



MORRISSEY HOMESTEAD INC.  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2019

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# MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

## Statement of Financial Position

as at 30 June 2019

	Note No.	2019 \$	2018 \$
<b>Current Assets</b>			
Cash	1	166,311	176,528
Cash Investments	2	1,235,104	1,003,565
Debtors	3	75,052	30,284
Other Current Assets	4	33,223	84,776
Total Current Assets		<u>1,509,690</u>	<u>1,295,153</u>
<b>Non-Current Assets</b>			
Plant & Equipment	5	429,734	350,838
Total Non-Current Assets		<u>429,734</u>	<u>350,838</u>
<b>Total Assets</b>		<u><b>1,939,423</b></u>	<u><b>1,645,991</b></u>
<b>Current Liabilities</b>			
Creditors & Accruals	6	358,627	144,079
Other Current Liabilities	7	-	459,703
BAS Liabilities	8	17,258	(9,998)
Payroll Liabilities	9	54,676	44,325
Provisions	10	112,894	82,648
Total Current Liabilities		<u>543,455</u>	<u>720,757</u>
<b>Non-Current Liabilities</b>			
Grant Fund - Fixed Assets	11	22,534	17,328
Total Non-Current Liabilities		<u>22,534</u>	<u>17,328</u>
<b>Total Liabilities</b>		<u><b>565,989</b></u>	<u><b>738,085</b></u>
<b>Net Assets</b>		<u><b>1,373,434</b></u>	<u><b>907,906</b></u>
<b>Equity</b>		<u><b>1,373,434</b></u>	<u><b>907,906</b></u>

The accompanying notes form part of these financial statements.

# MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

## Statement of Financial Position

as at 30 June 2019

	Note No.	2019 \$	2018 \$
<b>NOTES TO THE STATEMENT OF FINANCIAL POSITION</b>			
<b>Note 1 - Cash</b>			
MHI Fundraising Account		5,433	27,084
Operating Account		56,947	14,467
Business Cash Reserve		12,325	126,800
Contingency		89,954	-
LSL Saver		-	5,304
P/cash		1,489	2,509
Cash & Floats - various		163	365
		<u>166,311</u>	<u>176,528</u>
<b>Note 2 - Investments</b>			
Term Deposits: Asset & Leave		799,347	613,676
Term Deposits: Fundraising		435,757	389,889
		<u>1,235,104</u>	<u>1,003,565</u>
<b>Note 3 - Debtors</b>			
Trade Debtors		74,155	29,127
Debtors Sundry		897	1,158
		<u>75,052</u>	<u>30,284</u>
<b>Note 4 - Other Current Assets</b>			
Prepayments		33,223	84,776
		<u>33,223</u>	<u>84,776</u>
<b>Note 5 - Plant &amp; Equipment</b>			
Centre Equipment		111,099	109,158
Less: Acc Dep'n		(86,558)	(77,854)
Motor Vehicles		553,656	497,588
Less: Acc Dep'n		(392,114)	(338,649)
Office Equipment		59,920	59,920
Less: Acc Dep'n		(57,730)	(55,388)
Plant & Equipment		76,455	71,824
Less: Acc Dep'n		(64,212)	(61,151)
Computer Equipment		107,921	107,921
Less: Acc Dep'n		(87,968)	(64,447)
Leasehold Improvements		294,394	160,882
Less: Acc Dep'n		(85,129)	(58,967)
		<u>429,734</u>	<u>350,838</u>
Total Assets		<u><b>1,939,423</b></u>	<u><b>1,645,991</b></u>

The accompanying notes form part of these financial statements.

# MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

## Statement of Financial Position

as at 30 June 2019

	Note No.	2019	2018
		\$	\$
<b>NOTES TO THE STATEMENT OF FINANCIAL POSITION</b>			
<b>Note 6 - Creditors &amp; Accruals</b>			
Trade Creditors		27,857	816
Accrued Expenses		77,798	80,408
Fees Received in Advance		252,972	62,854
		<u>358,627</u>	<u>144,079</u>
<b>Note 7 - Other Current Liabilities</b>			
GIA - HACC		-	57,869
GIA - NR HACC		-	63,614
GIA - NR Other		-	50,000
GIA - NR Funding		-	288,220
		<u>-</u>	<u>459,703</u>
<b>Note 8 - BAS Liabilities</b>			
GST Collected		36,269	10,319
GST Paid		(19,011)	(20,317)
		<u>17,258</u>	<u>(9,998)</u>
<b>Note 9 - Payroll Liabilities</b>			
Superannuation Liability		34,707	28,955
Salary Sacrificing Liability		536	536
PAYG Withholding Payable		19,432	14,834
		<u>54,676</u>	<u>44,325</u>
<b>Note 10 - Provisions (Current)</b>			
Prov for Annual Leave		66,871	41,665
Prov for Long Service Leave		46,023	40,983
		<u>112,894</u>	<u>82,648</u>
<b>Note 11 - Provisions (Non Current)</b>			
Prov for Long Service Leave		22,534	17,328
		<u>22,534</u>	<u>17,328</u>
Total Non-Current Provisions		<u>22,534</u>	<u>17,328</u>
Total Liabilities		<u>565,989</u>	<u>738,085</u>
<b>Equity</b>			
Retained Earnings		619,686	701,386
Current Year Earnings		427,414	166,683
Add Non Recurrent Grant Bfwd HACC		38,114	39,837
Reserve - Future Sustainability		288,220	-
Total Equity		<u>1,373,434</u>	<u>907,906</u>

The accompanying notes form part of these financial statements.

# MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

## Income Statement

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b><u>INCOME</u></b>		
<b>HACC Funding</b>		
Grants Bfwd	57,869	104,565
Recurrent Funding - HACC	802,035	1,491,116
Non Recurrent HACC Received	25,500	116,213
Total HACC FUNDING	885,404	1,711,894
<b>Other Funding</b>		
Grants NR Other Bfwd	50,000	-
Recurrent Funding - CHSP	754,596	-
Grants NR Other	-	209,272
Total Other Funding	804,596	209,272
Grants & Funding Carried Forward	-	(332,319)
<b>Kitchen Income</b>		
Kitchen Sales- Food	77,569	76,983
Kitchen Sales - Drinks	4,172	5,351
Total Kitchen	81,741	82,334
<b>HACC Income</b>		
Client Fees - Daycare	34,113	54,674
Client Fees - Transport	24,249	31,747
Client Fees - 3rd Party Transport	-	5
Client Fees - Transport- Other	14,842	4,984
Client Fees - Centre Activities	190	1,640
Client Fees - Social Support	10,193	24,298
Client Fees - Respite	-	2,327
Client Fees - Domestic Assist	300	3,173
Client Fees - Cont'n Other	23	-
Client Fees - Excursions/Functions	3,824	9,815
Client Fees - After School	786	-
Disposal of Assets	-	30,669
Use of Facilities	7,860	9,210
Total HACC INCOME	96,380	172,541

The accompanying notes form part of these financial statements.

# MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

## Income Statement

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b><u>Morrissey Income</u></b>		
DSC Fees	289,793	-
CHSP Fees	33,238	-
Aged Care Clients	168,483	-
Private Clients - Daycare & Centre Act	140,770	198,404
Private Clients - Transport	-	4,764
Private Clients - Social Support	-	42,493
Private Clients - Domestic Assist	-	5,669
Private Clients - Home Maintenance	-	495
Disposal of MHI Assets	20,749	273
Fundraising	296,757	8,642
Membership	-	23
Donations	-	214
Interest F/raising	-	4,435
Total Morrissey Income	<u>949,790</u>	<u>265,412</u>
<b>Interest</b>		
Interest Other	21,433	13,936
Total Interest	<u>21,433</u>	<u>13,936</u>
<b>TOTAL INCOME</b>	<b>2,839,344</b>	<b>2,123,070</b>

The accompanying notes form part of these financial statements.

# MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

## Income Statement

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b>DIRECT COSTS</b>		
Direct Wages & Salaries		
Emp: Wages Direct	896,951	816,520
Emp: Allowances	5,892	5,030
Emp: Wages Recovery	(1,500)	(22,192)
Emp: Superannuation	83,515	65,300
Total Direct Wages & Salaries	<u>984,858</u>	<u>864,658</u>
Additional Direct Wages		
Provision - Annual Leave	13,347	4,509
Provision - Long Service Leave	(4,067)	5,704
Total Additional Direct Wages	<u>9,280</u>	<u>10,213</u>
Other Employment Expenses		
Workers Compensation Insurance	30,291	25,386
Total Other Employment Expenses	<u>30,291</u>	<u>25,386</u>
<b>OPERATIONAL COSTS</b>		
Kitchen - Consumables	7,215	7,193
Kitchen - Drinks purchases	3,654	3,281
Kitchen - Food Purchases	50,891	53,264
Centre Activities Exp	6,885	8,920
Client Consumables	2,224	1,104
Excursions & Functions	4,890	8,064
Staff Meals	-	50
Total Operational Costs - Morrissey	<u>75,759</u>	<u>81,878</u>
Transport		
MV: Depreciation	85,648	44,357
MV: Fuel & Oil	59,012	35,265
MV: Repairs & Maintenance	43,231	36,504
MV: Insurance	21,100	17,939
MV: Parking	-	8
MV: Licenses	6,639	4,826
Total Transport	<u>215,630</u>	<u>138,900</u>
<b>TOTAL DIRECT COSTS</b>	<u>1,315,818</u>	<u>1,121,034</u>
<b>Gross Surplus</b>	<u><b>1,523,526</b></u>	<u><b>1,002,035</b></u>

The accompanying notes form part of these financial statements.



# MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

## Income Statement

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b>OVERHEAD COSTS</b>		
<b>Administration Expenses</b>		
Emp: Wages & Salaries Indirect	661,214	465,816
Emp: Allowances	24	-
Emp: Superannuation Expense	61,027	52,850
Provision - Annual Leave	11,860	(10,817)
Provision - Long Service Leave	14,312	6,112
Workers Compensation	27,239	14,456
Staff Recruitment	4,947	2,575
Staff Training	7,615	9,518
Other employment exp	456	4,776
Trainee Expenses	(1,358)	-
Admin exp	846	883
Total Administration Costs	<u>788,182</u>	<u>546,170</u>
<b>Accommodation Costs</b>		
Electricity	17,331	14,044
Gas	1,911	2,408
Rates	9,720	5,764
Insurance - Building	1,769	1,700
Maintenance	20,559	31,543
Cleaning	10,712	22,932
Rent	-	750
Security	2,346	2,102
Depreciation	24,686	21,926
Total Accommodation Costs	<u>89,034</u>	<u>103,167</u>

The accompanying notes form part of these financial statements.

# MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

## Income Statement

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b>Operational Costs</b>		
Accounting Fees	30,479	21,550
Audit Fees	12,442	14,478
Bank Charges	585	429
Bad Debts	105	-
Computer Expenses	7,510	18,248
Consulting / Legal Fees	12,647	18,120
Dep'n - Equip W/off	39,104	23,503
Equipment < \$1000	5,914	6,841
Fundraising Expense	300	-
Health and Safety	1,055	938
Insurance - Business	13,612	14,043
Internet	2,170	1,426
Meals & Entertainment	69	35
Office Supplies	4,230	4,533
Postage	1,973	3,498
Photocopier	3,865	6,041
Promotions/Marketing	55,365	27,045
Repairs & Maintenance	343	109
Staff Amenities	3,325	2,786
Subscriptions	466	2,178
Sundry Expenses	136	(8)
Telephone	17,141	14,128
Travel & Accommodation	3,930	5,328
Uniforms	1,535	-
Volunteers	595	765
Total Operational Costs	<u>218,896</u>	<u>186,015</u>
<b>Total Overhead Costs</b>	<b>1,096,112</b>	<b>835,352</b>
<b>Operating Surplus</b>	<b><u>427,414</u></b>	<b><u>166,683</u></b>
Add: Non Recurrent Grant Bfwd HACC	<u>38,114</u>	<u>39,837</u>
<b>Net Surplus</b>	<b><u>465,528</u></b>	<b><u>206,520</u></b>

The accompanying notes form part of these financial statements.

# MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

## Statement of Cash Flows

For the year ended 30 June 2019

	2019	2018
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Recurrent Grants and Government Fee Contributions	1,646,311	1,285,033
Client Contribution	570,880	502,455
Interest Received	21,433	18,371
Payments to Employees (excluding leave entitlements)	(1,564,056)	(1,307,366)
Payments to Suppliers	(359,339)	(580,181)
<b>Net cash provided by / (used in) operating activities</b>	<b>315,229</b>	<b>(81,688)</b>
<b>Cash Flows from Investing Activities</b>		
Non Recurrent and Capital Grants	113,614	234,772
Payments for Plant and Equipment	(254,529)	(249,130)
Proceeds from Disposal of Plant and Equipment	47,008	32,180
<b>Net cash provided by / (used in) investing activities</b>	<b>(93,907)</b>	<b>17,822</b>
Net increase / (decrease) in Cash Held	221,322	(63,866)
Cash at the beginning of the Financial Year	1,180,093	1,243,959
<b>Cash as the end of the Financial Year</b>	<b>1,401,415</b>	<b>1,180,093</b>
<b>A. Reconciliation of net cashflow from operations with net surplus:</b>		
Net surplus from ordinary activities	465,528	206,520
<b>Adjustments for:</b>		
Depreciation	149,438	89,786
Net gain on disposal of plant & equipment	(20,749)	(30,668)
Capital Grant	(113,614)	(229,261)
<b>Change in operating assets and liabilities:</b>		
Accounts receivable and other accruals	(44,767)	17,272
Other assets	51,553	(10,326)
Accounts payable and other accruals	252,091	(10,622)
Provisions	35,452	(5,510)
Unspent recurrent funds liability	(459,703)	(108,879)
	<b>315,229</b>	<b>(81,688)</b>

The accompanying notes form part of these financial statements.

# MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

## Statement of Changes in Equity

For the year ended 30 June 2019

	Retained Surplus	Reserve Future Sustainability	Total
	\$	\$	\$
<b>Balance 1 July 2017</b>	701,386	-	701,386
Surplus for the year	206,520	-	206,520
Transfers to / (from) reserves	-	-	-
<b>Balance 30 June 2018</b>	<b>907,906</b>	<b>-</b>	<b>907,906</b>
<b>Opening Retained Earnings 1 July 2018</b>	907,906	-	907,906
Surplus for the year	465,528	-	465,528
Transfers to / (from) reserves	(288,220)	288,220	-
<b>Balance 30 June 2019</b>	<b>1,085,214</b>	<b>288,220</b>	<b>1,373,434</b>

The accompanying notes form part of these financial statements.

## MORRISSEY HOMESTEAD INC.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Constitution and the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act (WA) 2015*. The Board has determined that the association is not a reporting entity.

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

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

(a) **Taxation**

The Australian Taxation Office has endorsed Morrissey Homestead Inc. as a Public Benevolent Institution and it is eligible for the following concessions:

- (i) GST concession
- (ii) FBT exemption
- (iii) Income taxation exemption

Morrissey Homestead Inc. is endorsed as a Deductible Gift Recipient (DGR).

No change in its tax status as a result of activities undertaken during the year is likely.

(b) **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date.

Up to 30 June 2018, revenue from fundraising and other sources of future income was recorded as income in the year it was spent as allocated by the Board. Unspent fundraising was recognised as a liability within the balance sheet and carried forward until expended. From 1 July 2018 unspent fundraising and other source of future income are recognised as income in the year received and recorded within an equity reserve as agreed by the Board.

Revenue from funding, provided under contractual arrangements is taken up on a proportionate basis net of GST, over the period to which the funding relates. Grant funds received in advance at balance date are recognised as a liability within the balance sheet and carried forward to the next accounting period.

**MORRISSEY HOMESTEAD INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Funds paid to Morrissey Homestead Inc. relating to individual clients including NDIS funding, WANDIS funding and aged care package funding is recorded in a liability account as income in advance until such time as services are provided to the individual client at which time the service fee is recognised as income.

