E.W. Tipping Foundation Inc

ABN: 59 032 986 751
INC.ASSOCIATION:A0017280C

Special Purpose Financial Report

For the Year Ended 30 June 2014

E.W. Tipping Foundation Inc

ABN: 59 032 986 751

For the Year Ended 30 June 2014

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E.W. Tipping Foundation Inc

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Directors' Report

For the Year Ended 30 June 2014

The Board members submit the special purpose financial report ("the financial report") of the E.W. Tipping Foundation Inc for the financial year ended 30 June 2014.

The Board of Governance of the E.W. Tipping Foundation Inc comprises community members who volunteer their time, skills and experience to support the mission of the Foundation.

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

Geoff Donovan (Chair)
John McKenna (Deputy Chair)
Corinna Dieters
Peter Williams
Bernard Flood (ceased November 2013)
Margot Druce
Chris Gillman
John Rowan
Andrew Macready-Bryan (commenced November 2013)
Candice Charles (commenced November 2013)

Principal Activities

In line with our Strategic Plan, we work with people who have disabilities, children who are vulnerable and families. This is achieved by:

- Driving client voice and decision making across all services, developing structures and mechanisms to ensure client input.
- Developing sustainable client led service and support to better meet client needs based on client feedback and research.
- Developing services and supports that exceed quality accreditation requirements and are proactive in reducing further need.

Significant Changes

In September 2013, following discussions between E.W. Tipping Foundation and Rehabilitation Australia Ltd, the parties agreed to end the Joint Venture and close the facility. Apart from this there have been no other significant changes in the nature of our principal activities during the year.

Operating result

The surplus of the Foundation for the financial year amounted to $2,080,697 (2013:$953,908).

E.W. Tipping Foundation Inc

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Directors' Report

For the Year Ended 30 June 2014

Events subsequent to reporting date

Subsequent to 30 June 2014, a legal claim against E.W. Tipping Foundation Inc. was received in relation to the ReNew joint venture. The Foundation does not accept the claims made against it and will be vigorously defending the action. At the date of this report, the financial impact, if any, is not known or able to be estimated.

Other than the above, there has not arisen in the interim between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, in the opinion of the directors of the Foundation, to affect significantly the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation, in future years.

Likely developments

Further information about likely developments in the operations of the Foundation and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Foundation.

Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Foundation has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Foundation.

Insurance premiums

Since the end of the previous financial year, the Foundation has not paid insurance premiums in respect of directors' and officers' liability and legal expense insurance contracts, as the Foundation's directors' and officers' liabilities are covered by the Victorian Managed Insurance Authority.

Signed in accordance with a resolution of the Members of the Board:

Board Member: .... Board Member: ....

JOHN GERARD ROWAN GEOFFREY BANKS DONOVAN

Dated 28 OCTOBER 2014

E.W. Tipping Foundation Inc

ABN: 59 032 986 751

Statement of Surplus or Deficit and Other Comprehensive Income

For the Year Ended 30 June 2014

	Note	2014 $	2013 $
REVENUE FROM OPERATING ACTIVITIES			
Revenue	4	20,413,165	19,083,666
Management fee income		6,825,150	5,104,011
Other income		117,451	650,961
		27,355,766	24,838,638
OPERATING EXPENDITURE			
Employee costs	5	(19,206,972)	(16,759,394)
Temp staff costs		(95,975)	(246,137)
Staff development and welfare		(244,616)	(114,784)
Coordination and administration expense		(1,742,187)	(1,262,184)
Resident and service-participant expenses		(673,788)	(670,147)
Property expense		(1,185,426)	(1,145,149)
Communication expense		(320,707)	(333,361)
Travel and motor vehicle expenses		(439,899)	(534,263)
		(23,909,570)	(21,065,419)
NET SURPLUS FROM OPERATING ACTIVITIES		3,446,196	3,773,219
REVENUE FROM INVESTING ACTIVITIES			
Investment income		198,952	173,447
		198,952	173,447
INVESTMENT EXPENDITURE			
Finance charges & interest		(171,012)	(99,185)
Share of loss of joint venture		-	(1,068,640)
		(171,012)	(1,167,825)
NET SURPLUS/(DEFICIT) FROM INVESTING ACTIVITIES		27,940	(994,378)
REVENUE FROM CAPITAL ACTIVITIES			
Capital funding		50,062	346,153
Profit on sale of property, plant & equipment		25,953	56,801
		76,015	402,954
CAPITAL EXPENSES			
Depreciation of property, plant and equipment	10(a)	(760,081)	(1,209,017)
Impairment of ReNew Loan	9	(709,373)	(518,907)
Impairment of joint venture	9	-	(499,963)
		(1,469,454)	(2,227,887)
NET (DEFICIT) FROM CAPITAL ACTIVITIES		(1,393,439)	(1,824,933)
NET SURPLUS FROM ACTIVITIES		2,080,697	953,908

