Sunnyfield and its controlled entities

ABN 72 000 415 127

General purpose (RDR) report for the year ended 30 June 2021

Registered
NDIS
provider

Sunnyfield
disAbility Services

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Auditors

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Directors' report

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 2021.

Principal activities

The Group provides a range of services for people with a disability, including shared independent living support and accommodation, short term accommodation, a range of community support services, supported employment and support co-ordination. Sunnyfield has been supporting people with disability for nearly 70 years, with the core purpose to enrich the lives of people with disability by creating choice, opportunities and skills for life. Sunnyfield had 1,704 employees as at 30 June 2021 (2020: 1,731 employees). The Group's activities during the year included:

- Supporting people with disability to achieve their National Disability Insurance Scheme (NDIS) home and living goals, through shared independent living support services, and short and medium term accommodation services, including managing the accommodation properties.
- Supporting people with disability to achieve their NDIS community, social, recreation and life skill development goals, through community support services, individually and in groups, provided in centres, within the community or in their homes, including skill development and social inclusion activities.
- Supporting people with disability to achieve their NDIS employment goals, through supported employment and vocational training with business partnerships, to create meaningful work and training opportunities.
- Supporting people with disability to implement their NDIS plans, through support coordination to locate, negotiate and establish agreements with appropriate service provider to achieve their NDIS 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 2021, Sunnyfield's key objectives as set out in 2018 to 2021 strategic plan were as follows:

- **Strengthen Sunnyfield:** so clients and customers experience the Sunnyfield way of quality service delivery every time. Sunnyfield will continue to deliver client person-centred, active support quality services, in conjunction with the client's circle of support. Sunnyfield will seek to ensure organisational security and sustainability through prudent financial management and more efficient and effective business processes.
- **Grow Sunnyfield:** so clients and customers get more choice of what they want, where they want it. Sunnyfield will support more people with disability in conjunction with their circle of support, through expansion of services and developing and engaging more qualified and capable staff.
- **Innovate Sunnyfield:** to deliver organisational innovation to enable clients and customers to have improved access to how and when they engage with Sunnyfield. Sunnyfield will empower staff with appropriate technology and will use new delivery models to better serve clients and customers.

Directors' report (continued)

Operating and financial review

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 at the start of the NDIS roll-out have received funding under the Commonwealth's Disability Support for Older Australians (DSOA) program, previously known as Continuity of Support (CoS), since May 2017.

Notable impacts on Sunnyfield's performance:

- A continued focus on clients' rights and goals, in conjunction with their circle of support, whilst meeting NSW and ACT Health COVID-19 safety protocols.
- A continued focus and commitment to Work Health and Safety outcomes for Sunnyfield staff.
- In continued response to COVID-19, Sunnyfield has maintained essential services within NSW and ACT Health COVID-19 safety guidelines, with regular communication with key stakeholders. Sunnyfield continued to enhance online and "Care-at-Home" service models, and supported clients to return to face-to-face programs when safety guidelines permitted. Additionally, Sunnyfield staff continued working more flexibly to meet the changing needs of clients, and where appropriate through working from home.
- Due to lower client demand for support services due to COVID-19 (notably Community Services and Employment Services), Sunnyfield qualified for the Australian government JobKeeper wage subsidy scheme for July to September 2020, and Sunnyfield was able to maintain 960 staff in employment. The $10.1m JobKeeper wage subsidy is reported as "other income".
- Sunnyfield was required to provide responses to public hearings of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disabilities. Public hearing 13 being a case study (involving Sunnyfield) into "Preventing and responding to violence, abuse, neglect and exploitation in disability services." Significant legal costs ($1.4m) were incurred in preparation and responding to the public hearings, with public hearing 13 not yet finished.

Sunnyfield remains in a strong position to adapt and respond to the evolving NDIS market both in terms of delivering quality person centred services and its financial resources.

Key financial outcomes for the year 2021 were as follows:

- Revenue increased by 2.6% (2020: 22.8%) to $113.3m (2020: $110.4m).
- Expenses increased by 10.2% (2020: 19.5%) to $114.8m (2020: $104.2m).
- The operating deficit for the year was $1.5m (2020: operating surplus of $6.2m).
- An overall surplus of $7.9m (2020: $28.3m) after deducting legal costs associated with the Disability Royal Commission of $1.4m and including "Other Income" of $10.7m (2020: $21.5m) predominantly comprising the Federal Government JobKeeper wage subsidy.
- Sunnyfield's financial position remains strong with total assets of $116.4m (2020: $113.1m) and an increase in net assets to $75.5m (2020: $67.6m).

Directors' report (continued)

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 employee related financial performance measures.
- Non-financial measures including performance against external audit standards including ISO 2015:9001, NDIS Quality And Safety Practice Standards, for Enterprises DESQA standards and Therapeutic Goods Administration primary and secondary packaging standards.
- Sunnyfield's internal service delivery quality, risk and compliance audit tools, complaints and resolution times, praise and other feedback, work health and safety measures, and various employee related performance measures.