**(c) Non Current Assets**

Plant and equipment are recorded at cost less depreciation and any impairment losses.

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the Association commencing from the time the asset is held for use.

Fixed assets purchased at a cost for less than \$1,000 are expensed in the year of purchase.

Major depreciation periods used for each class of depreciable asset are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Motor Vehicles	33%
Computer Equipment	33%-100%
Plant and Equipment	10%-100%
Centre Equipment	10%-100%
Office Equipment	15%-100%
Leasehold Improvements	10%-100%

**(d) Employee Benefits**

Provision is made for the liability for the employee entitlements arising from services rendered by employees to balance date.

Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amounts plus related on-costs.

Employee entitlements payable later than one year have been measured at their nominal amounts plus related on-costs multiplied by an applicable discount factor depending on the employees years of service.

Calculations for long service leave have been based on total hours worked by each employee since commencement of employment (accounting for those who have changed working hours during their employment) and a probability factor has been applied to nominal amounts as follows:

**Probability factor based on years of service**

5 years and over	100%
4-5 years	85%
3-4 years	75%
2-3 years	50%
1-2 years	25%

Long service leave accrues at eight and two third weeks after ten years of service.

**MORRISSEY HOMESTEAD INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Employee Benefits (continued)**

Long Service leave is classified as a non current liability until the employee reaches 7 years of service, after which any long service leave accrued becomes payable upon termination and is therefore classified as a current liability.

Contributions are made by the Association to employee superannuation funds and are allocated as an expense when incurred.

**(e) Goods & Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisitions of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

**(f) Grant Acquitted**

For the purpose of acquitting grants provided by funding bodies, the association has adopted the following policies:

Grant income is acquitted after allowing for the following costs:

- Cost including labour and on costs directly associated with a specific grant;
- Administration and other related overhead costs (after excluding costs which are abnormal both in nature and value and therefore not representative of an appropriate level of costs that would be expected to be incurred) not related to a specific grant are allocated over the relevant grants, based on a proportion of the level of each grant and related income compared to total income.

Such allocations are reduced to take into consideration the lower level administrative burden a grant is likely to produce, such as in the case of capital grants.

Representations of management and internal documentation are used in determining to which grants a cost may be directly or indirectly attributed.

**(g) Comparatives**

Where required, comparative information has been adjusted to conform with current period presentation.

**NOTE 2. FINANCIAL SUPPORT**

The ongoing operation of the services provided by Morrissey Homestead Inc. is dependent upon the continued receipt of funds from the Department of Health and other funding providers.

**MORRISSEY HOMESTEAD INC.**

**STATEMENT BY MEMBERS OF THE BOARD**

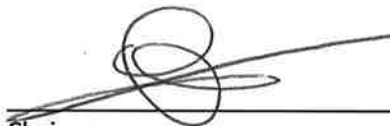
The Board have determined that the association is not a reporting entity.

The Board have determined that this special purpose financial report should be prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012, Associations Incorporation Act (WA) 2015* and the accruals basis of accounting, as outlined in Note 1 to the financial report.

In the opinion of the Board:

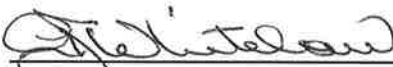
1. The financial statements and notes of Morrissey Homestead Inc. are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act (WA) 2015*, including:
  - a) Giving a true and fair view of its financial position at 30 June 2019 and of its financial performance and cashflows for the year ended on that date;
  - b) Complying with the accounting policies described within Note 1 to the financial statements and the *Australian Charities and Not-for-profits Commission Regulations 2013; and*
2. There are reasonable grounds to believe that Morrissey Homestead Inc. will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



\_\_\_\_\_

Chairperson



\_\_\_\_\_

Board Member

Dated this 16<sup>th</sup> day of September 2019



## MORRISSEY HOMESTEAD INC.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### NOTE 3. LEASE AGREEMENT

##### *City of Bunbury*

A lease agreement has been entered into for the lease of Lot 65 (123) South Western Highway, Bunbury. The term of this lease is 1 July 2011 to 30 June 2026. The lease agreement was signed on 15 September 2011.

A Deed of Variation was signed January 2019 to extend the lease area.

