**1,934,258**	**99,833**

4.3 Capital funding

	2016	2015
	$	$
Capital funding for land purchase from FACS	1,687,215	-
Total capital funding	**1,687,215**	**-**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

4. Revenue and expenses (continued)

4.4 Employee benefits expenses

	2016	2015
	$	$
Salaries and wages	35,491,810	31,333,726
Workers' compensation costs	1,058,697	965,070
Agency staff	1,954,271	1,850,228
Sub-contractors	156,787	141,761
Superannuation costs	3,440,490	3,119,272
Recruitment, training and amenities	671,743	540,073
Annual leave	2,206,423	2,279,685
Long service leave	376,383	395,813
Total employee benefits expenses	**45,356,804**	**40,625,628**

4.5 Occupancy expenses

	2016	2015
	$	$
Operating leases rental	2,014,905	1,978,505
Food and household costs	630,485	675,194
Utilities	642,625	594,138
Cleaning	424,918	491,366
Repairs and maintenance	874,680	1,065,301
Other	113,813	125,883
Total occupancy expenses	**4,701,426**	**4,930,387**

4.6 Other expenses

	2016	2015
	$	$
Insurance	490,011	497,017
Fundraising expenses	129,193	76,953
Printing and stationery	222,821	255,580
Communication expenses	616,171	438,281
Transport expenses	578,692	601,992
Individual package costs	972,529	975,820
Computer, IT and professional fees	2,430,818	1,784,133
Other	1,273,400	1,140,073
Total other expenses	**6,713,635**	**5,769,849**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

4. Revenue and expenses (continued)

4.7 Finance costs

	2016	2015
	$	$
Hire purchase	18,630	36,843
Total finance costs	**18,630**	**36,843**

5. Cash and cash equivalents

	2016	2015
	$	$
Cash at bank	2,691,845	9,355,948
Cash on hand	75,366	66,346
Total cash and cash equivalents	**2,767,211**	**9,422,294**

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

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

	2016	2015
	$	$
Cash flow reconciliation		
Reconciliation of net surplus after tax to net cash flows from operations:		
Surplus for the year	8,468,271	2,967,658
Adjustments to reconcile surplus after tax to net cash flows:		
Loss/(gain) on disposal of property, plant and equipment	-	(99,833)
Depreciation expense of property, plant and equipment	1,052,911	1,121,215
Provision for doubtful debts	5,564	(53,111)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(9,843)	(391,075)
(Increase)/decrease in inventories	105,107	(290,479)
(Increase)/decrease in prepayments	(89,262)	(200,595)
Increase/(decrease) in employee benefit liabilities	475,979	459,860
Increase/(decrease) in trade and other payables	355,477	2,029,659
Increase/(decrease) in provisions	84,948	100,257
Increase/(decrease) in funding in advance	1,689,153	4,096,756
Increase/(decrease) in interest-bearing liabilities	-	(33,149)
Net cash flows from operating activities	**12,138,305**	**9,707,163**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

6. Trade and other receivables

	2016	2015
	$	$
Trade and other receivables	1,673,367	1,742,116
Provision for doubtful debts	(29,652)	(24,088)
Receivables from other related parties	2,592	-
Deposits	469,539	393,539
	2,115,846	**2,111,567**

Movements in the provision for doubtful debts were as follows:

At 1 July 2014	77,199
(Reversal)/charge for the year	(53,111)
At 30 June 2015	**24,088**
(Reversal)/charge for the year	5,564
At 30 June 2016	**29,652**

At 30 June 2016 a portion of the receivables balance was past due but not considered impaired. No specific collection issues have been identified with these receivables.

7. Inventories

	2016	2015
	$	$
Raw materials		
Raw materials at cost	256,597	426,604
Provision for diminution in value and reworks	(70,000)	(100,000)
	186,597	326,604
Finished goods		
Finished goods at cost	42,044	17,010
	42,044	17,010
Work in progress		
Work in progress at cost	67,102	57,236
	67,102	57,236
Total inventories at the lower of cost and net realisable value	**295,743**	**400,850**

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2016 amounted to $13,443 (2015: $Nil).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

8. Other current assets

	2016	2015
	$	$
Short-term deposits	28,900,786	14,161,099
Prepayments	398,280	309,018
	29,299,066	**14,470,117**

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

The increase in short term deposits in 2016 reflects the surplus generated during the year and one off funding received (capital funding $1.6m and large residential centre gap funding $1.8m). Management are monitoring and managing cash and short-term deposits due to changes brought about by the NDIS and how it will impact funding for services.

