

# HarbisonCare

ANNUAL REPORT  
2015/16







## OUR MISSION:

*To maintain the meaning and purpose  
in the lives of our residents whilst  
respecting their unique backgrounds.*

## HarbisonCare is

The largest and most comprehensive provider of  
aged care services in the Southern Highlands of NSW

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A provider of care with a history of over 50 years  
in the district

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One of the largest employers in the Southern  
Highlands with over 240 staff

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Community Owned

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A benevolent organisation, endorsed as a deductible  
gift recipient by the Australian Tax Office

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# CHAIRMAN'S MESSAGE

## 2015/16

I am pleased to present the 2015/16 Annual Report.

The Board of HarbisonCare is delighted to report a surplus of \$972,025. This result was achieved as an outcome of continuing improvement in the overall operations, and in particular the increased revenue generated from the Burradoo facilities.

The Commonwealth Government has implemented policies to reduce spending on Aged Care as part of the aspiration to balance the Federal budget. This has resulted in residential aged care providers either reducing services or pursuing operational efficiencies. I am happy to report that HarbisonCare has elected to improve efficiency through the continued introduction of technology and development of our staff. I am proud that HarbisonCare adopts a model of social responsibility balanced with the need to record a financially strong position.

It is significant that during the year the organisation has introduced its own Graduate Program involving seven recent Registered Nurse and Endorsed Enrolled Nurse graduates. The program, in conjunction with the Southern Highlands Private Hospital and the Bowral Public Hospital, provides an opportunity for graduates to develop a career in aged care whilst developing skills in acute and sub-acute nursing.

The Board is continuing its plans to continue the development of the organisation. This includes further development of the Burradoo

site and the expansion of services by providing an increased range of integrated services to both internal and external clients.

The Board and senior management envisage that, as a result of continuing improvement in operations and continuous oversight of income and expenses, HarbisonCare will be able to report a surplus in 2016/17.

### Burradoo

The refurbishment of Jellore House (the former nursing home) was completed in late 2015. These renovations created the main entrance area to the Burradoo Nursing Home, and incorporate physiotherapy, recreation areas, internet café, hairdresser, administration and lounge area. This "street-like" entrance to the new Nursing Home reflects the concept of the Living Village.

The continued redevelopment of the Burradoo site will incorporate the construction of the "Cottages", a low care dementia facility that will form part of the Living Village concept for the





site. It is anticipated that construction of the Cottages will commence in the first half of 2017.

## Moss Vale

The financial viability of Moss Vale continues to improve with the high level of service being provided to our residents not being compromised. Considerable progress has been made with improvement in operational efficiency and cultural change. I am particularly pleased with the direction provided by the Director of Nursing and the support of the staff to embrace change.

## The Residents

I would like to thank our residents and their families for choosing HarbisonCare. The Board and staff appreciate the opportunity to serve our residents and ensure a safe and caring environment.

## Accreditation of our Facilities

During the year the auditors from the Quality Accreditation Agency visited both our locations and, on all occasions, compliance to the Quality Standards was received.

## Thank You

I would like to thank the staff, volunteers, residents and the community for the support given to the organisation. The strong commitment to the organisation continues to provide improved amenity and enjoyment to our residents. The Board has confidence in

the management of HarbisonCare and that the resources of the organisation are being used wisely and for the benefit of all our residents. I would like to thank our local community who support the organisation and who have helped HarbisonCare during the year to make our facilities a lovely home for our residents.

I express my thanks to my fellow directors whose energy, ability and knowledge has greatly contributed to the good governance which underpins HarbisonCare's success.

At the Board meeting to be held tomorrow evening, I intend to step down as Chairman of the Board after thirteen years in the position. I will be staying on as a director for as long as I feel I can continue to contribute to the organisation. I am proud of what has been achieved and what will be achieved in the future.

We all need to appreciate the importance of HarbisonCare to our community.

**David Cummins OAM**

*Chairman*





# YEAR IN REVIEW 2015/16

Don Ross, Chief Executive Officer

I would like to welcome you to the 2015/16 HarbisonCare Annual Report.

HarbisonCare is a community owned charity providing residential aged care at Moss Vale and Burradoo, retirement village self care units at Burradoo and provides services to community residents in their own homes. Each operation is controlled by a Director of Nursing supported by centralised administration and other support services.