The accompanying notes form part of the financial statements

E.W. Tipping Foundation Inc

ABN: 59 032 986 751

Statement of Surplus or Deficit and Other Comprehensive Income (continued)

For the Year Ended 30 June 2014

	2014 $	2013 $
Net surplus for the year	**2,080,697**	953,908
Other comprehensive income:		
Previous revaluation recognised in retained earnings on disposal of asset	-	31,434
Items that are or may be reclassified subsequently to the statement of surplus or deficit		
Revaluation realised on sale of assets	-	(95,255)
Other comprehensive income for the year	-	(63,821)
Total comprehensive income for the year	**2,080,697**	890,087

The accompanying notes form part of the financial statements

E.W. Tipping Foundation Inc

ABN: 59 032 986 751

Statement of Financial Position

As at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,842,111	5,123,887
Investments	7	2,525,382	2,538,774
Trade and other receivables	8	1,812,797	844,067
Other assets	9	360,598	54,901
TOTAL CURRENT ASSETS		9,540,888	8,561,629
NON-CURRENT ASSETS			
Property, plant and equipment	10	13,478,659	14,703,269
TOTAL NON-CURRENT ASSETS		13,478,659	14,703,269
TOTAL ASSETS		23,019,547	23,264,898
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	2,041,985	1,789,895
Financial liabilities	13	270,000	2,505,257
Employee benefits provisions	12	1,938,479	1,732,038
Other liabilities	14	2,048,469	2,269,600
TOTAL CURRENT LIABILITIES		6,298,933	8,296,790
NON-CURRENT LIABILITIES			
Financial liabilities	13	1,755,000	2,025,000
Employee benefits provisions	12	393,710	451,901
TOTAL NON-CURRENT LIABILITIES		2,148,710	2,476,901
TOTAL LIABILITIES		8,447,643	10,773,691
NET ASSETS		14,571,904	12,491,207
EQUITY			
Reserves		4,348,385	4,348,385
Retained funds		10,223,519	8,142,822
TOTAL EQUITY		14,571,904	12,491,207

The accompanying notes form part of the financial statements

E.W. Tipping Foundation Inc

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Statement of Changes in Equity

For the Year Ended 30 June 2014

2014

	Retained Funds	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2013	8,142,822	4,348,385	12,491,207
Surplus for the year	2,080,697	-	2,080,697
Revaluation (decrement)	-	-	-
Previous revaluation recognised in retained earnings on disposal of asset	-	-	-
Balance at 30 June 2014	10,223,519	4,348,385	14,571,904

2013

	Retained Funds	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2012	7,157,480	4,443,640	11,601,120
Surplus for the year	953,908	-	953,908
Revaluation (decrement)	95,255	(95,255)	-
Previous revaluation recognised in retained earnings on disposal of asset	(63,821)	-	(63,821)
Balance at 30 June 2013	8,142,822	4,348,385	12,491,207

The Asset Revaluation Reserve records all unrealised gains attached to land and buildings.

E.W. Tipping Foundation Inc

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Statement of Cash Flows

For the Year Ended 30 June 2014

	Note	2014 $	2013 $
Cash from operating activities:			
Payments to suppliers and employees		**(24,688,347)**	(23,640,798)
Receipts from Government		**18,708,779**	16,773,337
Donation income		**245,955**	689,023
Receipts from customers		**8,105,033**	10,599,054
Interest and term deposit interest received		**214,501**	108,071
Finance costs		**(249,535)**	(304,378)
Net cash provided by operating activities	19	**2,336,386**	4,224,309
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		**1,076,918**	955,623
Funds transferred to term deposits		**-**	(2,516,644)
Advances to joint venture		**(515,000)**	(70,000)
Acquisition of property, plant and equipment		**(674,823)**	(240,943)
Redemption of term deposits / EWrap		**-**	38,001
Net cash (used) by investing activities		**(112,905)**	(1,833,963)
Cash flows from financing activities:			
Repayment of borrowings		**(2,070,000)**	(270,000)
Related party loans repaid		**(435,257)**	-
Net cash (used) by financing activities		**(2,505,257)**	(270,000)
Net cash (decrease)/increase in cash and cash equivalents		(281,776)	2,120,346
Cash and cash equivalents at beginning of year		5,123,887	3,003,541
Cash and cash equivalents at end of year	6	4,842,111	5,123,887