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. Michael is a member of the Audit, Finance and Risk Committee and was a Director of Independence Fund No 1 Limited and Independence Fund No 2 Limited.

Mr. Matthew Daly*, BBus, AICD, Assoc. Dip Health Administration (appointed 23 April 2020)

Matthew is an Independent Consultant predominantly supporting the Health Sector, and Adjunct Professor at the Faculty of Business, as well as Adjunct Clinical Associate Professor, Faculty of Health Services, University of Tasmania. Prior to his current Consulting roles, Financial Services he held a Group Executive position with a major Corporate. Matthew held operational, executive and strategic management positions at CEO and Head of Agency in the delivery of acute, primary and community health services for over 30 years. Working across Commonwealth and State Government departments and ministerial level positions, Matthew has been responsible for supporting the implementation of programs to improve health outcomes. Matthew was appointed to the Sunnyfield Board in April 2020 and is a member of the Human Resources Nomination and Remuneration 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 20 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)

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 has been a member of the Sunnyfield Board since 2014. She has a Bachelor of Arts Communication Studies, Bachelor of Law First Class Honours and a Master of Dispute Resolution. Karen is a partner of Clayton Utz and involved in the 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.

Mr Mike Nicholls, BBA (appointed 24 February 2016)

Mike is currently Group Director Portfolio Management at Foxtel, and has over 15 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 and Director of Endeavour Sunnyfield.

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, and 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 Deputy Chair of the Board and Chair of Gateway 2015 Properties Limited, a member of the Housing, Property and Equipment Committee and was a Director of Independence Fund No 1 Limited and Independence Fund No 2 Limited.

Ms. Vivian Quinn* BEc, GDipFinPlanning, MAppFin, SA Fin, FCPA, GAICD, (appointed 15 January 2020)

Vivian is an experienced CFO, Director, Adjunct Professor and provides advisory services to businesses. At UTS, Vivian is currently on the Advisory Council for the Executive MBA program as well as the panel for the IBISWorld 3P Innovation & Entrepreneurship Program mentoring students to take their ideas from concept to commercialisation. Vivian is a Fellow of Certified Practising Accountants Australia (FCPA) and a Fellow of the Financial Services Institute of Australasia (FFin). She is also a Graduate member of the Australian Institute of Company Directors (GAICD). Vivian was appointed to the Sunnyfield Board in January 2020 and is Chair of the Audit, Finance & Risk Committee, a member of the Housing, Property & Equipment Committee and Director of Endeavour Sunnyfield.

Mr Ross Rathmell* BEc, MAICD (appointed 25 October 2010, resigned 28 October 2020)

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 was Chair of the Audit, Finance and Risk Committee and was a Director of Independence Fund No 1 Limited and Independence Fund No 2 Limited and was Chair of Endeavor Sunnyfield.

Directors' report (continued)

Directors (continued)

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

Clare has more than 20 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 in 2018 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 2021, 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 Sunnyfield Board to support the achievement of Sunnyfield's business objectives and sustained viability within established limits of risk management. In Summary, the Committee's role is to provide advice and assistance to the Board of Directors in fulfilling its responsibilities with respect to:

a) Sunnyfield's strategy, operations and control frameworks in relation to financial reporting and external audit, and;

b) Sunnyfield's strategy, operations and control frameworks in relation to risk and compliance.

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	
Board Members	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Michael Brent	8	7	-	-	3	2	-	-
Mr Matthew Daly	8	6	4	4	-	-	-	-
Ms Julia Gunn	8	6	-	-	5	5	-	-
Ms Melissa Hammel	8	6	4	4	-	-	-	-
Ms Karen Ingram	8	8	4	4	5	4	-	-
Mr Mike Nicholls	8	8	4	4	-	-	-	-
Mr Tom Pockett	8	7	-	-	-	-	4	4
Ms Vivian Quinn	8	8	-	-	5	5	4	4
Mr Ross Rathmell	3	2	-	-	2	2	-	-
Ms Clare Sowden	8	6	-	-	-	-	4	4

Directors' report (continued)

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 2021, the number of members was 574 (2020: 581), and the total amount members would contribute is $11,480 (2020: $11,620).

Economic dependency

Sunnyfield is dependent upon continuing support from its clients through their NDIS and DSS funding, 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 consolidated financial statements for further details.

Subsidiary entities

The Sunnyfield Independence Fund

The Sunnyfield Independence Fund was wound up in the financial year ending 30 June 2021, in accordance with the resolution of the Trustees made in the previous financial year. The Trust Deed provided that any distribution from the Trust was to be applied to the advancement of Sunnyfield. All assets of the Trust were distributed to Sunnyfield in the financial year ending 30 June 2021.