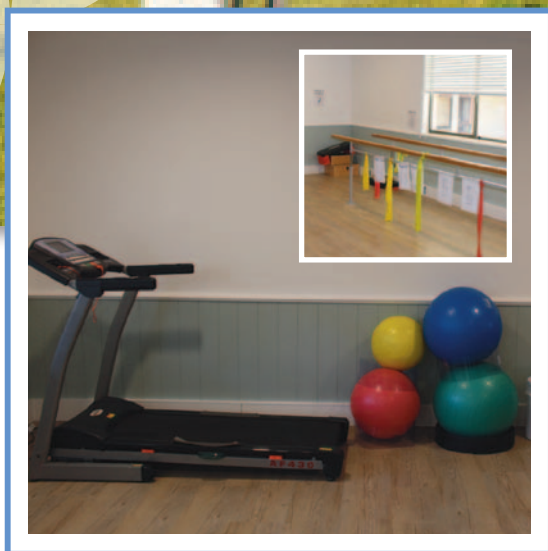
The Commonwealth Government continues to introduce reform into the Aged Care sector by moving to a user pays system. Despite the demands on aged care providers due to these policy changes, I am pleased to advise that the organisation has responded to the challenges and demand for our services is still strong.

As a result it is pleasing that all operations performed well as a product of dedicated staff

providing outstanding care for the residents. Occupancy was strong and the financial performance of the organisation was most satisfactory.

As part of HarbisonCare's plan to improve services to residents, the organisation during the year engaged the services of a resident General Practitioner, Geriatrician and a social worker on a part time basis covering both





*Above: Julie Farmer (Burradoo Educator) with new graduates Sarah Inciong (left) and Leah O'Regan (right).  
Left: Burradoo Gym.*

locations. The support of the Specialist Mental Health Service for Older People and the additional clinical services is providing a more comprehensive level of care for our residents.

Annual resident/relative and staff surveys were conducted by an external provider to produce detailed feedback on areas of improvement for the organisation. Whilst there is always room for improvement, I am pleased that the results of the surveys were most satisfactory.

## Moss Vale

### HOSTEL

The hostel provides care services for 52 ageing-in-place residents. Demand for low care hostel services has been high throughout the year. There has been an increased focus on resident care and teamwork and it is pleasing that the hostel has performed exceptionally well during the year.

## NURSING HOME

The nursing home caters for 50 high care residents. The team of dedicated carers, led by highly competent senior clinical staff, have developed the nursing home operation into a highly efficient operation. As a result, demand for high care has been strong and occupancy has been consistent throughout the year.

## MEMORY CARE UNIT

Two specialised high care units provide specialised care for 32 dementia residents in Alpine and Avoca lodges. The staff are to be commended for their commitment working in a highly demanding environment. Occupancy has been consistently high throughout the year reflecting the increase in memory care issues in the community.

HarbisonCare continues to work with leading professionals in the area of dementia and is constantly looking for better models of care for those suffering from memory care issues.



## Burradoo

### NURSING HOME

The facility cares for 78 high care residents with most residents in single rooms having a separate en-suite. There are a small number of double rooms providing couples the amenity to share if they so desire. During the year the refurbishment of Jellore House and the main entrance area were completely renovated to provide an internet café, hairdresser, physiotherapy and pain clinic areas, administration and a cinema.

### HOSTEL

The hostel provides care for 93 low care residents in single rooms with en-suite accommodation. Occupancy in the hostel has fluctuated as demand for the hostel accommodation decreased due to the age of the facility and the impact of Government policy. The industry has experienced decline in demand for hostel accommodation as a result of Government policy to assist people to stay at home longer.

### FURTHER DEVELOPMENT

The board has been reviewing further development of the Burradoo site. The current plans involve the construction of a "Living Village" incorporating a range of enhanced services on the Burradoo site. It is anticipated that the plans will be finalised in the next financial year.

## Injury Management and Return to Work

HarbisonCare is committed to a workplace injury management program which cares for employees with workplace-related injuries. The organisation provides prompt treatment of work-related injuries. A Return to Work Program ensures that employees achieve pre-injury duties in a structured way in conjunction with the treating medical practitioner and the workers' compensation insurer.

## Maintenance and Laundry

The maintenance and laundry departments have continued to deliver the best services for our residents through dedicated staff and refined systems.

The staff continues to meet the challenges of a range of facilities and the need to ensure a consistent quality service for the benefit of the residents.