Note 1 Reporting Entity

E.W. Tipping Foundation Inc ('the Foundation') is a not-for-profit entity domiciled in Australia. The address of the Foundation's registered office is 1036 Dandenong Road, Carnegie, Victoria 3163. The Foundation is principally involved in providing services to people with disability.

Note 2 Basis of Preparation

(a) Basis of accounting

The directors have determined that the Foundation is not publicly accountable nor a reporting entity. The special purpose financial statements have been prepared in accordance with the requirements of the Australian Charities and Not-for-profit Commission Act 2012, Australian Charities and Not-for-profit Commission Regulation 2013, the Associations Incorporation Reform Act 2012 (Victoria) and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The special purpose financial statements include only the disclosure requirements of the following AASBs and those disclosures considered necessary by the directors to meet the needs of members:

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional Disclosures.

The financial statements were approved by the Board of Directors on 28th October 2014.

(b) Basis of measurement

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Foundation's functional currency.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Foundation's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Note 2 Basis of Preparation (continued)

(d) Use of judgements and estimates (continued)

Assumptions and estimation uncertainties

The Board evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Foundation.

Key estimates - Disability Leasing Model

The Foundation has assessed future repairs and maintenance expense for properties owned by the Department of Human Services in accordance with the Disability Leasing Model. A provision is recorded to provide appropriate quality accommodation for residents and a safe working environment for the Foundation's staff. The provision is expected to be used in future years in accordance with the requirement of the Department of Human Services.

Key estimates - Long Service Leave Provision

The Foundation has provided for long service leave for all employees in line with an Enterprise Bargaining Agreement (EWTF - EBA) or, where the EWTF – EBA is not applicable, the Long Service Leave Act 1992 (Victoria). This approach has been adopted notwithstanding the EWTF - EBA and the LSL Act allowing for the exclusion of casual employees from accruing long service leave subsequent to a break of greater than three months in continuous service.

(e) Changes in accounting policies

Except for the changes below, the Foundation has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements. The Foundation has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

Employee benefits

In the current year, the Foundation adopted AASB 119 Employee benefits (2011), which revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. As a result of the change, the annual leave liability for certain of the Foundation's employees is now considered to be an other long-term employee benefit, when previously it was a short-term benefit. The Foundation's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods, applying actuarial assumptions, discounted to determine its present value. Remeasurements are recognised in the statement of surplus or deficit in the period in which they arise. The Foundation has applied the new policy retrospectively in accordance with the transitional provision of the standard. The impact on the comparative figures and opening statement of financial position of the earliest comparative period presented (1 July 2013) is not material.

Note 3 Significant Accounting Policies

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

a Financial instruments

The Foundation classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Foundation classifies non-derivative financial liabilities into the other financial liabilities category.

i. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

ii. Loans and receivables and held-to-maturity assets

The Foundation initially recognises loans and receivables and deposits on the date that they originate.

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Foundation is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

iii. Available-for-sale financial assets

Investments held are originally recognised at cost, which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve. When these assets are derecognised, the gain or loss in equity is reclassified to the statement of surplus or deficit.

iv. Borrowings

Secured and unsecured loans have been obtained by the Foundation. Carrying amounts therefore represent the amounts expected to be repaid at settlement. Unsecured loans are considered to be repayable at call and are therefore presented as current liabilities.

v. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Foundation during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

vi. Share capital

The Foundation is an unincorporated association and therefore does not have any share capital.

Note 3 Significant Accounting Policies (continued)

b Income taxes

The Foundation is endorsed as an income tax exempt charitable entity under Subdivision 50-B of the Income Tax Assessment Act 1997. No income tax is payable by the Foundation as Section 23 of the Income Tax Assessment Act exempts charitable institutions from income tax.

c Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in the statement of surplus or deficit and other comprehensive income.

i. Property

Freehold land and buildings are measured at fair value less subsequent depreciation of buildings.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

ii. Plant and equipment

Plant and equipment are measured on the cost basis, less depreciation and impairment losses where appropriate.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, on the basis that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be reliably measured.

