

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Revenue	2	5,833,224	5,646,239
Employee benefits expenses		(4,209,809)	(3,909,254)
Depreciation and amortisation expenses	10	(102,995)	(89,619)
Contractor and consultancy expenses		-	(15,543)
General and administrative expenses		(1,207,772)	(1,129,696)
Fundraising costs		(204,308)	(388,789)
Loss on disposal of fixed asset	10	-	(3,414)
Current year surplus / (deficit) before income tax		108,340	109,924
Income tax expense		-	-
Net current year surplus		108,340	109,924
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		108,340	109,924
Total comprehensive income attributable to members of the association		108,340	109,924

The accompanying notes form part of the financial statements.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	3,386,927	3,179,200
Accounts receivable and other debtors	7	75,504	70,874
Inventories on hand	8	70,996	153,830
Other current assets	9	9,613	16,321
<b>TOTAL CURRENT ASSETS</b>		<u>3,543,041</u>	<u>3,420,225</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	981,049	1,050,132
<b>TOTAL NON-CURRENT ASSETS</b>		<u>981,049</u>	<u>1,050,132</u>
<b>TOTAL ASSETS</b>		<u>4,524,090</u>	<u>4,470,357</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable and other payables	11	1,826,596	1,932,777
Borrowings	12	12,441	12,441
Employee provisions	13	235,874	185,492
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,074,911</u>	<u>2,130,710</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	42,646	55,087
Employee provisions	13	13,633	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>56,279</u>	<u>55,087</u>
<b>TOTAL LIABILITIES</b>		<u>2,131,190</u>	<u>2,185,797</u>
<b>NET ASSETS</b>		<u>2,392,900</u>	<u>2,284,560</u>
<b>EQUITY</b>			
Retained surplus		<u>2,392,900</u>	<u>2,284,560</u>
<b>TOTAL EQUITY</b>		<u>2,392,900</u>	<u>2,284,560</u>

The accompanying notes form part of the financial statements.

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**ABN 41 496 913 890**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Retained Surplus</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 30 June 2013</b>	<b>2,174,636</b>	<b>2,174,636</b>
Net surplus / (deficit) for the year	109,924	109,924
<b>Balance at 30 June 2014</b>	<b>2,284,560</b>	<b>2,284,560</b>
Net surplus / (deficit) for the year	108,340	108,340
<b>Balance at 30 June 2015</b>	<b>2,392,900</b>	<b>2,392,900</b>

The accompanying notes form part of the financial statements.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		442,408	361,639
Operating grants receipts		3,190,911	4,833,426
Receipts from sale of merchandise stock		348,243	312,123
Donations and fundraising received		1,360,563	1,486,867
Payments to suppliers and employees		(5,200,499)	(5,251,339)
Interest received		98,214	104,646
Interest paid		-	-
Net cash provided by / (used in) operating activities	17	239,840	1,847,362
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(19,672)	(94,615)
Proceeds from sale of plant and equipment		-	4,545
Net cash (used in) provided by investing activities		(19,672)	(90,070)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from / (repayment of) borrowings		(12,441)	(5,921)
Net cash provided by financing activities		(12,441)	(5,921)
Net increase / (decrease) in cash held		207,727	1,751,371
Cash at beginning of financial year		3,179,200	1,427,829
Cash at end of financial year	6	3,386,927	3,179,200

The accompanying notes form part of the financial statements.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

The financial statements cover Bravehearts Inc. as an individual entity. Bravehearts Inc. is an entity incorporated in Queensland under the Associations Incorporation Act 1981.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, and the Interpretations of the Australian Accounting Standards Board, and the Associations Incorporation Act 1981. The association is a not for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cashflow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

**Accounting Policies**

**a. Income Tax**

At the date of preparation of the financial statements, section 50-5 of the *Income Tax Assessment Act 1997* grants exemption from income tax the income of this association. The financial statements for the year have been prepared on the basis of the association being exempt from income tax.

**b. Inventories on hand**

Inventories are measured at the lower of replacement value and net realisable value.