## Cleaning

The cleaning function at both locations is provided by Medclean, a specialist cleaning contractor. The organisation is satisfied with the level of service provided by the contractor and the presentation of the facilities.

## Independent Living Units

The Retirement Village within the HarbisonCare precinct offers 34 self-contained units. Currently the units are continuing to meet community demand for local, affordable accommodation. The self-care units provide security and a sense of community. It is pleasing to report that as a result of a very active committee of residents the social interaction of the residents has greatly increased.

## Home Care Packages

HarbisonCare provides 20 level 2 residential packages to consumers in their homes. During the year this service was subcontracted to Southern Highlands Home Care. I am pleased with the transition and the service provided to consumers.

## Catering

The catering staff are committed to providing residents with freshly cooked nutritious food. Their dedication and commitment is appreciated by the residents and the organisation.

The operations at both Moss Vale and Burradoo were subject to a yearly audit by the NSW Food Authority to ensure that food preparation, serving and hygiene are of a high standard. Both facilities achieved the highest 'A' rating. These are excellent results, demonstrating our catering staff's commitment to food safety and cleanliness within our facilities.

All catering staff complete annual training on Food Safety. In addition they are encouraged to do any extra training in food handling.

The catering staff organise special functions for the residents during the year which they enjoy. In particular, they arrange and cater for theme days, BBQs and a most enjoyable meal for the Christmas function.

## Recreational Activities

The recreation staff facilitates a range of physical, social, spiritual and cognitively stimulating activities, as well as providing emotional



support for residents. In addition a large team of volunteers assist with the activities programs, as well as providing companionship on a one-to-one basis with residents. The volunteers are integral to the activities programs and without their assistance HarbisonCare would not be able to provide such comprehensive service to the residents. Community groups, such as local dancers and singers as well as visiting businesses who provide for shopping on-site, allow connection with the community. Local school students also visit residents regularly during term time to provide entertainment through singing/dancing and playing musical instruments.

The recreation staff organise a range of activities during the year including the HarbisonCare bus taking part in the Tulip Time Parade in Bowral and the Bush Parade in Moss Vale, Australia Day celebrations, Olympic activities, special cultural days and BBQs. The artwork made by residents is displayed in activities and dining areas at Burradoo and in the foyer at Moss Vale. The paintings have also been made into cards which are for sale at both facilities. Bus trips to various locations including the Gerroa Fisherman's Club, Crookwell, Nowra and Goulburn have taken place. Carpet bowls and darts competitions were held between Moss Vale and Burradoo residents. These are always hard fought games that are taken quite seriously but also bring a bit of fun.

We have also had more focus on the power of music this year, and have been able to sign up to The Arts Health Institute's Music & Memory program. We are currently working with researchers from Western Sydney University who are gathering information on the effect of music on mood in people living with dementia. This will help us to develop all the personal playlists for the roll out of all the iPods in the Music & Memory program.



Plans are underway to set up another inter-generational program, this time with a local pre-school visiting the Burradoo nursing

home on a regular basis. The current inter-generational programs include visits to Year 1 students at Oxley College, visits from Year 6 students at St Thomas Aquinas and visits from Chevalier College and Moss Vale High School students for Shuffleboard challenges. Residents enjoy sharing stories with the students and much learning happens for the students as well as the residents.

## Chaplain

HarbisonCare continues to offer its Pastoral and Chaplaincy services at both the Burradoo and Moss Vale facilities.

Chapel services continue to offer a wide range of worship styles from various denominations. Services are conducted on Christmas Day, Good Friday and Easter Sunday for our residents to celebrate these special times of the year.

The Chaplain conducts Bible studies at Burradoo on a weekly basis which sees a regular core group of residents coming to explore the Bible. In addition, the Chaplain is actively involved in resident activities ensuring resident social, emotional and spiritual well-being.

## Technology

HarbisonCare has implemented integrated electronic systems within the business to improve accuracy of information and gain efficiencies. The computerised clinical system, LeeCare, enables staff to immediately access resident details throughout the facilities and has been expanded to include medication administration. Electronic lodgment of residents' claims from LeeCare to the Medicare site occurs in real time. The risk reporting system is being developed further to provide risk analysis (risk matrix). The organisation's financial, payroll and human resources module, Inerva, has been integrated with LeeCare and is working successfully. An education and training system, H1 Learning, is currently being used to provide the training modules for staff to access via the internet.

