

# 2019 FINANCIAL STATEMENT



Registered  
NDIS  
provider



**Sunnyfield**  
disAbility Services

# **Sunnyfield and its controlled entities**

**ABN 72 000 415 127**

General purpose (RDR) report for the  
year ended 30 June 2019

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### **Auditors**

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## Directors' report

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The 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 2019.

### Principal activities

The Group provides a range of services to people with a disability, including shared independent living support and accommodation, short term accommodation, community services, supported employment and support co-ordination. Sunnyfield has been supporting people with intellectual disability for over 66 years, with the core purpose to enrich the lives of people with disability by creating choice, opportunities and skills for life. Sunnyfield had 1,561 employees as at 30 June 2019 (2018: 1,470 employees). The Group's activities during the year included:

- Supporting people with disability to live at home in the community including: shared independent living support services, short term accommodation services and drop-in support services, along with managing these accommodation properties.
- Supporting people with disability in community services including individual and group centred based and within community, with skills development and social inclusion activities.
- Provision of supported employment through business partnerships to undertake work for businesses in three facilities within the Sydney region.
- Providing support coordination to assist clients liaise with appropriate services in order to achieve their National Disability Insurance Scheme (NDIS) plan goals.

### Strategic objectives

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

- Vision: Excellence in supporting people with intellectual disability.
- Mission: To enrich the lives of people with disability by creating choice, opportunities and skills for life.
- Values: Respect, Trust, Honesty and Innovation.

These objectives will be achieved through annual business plans and budgets and within an appropriate risk framework.

During the year ended 30 June 2019, Sunnyfield's key objectives as set out in 2018 to 2020 strategic plan were as follows:

- **Strengthen Sunnyfield:** so that clients and customers experience the Sunnyfield way of quality service delivery every time. Sunnyfield will continue to deliver quality, person-centred, active support services but at the same time seek to ensure organisational security and sustainability through prudent financial management and more efficient and effective business processes.
- **Grow Sunnyfield:** so that clients and customers get more choice of what they want, where they want it. Sunnyfield will support more people with disability and their families, through expansion of services and developing and engaging greater numbers of qualified and capable staff.
- **Innovate Sunnyfield:** to deliver innovation so that clients and customers can better control how and when they engage with Sunnyfield. Sunnyfield will empower clients and their families and all Sunnyfield staff with technology and will use new delivery models to better serve clients and customers.

### Operating and financial review

The refinement and growth of the National Disability Insurance Scheme (NDIS) over the course of 2019 has continued to represent change for people with disability in NSW and ACT, their guardians and families, and all who work in the disability support sector, including Sunnyfield.

## Directors' report (continued)

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### Operating and financial review (continued)

Sunnyfield is committed to the founding premise of the NDIS, to equitably fund reasonable and necessary supports of choice for individual Australians with disability. The full roll-out of the NDIS for participants commenced in July 2016. Clients aged 65 years or over have received funding under the Commonwealth Continuity of Support (CoS) program since May 2017.

The implementation of the NDIS has been and continues to be a complex and difficult process, challenging for people with disability and their families and for service providers, with high levels of individual client administration and ongoing system and process change.

Some notable areas that had impact on Sunnyfield's performance were:

- Acquired in December 2018 the disability services division of Endeavour Industries (EGA) based in the Hunter region of NSW after it went into voluntary administration in June 2018. This enabled continued access to support services for over 200 people with disability and employment for 80 staff.
- Made a significant improvement in the negative operating performance of its Community Services Division which was challenged by the NDIS funding.
- Successful recipient of the NSW Department of Industry grant program with \$1.4m to open a community services hub in south west Sydney specially targeting the needs of people with disability from a cultural and linguistically diverse (CALD) background, breaking down cultural barriers, creating content specific to different cultural backgrounds, and assisting with navigating the NDIS.
- Opened five new shared independent living (SIL) homes for 14 people with disability, in Tweed Heads and Sydney.
- Increased support co-ordination services to approximately 235 clients from Port Stephens across the Hunter region of NSW, and from Liverpool to service Western Sydney.
- Successful NDIS Quality and Safeguarding Commission re-registration audit.
- Experienced a material decline in the number of supported employees and in the Enterprises business performance.

Sunnyfield is in a strong position to adapt and respond to the NDIS market both in terms of its capability for high quality, person centered services and its financial resources.

Key financial outcomes for the year 2019 were as follows:

- Revenue increased by 10.3% (2018: 10%) to \$89.9m (2018: \$80.6m).
- Expenses increased by 8% (2018: 16%) to \$87.2m (2018: \$80.4m).
- The operating surplus increased to \$2.7m (2018: reduced to \$0.2m).
- An overall surplus of \$3.7m (2018: \$3.0m) after including additional funding and investment income.
- Sunnyfield's financial position strengthened further with an increase in total assets to \$61.4m (2018: \$52.7m) and an increase in net assets to \$39.3m (2018: \$35.5m).

## Directors' report (continued)

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### Performance measures

The Board measures and monitors Sunnyfield's performance against its strategic plan and more detailed business plans and budgets, and also against external benchmarks. 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:

- Financial performance measures, including financial performance versus budget by business unit, liquidity ratios, debtor days outstanding and various staff and labour related financial performance measures.
- Non-financial measures including performance against external audit standards including ISO 2015:9001, NSW FACS TPV, for Enterprises DESQA standards and Therapeutic Goods Administration primary and secondary packaging standards.
- Sunnyfield's internal service delivery quality and compliance audit tools, complaints and resolution times, praise and other feedback, work health and safety measures, and various staff and labour related performance measures such as turnover and vacancy time to fill.