All other repairs and maintenance are charged to the statement of surplus or deficit and other comprehensive income during the financial period in which they are incurred.

iii. Leasehold improvements

Leasehold improvements are carried at cost less, where applicable, any accumulated depreciation.

iv. Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is recognised in the statement of surplus or deficit and other comprehensive income.

Note 3 Significant Accounting Policies (continued)

c Property, plant and equipment (continued)

The estimated useful lives of property, plant and equipment are as follows:

Class of Fixed Asset	2014	2013
Property	40 years	40 years
Plant and Equipment	3 years	3 years
Motor Vehicles	5 years	5 years
Leasehold improvements	5 years	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

d Impairment

i. Non-derivative financial assets

A financial asset not carried at fair value through the statement of surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Foundation on terms that the Foundation would not consider otherwise, or indications that a debtor will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of surplus or deficit and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of surplus or deficit.

ii. Non-financial assets

The carrying amounts of the Foundation's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Where the future economic benefits of an asset are not dependent on the asset's ability to generate net cash inflows and where the Organisation would, if deprived of the asset, replace its remaining future economic benefit, value in use is determined as the asset's depreciated replacement cost. Depreciated replacement cost is defined as the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Note 3 Significant Accounting Policies (continued)

e Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profits-sharing plans if the Foundation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Other long-term employee benefits

The Foundation's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in the statement of surplus or deficit and other comprehensive income in the period in which they arise.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Foundation can no longer withdraw the offer of those benefits and when the Foundation recognises costs for a restructuring. If benefits are payable more than 12 months of the end of the reporting period, then they are discounted.

f Provisions

Provisions are recognised when the Foundation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

g Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

h Provision for return of capital contributions

Where other entities' funds were used to purchase land and buildings, an equitable right to repay those funds on subsequent disposal of the land and buildings may be created.

Where such an obligation exists, the Foundation has recognised the quantifiable future sacrifice of economic assets as a reduction in the value of the property. No adjustment is made to this obligation until disposal of the asset or its subsequent revaluation.

Note 3 Significant Accounting Policies (continued)

h Provision for return of capital contributions (continued)

The amount actually repayable to the outside funding bodies is a function of the percentage equity provided on original asset acquisition multiplied by the net proceeds on disposal of the assets.

The Foundation is entitled to the depreciation of their share of the buildings.

i Housekeeping

Non-monetary assets and liabilities

The Foundation records funds transferred to the various houses as expended when they are transferred rather than when they are actually spent. It therefore follows that the cash at bank amount included in the financial report, does not reflect or include any balances in the "household" bank accounts. These amounts represent cash of $152,624 (2013: $152,381) at balance date.

j Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor are recognised in the statement of surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. The Foundation does not have any finance leases at 30 June 2014.

k Revenue and deferred revenue

Client revenue is recognised when the provision of services has been completed.

Grant income is recognised when the project or service specified by the grant agreement has been provided or where no future obligations exist.

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established.

Donation income is recognised when the Foundation obtains control over the fund which is generally at the time of receipt. Capital donations for specified projects are recognised only when the purpose of the project is fulfilled.

All revenue is stated net of the amount of goods and services tax (GST).

Revenue from government grants and subsidies received for specific purposes is recognised only to the extent that monies have been expended in accordance with the funding agreement. Where the terms of that agreement stipulate that any unexpended funds may be required to be returned to the funding body, the unexpended funds are carried forward as "deferred income".

Note 3 Significant Accounting Policies (continued)

l Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

m Consolidation

The Foundation has chosen not to comply with AASB 10 Consolidated Financial Statements.

n New accounting standards for application in future periods

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Foundation, except for AASB 9 Financial Instruments, which becomes mandatory for the Foundation's 2016 financial statements and could change the classification and measurement of financial assets.

The Foundation does not plan to adopt this standard early and the extent of the impact has not been determined.

