

**INDEPENDENT LIVING CENTRE OF
WESTERN AUSTRALIA (INC)**

**Special Purpose Financial Report
for the year ended 30 June 2016**

C O N T E N T S

Statement by the Board

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INDEPENDENT LIVING CENTRE OF WESTERN AUSTRALIA (INC)

STATEMENT BY THE BOARD

In the opinion of the Board of Independent Living Centre of Western Australia (Inc.) (the Centre):

- (i) The Centre is a non-reporting entity and therefore there is no requirement to apply Australian Accounting Standards (including Australian Accounting Interpretations) in the preparation of this special purpose financial report, which has been prepared in accordance with the accounting policies described in Note 1;
- (ii) The accompanying financial report presents fairly the financial position of the Centre at 30 June 2016 and the results of its operations and cash flows for the year then ended in accordance with the accounting policies described in Note 1;
- (iii) The operations of the Centre have been carried out in accordance with its Constitution; and
- (iv) At the date of this statement, there are reasonable grounds to believe that the Centre will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Board of Management by:



Board member



Board member

Dated this 24th August 2016

RSM Australia Pty Ltd

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INDEPENDENT LIVING CENTRE OF WESTERN AUSTRALIA (INC)**

We have audited the accompanying financial report, being a special purpose financial report, of Independent Living Centre of Western Australia (Inc), which comprises the balance sheet as at 30 June 2016, the income statement and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the board.

Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the Association's Constitution and the Charitable Collections Act 1946 and is appropriate to meet the needs of the members. The Board's responsibility also includes such internal control as the Board determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

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Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Independent Living Centre of Western Australia (Inc) as at 30 June 2016 and its performance for the year then ended in accordance with the accounting policies described in Note 1.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1, which describes the basis of accounting. The financial report has been prepared to assist Independent Living Centre of Western Australia (Inc) to meet the requirements of its Constitution and the Charitable Collections Act 1946. As a result, the financial report may not be suitable for another purpose.

RSM

RSM AUSTRALIA PTY LTD

A Whyte

ALASDAIR WHYTE
Director

Perth, WA
Dated: 30 August 2016

INDEPENDENT LIVING CENTRE OF WESTERN AUSTRALIA (INC)
INCOME STATEMENT
For the year ended 30 June 2016

	NOTE	2016	2015
INCOME		\$	\$
Operating grants	3(a)	11,005,285	9,810,631
Specific purpose grants		190,104	-
Donations and contributions		4,331	68,040
Product sales and hire		101,475	124,171
Fees and charges		834,782	359,703
Sale of trial equipment		150,919	244,733
Profit/(loss) on sale of plant and equipment		10,584	(46,304)
Interest		265,918	265,004
Other including membership		94,517	55,903
		<u>12,657,915</u>	<u>10,881,881</u>
EXPENDITURE			
Employee salaries and wages		5,821,380	5,297,016
Contract and consulting services		394,149	419,443
Staff employment and development costs		92,577	83,584
Fringe benefits tax - motor vehicles		22,303	25,510
Travelling and motor vehicle		183,288	123,212
Equipment purchases and leasehold improvements		697,613	186,346
Respite brokerage and services		651,520	674,428
Equipment brokerage		3,375,447	3,159,232
Depreciation of equipment		192,395	203,636
Repairs and maintenance		436,204	155,907
Building, rental and variable outgoings		483,829	349,844
Insurance		42,423	46,514
Printing, stationery and subscriptions		77,713	57,596
Telephone and communications		148,273	111,537
Postage and courier		32,233	41,068
Publicity and displays		48,320	34,959
Audit and legal fees		15,470	16,550
Bank fees		5,627	4,445
Bad debts		-	350
Catering and facility hire		28,327	26,855
Research, Board and ED		28,873	7,339
Other expenses		17,671	13,360
		<u>12,795,635</u>	<u>11,038,731</u>
Net (deficit) from operating activities		<u>(137,720)</u>	<u>(156,850)</u>
Capital grants	3(c)	92,444	238,205
Increase in net assets		<u>(45,276)</u>	<u>81,355</u>