### 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

#### Mr Michael Brent, B Fin Admin, FCA, GAICD (appointed 19 June 2019)

Michael has over 35 years experience both in Australia and overseas as a Senior Finance Executive. His career included employment with KPMG, General Reinsurance and Suncorp. He is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand (FCA) and a Graduate member of Australian Institute of Company Directors (GAICD). He is also a director of Sir Eric Woodward Memorial School Association, associated with a school in St Ives for children with disabilities. He has been involved since his daughter commenced school there in 1988.

#### 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 Consultant Endocrinologist and a Clinical Professor 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 a member of the Human Resources Nomination and Remuneration Committee.

#### Mr Ian Fraser, FCPA, FAICD (appointed 11 May 2013, resigned 28 November 2018)

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 was a Non-Executive Director of Legend Corporation Limited. Ian was a member of the Audit, Finance and Risk Committee.

#### Ms Julia Gunn\*, BSC (Hons), FCA (appointed 14 March 2019)

Julia is a Partner within KPMG's Audit, Assurance and Risk Consulting division and has 18 years' experience working within the financial services sector in Australia and the UK. Alongside her financial services clients, she is also currently the auditor for a number of not-for-profit organisations. She is a member of Chartered Accountants Australia and New Zealand and a Fellow of the Institute of Chartered Accountants in England and Wales. Julia is a member of the Audit, Finance and Risk Committee.

## Directors' report (continued)

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### Directors (continued)

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

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

#### **Ms Karen Ingram\*, BA, LLB (Hons), MDR, GAICD (appointed 17 March 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 and is also a director of Endeavor Sunnyfield.

#### **Ms Heather Milnes (appointed 25 October 2010)**

Heather's background is in 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 is also a director of Gateway 2015 Properties Limited.

#### **Mr Mike Nicholls, BBA (appointed 24 February 2016)**

Mike is currently General Manager Projects and Commercial at Fox Sports and Kayo, 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. Mike is the Chair of the Human Resources, Nomination and Remuneration Committee.

#### **Mr Mal Park, BSc (Eng), FAICD (appointed 29 August 2011, resigned 12 June 2019)**

Mal has extensive experience in long term strategic planning within the NSW power supply industry and has acted as an advisor to NSW Treasury on a number of key projects. He has previously served on Boards of a number of organisations. 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 was one of the 2 Deputy Chairs of the Board, was the Chair of the Human Resources, Nomination and Remuneration Committee, and also served as a member of the Housing, Property and Equipment Committee.

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

Tom is Chair of Stockland Group and Autosports Group 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 the other Deputy Chair of the Board and is also Chair of Gateway 2015 Properties Limited, a member of the Housing, Property and Equipment Committee and a director of Independence Fund No 1 Limited and Independence Fund No 2 Limited.

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

Ross has over 35 years' financial and corporate experience in Australia and overseas, in a range of industries, with private and listed companies. He has an economics degree and sporting Blue from Sydney University. Ross originally worked as a Chartered Accountant for eight years with Pricewaterhouse and more recently has had over 15 years' experience as a non-executive Director, including two ASX listed companies. Ross is Chair of the Audit, Finance and Risk Committee, a director of Independence Fund No 1 Limited and Independence Fund No 2 Limited and Chair of Endeavor Sunnyfield.

## Directors' report (continued)

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### Directors (continued)

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

Clare has more than 18 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. She has held senior real estate development roles with PwC Australia, Aecom, Stockland and Mirvac and last year was noted as one of Australia's 100 influential women by the Financial Review. Clare is a member of the Housing, Property and Equipment Committee.

\*Non-executive director who is not a Member of Sunnyfield.

### Corporate governance statement

The Board of Directors of Sunnyfield is responsible for the corporate governance of Sunnyfield. The Board guides and monitors the business and affairs of Sunnyfield on behalf of its members by whom the Directors are elected and to whom they are accountable. Under Sunnyfield's constitution, at least 3 Directors 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.

As at 30 June 2019, Sunnyfield complied with the requirements of National Disability Insurance Scheme registration, Department of Health Continuity of Support program, Charitable Fundraising Act and NSW Retirement Villages Act.

Sunnyfield currently has three Board committees. A summary of the purpose and function of each of the 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.

#### 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)

### 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		Audit, Finance and Risk Committee		Housing, Property and Equipment Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
<b>Board Members</b>								
Mr Michael Brent	-	-	-	-	-	-	-	-
Dr John Carter	6	6	4	4	-	-	-	-
Mr Ian Fraser	2	2	-	-	2	2	-	-
Ms Julia Gunn	2	1	-	-	-	-	-	-
Ms Melissa Hammel	6	5	4	4	-	-	-	-
Ms Karen Ingram	6	6	4	4	5	4	-	-
Ms Heather Milnes	6	5	-	-	-	-	4	4
Mr Mike Nicholls	6	6	4	3	-	-	-	-
Mr Mal Park	6	6	4	2	-	-	4	4
Mr Ross Rathmell	6	5	-	-	5	5	-	-
Mr Tom Pockett	6	6	-	-	-	-	4	4
Ms Clare Sowden	6	5	-	-	-	-	4	4

## Directors' report (continued)

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### 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 2019, the number of members was 581 (2018: 594), and the total amount members would contribute is \$11,620 (2018: \$11,880).

### Economic dependency

Sunnyfield is dependent upon continuing support from its clients through their NDIS and DSS funding and the NSW Department of Health for funding, Department of Communities and Justice (previously Department of Family and Community Services) for a number of property leases and NSW Government for Crown Land leases. Refer to Note 19 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 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 2020.