## Accreditation

All residential aged care facilities are accredited by the Commonwealth Government. During the year all our facilities were audited and we have met all the outcomes required for accreditation. The organisation has a program of continuous improvement and is constantly looking for opportunities to advance the care and customer service provided to our residents. HarbisonCare

recognises that there are always opportunities for improvement and that many of our quality improvement initiatives have come by way of suggestions from residents.

### Financial Audit

The company's auditors KPMG conducted an annual audit during the financial year. The audit identified that HarbisonCare met all required outcomes. The audit report and financial report was presented to the Risk and Audit Committee and the Board.

The auditor's independent opinion of the finances and compliance of the company is contained in the financial section of this report, which HarbisonCare Members will have received in accordance with the *Corporations Act*. A copy of this report is also available on our website at [www.harbisoncare.org.au](http://www.harbisoncare.org.au).

### Aged Care Funding Instrument (ACFI) Reviews

During the year the responsibility of Aged Care moved from the Department of Social Services to the Department of Health. The Department undertake reviews of revenue claimed by providers for the care of residents (ACFI funding) on a regular basis. The purpose of the review is to confirm that the Government funding is accurate and supported by relevant documentation. During the year the Department conducted reviews at both locations and only minor issues were identified. HarbisonCare undertakes its own internal audits and provides both internal and external training to staff on the ACFI rules.

### Equal Opportunity for Women in the Workplace Agency (EOWA)

HarbisonCare, as a registered charity, is required to be compliant with the *Equal Opportunity for Women in the Workplace Act 1999*. The organisation has again received confirmation from the Equal Opportunity for Women in the Workplace Agency (EOWA) that we comply with the requirements of the legislation. HarbisonCare encourages a workplace which is flexible enough to accommodate an appropriate work/life balance for all staff.

### Regulation

HarbisonCare has continued to comply with all industry regulations and requirements. National Criminal History Checks are carried out on all new employees/volunteers, and three-yearly thereafter, to ensure the safety and security of our residents.

### Procedure for Responding to Complaints

The Department of Health Aged Care Complaints Scheme is available to all residents and their families in the event that they believe HarbisonCare has not fulfilled its obligations and provided the requisite level of care. The organisation always attempts to resolve complaints from a resident or their families/friends in the first instance by the relevant Director of Nursing or appropriate manager addressing the issue and providing feedback to the complainant. If the issue is not resolved to the satisfaction of the resident or relative, the matter may be referred to the Department of Health Aged Care Complaints Scheme. An outline of the process is available from the Director of Nursing. Once a complaint is received, it is fully investigated by the Department and appropriate action taken on any recommendations. It is pleasing that during the year the Department of Health did not have any issue with HarbisonCare's handling of complaints.

### Staff

HarbisonCare provides opportunity for staff to undertake ongoing education and to improve their formal qualifications. All staff are eligible to apply for financial assistance through the McEvilly Fund to attend external education which is relevant to their work. During the year a number of our staff received grants to assist them with their studies.

HarbisonCare strives to be a professional and fair employer. To remain competitive and to acknowledge the excellent work undertaken, our staff received a 3.0% pay increase in July 2015 in accordance with the Harbison Memorial Retirement Village, NSWNA & HSU East Enterprise Agreement 2014-2017. A further increase occurred in July 2016.

Our organisation provides a pleasant, friendly working environment, free of bullying, discrimination and harassment. We are committed to providing a safe working environment for staff and have a proactive Work Health and Safety Committee which includes both employees and management.



## Graduate Program

During the year the organisation launched its Graduate Program for Registered Nurses and Endorsed Enrolled Nurses. Seven graduates were selected for the program and have been involved in rotations through the Southern Highlands Private Hospital, Bowral Public Hospital and the Community. The program is available for graduates who are seeking a career in Aged Care. It is intended that the program will continue in 2016/17.

To support the graduate Program the organisation has created a specialist Education Centre at the Burradoo site.

## Community Support

Our organisation is extremely grateful to the community for the support we receive. Our volunteers undertake activities with residents which include driving the bus, assisting with activities, cosmetic care, attending to the kiosks, assisting residents with computer requirements and a host of other activities which enhance the residents' quality of life in our facilities.

Residents are provided with access to the internet, especially for the use of applications such as email, Skype and other forms of social media. As a result there is an increasing demand for information technology support at our facilities. I would like to thank Mr Ron Butler and his team of volunteers who continue to provide our residents with assistance. As well as installing IT equipment, Ron and other IT volunteers spend time assisting the residents to become comfortable and familiar with computer equipment.