9. Property, plant and equipment

	2016	2015
	$	$
Buildings on leasehold land		
At cost	3,376,429	2,914,280
Accumulated depreciation	(2,493,830)	(2,342,022)
Net carrying amount	**882,599**	**572,258**
Freehold land and buildings		
At cost	6,201,138	4,676,784
Accumulated depreciation	(746,388)	(823,215)
Net carrying amount	**5,454,750**	**3,853,569**
Plant and equipment		
At cost	2,087,804	1,338,541
Accumulated depreciation	(1,117,983)	(1,025,921)
Net carrying amount	**969,821**	**312,620**
Motor vehicles		
At cost	4,327,266	3,924,353
Accumulated depreciation	(3,105,891)	(3,001,664)
Net carrying amount	**1,221,375**	**922,689**
Computers - Hardware		
At cost	1,763,125	1,347,388
Accumulated depreciation	(804,964)	(522,608)
Net carrying amount	**958,161**	**824,780**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

9. Property, plant and equipment (continued)

	2016	2015
	$	$
Total property, plant and equipment		
At cost	17,755,762	14,201,346
Accumulated depreciation	(8,269,056)	(7,715,430)
Net carrying amount	**9,486,706**	**6,485,916**

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

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

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

	2016
	$
Buildings on leasehold land	
Balance at the beginning of the year	
At 1 July	572,258
Additions	462,149
Depreciation charge for the year	(151,808)
Balance at the end of the year - Net carrying amount	**882,599**
Freehold land and buildings	
Balance at the beginning of the year	
At 1 July	3,853,569
Additions	1,710,443
Depreciation charge for the year	(109,262)
Balance at the end of the year - Net carrying amount	**5,454,750**
Plant and equipment	
Balance at the beginning of the year	
At 1 July	312,620
Additions	763,212
Depreciation charge for the year	(106,011)
Balance at the end of the year - Net carrying amount	**969,821**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

9. Property, plant and equipment (continued)

	2016
	$
Motor vehicles	
Balance at the beginning of the year	
At 1 July	922,689
Additions	724,051
Disposals	(321,137)
Depreciation charge for the year	(403,473)
Depreciation disposals for the year	299,245
Balance at the end of the year - Net carrying amount	**1,221,375**
Computers - Hardware	
Balance at the beginning of the year	
At 1 July	824,780
Additions	415,738
Depreciation charge for the year	(282,357)
Balance at the end of the year - Net carrying amount	**958,161**
Total property, plant and equipment	
Balance at the beginning of the year	
At 1 July	6,485,916
Additions	4,342,815
Disposals	(321,137)
Depreciation charge for the year	(1,052,911)
Depreciation disposals for the year	299,245
Balance at the end of the year - Net carrying amount	**9,486,708**

10. Trade and other payables

	2016	2015
	$	$
Trade and other payables	6,090,001	5,734,524
Carrying amount of trade and other payables	**6,090,001**	**5,734,524**

11. Provisions

	2016	2015
	$	$
Current		
Legal provision	100,000	150,000
Make good provision	556,609	421,661
	656,609	**571,661**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

11. Provisions (continued)

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

	Legal claim	Make good provisions	Total
	$	$	$
At 1 July 2015	**150,000**	**421,661**	**571,661**
Arising during the year	-	134,948	134,948
Utilised during the year	(50,000)	-	(50,000)
At 30 June 2016	**100,000**	**556,609**	**656,609**

12. Employee benefit liabilities

	2016	2015
	$	$
Current		
Annual leave	2,242,903	2,015,300
Long service leave	1,351,696	1,266,631
	3,594,599	**3,281,931**
Non-current		
Long service leave	853,244	689,933
	853,244	**689,933**

13. Bank guarantee

Bank guarantee

Sunnyfield has bank guarantees with Westpac to the value of $345,176 (2015: $317,358) and with Commonwealth Bank of Australia to the value of $90,497 (2015: $186,172).

14. Funds

Details of reserves and funds included in consolidated statement of changes in funds

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

Asset Revaluation Reserve
This reserve is used to record increases in the fair value above the acquisition cost of freehold land and buildings.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