Note 4 Revenue and Other Income

Revenue from Continuing Operations

	2014	2013
	$	$
Income		
- Government funding	17,316,776	15,718,024
- Supported persons fees	2,677,840	2,537,888
- Contract, brokered income	107,625	175,416
- Donations and fundraising	310,924	652,338
Total revenue from operating activities	20,413,165	19,083,666

Note 5 Employee Costs

Salaries and wages	14,746,151	13,597,616
Superannuation	1,512,404	1,343,559
Workcover	782,879	698,679
Termination expenses	222,860	(372)
Sick leave expenses/sick leave expense adjustment	374,074	(117,007)
Annual leave	1,161,898	926,146
Long service leave	68,700	44,497
Other employee costs	338,006	266,276
Total employee costs	19,206,972	16,759,394

Due to changes in accounting policies in relation to sick leave recognition, it resulted negative expenses in 2013.

Note 6 Cash and Cash Equivalents

Cash on hand	2,600	3,900
Cash at bank	4,839,511	5,119,987
Total cash and cash equivalents	4,842,111	5,123,887

E.W. Tipping Foundation holds a number of bank accounts in trust for each of their houses for the purpose of client related expenditure. These bank accounts are not recognised as part of the cash and cash equivalents of E.W. Tipping Foundation. In the current year, this balance is $152,624 (2013: $152,381).

Note 7 Investments

	2014	2013
	$	$
Held-to-maturity investments including term deposits	2,516,644	2,516,644
Available for sale financial assets	8,738	22,130
Total investments	2,525,382	2,538,774

Note 8 Trade and Other Receivables

	2014	2013
Trade receivables	1,787,631	640,723
Rental bonds	25,166	23,737
Amounts receivable from VISTA Support Services	-	179,607
Total trade and other receivables	1,812,797	844,067

Note 9 Other Assets

	2014	2013
Prepayments	331,589	9,985
Interest receivable	29,009	44,916
	360,598	54,901
Loan – Renew	709,373	518,907
Impairment of Renew Loan	(709,373)	(518,907)
	-	-
Investments in Renew	499,963	499,963
Impairment of investments in Renew	(499,963)	(499,963)
	-	-
Total other assets	360,598	54,901

E.W. Tipping Foundation Inc

ABN: 59 032 986 751

Notes to the Financial Statements

For the Year Ended 30 June 2014

Note 10 Property Plant and Equipment

	2014	2013
	$	$
LAND AND BUILDINGS		
Freehold land		
Freehold land at fair value	3,719,333	4,214,333
Total land	3,719,333	4,214,333
Buildings		
Buildings at fair value	8,696,339	9,202,484
Accumulated depreciation	(305,650)	(310,367)
Total buildings	8,390,689	8,892,117
Total land and buildings	12,110,022	13,106,450
PLANT AND EQUIPMENT		
Furniture, fixture and fittings		
Furniture, fixture and fittings at cost	778,491	768,613
Accumulated depreciation	(574,118)	(502,553)
Total furniture, fixture and fittings	204,373	266,060
Motor vehicles		
Motor vehicles at cost	1,915,735	2,325,245
Accumulated depreciation	(1,557,240)	(1,682,022)
Total motor vehicles	358,495	643,223
Office equipment		
Office equipment at cost	91,906	91,523
Accumulated depreciation	(90,954)	(90,059)
Total office equipment	952	1,464
Computer equipment		
Computer equipment at cost	1,191,650	1,025,987
Accumulated depreciation	(1,025,789)	(983,562)
Total computer equipment	165,861	42,425

Note 10 Property Plant and Equipment (continued)

	2014	2013
	$	$
Leasehold improvements		
Leasehold improvements at cost	1,726,113	1,497,186
Accumulated depreciation	(1,156,827)	(853,539)
Total leasehold improvements	569,286	643,647
Work in progress		
Work in progress at cost	69,670	-
Total work in progress	69,670	-
Total plant and equipment	1,368,637	1,596,819
Total property, plant and equipment	13,478,659	14,703,269

Valuations on all properties completed by WBP Property Group in June 2012.