The accompanying notes form part of this financial report

INDEPENDENT LIVING CENTRE OF WESTERN AUSTRALIA (INC)
BALANCE SHEET
As at 30 June 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash at bank and interest bearing deposits	2(a)	9,626,817	10,322,051
Receivables		212,280	31,484
Prepayments		22,776	22,776
		<u>9,861,873</u>	<u>10,376,311</u>
NON CURRENT ASSETS			
Property, plant and equipment	4	535,524	535,199
		<u>535,524</u>	<u>535,199</u>
TOTAL ASSETS		<u><u>10,397,397</u></u>	<u><u>10,911,510</u></u>
CURRENT LIABILITIES			
Payables		1,801,463	1,697,704
Deferred grant income	3	5,385,821	5,875,415
Provisions	5	579,895	649,693
		<u>7,767,179</u>	<u>8,222,812</u>
NON CURRENT LIABILITIES			
Provisions	5	257,227	270,431
TOTAL LIABILITIES		<u><u>8,024,406</u></u>	<u><u>8,493,243</u></u>
NET ASSETS		<u><u>2,372,991</u></u>	<u><u>2,418,267</u></u>
EQUITY			
Accumulated funds at beginning of year		2,418,267	2,336,912
Net (deficit) from operating activities		(137,720)	(156,850)
Capital grants	3(c)	92,444	238,205
Accumulated funds at end of year		<u><u>2,372,991</u></u>	<u><u>2,418,267</u></u>
ACCUMMULATED FUNDS (Restricted by)			
Designated by Board			
Friends of the ILC tied funds		3,765	3,765
Plant, Furniture and Equipment		1,124,166	1,150,155
Business Improvement Initiatives		242,859	281,381
ILCA Database work		23,790	23,790
Noah's Ark Merger		387,032	387,032
The Niche operations		78,225	78,225
Total	2(a)(ii)	<u><u>1,859,837</u></u>	<u><u>1,780,309</u></u>
Funded service equipment and service provision		513,154	493,919
TOTAL RESTRICTED AND DESIGNATED FUNDS		<u><u>2,372,991</u></u>	<u><u>2,418,267</u></u>

The accompanying notes form part of this financial report

INDEPENDENT LIVING CENTRE OF WESTERN AUSTRALIA (INC)
CASHFLOW STATEMENT
For the year ended 30 June 2016

	NOTE	2016 \$	2015 \$
Cashflows from operating activities			
Grants received		10,705,795	11,464,355
Payments to employees		(5,904,382)	(5,165,200)
Payments for material and service		(6,678,101)	(5,256,851)
Receipt from services and contributions		906,380	794,704
Donations received		4,331	68,040
Interest received		265,918	265,004
Other income		94,517	55,902
Net cash provided by operating activities		(605,542)	2,225,954
Cashflows from investing activities			
Net Cash from merger		-	-
Proceeds from sale of plant and equipment		67,053	121,362
Grant funding used for capital purchase		92,444	238,205
Payments for purchase of plant and equipment		(249,188)	(348,390)
Net cash provided by investing activities		(89,691)	11,177
Net increase in cash held		(695,233)	2,237,131
Cash held at the beginning of the financial year		10,322,051	8,084,920
Cash at the end of the financial year		9,626,817	10,322,051

The accompanying notes form part of this financial report

INDEPENDENT LIVING CENTRE OF WESTERN AUSTRALIA (INC)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Centre's constitution. The Board have determined that the Centre is not a reporting entity.

The financial report has been prepared in accordance with the significant accounting policies disclosed below, which the Board has determined are appropriate to meet the needs of members. Such accounting policies are consistent with the policies adopted in the previous financial period.

The financial report has been prepared on an accruals basis. The accounting policies that have been adopted in the preparation of this financial report are as follows:

(b) Income tax

Under the provisions of Section 50-5 of the Income Tax Assessment Act, 1997, as amended, the Centre is exempt from income tax.

(c) Depreciation of plant and equipment

The depreciable amount of all plant and equipment is depreciated over the useful life of the asset to the Centre commencing from the time the asset is ready for use.

(d) Donations

Donated plant and equipment is brought to account where an estimate of its fair value can reasonably be made at the date of donation.

(e) Accounting for Government funding

The Centre's core activities as outlined in Note 7, are supported by grants received from the federal, state and local governments. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when received.