##### *Shire of Harvey*

Morrissey Homestead Inc. has entered into a lease agreement with the Shire of Harvey to occupy Lot 42 Clifton Close, Australind with the term of the lease being 1 December 2007 to 30 November 2022.

#### NOTE 4. CAPITAL COMMITMENTS

As at 30 June 2019, Morrissey Homestead Inc had committed to the purchase of a Mercedes-Benz Sprinter bus for a total value of \$69,359 (including on road costs) excluding GST.

#### NOTE 5. FUTURE SUSTAINABILITY RESERVE

The Morrissey Homestead Inc Board believes the principles of financial sustainability are central to the long term security and viability of the association. To achieve its strategy, the Board approved the establishment of a Future Sustainability Reserve within the 2018/2019 financial year. This reserve may be utilised to meet non-funded capital expenditure, the capacity to undertake strategic research and innovation, or the ability to meet unforeseen expenditure that cannot legitimately be absorbed by funding without compromising service delivery.

The balance transferred to the Future Sustainability Reserve as at 30 June 2019 is the previously recorded unspent fundraising balance at 30 June 2018 brought to account as income in the 2018/2019 financial year, totalling \$288,220. This amount represents own source funds resulting from fundraising undertaken by Morrissey Homestead Inc.

The Future Sustainability Reserve is administered by the Board and requires approval, in all instances to support the expenditure of these funds. All spending from the Future Sustainability Reserve requires a clear rationale for approving the expenditure and a clear demonstration that alternative financial solutions cannot be procured from traditional sources.

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE BOARD OF MORRISSEY HOMESTEAD INC.**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2019, there have been no contraventions of:

- i) The auditor independence requirements as set out in Section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* and section 80 of the *Associations Incorporation Act (WA) 2015* in relation to the audit; and
- ii) Any applicable code of professional conduct in relation to the audit.

**AMD Chartered Accountants**



**MARIA CAVALLO**  
**Director**

Bunbury, WA

Dated this 4<sup>th</sup> day of September 2019

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF MORRISSEY HOMESTEAD INC.**

***Report on the Audit of the Financial Report***

***Qualified Opinion***

We have audited the financial report of Morrissey Homestead Inc. which comprises the statement of financial position as at 30 June 2019, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commissions Act 2012 and the Associations Incorporation Act (WA) 2015* including:

- i) giving a true and fair view, in all material respects, of the financial position of Morrissey Homestead Inc. as at 30 June 2019, and of its financial performance and its cash flows for the year then ended; and
- ii) complying with the accounting policies described in Note 1, Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013* and the *Associations Incorporation Act (WA) 2015*.

***Basis for Qualified Opinion***

As is common for organisations of this type, it is not practicable for Morrissey Homestead Inc. to maintain an effective system of internal control over cash received in relation to client fees, kitchen sales, donations, fundraising activities and other income until their initial entry in the accounting records. Accordingly, our audit in relation to income was limited to amounts recorded in the financial records.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of Morrissey Homestead Inc. in accordance with the *Australian Charities and Not-for-profits Commission Act 2012, Associations Incorporation Act (WA) 2015* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### ***Emphasis of Matter- Basis of Accounting***

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Morrissey Homestead Inc. to meet the requirements of the *Australian Charities and Not-for-profits Commissions Act 2012 and the Associations Incorporation Act (WA) 2015*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### ***Emphasis of Matter- Economic Dependency***

We draw attention to Note 2 to the financial report, which describes Morrissey Homestead Inc.'s dependency on funding from the Department of Health. Our opinion is not modified in respect of this matter.

### ***Other Information***

Those charged with governance are responsible for the other information. The other information comprises the information included in the Morrissey Homestead Inc.'s annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Report***

Management is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commissions Act 2012, the Associations Incorporation Act (WA) 2015* and the needs of the members. Management's responsibility also includes such internal control as determined necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management are responsible for assessing Morrissey Homestead Inc.'s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intend to liquidate Morrissey Homestead Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Morrissey Homestead Inc.'s financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**AMD Chartered Accountants**



**MARIA CAVALLO**  
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 17<sup>th</sup> day of September 2019