## CLINICAL STANDARDS

### MEDICAL LIAISON COMMITTEE

HarbisonCare has established its own Medication Liaison Committee as a result of funding to the South Western Sydney Local Health District Medication Advisory Committee being withdrawn by the State Government. Local doctors and support services have donated their time on a voluntary basis to meet with clinical staff to improve the care to our residents. I would like to thank all the committee members for their support and assistance.

### CLINICAL CARE COMMITTEE

The maintaining and developing of clinical standards is conducted through a Committee comprising the Chief Executive Officer, the

Directors of Nursing from Moss Vale and Burradoo, the Director of Nursing Policy/CI and the clinical nurse educators.

This Committee assumes responsibility for the monitoring of:

- Credentialing and competency program
- Clinical audit
- Incident management and feedback
- Clinical Effectiveness – Clinical Performance Indicators
- Occupational Environment Effectiveness – WH&S Performance Indicators
- Clinical Risk Register
- Staff training and development
- Quality Management System
- Education Plan
- Continuous Improvement Plan
- Compliance with the National Standards, and adoption of Best Practice Guidelines
- Benchmark reports and clinical/occupational outcome trends
- Summaries of complaints and serious individual cases
- All clinical risks, and tracking the progress of all unresolved risks
- Action plans that are being progressed (e.g. complaints, accreditation).

## Board

I would also like to thank our voluntary Board of Directors who contribute so much of their time and professional knowledge to assist the organisation and serve the community.

David Cummins has advised that he will be standing down as Chairman after the Annual General Meeting, although he will be staying on as a director. I would like to thank David for all his dedication and commitment to the organisation and for the assistance he has given me.

## The Future

The organisation continues to review its strategic direction as the Commonwealth Government moves more towards a user pays aged care system. The future for HarbisonCare is exciting with the Board and management looking forward to working together to deliver outstanding care for all residents.

### Don Ross

*Chief Executive Officer*



# BOARD OF DIRECTORS

## David Cummins OAM

### CHAIRMAN

LLB (Sydney), Solicitor

Director since August 1989

Chairman since December 2003

Member of Risk and Audit Committee, Redevelopment Committee and Art Committee

## Jan Edwards

### DEPUTY CHAIRPERSON / DIRECTOR

BA (Statistics/Psychology), MBA (Finance), CA, CPA, GAICD,

Chief Executive Officer Berrima District Credit Union

Director since June 2004

Deputy Chairperson

Chair of Risk & Audit Committee

## Doug Drysdale

### DIRECTOR

Dip Law (SAB), Licensed Real Estate Agent

Director since July 2011

Member of Redevelopment Committee and Risk and Audit Committee

## Jenny Harper

### DIRECTOR

Registered Nurse, Graduate Certificate Intensive Care, M.Mgt (Health)

Chief Executive Officer and Director of Clinical Services, Southern Highlands Private Hospital

Director since November 2004

## Henk den Hertog

### DIRECTOR

BBus, MTax, CPA, GAICD

Director since September 2008

Member of the Redevelopment Committee and Risk and Audit Committee

## Campbell MacBean

### DIRECTOR

Reg Psych BA, Grad and Post Grad Dip Psych, MAICD

Registered Psychologist in private practice

Appointed Director November 2011

Member of Risk and Audit Committee

## Ron Wade

### DIRECTOR

B.Ag.Ec., Managing Director Investment Company

Director since May 2008

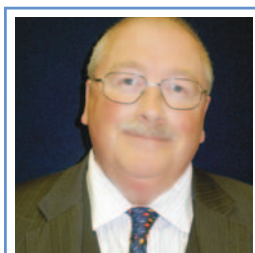
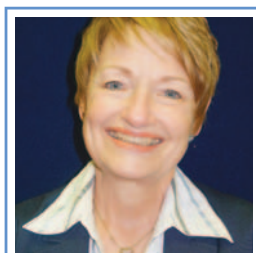
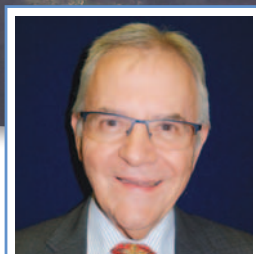
Chair of Redevelopment Committee