(f) Resource accounting

On occasions the Centre may receive resources restricted for particular purposes. To facilitate observance of these limitations, the financial statements list separately those funds which are restricted or designated and those funds which are unrestricted.

- Restricted funds are those funds presently available for use, but expendable only for operating purposes specified by the donor grantor or by statute. When the Centre specifies a purpose for the expenditure of funds, where none has been stated by the original donor, such funds are classified as designated funds; and
- Unrestricted funds are those funds presently available for use by the Centre at the discretion of the Board.

INDEPENDENT LIVING CENTRE OF WESTERN AUSTRALIA (INC)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(g) Employee entitlements

Provision is made for the Centre's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave, long service leave and vesting sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Centre to an employee superannuation fund and are charged as expenses when incurred.

(h) Cash

For the purposes of the cash flow statement, cash includes cash on hand, and in banks and investments, net of outstanding bank overdrafts.

(i) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

2. NOTES TO THE CASHFLOW STATEMENT

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the income statement as follows:

	2016	2015
	\$	\$
(i) Externally Restricted cash	5,898,975	6,369,334
(ii) Internally Restricted cash - Board Designation	1,648,595	1,780,309
(iii) Internally Restricted cash - leave liabilities	837,122	920,124
Unrestricted cash	1,242,125	1,252,284
	<u>9,626,817</u>	<u>10,322,051</u>

(b) Reconciliation of net cash provided by operating activities to the net income for the year

Net income for the year	(45,276)	81,355
Depreciation	192,395	203,636
(Profit) / Loss from sale of plant and equipment	(10,584)	46,304
Funding used for capital purchase	(92,444)	(238,205)
Movement in assets and liabilities :		
Receivables	(180,796)	66,097
Prepayments	-	(22,776)
Payables	103,759	304,004
Deferred grant Income	(489,594)	1,653,724
Employee provisions	(83,002)	131,816
Net cash provided by operating activities	<u>(605,542)</u>	<u>2,225,955</u>

INDEPENDENT LIVING CENTRE OF WESTERN AUSTRALIA (INC)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

3	GRANT INCOME (Accrual Basis) \$	2016	2016	2016	2016	2016	2015	2015
		30 June Deferred Grants	Surpluses for period	Grants Expensed in period	Income Recognised	Grants Received	30 June Deferred Grants	Grants Received and Deferred
	(a) Operating grants:							
	Disability Services Commission							
	General Services	225,998	-	1,821,779	1,821,779	1,679,760	368,017	1,944,002
	Equipment brokerage	1,901,215	-	1,615,840	1,615,840	1,000,000	2,517,055	3,640,000
	(ii) Timelimited grants operational	1,098,860	-	350,608	350,608	487,141	962,327	1,124,685
	Equipment trial project	135,000	-	-	-	-	135,000	225,097
	Disability Services Commission	<u>3,361,073</u>	<u>-</u>	<u>3,788,227</u>	<u>3,788,227</u>	<u>3,166,901</u>	<u>3,982,399</u>	<u>6,933,784</u>
	Home and Community Care / Health Department							
	General services	378,342	-	2,790,084	2,790,084	2,631,010	537,416	2,862,634
	(ii) Timelimited grants	774,591	-	425,348	425,348	579,939	620,000	620,000
	Home and Community Care / Health Department	<u>1,152,933</u>	<u>-</u>	<u>3,215,432</u>	<u>3,215,432</u>	<u>3,210,949</u>	<u>1,157,416</u>	<u>3,482,634</u>
	Lotterywest	29,222	-	289,209	289,209	318,431	-	297,599
	Equipment and subsidy brokerage	124,766	-	1,911,902	1,911,902	2,036,668	-	2,057,500
	Commonwealth funding programs	260,809	-	1,659,823	1,659,823	1,768,762	151,870	2,165,577
	Other Operational Grants	262,165	-	140,692	140,692	30,162	372,695	537,195
	Total operating grant movements	<u>5,190,968</u>	<u>-</u>	<u>11,005,285</u>	<u>11,005,285</u>	<u>10,531,873</u>	<u>5,664,380</u>	<u>15,474,290</u>
					3(a)		9,809,910	
	(c) Capital grants :							
	(i) Commonwealth funding programs	123,205	-	54,825	54,825	116,802	61,228	146,183
	Lotterywest	-	-	27,164	27,164	27,164	-	74,406
	Other	-	-	10,455	10,455	-	10,455	90,021
	Total capital grant movements	<u>123,205</u>	<u>-</u>	<u>92,444</u>	<u>92,444</u>	<u>143,966</u>	<u>71,683</u>	<u>310,610</u>
					3(b)		238,928	
	(b) Other Funding held	71,648	-	190,104	190,104	122,400	139,352	200,000
		<u>5,385,821</u>	<u>-</u>	<u>11,287,833</u>	<u>11,287,833</u>	<u>10,798,239</u>	<u>5,875,415</u>	<u>15,984,900</u>
					3(c)			