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

Mrs J F Hay (Appointed: 15 March 2010, Resigned: 19 May 2021)
Mr J Harston (Appointed: 28 April 2011, Resigned: 19 May 2021)
Mr T Pockett (Appointed: 28 April 2011, Resigned: 19 May 2021)
Mr R Rathmell (Appointed: 28 April 2011, Resigned: 28 October 2020)
Mr M Brent (Appointed: 20 September 2012, Resigned: 19 May 2021)

Both Trustee Companies were deregistered on 19 May 2021 following the distribution of the Trust assets to Sunnyfield and the revocation of the Trust Deed.

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)
Mrs H Milnes (Appointed: 19 May 2015)
Mr T Pockett (Appointed: 19 May 2015)
Mr M Park (Appointed: 15 August 2019)
Ms C Sowden (Appointed: 25 February 2020)

The Trust commenced operations in 2019 and expanded operations in 2021 with transfer of 10 leases and 5 properties from Sunnyfield during the financial year.

Directors' report (continued)

Subsidiary entities (continued)

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 2019 (the completion date) under an Agreement for Sale of Assets dated 1 November 2019.

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). As part of the acquisition and integration staff and clients were wholly transitioned from ESF to Sunnyfield with this process completing in September 2019. ESF results are now accounted for in Sunnyfield.

Subject to remaining liabilities being satisfactorily discharged, Directors resolved to retain the entity as a shell company.

Below are the directors of Endeavour Sunnyfield Pty Ltd:

Mr R Rathmell (Appointed: 5 November 2018, Resigned: 28 October 2020)
Mr M Nicholls (Appointed: 5 November 2018)
Ms K Ingram (Appointed: 5 November 2018)
Ms Vivian Quinn (Appointed: 12 November 2020)

Significant changes in the state of affairs

The continued outbreak and safety response of Governments in dealing with the COVID-19 global pandemic is interfering with general activity levels within the community, the economy and the operations of our business. Although the scale and duration of these developments remain uncertain as at the date of this report, and will have an impact on our earnings, cash flow and financial condition, we continued to have a strong net asset and cash position to adapt and respond to the changes in order to continue delivering quality person centred services.

It is not possible to estimate the impact of the outbreak’s near-term and longer effects or Government’s varying efforts to keep citizens safe by combating the outbreak and through vaccination programs and support to businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of the outbreak on the Group at this time.

Other than as noted above and in the Operating and financial review, there have been no other significant changes in the state of affairs of the Group during the year.

Significant events after the reporting period

Other than the significant events related to COVID-19 as mentioned above, there have been no other 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.

Directors' report (continued)

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 2021. 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 29 September 2021.

Karen Ingram
Director
29 September 2021

Vivian Quinn
Director
29 September 2021

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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 2021, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

This declaration is in respect of Sunnyfield and the entities it controlled during the financial year.

Ernst and Young

Ernst & Young

Virgo

Vida Virgo
Partner
29 September 2021

Consolidated statement of comprehensive income

For the year ended 30 June 2021

	Notes $	2021 $	2020
Revenue			
Revenue from contracts with customers	4.1	107,786,252	104,188,524
Government subsidies	4.2	5,472,293	6,219,329
Total revenue		**113,258,545**	**110,407,853**
Expenses			
Cost of goods sold		(3,315,707)	(3,579,049)
Employee benefits expense	4.5	(90,811,422)	(82,998,760)
Occupancy expenses	4.6	(8,339,931)	(7,483,471)
Depreciation of property, plant and equipment	9	(2,565,158)	(2,053,834)
Impairment expenses	9, 14	(300,130)	-
Other expenses	4.7	(8,555,981)	(7,058,062)
Finance costs	4.4	(919,394)	(1,002,384)
Total expenses		**(114,807,723)**	**(104,175,560)**
Operating (loss)/surplus		**(1,549,178)**	**6,232,293**
Other income	4.3	10,662,305	21,486,845
Royal commission expense		(1,426,281)	-
Surplus before finance income		**7,686,846**	**27,719,138**
Finance income		238,546	545,871
Surplus for the year		**7,925,392**	**28,265,009**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**7,925,392**	**28,265,009**

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 2021

	Notes	2021 $	2020 $
Current assets			
Cash and cash equivalents	5	36,262,011	29,355,673
Trade and other receivables	6	4,564,122	8,954,777
Inventories	7	664,222	617,166
Other assets	8	26,128,658	26,838,463
Lease right-of-use assets	14	139,569	145,411
Total current assets		**67,758,582**	**65,911,490**
Non-current assets			
Property, plant and equipment	9	29,185,817	29,346,268
Lease right-of-use assets	14	19,436,910	17,873,603
Total non-current assets		**48,622,727**	**47,219,871**
Total assets		**116,381,309**	**113,131,361**
Current liabilities			
Trade and other payables	10	8,857,451	15,733,832
Funding in advance	15	682,794	1,860,801
Provisions	11	1,654,637	1,372,828
Employee benefit liabilities	12	8,432,612	7,539,624
Lease liabilities	14	2,795,619	2,473,466
Total current liabilities		**22,423,113**	**28,980,551**
Non-current liabilities			
Employee benefit liabilities	12	1,139,696	985,932
Lease liabilities	14	17,336,734	15,608,504
Total non-current liabilities		**18,476,430**	**16,594,436**
Total liabilities		**40,899,543**	**45,574,987**
Net assets		**75,481,766**	**67,556,374**
Funds			
General funds	15	75,381,532	67,456,140
Asset revaluation reserve	15	100,234	100,234
Total funds		**75,481,766**	**67,556,374**