Inventories held for distribution are measured at the lower of replacement cost and net realisable value.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

**c. Fair Value of Assets and Liabilities**

The association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the association would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the association at the reporting date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The fair value of liabilities and the association's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of an identical or similar financial instrument, by reference to observable market information where identical or similar instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**d. Property, Plant and Equipment**

**Property**

Buildings are shown at their fair value at date of acquisition less subsequent depreciation.

Increases in the carrying amount arising on revaluation of buildings is recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Buildings that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

**Plant and Equipment**

Plant and equipment is measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

**Depreciation**

The depreciable amount of all fixed assets including buildings, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
Property	2.5 – 10%
Plant and Equipment	33.33 – 40%
Motor Vehicles	12.5%

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

**e. Leases**

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

**f. Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified as at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

*(iii) Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**Impairment**

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**Derecognition**

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby the association no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.



**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g. Impairment of Assets**

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the association would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

**h. Employee Provisions**

**Short-term employee benefits**

Provision is made for the association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The association's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

**Other long-term employee benefits**

Provision is made for employees' annual leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to end-of-reporting-period market yields on government bonds that have maturity dates approximating the terms of the obligations. Any remeasurements of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

**i. Cash and Cash Equivalents**

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

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j. Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts receivable from customers for goods sold and services rendered in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

**k. Revenue and Other Income**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Non-reciprocal grant revenue is recognised in profit or loss when the association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the association and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The association receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as deferred income on the balance sheet.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

**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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

**m. Accounts Payable and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association 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.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**n. Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the association retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period is presented in addition to the minimum comparative financial statements.

**o. Critical Accounting Estimates and Judgments**

The committees' evaluations, estimates and judgments incorporated into the financial statements are 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 association.

**Key Estimates**

**(i) Impairment**

The association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**p. Economic Dependence**

The association is dependent on the Department of Communities (Queensland) and the Department of Social Services (Family Support Program) for a substantial amount of its revenue used to operate the business, together with various other grant bodies, and donations received from the community. At the date of this report, the Committee has no reason to believe that either Departments and the community will not continue to support Bravehearts Inc.

**q. New Accounting Standards for Application in Future Periods**

An assessment of Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the association and their potential impact on the association when adopted in future periods is discussed below:

- AASB 9: *Financial Instruments* (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the association on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expectant credit loss and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the association elect to change its hedge accounting policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although members of the committee anticipate that the adoption of AASB 9 may have an impact on the association's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments and is not expected to significantly impact the association's financial statements.

- AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment, but is not expected to significantly impact the association's financial statements.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 2: REVENUE</b>		
— Counselling services	208,965	89,038
— Donations received	1,394,015	1,504,274
— Education program fees	153,591	140,154
— Fundraising income	75,678	121,984
— Grant income - Department of Families	1,080,713	858,410
— Grant income - Royal Commission	1,666,999	1,726,923
— Grant income - Others	653,861	692,651
— Interest revenue	106,245	104,646
— Merchandise sales	348,243	312,123
— Other income	144,913	96,036
	<u>5,833,223</u>	<u>5,646,239</u>

**NOTE 3: SURPLUS FOR THE YEAR**

**Significant Revenue**

Donations received as pro-bono services in kind

Total donations received in kind

<b>2015</b>	<b>2014</b>
<b>\$</b>	<b>\$</b>
<u>109,130</u>	<u>139,391</u>
<u>109,130</u>	<u>139,391</u>

**NOTE 4: INCOME TAX EXPENSES**

Current tax

<b>2015</b>	<b>2014</b>
<b>\$</b>	<b>\$</b>
<u>-</u>	<u>-</u>

Bravehearts Incorporated is exempt from income tax, refer note 1a.

**NOTE 5: AUDITORS' FEES**

Remuneration of the auditor of the association for:

- auditing or reviewing the financial report (50% of the audit fee, up to \$15,000 (2014 - **\$30,600**), in lieu of donation).