#### 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 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, Resigned: 15 August 2019)  
 Mr J Connell (Appointed: 19 May 2015, Resigned: 2 September 2019)  
 Mrs H Milnes (Appointed: 19 May 2015)  
 Mr T Pockett (Appointed: 19 May 2015)  
 Mr M Park (Appointed: 15 August 2019)

## Directors' report (continued)

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### Subsidiary entities (continued)

#### Gateway 2015 Properties Trust (continued)

The Trust commenced operations in 2019 but has plans to expand operations in 2020 once the full transfer of leases and property currently held by Sunnyfield can take effect.

#### Endeavour Sunnyfield Pty Ltd

Endeavour Sunnyfield Pty Ltd is a wholly owned subsidiary established for the sole purpose of acquiring Endeavour Industries - Disability Services Division (EGA).

The transaction took effect on 1 December 2018 (the completion date) under an Agreement for Sale of Assets dated 1 November 2018.

As a result of the agreement, Endeavour Sunnyfield Pty Ltd gained 80 staff and 223 clients. For the year ended 30 June 2019, Endeavour Sunnyfield Pty Ltd contributed \$2,398,483 to the Group's total revenue.

The acquisition involved Endeavour Sunnyfield taking over EGA motor vehicles and Business Contracts (i.e. contracts with EGA Clients for the supply of NDIS funded services) for the acceptance of Assumed Liabilities from EGA (i.e. employees and associated provisions for their entitlements).

There was no cash consideration paid and no other assets transferred by the acquirer (Endeavour Sunnyfield) at the acquisition date as part of the agreement.

Below are the directors of Endeavour Sunnyfield Pty Ltd:

Mr R Rathmell (Appointed: 5 November 2018)

Mr M Nicholls (Appointed: 5 November 2018)

Ms K Ingram (Appointed: 5 November 2018)

### Significant changes in the state of affairs

Sunnyfield acquired Endeavour Sunnyfield Pty Ltd effective from 1 December 2018.

There have been no other significant changes in the state of affairs of the Group during the year.

### Significant events after the reporting period

There have been no significant events occurring after the reporting period 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 2019. Non-audit services were provided by the Company'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 27 September 2019.



Karen Ingram  
Director  
27 September 2019



Julia Gunn  
Director  
27 September 2019

## 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 2019, 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 any applicable code of professional conduct.

*Ernst and Young*

Ernst & Young

*Vida Virgo*

Vida Virgo  
Partner  
27 September 2019

## Consolidated statement of comprehensive income

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Revenue</b>			
Government subsidies	5.1	6,023,827	12,504,560
National Disability Insurance Scheme	5.1	70,649,093	54,508,980
Other revenue	5.1	13,254,988	13,604,430
<b>Total revenue</b>		<b>89,927,908</b>	<b>80,617,970</b>
<b>Expenses</b>			
Cost of goods sold		(2,181,559)	(2,584,171)
Employee benefits expense	5.5	(69,207,683)	(64,161,289)
Occupancy expenses	5.6	(7,027,089)	(6,529,203)
Finance costs	5.4	(38,465)	(36,124)
Depreciation expense	10	(2,022,330)	(1,585,748)
Other expenses	5.7	(6,746,686)	(5,484,549)
<b>Total expenses</b>		<b>(87,223,812)</b>	<b>(80,381,084)</b>
Operating surplus		<b>2,704,096</b>	<b>236,886</b>
Other income	5.2	319,033	740,750
Capital funding	5.3	-	1,342,500
<b>Surplus before investment income</b>		<b>3,023,129</b>	<b>2,320,136</b>
Investment income		725,475	691,788
<b>Surplus for the year</b>		<b>3,748,604</b>	<b>3,011,924</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>3,748,604</b>	<b>3,011,924</b>

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 2019

	Notes	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	6	14,652,803	7,606,993
Trade and other receivables	7	4,736,485	4,004,923
Inventories	8	265,826	410,076
Other assets	9	27,011,296	26,996,208
<b>Total current assets</b>		<b>46,666,410</b>	<b>39,018,200</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	14,745,872	13,665,085
<b>Total non-current assets</b>		<b>14,745,872</b>	<b>13,665,085</b>
<b>Total assets</b>		<b>61,412,282</b>	<b>52,683,285</b>
<b>Current liabilities</b>			
Trade and other payables	11	6,197,123	5,806,000
Funding in advance		5,463,726	1,261,599
Provisions	12	3,536,957	4,308,791
Employee benefit liabilities	13	6,068,356	4,962,277
<b>Total current liabilities</b>		<b>21,266,162</b>	<b>16,338,667</b>
<b>Non-current liabilities</b>			
Employee benefit liabilities	13	854,755	801,857
<b>Total non-current liabilities</b>		<b>854,755</b>	<b>801,857</b>
<b>Total liabilities</b>		<b>22,120,917</b>	<b>17,140,524</b>
<b>Net assets</b>		<b>39,291,365</b>	<b>35,542,761</b>
<b>Funds</b>			
General funds	15	39,191,131	35,442,527
Asset revaluation reserve	15	100,234	100,234
<b>Total funds</b>		<b>39,291,365</b>	<b>35,542,761</b>

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

## Consolidated statement of changes in funds

**For the year ended 30 June 2019**

	General funds (Note 15)	Asset revaluation reserve (Note 15)	Total funds
	\$	\$	\$
At 1 July 2018	35,442,527	100,234	35,542,761
Surplus for the year	3,748,604	-	3,748,604
Other comprehensive income	-	-	-
Total comprehensive income for the year	3,748,604	-	3,748,604
<b>At 30 June 2019</b>	<b>39,191,131</b>	<b>100,234</b>	<b>39,291,365</b>
At 1 July 2017	32,430,603	100,234	32,530,837
Surplus for the year	3,011,924	-	3,011,924
Other comprehensive income	-	-	-
Total comprehensive income for the year	3,011,924	-	3,011,924
<b>At 30 June 2018</b>	<b>35,442,527</b>	<b>100,234</b>	<b>35,542,761</b>