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 2021

	General funds (Note 15)	Asset revaluation reserve (Note 15)	Total funds
	$	**$**	**$**
At 1 July 2020	67,456,140	100,234	67,556,374
Surplus for the year	7,925,392	-	7,925,392
Other comprehensive income	-	-	-
Total comprehensive income for the year	7,925,392	-	7,925,392
At 30 June 2021	**75,381,532**	**100,234**	**75,481,766**
At 1 July 2019	39,191,131	100,234	39,291,365
Surplus for the year	28,265,009	-	28,265,009
Other comprehensive income	-	-	-
Total comprehensive income for the year	28,265,009	-	28,265,009
At 30 June 2020	**67,456,140**	**100,234**	**67,556,374**

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 2021

	Note	2021 $	2020 $
Operating activities			
Receipts from customers		11,875,733	15,860,174
Payments to suppliers and employees		(96,576,745)	(96,931,976)
Receipts from government subsidies		5,472,293	2,616,404
Receipts from fees and fundraising		7,515,487	6,562,811
Cash (paid)/advance from NDIS		(6,825,736)	6,825,736
Receipts from NDIS		89,943,287	87,096,430
Interest received		347,381	672,953
Finance costs paid		(919,394)	(1,002,384)
Net cash flows from operating activities	5	**10,832,306**	**21,700,148**
Investing activities			
Proceeds from sale of property, plant and equipment		962,820	57,333
Purchase of property, plant and equipment		(2,946,007)	(4,244,764)
Advances from/(repayments of) short-term deposits		874,655	(7,094)
Net cash flows used in investing activities		**(1,108,532)**	**(4,194,525)**
Financing activities			
Payment of principal portion of lease liabilities		(2,817,436)	(2,802,753)
Net cash flows used in financing activities		**(2,817,436)**	**(2,802,753)**
Net increase in cash and cash equivalents		6,906,338	14,702,870
Cash and cash equivalents at the beginning of the year		29,355,673	14,652,803
Cash and cash equivalents at 30 June	5	**36,262,011**	**29,355,673**

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 2021

1. Corporate information

The financial report of Sunnyfield (the "Company") and its controlled entities (the "Group") for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors.

Sunnyfield is a not-for-profit company limited by guarantee, which is 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 1058 *Income of Not-For-Profit Entities*. 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.

2.2 Changes in accounting policies, disclosures, standards and interpretations

New and amended standards and interpretations

The new and amended standards and interpretations that apply for the first time in 2021 do not materially impact the consolidated financial statements of 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 2021. The Directors of the Group are in the process of assessing the impact of the applications of AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* (effective 1 July 2021) and AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (effective 1 July 2021) to the extent relevant to the financial statements of the Group.

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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

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 to provide the funding and facilities necessary for its operations each year and clients selecting Sunnyfield as their service provider. The Group generated a surplus for the year ended 30 June 2021 of $7,925,392 (2020: $28,265,009). The Group's total current assets exceeded total current liabilities by $45,335,469 (2020: $36,930,939) while the Group's total assets exceeded total liabilities by $75,481,766 (2020: $67,556,374).

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:

- 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.

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.

Other financial assets in the consolidated statement of financial position comprise term deposits with maturity of three to twelve months, which are subject to insignificant risk of changes in value.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

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 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

i) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

(i) Lease right-of-use assets

The Group recognises lease right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Lease right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of lease right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Lease right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Forklifts	2 years
• Office equipment	2 years
• Buildings	3 to 15 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The lease right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.4(k) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

j) Property, plant and equipment

Property, 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 5 to 33 years.

Leasehold land and improvements
Leasehold improvements are depreciated 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 10 years on a straight-line basis as follows:

-	Plant and equipment	2 to 10 years
-	Motor vehicles	4 to 5 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.

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 consolidated statement of comprehensive income..

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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

l) Provisions (continued)

Employees' provision

Employees' provision represents liabilities for employees wages. Sunnyfield continues to monitor the Company's compliance with its modern awards, enterprise agreement and statutory obligations in line with its internal assurance processes.

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.

n) Funding in advance

Funding received under a grant agreement is initially recorded as a liability then recognised as revenue when the performance obligations required by the funding arrangement are fulfilled. 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.

o) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

Board and lodging fees from residents

Revenue is recognised on a month to month basis as services are provided.