E.W. Tipping Foundation Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2014

Note 10 Property Plant and Equipment (continued)

10a Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Plant & Equipment	Computer Equipment	Leasehold Improvements	WIP	Total
	$	$	$	$	$	$	$	$	$
2014									
Balance at 1 July 2013	4,214,333	8,892,117	266,060	643,223	1,464	42,425	643,647	-	14,703,269
Additions	-	-	39,971	25,316	1,180	213,675	236,624	158,057	674,823
Disposals	(495,000)	(483,781)	(3,863)	(59,881)	-	(743)	(7,697)	-	(1,050,965)
Transfers	-	-	-	-	-	-	-	(88,387)	(88,387)
Expensed to P/L	-	-	-	-	-	-	-	-	-
Depreciation expense	-	(17,647)	(97,795)	(250,163)	(1,692)	(89,496)	(303,288)	-	(760,081)
Balance at 30 June 2014	3,719,333	8,390,689	204,373	358,495	952	165,861	569,286	69,670	13,478,659
2013									
Balance at 1 July 2012	4,294,333	10,838,913	446,537	1,019,518	16,070	213,036	975,319	144,558	17,948,284
Additions	-	-	37,528	59,275	-	13,208	130,933	-	240,944
Disposals	(80,000)	(571,256)	(13,412)	(15,617)	-	(715)	(244,419)	-	(925,419)
Write off/ back	-	(1,125,718)	(89,627)	(50,617)	(9,631)	(8,950)	187	-	(1,284,356)
Transfers	-	-	-	-	-	-	78,045	(132,279)	(54,234)
Expensed to P/L	-	-	-	-	-	-	-	(12,279)	(12,279)
Depreciation expense	-	(249,822)	(114,966)	(369,336)	(4,975)	(174,154)	(296,418)	-	(1,209,671)
Balance at 30 June 2013	4,214,333	8,892,117	266,060	643,223	1,464	42,425	643,647	-	14,703,269

E.W. Tipping Foundation Inc

ABN: 59 032 986 751

Notes to the Financial Statements

For the Year Ended 30 June 2014

Note 10 Property Plant and Equipment (continued)

10(b) Shared Equity

	2014		2013	
	Land	Buildings	Land	Buildings
	$	$	$	$
89 Church St, Drouin at valuation	230,000	150,000	230,000	150,000
Shared equity by DHS (85%)	(194,902)	(127,110)	(194,902)	(127,110)
	35,098	22,890	35,098	22,890
175 Princes Way, Drouin at valuation	130,000	210,000	130,000	210,000
Shared equity by DHS (83%)	(108,147)	(174,699)	(108,147)	(174,699)
	21,853	35,301	21,853	35,301
33 Moore St, Moe at valuation	-	1,616,587	-	1,616,587
Shared equity by DHS (100% land, 85% of building)	-	(1,374,099)	-	(1,374,099)
	-	242,488	-	242,488
43 Winifred St, Oak Park at valuation	-	2,199,819	-	2,199,819
Shared equity by DHS (100% land, 88% of building)	-	(1,929,819)	-	(1,929,819)
	-	270,000	-	270,000
63 Scenic Rd, Warragul at valuation	155,000	230,000	155,000	230,000
Shared equity by DHS (75%)	(116,250)	(172,500)	(116,250)	(172,500)
	38,750	57,500	38,750	57,500
Units 1 & 2 115 Normanby St, Warragul at valuation	115,000	215,000	115,000	215,000
Shared equity by DHS (93%)	(106,950)	(199,950)	(106,950)	(199,950)
	8,050	15,050	8,050	15,050
74 Queen St, Maffra at valuation	130,000	332,500	130,000	332,500
Shared equity by DHS (72%)	(93,418)	(238,935)	(93,418)	(238,935)
	36,582	93,565	36,582	93,565

Note 10 Property Plant and Equipment (continued)

10(b) 2014 Shared Equity (continued)

	2014		2013	
	Land	Buildings	Land	Buildings
	$	$	$	$
10 Kennedy Crt, Wodonga at valuation	-	1,442,367	-	1,442,367
Shared equity by DHS (100% land, 85% of building)	-	(1,226,012)	-	(1,226,012)
	-	216,355	-	216,355
17 & 17A Holt Pl, Pakenham at valuation	270,000	260,000	270,000	260,000
Shared equity by Shire of Cardinia (100% land, 0% of building)	(270,000)	-	(270,000)	-
	-	260,000	-	260,000
Value of Shared Equity property on statement of financial position	140,333	1,213,149	140,333	1,213,149

This note relates to the shared equity portions related to DHS and Shire of Cardinia. If E W Tipping Foundation Inc was to sell these properties, they would be required to give back the shared equity portion. The value represents the revalued amount recorded in E W Tipping Foundation Inc.

