Bravehearts Inc.
ABN 41 496 913 890

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Revenue	2	5,646,239	3,665,094
Employee benefits expenses		(3,909,254)	(2,910,158)
Depreciation and amortisation expenses	10	(89,619)	(93,555)
Contractor and consultancy expenses		(15,543)	(47,075)
General and administrative expenses		(1,129,696)	(948,889)
Fundraising costs		(388,789)	(303,220)
Finance costs	3	-	(175)
Loss on disposal of fixed asset		(3,414)	-
Current year surplus / (deficit) before income tax		109,924	(637,978)
Income tax expense		-	-
Net current year surplus		109,924	(637,978)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		109,924	(637,978)
Total comprehensive income attributable to members of the association		109,924	(637,978)

The accompanying notes form part of the financial statements.

Bravehearts Inc.
ABN 41 496 913 890

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	6	3,179,200	1,427,829
Trade and other receivables	7	70,874	107,285
Inventories	8	153,830	191,440
Other current assets	9	16,321	14,373
TOTAL CURRENT ASSETS		3,420,225	1,740,927
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,050,132	979,645
TOTAL NON-CURRENT ASSETS		1,050,132	979,645
TOTAL ASSETS		4,470,357	2,720,572
CURRENT LIABILITIES			
Trade and other payables	11	1,932,777	419,874
Borrowings	12	12,441	-
Provisions	13	185,492	126,062
TOTAL CURRENT LIABILITIES		2,130,710	545,936
NON-CURRENT LIABILITIES			
Borrowings	12	55,087	-
TOTAL NON-CURRENT LIABILITIES		55,087	-
TOTAL LIABILITIES		2,185,797	545,936
NET ASSETS		2,284,560	2,174,636
EQUITY			
Retained surplus		2,284,560	2,174,636
TOTAL EQUITY		2,284,560	2,174,636

The accompanying notes form part of the financial statements.

Bravehearts Inc.
ABN 41 496 913 890

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Retained Surplus $	Total $
Balance at 30 June 2012	**2,812,614**	**2,812,614**
Net surplus / (deficit) for the year	(637,978)	(637,978)
Balance at 30 June 2013	**2,174,636**	**2,174,636**
Net surplus / (deficit) for the year	109,924	109,924
Balance at 30 June 2014	**2,284,560**	**2,284,560**

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 2014

	Note	2014	2013
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		361,639	423,194
Operating grants receipts		4,833,426	1,287,683
Receipts from sale of merchandise stock		312,123	249,229
Donations and fundraising received		1,486,867	1,201,964
Payments to suppliers and employees		(5,251,339)	(4,234,622)
Interest received		104,646	75,014
Interest paid		-	(175)
Net cash provided by / (used in) operating activities	17	1,847,362	(997,712)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(94,615)	(37,936)
Proceeds from sale of plant and equipment		4,545	-
Net cash (used in) provided by investing activities		(90,070)	(37,936)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) borrowings		(5,921)	(4,934)
Net cash provided by financing activities		(5,921)	(4,934)
Net increase / (decrease) in cash held		1,751,371	(1,040,582)
Cash at beginning of financial year		1,427,829	2,468,411
Cash at end of financial year	6	3,179,200	1,427,829

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

The financial statements were authorised for issue on 13th November 2014 by the members of the committee.

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**

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

Inventories held for distribution are measured at the lower of 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.

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.

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 not 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 exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through 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.