Fundraising and donation income

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

o) Revenue from contracts with customers (continued)

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. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue with no performance obligations 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.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit term is 30 to 60 days upon delivery.

p) Other income

JobKeeper subsidy income

JobKeeper subsidy income is a Commonwealth Government coronavirus economic response package which relates to wages and salaries, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Capital funding

On 25 May 2020, Sunnyfield obtained the title deeds for both 185 Allambie Road, Allambie Heights and Druids Court, 2 Martin Luther Place, Allambie Heights. These properties have been occupied and developed by Sunnyfield over a long time, so in return for certain undertakings, they were transferred from the NSW State Government to Sunnyfield for no cash consideration. The transfer agreement has some undertakings and covenants, including continuing to provide appropriate, efficient and better quality disability related services, and using all reasonable endeavours to deliver on some significant future investment initiatives. The Crown Lands have been recorded at fair value as determined by the Directors using an independent report and the Directors assessment of the conditions attached to the property and expected useful life of improvements. The gain from the transfer of Crown Lands of $12.8m in 2020 is reported as other income after taking into consideration the current value of these improvements on the consolidated statement of financial position. There was no income of this nature received in the current financial year.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

q) Finance income

Interest income is recorded using the effective interest rate. The effective interest rate 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 finance income in the consolidated statement of comprehensive income.

r) 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 consolidated 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 consolidated 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.

s) 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. 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 2021

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. 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.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 liabilities for employees wages and salaries.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

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

Estimates and assumptions (continued)

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 2.4(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.

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 and the Group applies a simplified approach in calculating ECLs. 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 an 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.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

4. Revenue and expenses

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2021 $	2020 $
National Disability Insurance Scheme	89,943,287	87,096,430
Sale of goods	10,327,478	10,529,283
Board and lodging fees	4,101,582	4,338,792
Fundraising income	1,228,378	743,619
Fee for service and management fees	474,181	694,498
Other fees	1,711,346	785,902
Total revenue from contracts with customers	**107,786,252**	**104,188,524**
Timing of revenue recognition		
Goods transferred at a point in time	10,327,478	10,529,283
Services transferred over time	97,458,774	93,659,241
Total revenue from contracts with customers	**107,786,252**	**104,188,524**

4.2 Government subsidies

	2021 $	2020 $
NSW Department of Communities and Justice (DCJ)	641,168	1,090,310
Department of Health	4,310,933	4,359,206
Department of Social Services	72,691	47,641
Department of Industry	447,501	722,172
Total government subsidies	**5,472,293**	**6,219,329**

4.3 Other income

	2021 $	2020 $
Net gain on disposal of fixed assets	612,305	34,016
JobKeeper subsidy income (Note 2.4 p)	10,050,000	8,623,500
Capital funding (Note 2.4 p)	-	12,829,329
Total other income	**10,662,305**	**21,486,845**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

4. Revenue and expenses (continued)

4.4 Finance costs

	2021	2020
	$	$
Bank charges	32,088	32,578
Interest on lease liabilities (Note 14)	887,306	969,806
	919,394	**1,002,384**

4.5 Employee benefits expenses

	2021	2020
	$	$
Salaries and wages	74,354,374	67,927,238
Workers' compensation costs	1,791,053	1,106,473
Agency staff	591,019	1,236,562
Sub-contractors	641,587	206,108
Superannuation costs	7,178,504	6,445,596
Recruitment, training and amenities	808,527	908,276
Annual leave	5,104,023	4,822,053
Long service leave	342,335	346,454
Total employee benefits expenses	**90,811,422**	**82,998,760**

4.6 Occupancy expenses

	2021	2020
	$	$
Depreciation of lease right-of-use assets (Note 14)	2,990,668	3,618,839
Expense relating to leases of short-term and low-value assets	712,043	37,428
Food and household costs	942,517	916,258
Utilities	776,119	800,767
Cleaning	894,460	704,224
Repairs and maintenance	1,610,160	1,301,928
Other	413,964	104,027
Total occupancy expenses	**8,339,931**	**7,483,471**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

4. Revenue and expenses (continued)

4.7 Other expenses

	2021 $	2020 $
Insurance	793,211	703,754
Fundraising expenses	117,363	178,223
Printing and stationery	291,320	252,906
Communication expenses	530,178	581,815
Transport expenses	575,014	643,367
Computer and IT expenses	1,572,150	1,543,572
Professional fees	2,035,876	1,128,305
Other	2,640,869	2,026,120
Total other expenses	**8,555,981**	**7,058,062**

5. Cash and cash equivalents

	2021 $	2020 $
Cash at bank	35,955,127	28,999,152
Cash on hand	306,884	356,521
Total cash and cash equivalents	**36,262,011**	**29,355,673**

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.