15. Information relating to Sunnyfield (the Parent)

	2016	2015
	$	$
Current assets		
Cash and cash equivalents	2,767,211	9,422,294
Trade and other receivables	2,113,676	2,315,239
Inventories	365,743	400,850
Other current assets	28,249,712	13,185,777
Total current assets	**33,496,342**	**25,324,160**
Non-current assets		
Property, plant and equipment	9,099,803	5,313,103
Total non-current assets	9,099,803	5,313,103
Total assets	**42,596,145**	**30,637,263**
Current liabilities		
Trade and other payables	6,159,999	5,692,046
Funding in advance	8,599,593	6,910,440
Employee benefit liabilities	3,594,599	3,281,931
Provisions	656,609	571,661
Total current liabilities	**19,010,800**	**16,456,078**
Non-current liabilities		
Employee benefit liabilities	853,244	689,933
Total liabilities	**19,864,044**	**17,146,011**
Funds		
General funds	22,631,867	13,391,018
Asset revaluation reserve	100,234	100,234
	22,732,101	**13,491,252**
Surplus for the year	**9,240,849**	**3,048,254**

There are no commitments or contingencies as at the reporting date which would have a material effect on the Parent's financial statements as at 30 June 2016 (2015: $nil).

16. Related party disclosures

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

For the year ended 30 June 2016, The Sunnyfield Independence Fund had a net surplus of $68,159 (2015: $35,403) and net assets of $1,438,425 (2015: $2,211,007) due to the transfer of Horst Place to Sunnyfield. The Sunnyfield Independence Fund's results for the year ended 30 June 2016 have been included in Sunnyfield's consolidated financial statements.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

16. Related party disclosures (continued)

Gateway 2015 Properties Trust
The Gateway 2015 Properties Trust is a charitable trust registered as a community housing provider under the Community Housing Providers National Law. The Trust is constituted by a Trust Deed dated 19 May 2015.

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

16.1 Directors' compensation

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

16.2 Transactions with director-related entities

During the years ended 30 June 2016 and 30 June 2015, the following transactions with director-related entities took place:

2016

- Some of the member directors had family who received services from Sunnyfield Shared Living, Community Services and/or Enterprises.
- Director K Ingram is a Partner of law firm Clayton Utz. Clayton Utz performed both paid and pro-bono work on legal matters for Sunnyfield. The paid work was performed on commercial terms.
- Director T Pockett is also a Director of Stockland Corporation Limited. Stockland performed pro-bono work for Sunnyfield during the year.

2015

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

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

16.3 Key management personnel compensation

Refer to note 20 for key management personnel compensation.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

17. Commitments and contingencies

Operating lease commitments

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

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

	2016	2015
	$	$
Within one year	1,588,591	1,191,819
After one year but not more than five years	2,182,056	2,034,120
	3,770,647	**3,225,939**

The above figures do not include any commitment for properties where the lease is currently on month to month basis at 30 June 2016.

However, if all the properties currently being leased are retained, and/or replaced with something similar, then the total estimated commitment for the next five years is $7.5 million.

18. Economic dependency

Sunnyfield as a going concern is dependent upon the continuing support from the NSW State and Federal Governments. A very significant portion of income is derived from Government grants and subsidies, with 7.6% (2015: 6.0%) from the Federal Government and 69.8% (2015: 73.5%) from the NSW State Government.

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

	30 June 2016	30 June 2015	Contract term
	$	$	
Federal Government			
Department of Social Services	3,324,019	3,379,597	This funding has been in place since 1984 and the current contract runs to 30 June 2016
Total Federal Government	3,324,019	3,379,597	

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

18. Economic dependency (continued)

	30 June 2016	30 June 2015	Contract term
	$	$	
State Government			
FACS	34,978,808	35,285,789	NSW Government funding has been provided in some form for many years. The current recurring funding contracts have various service models, with the latest signed contract period being for the 36 months to 30 June 2018
Post School Options	237,528	254,060	Portable funding transition to work to 30 June 2018
CPP Funding	3,362,082	3,194,964	Portable individual funding
Stronger Together	187,384	176,788	Portable individual funding to 30 June 2018
Individualised	7,839,562	2,474,443	Portable individual funding to 30 June 2018
Total State Government	46,605,364	41,386,044	
Government Subsidies (note 4.1(i))	**49,929,383**	**44,765,641**	
Additional State Government			
Other Income: LRC Gap Funding (note 4.2)	1,799,361	-	
Capital Funding: FACS Land Grant (note 4.3)	1,687,215	-	
Total Government Subsidies	**53,415,959**	**44,765,641**	

The land and premises occupied by Sunnyfield at 185 Allambie Road, Allambie Heights and at Druids Court, 2 Martin Luther Place are Crown Lands. The leases for those properties expired in November 2010 and December 2014 respectively. Sunnyfield holds a current Crown Lands lease for vacant land at Aquatic Drive. No rental costs are currently paid in respect of any of these Crown Lands. New long term positions are actively being pursued for all of these properties.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

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

19.1 Fundraising appeals conducted during the financial year ended 30 June 2016

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

19.2 Results of fundraising appeals

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

	SUNNYFIELD 2016	2015
	$	$
Fundraising income	692,473	587,217
Direct costs	(129,193)	(76,953)
Net surplus	**563,280**	**510,264**

19.3 Application of net surplus obtained from fundraising appeals

During the year Sunnyfield received gross proceeds and grants of $692,473 (2015: $587,217) from fundraising appeals. These funds were spent on direct care and plant and equipment acquisitions.