<b>2015</b>	<b>2014</b>
<b>\$</b>	<b>\$</b>
<u>30,019</u>	<u>30,600</u>

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**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	1,397,077	1,228,693
Short-term bank deposits	1,989,850	1,950,507
18	<u>3,386,927</u>	<u>3,179,200</u>

The effective interest rate on short-term bank deposits was 3.0% (2014: 3.7%).  
These deposits have an average maturity of 46 days.

Reconciliation of cash

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

Cash and cash equivalents	3,386,927	3,179,200
	<u>3,386,927</u>	<u>3,179,200</u>

**NOTE 7: ACCOUNTS RECEIVABLE AND OTHER DEBTORS**

CURRENT

Accounts receivable	65,167	69,732
Less: Provision for impairment	<u>(8,263)</u>	<u>(12,396)</u>
	56,904	57,336
Deposits held	10,570	13,538
Accrued income	8,030	-
18	<u>75,504</u>	<u>70,874</u>

Credit Risk

The association has no significant concentrations of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk is considered to relate to fees receivable for counselling.

The following table details fees and other debtors with ageing analysis and impairment provided thereon. Receivables that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating that the debt may not be fully repaid. The balances that remain within initial terms are considered to be of high credit quality.

	Gross Amount	Past due and impaired	<30	Past due but not impaired			>90	Within initial trade terms
				31-60	61-90			
<b>2015</b>								
Counselling fees	12,047	8,263		300	605		1,665	1,214
Education fees	24,055	-		801	-		-	23,254
Other	29,065	-		-	-		-	29,065
	<u>65,167</u>	<u>8,263</u>	-	<u>1,101</u>	<u>605</u>		<u>1,665</u>	<u>53,533</u>
<b>2014</b>								
Counselling fees	19,554	12,396		1,740	835			4,583
Education fees	19,903	-		1,493	-		-	18,410
Other	30,275	-		4,000	-		-	26,275
	<u>69,732</u>	<u>12,396</u>	-	<u>7,233</u>	<u>835</u>		<u>-</u>	<u>49,268</u>

**NOTE 8: INVENTORIES**

CURRENT

At replacement value	70,996	153,830
Merchandise stock	<u>70,996</u>	<u>153,830</u>

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
<b>NOTE 9: OTHER CURRENT ASSETS</b>		
<b>CURRENT</b>		
Prepayments	9,613	16,321
	<u>9,613</u>	<u>16,321</u>
<b>NOTE 10: PROPERTY, PLANT AND EQUIPMENT</b>		
Building – at cost	28,327	28,327
Building – at Committee Members' Valuation	955,828	955,828
Accumulated depreciation	<u>(167,846)</u>	<u>(141,118)</u>
	<u>816,309</u>	<u>843,037</u>
Plant and Equipment – at cost	244,674	223,557
Plant and Equipment – at Committee Members' Valuation	-	-
Accumulated depreciation	<u>(169,928)</u>	<u>(133,348)</u>
	<u>74,746</u>	<u>90,209</u>
Motor Vehicles – at cost	217,902	217,902
Motor Vehicles – at Committee Member's Valuation	42,199	42,199
Accumulated depreciation	<u>(170,107)</u>	<u>(143,215)</u>
	<u>89,994</u>	<u>116,886</u>
Total Property, Plant and Equipment	<u>981,049</u>	<u>1,050,132</u>

**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:

	Building	Plant & Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Balance at 30 June 2013	840,494	52,187	86,964	979,645
Additions	28,327	77,365	62,372	168,064
Disposals	-	-	(7,959)	(7,959)
Depreciation expense	<u>(25,784)</u>	<u>(39,343)</u>	<u>(24,491)</u>	<u>(89,618)</u>
Balance at 30 June 2014	843,037	90,209	116,886	1,050,132
Additions	-	33,912	-	33,912
Disposals	-	-	-	-
Depreciation expense	<u>(26,728)</u>	<u>(49,375)</u>	<u>(26,892)</u>	<u>(102,995)</u>
Carrying amount at 30 June 2015	<u>816,309</u>	<u>74,746</u>	<u>89,994</u>	<u>981,049</u>

Buildings are located at 9 Byth Street Arundel. The land is sub-leased from Gold Coast City Council. The Gold Coast City Council lease this land from the Queensland State Government. The current leases expire in 2020. Prior to expiry the Gold Coast City Council will apply to the Queensland Government for a further lease of an additional twenty years and will in turn afford Bravehearts the same. The Committee members have no reason to believe that on expiry of the lease in 2020 that the lease will not then be renewed for a further twenty years and accordingly are depreciating the building at 2.5% per annum (40 years).