INDEPENDENT LIVING CENTRE OF WESTERN AUSTRALIA (INC)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

	2016	2015
	\$	\$
4 PLANT AND EQUIPMENT		
Board's valuation		
June, 1985	12,900	12,900
Donated value		
June, 1987	850	850
June, 1990	1,200	1,200
	2,050	2,050
Subsequent additions		
Cost	3,199,353	3,167,013
	3,214,303	3,181,963
Accumulated depreciation	(2,678,779)	(2,646,764)
	535,524	535,199
5 PROVISIONS		
(a) Current		
Annual leave	304,942	326,109
Sick leave	87,893	96,372
Long service leave	187,060	227,212
	579,895	649,693
(b) Non Current		
Long service leave	257,227	270,431
	257,227	270,431
(c) Total Provisions	837,122	920,124

6 OCCUPANCY OF PREMISES

The Centre is a lessee for a peppercorn rental \$1 annually (excluding variable outgoings) of the premises it occupies at The Niche, Suite A, 11 Aberdare Road, Nedlands, WA, 6009. The lessor is the Queen Elizabeth II Medical Centre Trust and the term of the lease is for 30 years, commencing on 27 February 2001.

Commercial leases operate for the premises at : Unit 13, 86 Wanneroo Road Westminster WA 6061, until to 29th August 2016; Unit 19, 386 Wanneroo Road Westminster WA 6061, for a term of 24 months to 30th June 2017; 5 Bookham Street Morley WA 6062, for a term of 12 months to 1st August 2016. Cockburn Health and Community Facility, Suite 6b, 11 Wentworth Parade, Cockburn WA 6164 for three years to 15th June 2018.

INDEPENDENT LIVING CENTRE OF WESTERN AUSTRALIA (INC)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

7 SERVICE AGREEMENT

The Centre has entered into a number of service agreements, namely with, The Disability Services Commission of the Western Australian Government for the period - 1 July 2016 to 30 June 2017; The State Government Home and Community Care Program (HACC) for the period 1 July 2016 to 30 June 2018; The Commonwealth Department of Social Services (DSS) for the period - 1 July 2015 to 30 June 2017, and Lottery West for the period 1 July 2016 to 30 June 2017.

Pursuant to these agreements, the Centre is funded by these Government Departments to provide people with disabilities, the frail aged and their families, access to professional expertise and services that contribute to the outcomes of wellbeing, independence, positive relationships, development of abilities, skills and competencies and participation in community life.

During the period of these Agreements, service delivery by the Centre must comply with the provisions of the Disability Services Act 1993 (WA) and the performance standards set out in all agreements and there must be acquittal financial reporting to the relevant bodies at the end of each financial year ended 30 June.

8 RELATED PARTY INFORMATION

Members of the Board during the year were:

Mr D Gribble (Chairperson)
Ms M Bramley (Deputy Chair)
Mr R Back
Mr J Ellis
Mr R Gore
Ms R O'Callaghan
Ms I Mooney
Dr K Cox (appointed 14th September 2014)
Mr T Nayton (appointed 28th August 2015)
Ms Jo Carden (appointed 25th November 2015)
Ms V McKelvey (resigned 26th November 2015)

Members of the Board serve in a voluntary capacity and are not remunerated. There were no transactions, commercial or otherwise, between the Centre and any member of the Board.