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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. **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 prepaid 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.

k. **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.

l. **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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. **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.

n. **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.

o. **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 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

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, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: REVENUE

	2014 $	2013 $
— Counselling services	89,038	112,995
— Donations received	1,504,274	1,081,680
— Education program fees	140,154	115,281
— Fundraising income	121,984	120,284
— Grant income - Department of Families	858,410	807,930
— Grant income - Royal Commission	1,726,923	180,000
— Grant income - Others	692,651	798,635
— Interest revenue	104,646	75,014
— Other income	408,158	373,275
	5,646,239	3,665,094

NOTE 3: PROFIT FOR THE YEAR

	2014 $	2013 $
Finance costs:		
- external	-	175
Total finance costs	-	175

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

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

	Short-term Benefit $	Post Employment Benefit $	Total $
2014 - Total compensation	524,263	-	524,263
2013 - Total compensation	327,910	-	327,910

NOTE 5: AUDITORS' FEES

	2014 $	2013 $
Remuneration of the auditor of the association for:		
- auditing or reviewing the financial report (100% of the audit fee, up to $30,600 (2013 - $20,600), in lieu of sponsorship/donation)	30,600	20,617

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	$	$
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,228,693	907,708
Short-term bank deposits	1,950,507	520,121
	3,179,200	1,427,829

The effective interest rate on short-term bank deposits was 3.7% (2013: 3.9%). These deposits have an average maturity of 105 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:

	2014	2013
Cash and cash equivalents	3,179,200	1,427,829
	3,179,200	1,427,829

NOTE 7: TRADE AND OTHER RECEIVABLES

	2014	2013
CURRENT		
Trade receivables	83,269	108,715
Less: Provision for impairment	(12,396)	(1,430)
	70,874	107,285

NOTE 8: INVENTORIES

	2014	2013
CURRENT		
At cost	153,830	191,440
Merchandise stock	153,830	191,440

NOTE 9: OTHER CURRENT ASSETS

	2014	2013
CURRENT		
Prepayments	16,321	14,374
	16,321	14,374

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	$	$
Building – at cost	28,327	-
Building – at Committee Members' Valuation	955,828	955,828
Accumulated depreciation	(141,118)	(115,334)
	843,037	840,494
Plant and Equipment – at cost	223,557	223,924
Plant and Equipment – at Committee Members' Valuation	-	22,637
Accumulated depreciation	(133,348)	(194,373)
	90,209	52,187
Motor Vehicles – at cost	217,902	155,530
Motor Vehicles – at Committee Member's Valuation	42,199	54,199
Accumulated depreciation	(143,215)	(122,765)
	116,886	86,964
Total Property, Plant and Equipment	1,050,132	979,645

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 2012	864,439	57,450	113,375	1,035,264
Additions	-	37,936	-	37,936
Disposals and Scrappings	-	-	-	-
Depreciation expense	(23,945)	(43,200)	(26,411)	(93,555)
Balance at 30 June 2013	840,494	52,187	86,964	979,645
Additions	28,327	77,365	62,372	168,064
Disposals and Scrappings	-	-	(7,959)	(7,959)
Depreciation expense	(25,784)	(39,343)	(24,491)	(89,619)
Carrying amount at 30 June 2014	843,037	90,209	116,886	1,050,132

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).

	2014	2013
NOTE 11: TRADE AND OTHER PAYABLES	**$**	**$**
CURRENT		
Unsecured liabilities		
Trade and other payables	284,453	326,993
Unexpended grants	1,280,877	-
Deferred income	367,447	92,881
TOTAL CURRENT TRADE AND OTHER PAYABLES	1,932,777	419,874

a. Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables			
	Total current	1,932,777	419,874
	Total non-current	-	-
		1,932,777	419,874
Less:	Unexpended grants	1,280,877	-
	Deferred income	367,447	92,881
		284,453	326,993

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	12,441	-
NON-CURRENT		
Lease liability	55,087	-
TOTAL BORROWINGS	67,528	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 13: EMPLOYEE PROVISIONS

	2014	2013
	$	$
CURRENT		
Employee provisions - annual leave entitlements	132,452	89,761
Employee provisions - long service leave entitlements	53,040	36,301
TOTAL PROVISIONS	185,492	126,062

Analysis of Employee Provisions	**$**
Opening balance at 1 July 2013	126,062
Additional provisions	163,823
Amounts used	(104,393)
Balance at 30 June 2014	185,492

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 15: EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet requiring disclosure in the financial report.