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

		2015	2014
		\$	\$
<b>NOTE 11: ACCOUNTS PAYABLE AND OTHER PAYABLES</b>			
CURRENT			
Unsecured liabilities			
Accounts payable and other payables	18	388,934	284,453
Unexpended grants and deferred income		1,437,662	1,648,324
<b>TOTAL CURRENT ACCOUNTS PAYABLE</b>		<u>1,826,596</u>	<u>1,932,777</u>
a. Financial liabilities at amortised cost classified as trade and other payables			
Accounts payable and other payables			
Total current		1,826,596	1,932,777
Total non-current		<u>-</u>	<u>-</u>
		1,826,596	1,932,777
Less: Unexpended grants and deferred income		1,437,662	1,648,324
<b>Financial liabilities as accounts payable and other payables</b>	18	<u>388,934</u>	<u>284,453</u>

The average credit period on accounts payable and other payables is thirty days.  
No interest is payable on outstanding payables during this period.

**NOTE 12: BORROWINGS**

CURRENT			
Lease liability		<u>12,441</u>	<u>12,441</u>
NON-CURRENT			
Lease liability		<u>42,646</u>	<u>55,087</u>
<b>TOTAL BORROWINGS</b>	18	<u>55,087</u>	<u>67,528</u>

Secured by lease agreements over motor vehicles.  
Lease agreements are interest free.



**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
<b>NOTE 13: EMPLOYEE PROVISIONS</b>		
<b>CURRENT</b>		
Employee provisions - annual leave entitlements	162,521	132,452
Employee provisions - long service leave entitlements	73,353	53,040
	<u>235,874</u>	<u>185,492</u>
<b>NON CURRENT</b>		
Employee provisions - long service leave entitlements	13,633	-
<b>TOTAL PROVISIONS</b>	<u>249,507</u>	<u>185,492</u>
<b>Analysis of Employee Provisions</b>	<b>\$</b>	
Opening balance at 1 July 2014	185,492	
Additional provisions	277,909	
Amounts used	<u>(213,894)</u>	
Balance at 30 June 2015	<u>249,507</u>	

**Provision for employee benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

**NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent liabilities and contingent assets at the balance sheet date.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 15: EVENTS AFTER THE BALANCE SHEET DATE**

Other than the following, the committee is not aware of any significant events since the end of the reporting period.

Bravehearts has been converted from an incorporated association to a company limited by guarantee and on the 19th of September 2015 it was registered with ASIC as Bravehearts Foundation Limited ACN 607 315 917. Bravehearts Foundation Limited has elected to retain its previous ABN (ABN 41 496 913 890). The conversion of Bravehearts has not created a new legal entity.

**NOTE 16: RELATED PARTY TRANSACTIONS**

**a. Key Management Personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including its committee members, is considered key management personnel.

Key management personnel compensation:

	2015	2014
	\$	\$
- short-term benefits	571,951	524,263

**b. Other Related Parties**

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

Bravehearts Inc. entered into a tenancy agreement with Hetty Johnston for the Springwood office in Brisbane. Rent paid to her during the year was:

27,300	27,300
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**NOTE 17: CASH FLOW INFORMATION**

**a) Reconciliation of Cash Flow from Operations with net current year surplus**

	2015	2014
	\$	\$
Current year surplus	108,340	109,924
Cash flows excluded from current year surplus		
- Depreciation expense	102,995	89,619
- Net loss on disposal of property, plant and equipment	-	3,414
- Loyalty credits	(14,240)	-
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable and other debtors	(4,631)	36,411
(increase)/decrease in prepayments	6,707	(1,947)
(Increase)/decrease in inventories on hand	82,834	37,609
Increase/(decrease) in accounts payable and other payables	104,481	(42,540)
Increase/(decrease) in employee provisions	64,015	59,430
Increase/(decrease) in unexpended grants and deferred income	(210,661)	1,555,442
	239,840	1,847,362