## Associate Professor Mark Wilson

### DIRECTOR

MBBS, MPH (Honours), FRACGP, FARGP

Director since July 2011







# CORPORATE GOVERNANCE

Corporate Governance is a primary responsibility of the Board and consists of:

- Developing best-practice policies in the areas of:
  - Board performance management
  - Business performance management
  - General business conduct
  - Business continuity planning
  - Management and Board conflict of interest.
- Ensuring the strategy for the organisation is:
  - Consistent with the stated mission and values of HarbisonCare
  - Properly documented and updated
  - Including benchmarks and performance measures to assist in the assessment of progress
  - Routinely monitored at Board level.
- Ensuring the market relevance of the organisation is managed, monitored and assessed.
- Assisting the Board to maintain its continuity and capacity through its work in managing the:
  - Board skills requirements as set by the Board
  - Board continuity and succession plan
  - Board training and assessment program.
- Monitoring the Impact of Significant Events on the long-term wherewithal of the business.

- Development and custody of policies to provide direction on values, corporate structures and processes, confidentiality and disclosures of interest.

HarbisonCare's directors and management are committed to conducting the company's business ethically and in accordance with high standards of corporate governance. This statement describes HarbisonCare's approach to corporate governance.

## Code of Ethics

HarbisonCare acknowledges the need for directors, executives and employees to observe high ethical standards of behaviour. The company has adopted a code of ethics. The code provides guidance on what is acceptable behaviour, and specifically requires that all directors, executives and employees maintain the highest standards of honesty and integrity.

## Integrity of Reporting

The company has controls in place at the corporate and operational levels that are designed to safeguard the company's interests and ensure the integrity of its reporting. These include accounting, financial reporting, health and safety, and other internal control policies and procedures, which are in place to ensure that the company complies with regulatory requirements and community standards.



Comprehensive practices have been adopted to ensure:

- Appropriate delegation for capital and non-capital expenditure;
- Prudential management of the company's investments and liquidity requirements;
- Health and safety systems monitoring to achieve high standards of performance and compliance; and
- Effective business transactions, authorisation and execution.

The company's financial accounts are subject to an annual audit by an independent, professional auditor. Currently our external auditor is KPMG. The Risk and Audit Committee oversees this process on behalf of the Board.

### Risk Identification and Management

The Board has in place risk management programs aimed at ensuring the company conducts its operations in a manner that allows risks to be formally identified, assessed and appropriately managed.

### Role of the Board

The governance priorities of the Board are to:

- Comply with all relevant laws and regulations;
- Maintain financial viability;
- Report in an open and transparent manner on our performance to the wider community;
- Engage with stakeholders on our strategic intent;
- Improve performance across all areas of the organisation by establishing appropriate objectives and key performance indicators;
- Act on complaints; and
- Reflect on its performance and make changes where necessary.

The Board monitors the business of the company on behalf of members and is responsible for the company's overall corporate governance.

The Board responsibilities include:

- Appointing a Chief Executive Officer and succession planning;
- Developing and approving the strategic plan;
- Monitoring management's control of risk;
- Approving business plans and budgets;
- Approving major capital expenditure;
- Approving capital raising; and
- Agreeing to corporate goals and reviewing performance against approved plans.

The Chief Executive Officer is responsible for managing, directing and promoting the operation and development of the company, consistent with its objectives.

### Composition

The Board considers that its structure, size, focus, experience and use of committees enable it to operate effectively and add value to the company.

At 30 June 2016 the HarbisonCare Board comprised eight non-executive directors, including the Chairman. Details of directors' qualifications and experience are included on page 10.

The composition of the Board seeks to ensure:

- Continued depth of knowledge of and expertise in the business across the members of the Board; and
- Input of new ideas and perspectives to the Board through a managed introduction of new Board members.



## Selection and Appointment of Directors

The directors are conscious of the need to ensure that Board members possess the diversity of skill and experience required to fulfil the obligations of the Board. In considering membership of the Board, directors take into account the characteristics needed to maximise its effectiveness and the blend of skills, knowledge and experience necessary for the present and future needs of the company.

Directors are subject to member re-election by rotation at least every three years. Orientation and ongoing training is offered to all directors.

## Board Meetings

There were 12 scheduled meetings of the Board in 2015/16. Directors attend additional meetings as the business of the company may require. Directors receive comprehensive Board Papers in advance of meetings. Additionally, separate meetings are held to review business plans and company strategy.