NOTE 16: RELATED PARTY TRANSACTIONS	2014 $	2013 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.		
a. 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

NOTE 17: CASH FLOW INFORMATION	2014 $	2013 $
a) Reconciliation of Cash Flow from Operations with Total Comprehensive Income for the year		
Profit after income tax	109,924	(637,978)
Non-cash flows in profit		
- Depreciation	89,619	93,555
- Loss on disposal of fixed asset	3,414	-
Changes in assets and liabilities		
(Increase)/decrease in trade receivables	36,411	17,444
(increase)/decrease in prepayments	(1,947)	3,399
(Increase)/decrease in inventories	37,609	(31,521)
Increase/(decrease) in trade and other payables	(42,540)	130,031
Increase/(decrease) in employee benefits	59,430	46,646
Increase/(decrease) in unexpended grants	1,555,442	(619,290)
	1,847,362	(997,712)

b) Non-cash transactions

During the year the following non-cash trasactions occurred:

i. the association entered into finance leases to purchase three vehicles for $73,449

ii. assets with a written down value of $100,368 were scrapped during the year

iii. donations in kind or pro-bono services to a value of $139,391 were recognised during the year

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

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	2014	2013
		$	$
Financial Assets			
Cash and cash equivalents	6	3,179,200	1,427,829
Trade and other receivables	7	70,874	107,285
TOTAL FINANCIAL ASSETS		3,250,073	1,535,113
Financial Liabilities			
Trade and other payables	11	284,453	326,993
Borrowings	12	67,528	-
TOTAL FINANCIAL LIABILITIES		351,981	326,993

Financial Risk Exposures Management

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 on financial performance.

The main risks the entity is exposed to through its financial instruments are liquidity risk and credit risk.

i. Liquidity Risk

The association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funding resources are maintained.

ii. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets,as disclosed in the balance sheet and notes to the financial statements. The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the association.

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	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial liabilities due for payment								
Trade and other payables (excluding employee benefits)	284,453	326,993	-	-	-	-	284,453	326,993
Financial lease liabilities	12,441	-	55,087	-	-	-	67,528	-
Total contractual outflows	296,894	326,993	-	-	-	-	351,981	326,993
Total expected outflows	296,894	326,993	-	-	-	-	351,981	326,993
Financial assets — cash flows realisable								
Cash and cash equivalents	3,179,200	1,427,829	-	-	-	-	3,179,200	1,427,829
Trade and other receivables	70,874	108,715	-	-	-	-	70,874	108,715
Total anticipated inflows	3,250,073	1,536,544	-	-	-	-	3,250,073	1,536,544
Net (outflow)/inflow on financial instruments	2,953,179	1,209,551	-	-	-	-	2,898,092	1,209,551

Net Fair Values

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

NOTE 19: CAPITAL AND LEASING COMMITMENTS

	2014	2013
	$	$
a) Finance lease commitments		
Payable – minimum lease payments		
- not later than 12 months	12,441	-
- later than 12 months but not later than 5 years	55,087	-
- greater than 5 years	-	-
Minimum lease payments	67,528	-
Less: Future finance charges	-	-
Present value of minimum lease	67,528	-

NOTE 19: CAPITAL AND LEASING COMMITMENTS (cont'd)

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

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 2014 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:

Treasurer ....

Dated this 13th day of November 2014

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 2014, 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.

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 $1,504,274 and fundraising receipts of $121,984. A similar qualification was disclosed in our 30 June 2013 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. presents fairly, in all material respects, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia the financial position of Bravehearts Inc. as at 30 June 2014, and the results of its operations and its cash flows for the year then ended.

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 2014;
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 2014 has been properly accounted for and applied in accordance with the Act.

WPIAS Pty Ltd
Authorised Audit Company No. 440306

LEE-ANN DIPPENAAR
DIRECTOR

4 Helensvale Road
HELENSVALE QLD 4212

Dated this 13th day of November 2014