**b) Non-cash transactions**

During the year the following non-cash transactions occurred:

- i. donations in kind or pro-bono services to a value of \$109,130 were recognised during the year
- ii. Assets to a value of \$14,240 were acquired through Telstra loyalty redemption

These transactions are not reflected in the Statement of Cash Flows.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 18: FINANCIAL RISK MANAGEMENT**

The association's financial instruments consist mainly of deposits with banks, accounts receivable and payables. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2015	2014
Financial Assets		\$	\$
Cash and cash equivalents	6	3,386,927	3,179,200
Accounts receivable and other debtors	7	75,504	70,874
TOTAL FINANCIAL ASSETS		<u>3,462,431</u>	<u>3,250,073</u>
Financial Liabilities			
Accounts payable and other payables	11	388,934	284,453
Borrowings	12	55,087	67,528
TOTAL FINANCIAL LIABILITIES		<u>444,021</u>	<u>351,981</u>

**Financial Risk Management Policies**

The Committee meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Committee's overall risk management strategy seeks to assist the entity in meeting its financial targets, whilst minimising potential adverse effects of cash flow shortfalls.

**Specific Financial Risk Exposures and Management**

The main risks the association is exposed to through it's financial instruments are credit risk and liquidity risk. There have been no substantive changes in the types of risks the association is exposed to, how these risks arise, or the committee's objectives, policies and processes for managing or measuring the risks from the previous period.

**a. Credit Risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

Credit risk is managed through maintain procedures (such as utilisation of systems of approval, grating and removal of credit limits, regular monitoring of exposure against such limits and monitoring the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise assessed as being financially sound.

**Credit risk exposures**

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the association securing accounts receivable and other debtors.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high quality. Aggregates of such amounts are detailed in note 7.

The association has no significant concentrations of risk with any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 7.

**b. Liquidity Risk**

Liquidity risk arises from the possibility that the association might encounter difficulty in settling it's debts or otherwise meeting it's obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to operational and financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid receivables.

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 18: FINANCIAL RISK MANAGEMENT (cont'd)**

**Financial Liability and Financial Asset Maturity Analysis**

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Accounts payable and other payables (excluding employee benefits)	388,934	284,453	-	-	-	-	388,934	284,453
Financial lease liabilities	12,441	12,441	42,646	55,087	-	-	55,087	67,528
Total contractual outflows	401,375	296,894	42,646	55,087	-	-	444,021	351,981
Total expected outflows	401,375	296,894	42,646	55,087	-	-	444,021	351,981

**Financial assets — cash flows realisable**

Cash and cash equivalents	3,386,927	3,179,200	-	-	-	-	3,386,927	3,179,200
Accounts receivable and other debtors	75,504	70,874	-	-	-	-	75,504	70,874
Total anticipated inflows	3,462,431	3,250,074	-	-	-	-	3,462,431	3,250,074
Net (outflow)/inflow on financial instruments	3,061,056	2,953,179	(42,646)	(55,087)	-	-	3,018,410	2,898,093

**Net Fair Values**

The net fair values of financial assets and financial liabilities approximate their carrying value.

**NOTE 19: CAPITAL AND LEASING COMMITMENTS**

	2015	2014
	\$	\$
<b>a) Finance lease commitments</b>		
Payable – minimum lease payments		
- not later than 12 months	12,441	12,441
- later than 12 months but not later than 5 years	42,646	55,087
- greater than 5 years	-	-
Minimum lease payments	55,087	67,528
Less: Future finance charges	-	-
Present value of minimum lease payments	55,087	67,528

**b) Operating lease commitments**

The association has a lease agreement for the premises located at Lot 10 SP161040 with the Gold Coast City Council, which commenced 1 October 2007 and expires 30 August 2020. As the annual lease expense amount is not known until receipt of an invoice from GCCC, the future liability cannot be determined with an acceptable degree of reliability. Accordingly, the operating lease commitment details cannot be disclosed in accordance with Accounting Standard AASB 117 'Leases'.