Note 11 Trade and Other Payables

	2014	2013
	$	$
Trade payables	572,178	769,584
Net GST payable	427,372	27,383
Accrued expenses	1,042,435	992,928
Total trade and other payables	2,041,985	1,789,895

Note 12 Employee Benefits Provisions

	2014	2013
CURRENT		
Provision for annual leave	1,201,317	1,101,315
Provisions for long service leave – Current	737,162	630,723
Total current employee benefits provisions	1,938,479	1,732,038

Note 12 Employee Benefits Provisions (continued)

	Note	2014 $	2013 $
NON-CURRENT			
Provision for long service leave		393,710	451,901
Total non-current employee benefits provisions		393,710	451,901

Note 13 Financial Liabilities

CURRENT			
Secured liabilities			
Loan (National Australia Bank)	13(a)	-	1,800,000
Loan (National Australia Bank)	13(b)	270,000	270,000
Related party loan - Victorian Person Centred Services Inc		-	435,257
Total current financial liability		270,000	2,505,257
Secured liabilities			
Loan (National Australia Bank)	13(b)	1,755,000	2,025,000
Total non-current financial liabilities		1,755,000	2,025,000

(a) The E.W. Tipping Foundation Inc has repaid and closed this loan facility on the 20 March 2014.

(b) The E.W. Tipping Foundation Inc holds a loan facility with the National Australia Bank for $2,025,000 (2013: $6,595,000) with an interest rate of 6.28% maturing on 30 December 2016.

The E.W. Tipping Foundation Inc holds a master asset finance agreement with revolving leasing limit with the National Australian Bank for $1,500,000 as at 30 June 2014 and is unutlised. Interest rate is variable.

Note 14 Other Liabilities

	2014	2013
Grants received in advance	1,746,746	1,972,615
Provision for disability leasing model property costs	277,811	219,704
Other provisions	23,912	77,281
Total other liabilities	2,048,469	2,269,600

Note 15 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

In the current and prior year, the Foundation had a service agreement with Victorian Person Centred Services Inc (VPCS) whereby specialist staff are employed to service the Foundation's community based services as and when they are required. Some members of the VPCS board are also on the board of the Foundation.

The Foundation has made loans to and received loans from VPCS in the prior year which are disclosed in note 8 to the financial statements. In the current year the loans were fully repaid.

	2014	2013
	$	$
Loan to (from) VPCS	-	(273,268)
Management Fee received from VPCS	6,720,000	4,891,792
Total related party transactions	6,720,000	4,618,524

The Foundation used the legal services of Logie-Smith Lanyon Lawyers and Harwood Andrews Lawyers in relation to various legal matters where our Chair is currently or has been a partner in both firms. The amounts disclosed in the table below were billed based on normal market rates for such services and were due and payable under normal payment terms. Other than the amounts disclosed below, there are no material contracts involving the directors of the Foundation at year end.

Logie-Smith Lanyon Lawyers	108,625	14,112
Harwood Andrews Lawyers	-	12,577
Total related party transactions	108,625	26,689

Note 16 Capital and Leasing Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements are as follows:

Minimum lease payments:		
- not later than 12 months	461,878	319,561
- between 12 months and five years	561,804	313,147
Total operating lease commitments	1,023,682	632,708

During the year $383,371 was recognised as an expense in surplus or deficit in respect of operating leases (2013: $267,874).

Note 17 Remuneration of Auditors

	2014	2013
	$	$
Audit and assurance – Saward Dawson	43,032	33,500
Other non KPMG services	7,408	23,300
Audit services - KPMG	23,100	-
Total auditors' remuneration	73,540	56,800

Note 18 Joint Venture

In September 2013, following discussions between E.W. Tipping Foundation and Rehabilitation Australia Ltd, the parties agreed to end the Joint Venture and close the facility.