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

## Consolidated statement of cash flows

For the year ended 30 June 2019

	2019	2018
Notes	\$	\$
<b>Operating activities</b>		
Receipts from customers	7,284,153	11,121,475
Payments to suppliers and employees	(84,885,258)	(73,577,019)
Receipts of funding for land purchase	-	550,000
Receipts from government subsidies	10,225,954	4,687,135
Receipts from fees and fundraising	6,310,472	5,998,020
Receipts from NDIS	70,649,093	54,508,980
Interest received	507,797	691,788
Finance costs paid	(38,465)	(36,124)
<b>Net cash flows from operating activities</b>	<b>6 10,053,746</b>	<b>3,944,255</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	188,801	64,153
Purchase of property, plant and equipment	(3,143,167)	(2,399,993)
(Repayments of)/proceeds from short-term deposits	(53,570)	135,083
<b>Net cash flows used in investing activities</b>	<b>(3,007,936)</b>	<b>(2,200,757)</b>
<b>Financing activities</b>		
	-	-
<b>Net cash flows from/(used in) financing activities</b>		
Net increase in cash and cash equivalents	7,045,810	1,743,498
Cash and cash equivalents at the beginning of the year	7,606,993	5,863,495
<b>Cash and cash equivalents at 30 June</b>	<b>6 14,652,803</b>	<b>7,606,993</b>

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



# Notes to the consolidated financial statements

## For the year ended 30 June 2019

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### 1. Corporate information

The financial report of Sunnyfield (the "Company") and its controlled entities (the "Group") for the year ended 30 June 2019 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. Significant accounting policies

#### 2.1 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 (\$) except when otherwise indicated.

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

#### 2.2 Changes in accounting policies, disclosures, standards and interpretations

##### New and amended standards and interpretations

The Group applied AASB 9 *Financial Instruments* for the first time. The nature and effect of the changes as a result of adoption of this accounting standard are described below.

##### AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Group.

##### Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 30 June 2019. The directors are in the process of assessing the impact of the applications of AASB 15 *Revenue from contracts with Customers* (effective 1 January 2019 for not-for-profit entities), AASB 1058 *Income of Not-For-Profit Entities* (effective 1 January 2019) and AASB 16 *Leases* (effective 1 January 2019) and its amendments to the extent relevant to the financial statements of the Group.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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## 2. Significant accounting policies (continued)

### 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Sunnyfield and the entities it controls, namely The Sunnyfield Independence Fund, Gateway 2015 Properties Trust and Endeavour Sunnyfield Pty Ltd as at 30 June each year or at any time during the year (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the controlled entities 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.

### 2.4 Summary of significant accounting policies

#### a) 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.

Sunnyfield is economically 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 and clients selecting Sunnyfield as their service provider.

The directors and management believe the level of funding required to maintain the current programs and services are likely to continue, and will reassess 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.

#### b) 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.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### c) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank 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.

###### d) Trade and other receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). 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.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

###### e) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 45 days of recognition.

###### f) Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

###### g) 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.

###### h) 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.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### i) Leases

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

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

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

###### j) 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 at 185 Allambie Road, Allambie Heights. Buildings and other structures located on the land are leasehold improvements and are written off over the term of the lease.

###### *Plant and equipment and motor vehicles*

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

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

An item of property, plant and equipment 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 profit or loss when the asset is derecognised.

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

###### k) 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.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### l) Provisions

###### *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 a provision is presented in the statement of profit or loss 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.

###### *Employees provision*

Provision for potential employees' wages liabilities.

###### *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.

###### m) Employee benefit liabilities

###### *Wages, salaries and sick leave*

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

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

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises 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 government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

###### n) 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.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### o) 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 on a month to month basis.

###### **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 is supported by grants received from Commonwealth, State and Local 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.

###### **National Disability Insurance Scheme revenue**

Funding in relation to the National Disability Insurance Scheme (NDIS) is recognised when services are provided to clients.

###### **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.

###### p) Interest income

Interest income is recorded using the 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.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### q) Taxes

Sunnyfield, The Sunnyfield Independence Fund, Gateway 2015 Property Trust and Endeavour Sunnyfield Pty Ltd have all received endorsement as an income tax exempt charity. All organisations also hold deductible gift recipient status.

###### **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

###### r) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Audit, Finance and Risk Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 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 18. 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.

##### *Employees provision*

Provision for potential employees' wages liabilities.

##### *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(l). 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 goods and 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 2019

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#### 3. Significant accounting judgements, estimates and assumptions (continued)

##### Estimates and assumptions (continued)

###### *Provision for expected credit losses*

The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 4. Business combinations

##### Acquisitions in 2019

###### *Acquisition of Endeavour Industries - Disability Services Division (EGA)*

Endeavour Sunnyfield Pty Ltd is a wholly owned subsidiary established for the sole purpose of acquiring Endeavour Industries - Disability Services Division EGA.

The transaction took effect on 1 December 2018 (the completion date) under an Agreement for Sale of Assets dated 1 November 2018.

As a result of the agreement, Endeavour Sunnyfield Pty Ltd gained 80 staff and 223 clients. For the year ended 30 June 2019, Endeavour Sunnyfield Pty Ltd contributed \$2,398,483 to the Group's total revenue.

The acquisition involved Endeavour Sunnyfield taking over EGA motor vehicles and Business Contracts (i.e. contracts with EGA Clients for the supply of NDIS funded services) for the acceptance of Assumed Liabilities from EGA (i.e. employees and associated provisions for their entitlements).