	2021 $	2020 $
Cash flow reconciliation		
Reconciliation of net surplus after tax to net cash flows from operations:		
Surplus for the year	7,925,392	28,265,009
Adjustments to reconcile surplus after tax to net cash flows:		
Depreciation expense of property, plant and equipment	2,565,158	2,053,834
Depreciation expense of right-of-use assets	2,990,668	3,618,839
Impairment expenses	300,130	-
Gain on disposal of property, plant and equipment	(612,305)	(34,016)
Provision for doubtful debts	69,132	163
Gain on Crown Lands	-	(12,829,329)
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	4,156,673	(4,038,528)
Increase in inventories	(47,056)	(351,340)
Increase in employee benefit liabilities	1,046,752	1,602,445
(Decrease)/increase in trade and other payables	(6,666,040)	9,180,125
Increase/(decrease) in provisions	281,809	(2,164,129)
Decrease in funding in advance	(1,178,007)	(3,602,925)
Net cash flows from operating activities	**10,832,306**	**21,700,148**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

6. Trade and other receivables

	2021 $	2020 $
Current		
Trade and other receivables	3,882,141	5,662,534
Provision for expected credit losses	(55,265)	(154,432)
Deposits	737,246	568,175
JobKeeper recoverable	-	2,878,500
	4,564,122	**8,954,777**

7. Inventories

	2021 $	2020 $
Raw materials	589,409	549,738
Finished goods	3,830	405
Work in progress	70,983	67,023
Total inventories at the lower of cost and net realisable value	**664,222**	**617,166**

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2021 amounted to $27,522 (2020: $68,433).

8. Other assets

	2021 $	2020 $
Current		
Short-term deposits	25,651,588	26,526,243
Prepayments	477,070	312,220
	26,128,658	**26,838,463**

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 2021

9. Property, plant and equipment

	Buildings on leasehold land	Freehold land and buildings	Plant and equipment	Motor Vehicles	Computer hardware	Total
	$	$	$	$	$	$
Cost						
At 1 July 2020	4,516,138	26,222,298	2,724,436	5,942,706	3,487,333	42,892,911
Additions	981,941	175,279	302,169	956,786	529,832	2,946,007
Disposals	(40,755)	(597,399)	(23,499)	(446,535)	-	(1,108,188)
Transfers	(1,036,579)	1,036,579	-	-	-	-
Impairment*	-	(190,785)	-	-	-	(190,785)
At 30 June 2021	**4,420,745**	**26,645,972**	**3,003,106**	**6,452,957**	**4,017,165**	**44,539,945**
Accumulated depreciation						
At 1 July 2020	3,566,682	1,230,461	2,079,611	3,976,935	2,692,954	13,546,643
Depreciation for the year	707,146	287,301	324,400	778,346	467,965	2,565,158
Transfers	(989,952)	989,952	-	-	-	-
Disposals	(7,853)	(282,187)	(21,098)	(446,535)	-	(757,673)
At 30 June 2021	**3,276,023**	**2,225,527**	**2,382,913**	**4,308,746**	**3,160,919**	**15,354,128**
Net book value						
At 30 June 2021	**1,144,722**	**24,420,445**	**620,193**	**2,144,211**	**856,246**	**29,185,817**
At 30 June 2020	949,456	24,991,837	644,825	1,965,771	794,379	29,346,268

* During the year ended 30 June 2021, the Group had a valuation performed on Freehold land and buildings. The valuation gave a value which was less than the current book value, as such an impairment expense of $190,785 was recognised in August 2020.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

10. Trade and other payables

	2021 $	2020 $
Current		
Trade and other payables	8,857,451	8,908,096
NDIS government cash advance	-	6,825,736
	8,857,451	**15,733,832**

The NDIS government cash advance was repaid across 6 months beginning from October 2020.

11. Provisions

	2021 $	2020 $
Current		
Employees	7,415	7,415
Legal	-	25,000
Make good	803,528	793,130
Other	843,694	547,283
	1,654,637	**1,372,828**

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

	Legal $	Make good $	Employees $	Other $	Total $
At 1 July 2020	**25,000**	**793,130**	**7,415**	**547,283**	**1,372,828**
Arisen during the year	-	123,392	-	721,083	844,475
Utilised during the year	(25,000)	(112,994)	-	(424,672)	(562,666)
At 30 June 2021	**-**	**803,528**	**7,415**	**843,694**	**1,654,637**

12. Employee benefit liabilities

	2021 $	2020 $
Current		
Annual leave	6,078,948	5,352,806
Long service leave	2,353,664	2,186,818
	8,432,612	**7,539,624**
Non-current		
Long service leave	**1,139,696**	**985,932**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

13. Bank guarantee

Sunnyfield has bank guarantees with Westpac to the value of $414,706 (2020: $618,447).

14. Leases

Group as a lessee

The Group has lease contracts for forklifts, office equipment and buildings used in its operations. Leases of forklifts and office equipment generally have lease terms of 2 years while buildings have lease terms between 3 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of lease right-of-use assets recognised and the movements during the period:

	Lease right-of-use assets $
As at 1 July 2020	**18,019,014**
New leases	1,871,668
Depreciation expense	(2,990,668)
Change in lease terms	3,503,730
Termination of leases	(717,920)
Impairment	(109,345)
As at 30 June 2021	**19,576,479**
Current	139,569
Non-current	19,436,910