E.W. Tipping Foundation has transactions with ReNew joint venture, including:

Management charges paid by ReNew joint venture to E.W. Tipping Foundation	105,150	213,219
Finance costs paid by ReNew joint venture to E.W. Tipping Foundation	78,707	155,479
Total joint venture transactions	183,857	368,698

Note 19 Cash Flow Information

Reconciliation of cash flow from operations with surplus for the year

	2014 $	2013 $
Net surplus for the year	**2,080,697**	953,908
Non-cash flows in surplus		
Profit on sale of property, plant & equipment	**(25,953)**	(56,801)
Depreciation and amortisation of non-current assets	**760,081**	1,209,017
Movement in provision of doubtful debt	-	(11,886)
Management fee income	**(194,372)**	-
SWGRSA Investments	-	(165,466)
Impairment of ReNew loan	**709,372**	518,907
Impairment of joint venture	-	499,963
Share of loss of joint venture	-	1,068,640
	3,329,825	4,016,282
Changes in assets and liabilities		
(Increase) / decrease in receivables	**(968,730)**	808,103
(Increase) / decrease in prepayments and other assets	**(305,697)**	749,564
Increase / (decrease) in payables	**252,090**	(116,569)
(Decrease) in other liabilities	**(119,352)**	(720,324)
Increase / (decrease) in employee benefit provisions	**148,250**	(512,748)
Net cash provided by operating activities	2,336,386	4,224,308

Note 20 Contingent liabilities

The Foundation enters into operating leases over residential property on behalf of some clients. These transactions may expose the Foundation to liability where there are significant amounts of unpaid rent or significant damage to the leased asset. The Foundation was not a trustee of any trust during the year ended 30 June 2014.

The National Australia Bank holds a bank guarantee of $7,500 in relation to a security bond for the lease of the office premises.

Note 21 Events subsequent to reporting date

Subsequent to 30 June 2014, a legal claim against E.W. Tipping Foundation Inc. was received in relation to the ReNew joint venture. The Foundation does not accept the claims made against it and will be vigorously defending the action. At the date of this report, the financial impact, if any, is not known or able to be estimated.

Other than the above, no other matter has arisen since the end of the financial year which would materially affect the operations of the Foundation.

E.W. Tipping Foundation Inc

ABN: 59 032 986 751

Directors' Declaration

In the opinion of the directors of E.W.Tipping Foundation Inc ("the entity")

(a) The entity is not publicly accountable nor a reporting entity.

(b) the financial statements and notes, set out on pages 3 to 27, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, the Australian Charities and Not-for-profits Commission Regulation 2013 and the Associations Incorporations Reform Act 2012 (Victoria), including:

(i) giving a true and fair view of the financial position of the Entity as at 30 June 2014 and of its performance, as represented by the results of its operations for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Notes 1 to 3; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Notes 1 to 3, and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) There are reasonable grounds to believe that E.W. Tipping Foundation Inc will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Board member ....

JOHN GERARD ROWAN

Board member ....

GEOFFREY BANKS DONOVAN

Dated

28 OCTOBER 2014

Independent audit report to the members of E.W.Tipping Foundation Inc

We have audited the accompanying financial report, being a special purpose financial report of E.W.Tipping Foundation Inc (the Entity), which comprises the statement of financial position as at 30 June 2014, and the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Entity.

This audit report has also been prepared for the members of Entity in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) and the Associations Incorporation Reform Act 2012 (Victoria) (collectively the Act and Regulations).

Directors' responsibility for the financial report

The Directors of the Entity are responsible for the preparation of the special purpose financial report that gives a true and fair view in accordance with the ACNC and the Associations Incorporations Reform Act 2012 (Victoria) and have determined that the basis of preparation described in Notes 1 to 3 to the financial statements is appropriate to meet the requirements of the ACNC and the Act and Regulations and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of a financial report that gives a true and fair view and 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, being a special purpose 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 relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards to the extent described in Notes 1 to 3 and the ACNC and the Association Incorporation Reform Act 2012 (Victoria), a true and fair view which is consistent with our understanding of the Entity's financial position and of its performance.

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

KPMG

Independent audit report to the members of E.W.Tipping Foundation Inc (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of E.W. Tipping Foundation Inc on 28 October 2014, would be in the same terms if given to the directors as at the time of this auditor's report.

Auditor's opinion

In our opinion, the financial report of E.W.Tipping Foundation Inc is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the Association Incorporation Reform Act 2012 (Victoria) including:

(a) giving a true and fair view of the Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 2 and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the ACNC the Associations Incorporation Reform Act 2012 (Victoria). As a result, the financial report may not be suitable for another purpose.

KPMG
KPMG

Antoni Cinanni
Partner

Melbourne

3 November 2014

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of E.W.Tipping Foundation Inc

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Antoni Cinanni
Partner

Melbourne

28 October 2014