There was no cash consideration paid and no other assets transferred by the acquirer (Endeavour Sunnyfield) at the acquisition date as part of the agreement.

##### Assets acquired and liabilities assumed

The fair values of the identifiable net assets and liabilities recognised by Endeavour Sunnyfield Pty Ltd (the acquirer) from Endeavour Industries - EGA Disability Services Division (the acquiree) as at the date of acquisition were:

	<b>Fair value recognised on acquisition</b>
	<b>\$</b>
<b>Assets</b>	
Property, plant and equipment	311,696
	<b>311,696</b>
<b>Liabilities</b>	
Provisions for employee entitlements	(220,973)
	<b>(220,973)</b>
Total identifiable net assets at fair value	90,723
Purchase consideration transferred	-
Gain on acquisition recognised in profit and loss (included in 'Other income')	90,723

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 5. Revenue and expenses

##### 5.1 Revenue

###### (i) Government subsidies

	2019	2018
	\$	\$
Department of Family and Community Services (FACS)	1,392,305	7,593,258
Department of Health	4,243,485	3,594,297
Department of Social Services	132,892	398,554
Devolution Funding - Carinya/Hostel (FACS)	-	918,451
Department of Industry	255,145	-
Total government subsidies	<b>6,023,827</b>	<b>12,504,560</b>

###### (ii) National Disability Insurance Scheme

	2019	2018
	\$	\$
National Disability Insurance Scheme	<b>70,649,093</b>	<b>54,508,980</b>

###### (iii) Other revenue

	2019	2018
	\$	\$
Sale of goods	6,944,516	7,606,410
Board and lodging fees	4,366,879	4,129,291
Fundraising income (note 20)	684,071	654,669
Fee for service and management fees	564,092	413,706
Other fees	695,430	800,354
Total other revenue	<b>13,254,988</b>	<b>13,604,430</b>
Total revenue	<b>89,927,908</b>	<b>80,617,970</b>

##### 5.2 Other income

	2019	2018
	\$	\$
Net gain on disposal of fixed assets	148,551	50,955
Gain on acquisition (note 4)	90,723	-
Other income	79,759	689,795
Total other income	<b>319,033</b>	<b>740,750</b>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 5. Revenue and expenses (continued)

##### 5.3 Capital funding

	2019	2018
	\$	\$
Capital funding for land purchase, from FACS	-	792,500
Capital funding to build a Group Home, from private benefactor	-	550,000
Total capital funding	<b>-</b>	<b>1,342,500</b>

##### 5.4 Finance costs

	2019	2018
	\$	\$
Bank charges	<b>38,465</b>	<b>36,124</b>

##### 5.5 Employee benefits expenses

	2019	2018
	\$	\$
Salaries and wages (includes the employees' wages provisions)	56,432,518	53,781,108
Workers' compensation costs	1,269,291	990,296
Agency staff	795,342	484,428
Sub-contractors	93,117	180,874
Superannuation costs	5,520,110	4,921,647
Recruitment, training and amenities	853,829	515,797
Annual leave	3,862,998	3,201,283
Long service leave	380,478	85,856
Total employee benefits expenses	<b>69,207,683</b>	<b>64,161,289</b>

##### 5.6 Occupancy expenses

	2019	2018
	\$	\$
Operating leases rental	3,628,673	3,292,869
Food and household costs	911,855	749,190
Utilities	768,453	839,438
Cleaning	644,751	534,479
Repairs and maintenance	923,100	985,913
Other	150,257	127,314
Total occupancy expenses	<b>7,027,089</b>	<b>6,529,203</b>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 5. Revenue and expenses (continued)

##### 5.7 Other expenses

	2019	2018
	\$	\$
Insurance	617,266	550,034
Fundraising expenses	137,943	143,907
Printing and stationery	251,316	267,750
Communication expenses	561,499	554,401
Transport expenses	681,632	656,995
Individual package costs	(26,526)	119,515
Computer and IT expenses	1,520,247	1,139,462
Professional fees	1,117,702	263,259
Other	1,885,607	1,789,226
<b>Total other expenses</b>	<b>6,746,686</b>	<b>5,484,549</b>

#### 6. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank	14,412,726	7,451,304
Cash on hand	240,077	155,689
<b>Total cash and cash equivalents</b>	<b>14,652,803</b>	<b>7,606,993</b>

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.

	2019	2018
	\$	\$
<b>Cash flow reconciliation</b>		
Reconciliation of net surplus after tax to net cash flows from operations:		
Surplus for the year	3,748,604	3,011,924
Adjustments to reconcile surplus after tax to net cash flows:		
Depreciation expense of property, plant and equipment	2,022,330	1,585,748
Gain on disposal of property, plant and equipment	(148,551)	(50,955)
Provision for doubtful debts	11,413	113,579
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(704,493)	106,436
(Increase)/decrease in inventories	144,250	72,381
(Increase)/decrease in NDIS trade receivables	-	1,097,955
Increase/(decrease) in employee benefit liabilities	1,158,977	249,573
Increase/(decrease) in trade and other payables	391,122	(74,662)
Increase/(decrease) in provisions	(772,033)	2,620,291
Increase/(decrease) in funding in advance	4,202,127	(4,788,015)
<b>Net cash flows from operating activities</b>	<b>10,053,746</b>	<b>3,944,255</b>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 7. Trade and other receivables

	2019	2018
	\$	\$
<b>Current</b>		
Trade and other receivables	4,477,410	3,957,300
Provision for expected credit losses	(154,594)	(144,514)
Deposits	413,669	192,137
	<b>4,736,485</b>	<b>4,004,923</b>

#### 8. Inventories

	2019	2018
	\$	\$
<b>Raw materials</b>		
Raw materials at cost	217,876	310,368
Provision for diminution in value and reworks	(4,000)	(20,000)
	213,876	290,368
<b>Finished goods</b>		
Finished goods at cost	-	46,969
	-	46,969
<b>Work in progress</b>		
Work in progress at cost	51,950	72,739
	51,950	72,739
Total inventories at the lower of cost and net realisable value	<b>265,826</b>	<b>410,076</b>

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2019 amounted to \$72,966 (2018: \$40,914).