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Lease liabilities $
As at 1 July 2020	**18,081,970**
New leases	1,805,705
Accretion of interest	887,306
Change in lease terms	3,503,730
Termination of leases	(429,341)
Write off error in opening balance	(12,275)
Payments	(3,704,742)
At 30 June 2021	**20,132,353**
Current	2,795,619
Non-current	17,336,734

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

14. Leases (continued)

Group as a lessee (continued)

The following are the amounts recognised in profit or loss:

	2021	2020
	$	$
Depreciation expense of lease right-of-use assets	2,990,668	3,618,839
Interest expense on lease liabilities	887,306	969,806
Expense relating to leases of short-term and low-value assets	712,043	37,428
Total amount recognised in profit or loss	**4,590,017**	**4,626,073**

The Group had total cash outflows for leases of $4,416,785 in 2021 (2020: $3,809,987). The Group did not have any non-cash additions to lease right-of-use assets and lease liabilities in 2021 (2020: $nil).

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 its controlled entities.

	Consolidated	Parent	Sunnyfield Independence Fund	Gateway 2015 Properties Trust	Endeavour Sunnyfield
	$	$	$	$	$
At 30 June 2020	67,456,140	65,944,654	980,842	522,961	7,683
Surplus for the year	7,925,392	7,807,035	1,726	116,507	124
Transfers	-	982,568	(982,568)	-	-
At 30 June 2021	**75,381,532**	**74,734,257**	**-**	**639,468**	**7,807**

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 Independence Fund	Gateway 2015 Properties Trust	Endeavour Sunnyfield
	$	$	$	$	$
At 30 June 2020	100,234	100,234	-	-	-
At 30 June 2021	**100,234**	**100,234**	**-**	**-**	**-**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

16. Information relating to Sunnyfield (the Parent)

	2021 $	2020 $
Current assets		
Cash and cash equivalents	35,579,554	26,822,427
Trade and other receivables	7,228,201	10,583,712
Inventories	664,222	617,166
Other assets	26,127,558	25,930,667
Total current assets	69,599,535	63,953,972
Non-current assets		
Property, plant and equipment	21,408,172	28,085,780
Investment in subsidiary	6,425,000	-
Lease right-of-use assets	3,471,131	5,371,627
Total non-current assets	31,304,303	33,457,407
Total assets	100,903,838	97,411,379
Current liabilities		
Trade and other payables	11,141,072	14,755,584
Funding in advance	682,794	1,860,801
Provisions	1,124,278	1,020,553
Employee benefit liabilities	8,432,612	7,539,624
Total current liabilities	21,380,756	25,176,562
Non-current liabilities		
Employee benefit liabilities	1,139,696	985,932
Lease liabilities	3,548,895	5,203,997
Total non-current liabilities	4,688,591	6,189,929
Total liabilities	26,069,347	31,366,491
Net assets	**74,834,491**	**66,044,888**
Funds		
General funds	74,734,257	65,944,654
Asset revaluation reserve	100,234	100,234
	74,834,491	**66,044,888**
Surplus for the year	**7,807,035**	**27,017,005**

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 2021 (2020: $nil).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

17. Related party disclosures

The Sunnyfield Independence Fund
The Sunnyfield Independence Fund was 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.

The Sunnyfield Independence Fund was wound up on 19 May 2021.

For the year ended 30 June 2021, The Sunnyfield Independence Fund had a net trust surplus of $nil (2020: $289,474) and net assets of $nil (2020: $980,842) after writing-off the value of leasehold assets of $nil (2020: $328,594) as a result of the Crown Lands transfer to Sunnyfield. The Sunnyfield Independence Fund's results for the year ended 30 June 2021 have been included in Sunnyfield's consolidated financial statements.

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 2021, Endeavour Sunnyfield Pty Ltd contributed $nil 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 2021 and 30 June 2020, the following transactions with director-related entities took place:

2021

- 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.
- Director Julia Gunn is a Partner of accounting firm KPMG. KPMG performed paid consulting work for Sunnyfield. This 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 2021

17. Related party disclosures (continued)

17.2 Transactions with director-related entities (continued)

2020

- 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.

17.3 Key management personnel compensation

Refer to note 21 for key management personnel compensation.

18. Commitments and contingencies

Lease commitments

Sunnyfield has entered into formal commercial property leases. These leases are non-cancellable leases having remaining terms up to 10 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.

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 NSW Department of Communities and Justice (DCJ). 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, DCJ 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 DCJ. The directors consider the chance of breach of these conditions remote.

Contingent assets

Sunnyfield was required to attend the Royal Commission into Violence, Abuse, Neglect and Exploitation of people with Disability. During the year Sunnyfield incurred costs of $1,426,281 in respect of these matters up to the 30 June 2021. Further expenses will be incurred in financial year 2022. At year end, there was uncertainty as to the amount insurance policies would reimburse of these costs, accordingly no insurance reimbursement has been accounted for in the year ended 30 June 2021.