The association has entered into a number of non-cancellable operating leases for branch offices. Lease terms range from periodic monthly tenancy to thirty six months. Rental is either paid monthly in advance or is provided as a donation in kind.

**NOTE 20: ENTITY'S DETAILS**

The registered office of the entity is:

Bravehearts Inc  
9 Byth Street  
ARUNDEL QLD 4214

The principal place of business is:

Bravehearts Inc  
9 Byth Street  
ARUNDEL QLD 4214

**Bravehearts Inc.**  
**ABN 41 496 913 890**

**DECLARATION BY MEMBERS OF THE COMMITTEE**

In accordance with a resolution of the committee of Bravehearts Inc., the members of the committee declare that the financial statements comprising Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements:

1. present a true and fair view of the financial position of Bravehearts Inc. as at 30 June 2015 and its performance for the year ended on that date in accordance with Australian Accounting Standards, (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act (Qld) 1981; and
2. at the date of this declaration, there are reasonable grounds to believe that Bravehearts Inc. will be able to pay its debts as and when they fall due.

This declaration is signed for and on behalf of the committee by:

Director .....



GEMMA COOK

Dated this 22<sup>th</sup> day of October 2015

Hetty Johnston

**BRAVEHEARTS INC.**  
**ABN 41 496 913 890**  
**IA28911**

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
BRAVEHEARTS INC.**

**Report on the Financial Report**

We have audited the accompanying financial report of Bravehearts Inc (the association) which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by members of the committee.

*Committee's Responsibility for the Financial Report*

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Associations Incorporation Act (Qld) 1981, the Collections Act 1966 and the Collections Regulation 2008 and for such internal control as the committee determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the associations preparation and fair presentation 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

*Independence*

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

**HEAD OFFICE:**

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WPIAS a Limited Partnership

**WPIAS Pty Ltd ABN 99 163 915 482**  
**An Authorised Audit Company**



Liability limited by a scheme approved under Professional Standards Legislation

**BRAVEHEARTS INC.**  
**ABN 41 496 913 890**  
**IA28911**

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
BRAVEHEARTS INC.**

*Basis for Qualified Auditor's Opinion*

Donations (including those in-kind) and Fundraising are significant sources of revenue for Bravehearts Inc. Given the nature of these revenue sources, established controls over the collection of these receipts prior to entry into the financial records are limited. Accordingly, our audit procedures with respect to these revenue sources was restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion as to the completeness of donations of \$1,394,015 and fundraising receipts of \$75,678. A similar qualification was disclosed in our 30 June 2014 audit report and, accordingly, the comparative financial information and opening retained earnings amount carried forward should be read in conjunction with same.

*Qualified Auditor's Opinion*

In our opinion, except for the effect, if any, of the matter described in the previous paragraph, the financial report of Bravehearts Inc. is in accordance with the requirements of the Associations Incorporation Act (Qld) 1981, including:

- i. Presenting fairly, in all material respects, the association's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- ii. Complying with Australian Accounting Standards.

*Other Matters*

We are unable to and do not express an opinion on whether the financial report of Bravehearts Inc. is in accordance with the Collections Act 1966 ('the Act') and the Collections Regulation 2008, including:

- a. the financial report of Bravehearts Inc. shows a true and fair view of the financial results of fundraising appeals for the year ended 30 June 2015;
- b. the financial report and associated records of Bravehearts Inc. have been properly kept during the year in accordance with the Act; and
- c. money received as a result of fundraising appeals conducted during the year ended 30 June 2015 has been properly accounted for and applied in accordance with the Act.

**WPIAS Pty Ltd**

Authorised Audit Company No. 440306

*A.L. Blank*

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**ANDREA BLANK**  
**DIRECTOR**

**Dated this 22<sup>nd</sup> day of October 2015**

**4 Helensvale Road**  
**HELENSVALE QLD 4212**