#### 9. Other assets

	2019	2018
	\$	\$
<b>Current</b>		
Short-term deposits	26,519,149	26,465,579
Prepayments	492,147	530,629
	<b>27,011,296</b>	<b>26,996,208</b>

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.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 10. Property, plant and equipment

	2019	2018
	\$	\$
<i>Buildings on leasehold land</i>		
At cost	5,202,731	4,842,128
Accumulated depreciation	(3,231,762)	(2,934,164)
Net carrying amount	<b>1,970,969</b>	<b>1,907,964</b>
<i>Freehold land and buildings</i>		
At cost	10,191,803	9,548,584
Accumulated depreciation	(1,084,008)	(953,230)
Net carrying amount	<b>9,107,795</b>	<b>8,595,354</b>
<i>Plant and equipment</i>		
At cost	2,596,195	2,397,363
Accumulated depreciation	(1,813,661)	(1,549,881)
Net carrying amount	<b>782,534</b>	<b>847,482</b>
<i>Motor vehicles</i>		
At cost	5,562,985	5,076,051
Accumulated depreciation	(3,594,255)	(3,623,314)
Net carrying amount	<b>1,968,730</b>	<b>1,452,737</b>
<i>Computers - Hardware</i>		
At cost	2,931,390	2,480,357
Accumulated depreciation	(2,172,762)	(1,618,809)
Net carrying amount	<b>758,628</b>	<b>861,548</b>
<i>Make good assets</i>		
At cost	260,000	-
Accumulated depreciation	(102,784)	-
Net carrying amount	<b>157,216</b>	-
<i>Total property, plant and equipment</i>		
At cost	26,745,104	24,344,483
Accumulated depreciation	(11,999,232)	(10,679,398)
<b>Net carrying amount</b>	<b>14,745,872</b>	<b>13,665,085</b>

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 19, Sunnyfield has use of crown leases, on which it does not pay rent or recognise within property, plant and equipment.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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

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

	2019
	\$
<i>Buildings on leasehold land</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	1,907,964
Additions	377,314
Disposals	(16,712)
Depreciation charge for the year	(301,496)
Depreciation disposals for the year	3,899
<b>Balance at the end of the year - Net carrying amount</b>	<b>1,970,969</b>
<i>Freehold land and buildings</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	8,595,354
Additions	643,219
Depreciation charge for the year	(130,778)
<b>Balance at the end of the year - Net carrying amount</b>	<b>9,107,795</b>
<i>Plant and equipment</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	847,482
Additions	180,883
Depreciation charge for the year	(245,831)
<b>Balance at the end of the year - Net carrying amount</b>	<b>782,534</b>
<i>Motor vehicles</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	1,452,737
Additions	1,230,718
Disposals	(743,784)
Depreciation charge for the year	(687,488)
Depreciation disposals for the year	716,547
<b>Balance at the end of the year - Net carrying amount</b>	<b>1,968,730</b>
<i>Computers - Hardware</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	861,548
Additions	451,033
Depreciation charge for the year	(553,953)
<b>Balance at the end of the year - Net carrying amount</b>	<b>758,628</b>



## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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

	<u>2019</u>
	\$
<i>Make good assets</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	-
Additions	260,000
Depreciation charge for the year	(102,784)
<b>Balance at the end of the year - Net carrying amount</b>	<u>157,216</u>
<i>Total property, plant and equipment</i>	
<b>Balance at the beginning of the year</b>	
At 1 July	13,665,085
Additions	3,143,167
Disposals	(760,496)
Depreciation charge for the year	(2,022,330)
Depreciation disposals for the year	720,446
<b>Balance at the end of the year - Net carrying amount</b>	<u>14,745,872</u>

#### 11. Trade and other payables

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Current</b>		
Trade and other payables	<u>6,197,123</u>	<u>5,806,000</u>

#### 12. Provisions

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Current</b>		
Employees	2,300,000	2,775,000
Legal	24,883	70,000
Make good	863,633	635,640
Other	348,441	828,151
	<u>3,536,957</u>	<u>4,308,791</u>

#### *Movement in provisions*

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

	<u>Legal</u>	<u>Make good</u>	<u>Employees</u>	<u>Other</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<b>At 1 July 2018</b>	<b>70,000</b>	<b>635,640</b>	<b>2,775,000</b>	<b>828,151</b>	<b>4,308,791</b>
Arisen during the year	-	280,000	-	61,351	341,351
Utilised during the year	(45,117)	(52,007)	(475,000)	(541,061)	(1,113,185)
<b>At 30 June 2019</b>	<b>24,883</b>	<b>863,633</b>	<b>2,300,000</b>	<b>348,441</b>	<b>3,536,957</b>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 13. Employee benefit liabilities

	2019	2018
	\$	\$
<b>Current</b>		
Annual leave	4,076,256	3,347,169
Long service leave	1,992,100	1,615,108
	<b>6,068,356</b>	<b>4,962,277</b>
<b>Non-current</b>		
Long service leave	<b>854,755</b>	<b>801,857</b>

#### 14. Bank guarantee

Sunnyfield has bank guarantees with Westpac to the value of \$611,353 (2018: \$557,783).