Other

Sunnyfield has acquired ownership of two properties from the NSW Government in May 2020. The transfer agreement has some undertakings and covenants, including only being used for approved disability purposes, and using all reasonable endeavours to deliver on some significant future investment initiatives that are consistent with the provision of disability services. These future investment undertakings include a major redevelopment of 185 Allambie Road, Allambie Heights, and establishing a new regional Disability Services Community Hub. The Directors consider that the chances of breaching the covenants are remote.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

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 portion of income is derived from Government grants and subsidies. With 3.9% (2020: 4.0%) from the Federal Government, 1.0% (2020: 1.6%) from the NSW State Government and 79.4% (2020: 78.9%) from the National Disability Insurance Scheme.

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

	2021		2020	
Government subsidies	**$**	**%**	**$**	**%**
Federal	4,383,624	3.9	4,406,847	4.0
State	1,088,669	1.0	1,812,482	1.6
	5,472,293		6,219,329	
National Disability Insurance Scheme	89,943,287	79.4	87,096,430	78.9
	95,415,580		**93,315,759**	
Total revenue	**113,258,545**	**100%**	**110,407,853**	**100%**

	30 June 2021	30 June 2020
	$	**$**
Federal Government		
Department of Social Services	72,691	47,641
Department of Health	4,310,933	4,359,206
Total Federal Government	4,383,624	4,406,847
State Government		
Department of Communities and Justice	641,168	1,090,310
Department of Industry	447,501	722,172
Total State Government	1,088,669	1,812,482
Government Subsidies (Note 4.2)	**5,472,293**	**6,219,329**
National Disability Insurance Scheme	**89,943,287**	**87,096,430**

The land and premises occupied by Sunnyfield at 185 Allambie Road, Allambie Heights and at Druids Court, 2 Martin Luther Place were Crown Lands up until the 25th May 2020 when Sunnyfield acquired freehold title. Sunnyfield holds a current Crown Lands lease for the vacant land at Aquatic Drive, Allambie Heights. No rental costs were paid in respect of any of these Crown Lands.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

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 2021

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

20.2 Results of fundraising appeals

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

	2021	2020
	$	$
Fundraising income	1,228,378	743,619
Direct costs	(117,363)	(178,223)
Net surplus	**1,111,015**	**565,396**

20.3 Application of net surplus obtained from fundraising appeals

During the year, Sunnyfield received gross proceeds and grants of $1,228,378 (2020: $743,619) 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

	2021		2020	
	$	%	$	%
Fundraising income	1,228,378	100	743,619	100
Direct costs	(117,363)	(10)	(178,223)	(24)
Net surplus	**1,111,015**	**90**	**565,396**	**76**

21. Key management personnel

21.1 Details of key management personnel

Directors (non-executive) (during the year and up to 30 June 2021)

Mr Michael Brent	(Appointed; 19 June 2019)
Mr Matthew Daly	(Appointed: 23 April 2020)
Ms Julia Gunn	(Appointed: 14 March 2019)
Ms Melissa Hammel	(Appointed: 31 October 2012)
Ms Karen Ingram	(Appointed: 17 March 2014)
Mr Mike Nicholls	(Appointed: 24 February 2016)
Mr Tom Pockett	(Appointed: 9 December 2010)
Ms Vivian Quinn	(Appointed: 9 January 2020)
Ms Clare Sowden	(Appointed: 14 September 2016)
Mr Ross Rathmell	(Appointed: 25 October 2010, Resigned: 28 October 2020)

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2021

21. Key management personnel (continued)

21.2 Compensation of key management personnel

Key management personnel comprises the Senior Leadership Team (2021: 12, 2020: 10).

	2021	2020
	$	$
Total compensation (including superannuation and termination benefits)	**2,591,869**	**2,326,358**

22. Events after the reporting period

The continued outbreak and safety response of Governments in dealing with the COVID-19 global pandemic is interfering with general activity levels within the community, the economy and the operations of our business. Although the scale and duration of these developments remain uncertain as at the date of this report, and will have an impact on our earnings, cash flow and financial condition, we continued to have a strong net asset and cash position to adapt and respond to the changes in order to continue delivering quality person centred services.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Government's varying efforts to keep citizens safe by combating the outbreak and through vaccination programs and support to businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of the outbreak on the Group at this time.

There have been no other 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:

	2021	2020
	$	$
An audit or review of the financial report of the entity and any other entity in the consolidated group		
Audit of Sunnyfield and controlled entities	126,300	119,900
Audit of Sunnyfield Independence Fund	-	5,350
Audit cost of implementation of new accounting standards	2,900	30,500
Under accrual from prior year for additional work required	-	9,700
Total audit fees	**129,200**	**165,450**
Other services in relation to the entity and any other entity in the consolidated group		
Compliance audits	8,200	9,160
Other fees	13,000	35,450
	150,400	**210,060**

Directors' declaration

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

(a) the consolidated 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 2021 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
29 September 2021

Vivian Quinn
Director
29 September 2021

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Building a better working world

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 2021, 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 2021 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) together with the ethical requirements 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.

Building a better working world

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 2021, 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 2021 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

Virgo

Vida Virgo
Partner
Sydney
29 September 2021