19.4 Comparison of certain monetary figures and percentages from fundraising appeals

	SUNNYFIELD 2016		SUNNYFIELD 2015	
	$	%	$	%
Fundraising income	692,473	100	587,217	100
Direct costs	(129,193)	(19)	(76,953)	(13)
Net surplus	**563,280**	**81**	**510,264**	**87**

20. Key management personnel

20.1 Details of key management personnel

(i) Directors (non-executive) (during the year and up to 30 June 2016)

Dr John Carter	(Appointed: 29 August 2011)
Mr Ian Fraser	(Appointed: 11 May 2013)
Ms Melissa Hammel	(Appointed: 31 October 2012)
Ms June Heinrich	(Appointed: 19 February 2013, Resigned: 17 March 2016)
Ms Karen Ingram	(Appointed: 12 February 2014)
Ms Heather Milnes	(Appointed: 25 October 2010)
Mr Mike Nicholls	(Appointed: 24 February 2016)
Mr Mal Park	(Appointed: 29 August 2011)
Mr Ross Rathmell	(Appointed: 26 October 2010)
Mr Tom Pockett	(Appointed: 9 December 2010)
Mr Paul Walsh	(Appointed: 9 July 2013, Resigned: 10 February 2016)

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2016

20. Key management personnel (continued)

20.1 Details of key management personnel (continued)

(ii) Senior leadership team executives

At 30 June 2016 the team comprised:

Ms C Cuddihy	CEO
Dr M Clayton	Executive General Manager NDIS Transition and Service Improvement
Ms P Foulds	Acting General Manager Shared Living
Ms M Loumbos	Executive Manager Human Resources
Mr P McKendry	CFO
Mr S Robb	General Manager Enterprises
Mr S Russell	General Manager Community Services
Mr J Swain	General Manager Corporate and Company Secretary
Mr B Tosello	General Manager Business Development and Fundraising

20.2 Compensation of key management personnel

Key management personnel comprises the Senior Leadership Team (2016: 9, 2015: 8).

	SUNNYFIELD	
	2016	2015
	$	$
Total compensation	1,637,255	1,362,845

21. Events after the reporting period

On 1 July 2016, the full roll-out of the National Disability Insurance Scheme (NDIS) commenced. The changes brought about by the NDIS will significantly change the way in which Sunnyfield receives funding for the services that it provides. There have been no other significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

22. Auditors' remuneration

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

	2016	2015
	$	$
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit of the financial report of the entity and any other entity in the consolidated group	45,000	43,500
Other services in relation to the entity and any other entity in the consolidated group		
Compilation services	7,000	6,900
Specific reviews	13,000	8,500
	65,000	58,900

Directors' declaration

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

(a) the financial statements and notes of the Group are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards - Reduced Disclosure Requirements, and the *Australian Charities and Not-for-Profits Commission Act 2013*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) the consolidated statement of comprehensive income gives a true and fair view of all income and expenditure of the Group with respect to fundraising appeals;

(d) the consolidated statement of financial position gives a true and fair view of the state of affairs of the Group with respect to fundraising appeals;

(e) the provisions and regulations of the *NSW Charitable Fundraising Act 1991* and the conditions attached to the authority to fundraise have been complied with by the Group; and

(f) the internal controls exercised by the Group are appropriate and effective in accounting for all income received and applied by the Group from any of its fundraising appeals.

On behalf of the board

Karen Ingram
Director
29 September 2016

Tom Pockett
Director
29 September 2016

Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of Sunnyfield

Report on the financial report

We have audited the accompanying financial report of Sunnyfield (the 'registered entity'), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Building a better working world

Opinion

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

(a) giving a true and fair view of the financial position of Sunnyfield as at 30 June 2016 and of its performance for the year ended on that date; and

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

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015*.

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

Opinion

In our opinion:

a) the financial report of Sunnyfield has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2016, in all material respects, in accordance with:
   i sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
   ii sections 10(6) and 11 of the *NSW Charitable Fundraising Regulations 2015*;

b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2016 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.

Ernst & Young

Ernst & Young

Loretta Di Mento
Partner
Sydney
29 September 2016