#### 15. 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 Sunnyfield Independence Fund.

	Consolidated	Parent	Sunnyfield Gateway 2015 Independence Fund	Properties Trust	Endeavour Sunnyfield
	\$	\$	\$	\$	\$
At 30 June 2018	35,442,527	34,075,923	1,369,175	(2,571)	-
Surplus/(loss) for the year	3,748,604	4,851,726	(29,860)	(29,960)	(1,043,302)
<b>At 30 June 2019</b>	<b>39,191,131</b>	<b>38,927,649</b>	<b>1,339,315</b>	<b>(32,531)</b>	<b>(1,043,302)</b>

##### Asset Revaluation Reserve

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

	Consolidated	Parent	Sunnyfield Gateway 2015 Independence Trust	Properties Trust	Endeavour Sunnyfield
	\$	\$	\$	\$	\$
At 30 June 2018	100,234	100,234	-	-	-
<b>At 30 June 2019</b>	<b>100,234</b>	<b>100,234</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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

	2019	2018
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	14,170,425	7,463,977
Trade and other receivables	5,787,141	4,046,878
Inventories	265,826	410,076
Other assets	26,083,072	26,088,412
<b>Total current assets</b>	<b>46,306,464</b>	<b>38,009,343</b>
<b>Non-current assets</b>		
Property, plant and equipment	14,021,284	13,307,337
Total non-current assets	14,021,284	13,307,337
<b>Total assets</b>	<b>60,327,748</b>	<b>51,316,680</b>
<b>Current liabilities</b>		
Trade and other payables	5,831,221	5,805,999
Funding in advance	5,463,726	1,261,599
Provisions	3,375,158	4,308,791
Employee benefit liabilities	5,855,693	4,962,277
<b>Total current liabilities</b>	<b>20,525,798</b>	<b>16,338,666</b>
<b>Non-current liabilities</b>		
Employee benefit liabilities	774,067	801,857
<b>Total non-current liabilities</b>	<b>774,067</b>	<b>801,857</b>
<b>Total liabilities</b>	<b>21,299,865</b>	<b>17,140,523</b>
<b>Funds</b>		
General funds	38,927,649	34,075,923
Asset revaluation reserve	100,234	100,234
	<b>39,027,883</b>	<b>34,176,157</b>
<b>Surplus for the year</b>	<b>4,851,726</b>	<b>3,044,637</b>

There are no commitments or contingencies as at the reporting date which would have a material effect on the Parent's financial statements as at 30 June 2019 (2018: \$nil).

#### 17. 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 2019, The Sunnyfield Independence Fund had a net trust surplus before distribution of \$41,140 (2018: \$40,288) and net assets of \$1,339,316 (2018: \$1,369,176). The Sunnyfield Independence Fund's results for the year ended 30 June 2019 have been included in Sunnyfield's consolidated financial statements.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 17. 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 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.

##### Endeavour Sunnyfield Pty Ltd

Endeavour Sunnyfield Pty Ltd is a wholly owned subsidiary established for the sole purpose of acquiring Endeavour Industries - Disability Services Division (EGA).

The transaction took effect on 1 December 2018 (the completion date) under an Agreement for Sale of Assets dated 1 November 2018.

As a result of the agreement, Endeavour Sunnyfield Pty Ltd gained 80 staff and 223 clients. For the year ended 30 June 2019, Endeavour Sunnyfield Pty Ltd contributed \$2,398,483 to the Group's total revenue.

The acquisition involved Endeavour Sunnyfield taking over EGA motor vehicles and Business Contracts (i.e. contracts with EGA Clients for the supply of NDIS funded services) for the acceptance of Assumed Liabilities from EGA (i.e. employees and associated provisions for their entitlements).

There was no cash consideration paid and no other assets transferred by the acquirer (Endeavour Sunnyfield) at the acquisition date as part of the agreement.

#### 17.1 Directors' compensation

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

#### 17.2 Transactions with director-related entities

During the years ended 30 June 2019 and 30 June 2018, the following transactions with director-related entities took place:

##### 2019

- Some of the member directors had family who received services from Sunnyfield Shared Living, Community Services and/or Enterprises.
- Director Karen 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.

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

##### 2018

- Some of the member directors had family who received services from Sunnyfield Shared Living, Community Services and/or Enterprises.
- Director Karen 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.

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

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 17. Related party disclosures (continued)

##### 17.3 Key management personnel compensation

Refer to note 21 for key management personnel compensation.

#### 18. Commitments and contingencies

##### Operating lease commitments

During the year, Sunnyfield has entered into formal 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:

	2019	2018
	\$	\$
Within one year	3,028,952	1,431,631
After one year but not more than five years	6,918,897	1,330,196
More than five years	5,038,275	-
	<b>14,986,124</b>	<b>2,761,827</b>

The above figures do not include any commitment for properties where the lease is currently on month to month basis at 30 June 2019.

##### Contingent liabilities

Under the NGO Small and Large Residential Centres Redevelopment Program, Sunnyfield has acquired two properties from the Minister for Disability Services acting through the Department of Family and Community Services (FACS). The land was acquired in 2017 and group homes constructed during 2018. Under the terms and conditions of the Project Delivery Agreement, the properties are to be used for the intended services being the provision of accommodation services for people with disability. For a period of 40 years from the delivery of the properties, FACS retains the right to repayment of the market value of the properties should the properties be sold or cease to be used for the intended purpose approved by FACS. The directors consider the chance of breach of these conditions remote.

#### 19. Economic dependency

Sunnyfield as a going concern is dependent upon the continuing support from the NSW State and Federal Government and clients selecting Sunnyfield as their service provider following transition to the NDIS. A significant portion of income is derived from Government grants and subsidies. With 4.9% (2018: 5.0%) from the Federal Government, 1.8% (2018: 10.6%) from the NSW State Government and 78.6% (2018: 67.6%) from the National Disability Insurance Scheme.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 19. Economic dependency (continued)

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

	2019		2018	
	\$	%	\$	%
<b>Government subsidies</b>				
Federal	4,376,377	4.9	3,992,851	5.0
State	1,647,450	1.8	8,511,709	10.6
	6,023,827		12,504,560	
<b>National Disability Insurance Scheme</b>	70,649,093	78.6	54,508,980	67.6
	<b>76,672,920</b>		<b>67,013,540</b>	
<b>Total revenue</b>	<b>89,927,908</b>	<b>100%</b>	<b>80,617,970</b>	<b>100%</b>

	30 June 2019	30 June 2018
	\$	\$
Federal Government - Department of Social Services	132,892	398,554
Department of Health	4,243,485	3,594,297
<b>Total Federal Government</b>	<b>4,376,377</b>	<b>3,992,851</b>
<i>State Government</i>		
FACS	1,392,305	5,318,561
Department of Industry	255,145	-
CPP Funding	-	188,301
Individualised	-	2,086,396
Devolution Funding - Carinya/Hostel (FACS)	-	918,451
<b>Total State Government</b>	<b>1,647,450</b>	<b>918,451</b>
<b>Government Subsidies (note 5.1(i))</b>	<b>6,023,827</b>	<b>12,504,560</b>
Capital Funding: FACS Land Grant (note 5.3)	-	792,500
<b>Total Government Subsidies</b>	<b>6,023,827</b>	<b>13,297,060</b>
<b>National Disability Insurance Scheme</b>	<b>70,649,093</b>	<b>54,508,980</b>

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.

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

##### 20.1 Fundraising appeals conducted during the financial year ended 30 June 2019

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

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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

##### 20.2 Results of fundraising appeals

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

	2019	2018
	\$	\$
Fundraising income	684,071	654,669
Direct costs	(137,943)	(143,907)
Net surplus	<b>546,128</b>	<b>510,762</b>

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

During the year, Sunnyfield received gross proceeds and grants of \$684,071 (2018: \$654,669) from fundraising appeals. These funds were spent on direct care and plant and equipment acquisitions.

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

	2019		2018	
	\$	%	\$	%
Fundraising income	684,071	100	654,669	100
Direct costs	(137,943)	(20)	(143,907)	(22)
Net surplus	<b>546,128</b>	<b>80</b>	<b>510,762</b>	<b>78</b>

#### 21. Key management personnel

##### 21.1 Details of key management personnel

###### (i) Directors (non-executive) (during the year and up to 30 June 2019)

Mr Michael Brent	(Appointed; 19 June 2019)
Dr John Carter	(Appointed: 29 August 2011)
Mr Ian Fraser	(Appointed 11 May 2013, Resigned: 28 November 2018)
Ms Julia Gunn	(Appointed: 14 March 2019)
Ms Melissa Hammel	(Appointed: 31 October 2012)
Ms Karen Ingram	(Appointed: 17 March 2014)
Ms Heather Milnes	(Appointed: 25 October 2010)
Mr Mike Nicholls	(Appointed: 24 February 2016)
Mr Mal Park	(Appointed 29 August 2011, Resigned: 12 June 2019)
Mr Tom Pockett	(Appointed: 9 December 2010)
Mr Ross Rathmell	(Appointed: 25 October 2010)
Ms Clare Sowden	(Appointed: 14 September 2016)

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 21. Key management personnel (continued)

##### 21.1 Details of key management personnel (continued)

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

At 30 June 2019 the team comprised:

Ms C Cuddihy	CEO
Mr M Driessen	CFO
Mr S Robb	General Manager Enterprises and Property
Mr S Russell	General Manager New Business and Community Services
Mr B Tosello	General Manager Business Development and Fundraising
Ms S Blumberg	General Manager People Learning and Culture
Ms J Luff	General Manager Shared Living

##### 21.2 Compensation of key management personnel

Key management personnel comprises the Senior Leadership Team (2019: 7, 2018: 8).

	2019	2018
	\$	\$
Total compensation (including superannuation and termination benefits)	<b>1,855,859</b>	<b>2,360,668</b>

#### 22. Events after the reporting period

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

#### 23. Auditor's remuneration

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

*Amounts received or due and receivable by Ernst & Young (Australia) for:*

	2019	2018
	\$	\$
An audit or review of the financial report of the entity and any other entity in the consolidated group		
Sunnyfield	65,000	49,000
Sunnyfield Independence Fund	5,200	5,000
Endeavour Sunnyfield Pty Ltd	12,500	-
Audit of the acquisition of Endeavour Sunnyfield Pty Ltd	15,600	-
Gateway 2015 Properties Trust	4,800	-
Under accrual from prior year for additional work required	30,884	-
<b>Total audit fees</b>	<b>133,984</b>	<b>54,000</b>
Other services in relation to the entity and any other entity in the consolidated group		
Compilation services	8,500	7,400
Specific reviews	8,900	31,092
	<b>151,384</b>	<b>92,492</b>



## Directors' declaration

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

- (a) the 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 2019 and 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 Regulation 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  
27 September 2019



Julia Gunn  
Director  
27 September 2019

## Independent Auditor's Report to the Members of Sunnyfield

### Report on the Financial Report

#### Opinion

We have audited the financial report of Sunnyfield (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial 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*.

#### Basis for Opinion

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

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

#### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **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 2019, 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 2019 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.

*Ernst and Young*

Ernst & Young

*Vida Virgo*

Vida Virgo  
Partner  
Sydney

27 September 2019