Directors also attend company events and meet with both residents and employees.

## Access to Information

Each director has the right of access to all relevant company information. Pursuant to a deed executed by the company and each director, a director also has the right to have access to such documents for a term of seven years after ceasing to be a director.

## Directors Fees

The company does not pay fees to directors.



## Board Committees

The Board subcommittees incorporate the Risk and Audit Committee, Redevelopment Committee, and the HarbisonCare Art Committee.

The Board has Terms of Reference for each of its committees which were reviewed and updated during the year.

Committees report back to the Board as standing agenda items of the Board agenda at each scheduled meeting. Additionally, any director is welcome to attend any committee, and minutes of the committees are circulated to the Board.



## RISK AND AUDIT COMMITTEE

The Risk and Audit Committee comprises four directors and the Chief Executive Officer. The Committee Chairman is appointed by the Board.

The Risk and Audit Committee's primary responsibilities include:

- Determining the scope of the external audit, recommending the auditor's appointment/removal and reviewing the auditor's performance and scope of the audit;
- Reviewing the company's published financial results;
- Ensuring the timely adoption of, and adherence to, all relevant accounting policy changes;
- Evaluating controls to safeguard assets relevant to risks, developing priorities and recommending procedures that will ensure

effective internal control, including reviewing the external audit management letters to monitor management's remedies to correct noted deficiencies;

- Conducting an independent review of management control systems and practice as a basis for identifying ways of improving efficiency, effectiveness and minimizing business risks, specifically operational, financial and human resource;
- Appraising the adequacy, integrity, security, reliability and usefulness of management information systems and computer systems;
- Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- To oversee regulatory compliance, ensuring appropriate policies, processes and culture exist to meet all relevant legislative and regulatory requirements;
- Reviewing related party transactions; and
- Reporting to the Board on matters relevant to the committee's role and responsibilities.

## REDEVELOPMENT COMMITTEE

The Redevelopment Committee comprises four directors and the Chief Executive Officer. The Committee Chairman is appointed by the Board.





The Redevelopment Committee assumes the responsibility for the oversight of the following:

- Development of a Strategic Plan for the redevelopment of the Burradoo site;
- Preparation of a Business Case for such redevelopment;
- Preparation of Request for Tender documentation for such redevelopment;
- Selection of the Project Manager for such redevelopment;
- Monitor the performance of the successful Project Manager and successful Tenderer;
- Development of a financing plan for the project and the continual review of the financial impact of the redevelopment on HarbisonCare's financial capacity;
- Ensure that any developments, refurbishments or upgrades are cost effective, appropriate, and in accordance with HarbisonCare's objectives and standards;
- Identify and advise the Board on future development opportunities and requirements; and
- Review risk management strategies to identify and minimise the risk arising from the size and complexity of the redevelopment project.

## FUNDRAISING AND COMMUNITY AWARENESS

As a result of the change in community expectation and the difficulties in attracting funding, the Fundraising and Community Awareness Committee was disbanded during the year. The organisation is currently reviewing ways to more effectively organise fundraising activities and improve community awareness/support of HarbisonCare.

## HARBISONCARE ART COMMITTEE

The committee comprises the Chief Executive Officer and a panel of local artists. The committee Chairman is appointed by the Board. The Art Committee is chaired by local artist Gillian Hook and has established an art collection for the enjoyment of residents, visitors and staff. The HarbisonCare Art Committee has worked tirelessly to provide art in all the facilities.

Our thanks go to Gillian Hook and the committee who make the environment of our facilities better for our residents.





# SENIOR STAFF



**Don Ross**  
CHIEF EXECUTIVE  
OFFICER



**Steven Clancy**  
CHAPLAIN



**Karen  
Harrington**  
RETURN TO WORK  
COORDINATOR



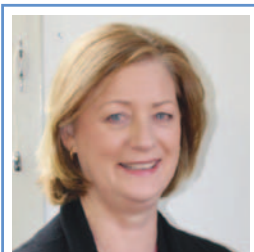
**Linda Cooke**  
DIRECTOR  
OF NURSING -  
BURRADOO  
HOSTEL



**Melissa Irish**  
CORPORATE  
SERVICES  
MANAGER



**Joe Goodfellow**  
HOTEL SERVICES  
MANAGER



**Susan  
MacDonald**  
DIRECTOR OF  
NURSING -  
BURRADOO  
NURSING HOME



**Linda Hall**  
DIRECTOR  
OF NURSING -  
MOSS VALE



**Josie Peacock**  
DIVERSIONAL  
THERAPIST &  
VOLUNTEER  
COORDINATOR

## *Special Thanks*

To the many people in our community, too numerous to mention, who have given their time, a gift or donation to HarbisonCare.

# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

*Harbison Memorial Retirement Village – ABN 23 001 507 624*

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# DIRECTORS' REPORT

The directors present their report together with the financial report of Harbison Memorial Retirement Village (HarbisonCare) for the financial year ended 30 June 2016, and the auditor's report thereon.

## Directors

The names of the directors in office at any time during, or since the end of the year are:

David James Cummins

Douglas Syme Drysdale

Janet Patricia Edwards

Jennifer Marilyn Harper

Hendrik den Hertog

Campbell Robert Sinclair MacBean

Ronald Frederick Wade (*Resigned 25 May 2016*)

Mark Andrew Gordon Wilson

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## Principal Activities

The principal activity of the Company during the financial year was the provision of aged care services through the operation of:

- Nursing home facilities at Burradoo and Moss Vale
- Assisted living hostel facilities at Moss Vale and Burradoo
- Independent living units at Burradoo
- Dementia care facilities at Moss Vale
- Community Aged Care Packages.

There were no significant changes in the nature of these activities during the year.

## Principal Objectives

The principal objectives of the organisation are to:

- Provide residential aged care services to the residents of the Southern Highlands
- Enhance the meaning and purpose in the lives of our residents
- Provide a wide range of services to residents
- Achieve high resident satisfaction
- Achieve strong employee morale and participation
- Strive for continuous improvement.

## Strategy to Achieve Our Objectives

These objectives will be achieved by:

- Provision of resident centred care
- Response to the assessed demand for extended services
- Provision and development of training programmes for all staff
- Efficient delivery of all services
- Adoption of appropriate new technology for aged care.

## How Do Our Principal Activities Assist in Achieving Our Objectives?

Our principal activities will assist in achieving the objectives by:

- Having residential aged care facilities at Moss Vale and Burradoo that provide a range of services to our residents
- Providing home care services to the community
- Involving our staff in the decision making process to provide an enhanced level of resident satisfaction
- Using new technology to improve the level of care and its delivery to our residents.

## Performance Measurement

The following performance measures will be adopted:

- Financial, clinical and safety performance against industry benchmarks
- Resident satisfaction survey
- Staff satisfaction survey
- Financial outcomes
- Staff performance reviews.

## Operating and Financial Review

During the year, the principal focus was to:

- Expand provision of aged care services to ensure sustainable operations into the future
- Develop care services to residents by engaging supplementary health care professionals
- Optimise funding for residential care consistent with residents' needs
- Control the performance inputs of wages and occupancy.





## Directors' Report continued

The surplus of the Company for the financial year ended 30 June 2016 was \$972,025 (2015: \$633,745). The contribution from operations exceeded the previous year.

The Company achieved a significant increase in Commonwealth Government funding. This is due to the increasing needs of residents and the ability to accurately assess those needs and obtain appropriate levels of funding. The increase in revenue from services (Note 4) during the year was \$2,563,644, which includes an increase in Government funding of \$2,251,774.

There has been an increase in costs of resident care and administration. The increase in the cost of resident care is due to higher needs of residents. In administration the increase includes the introduction of the HarbisonCare Graduate Program. This program involves the training of seven recent graduates, both Registered Nurses and Endorsed Enrolled Nurses, over a 12 month period. The graduates gain experience in a range of aged care related areas as well as rotations within the public and private hospital system.

Operating expenditure for the 2016 year increased by \$2,554,630.

Net cash from operations (\$2,987,667) and a cash surplus from entry contributions (\$1,409,592) exceeded capital investment requirements (new entrance and administration for Burradoo). The remaining surplus was invested in term deposits, which increased our financial income significantly.

The directors believe that the annual performance and financial position of the organisation is acceptable.

### Events Subsequent to Reporting Date

In the opinion of the directors there were no significant events subsequent to the reporting date that would impact upon the financial results, operations or performance of HarbisonCare.

### Significant Change in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the 2016 financial year.

### Likely Developments

The Company has commenced planning for the development of a community based innovative "living village" on the Burradoo site. The village will incorporate a "town like environment" with a village centre, shops, common areas and support services. It is envisaged the first stage will involve the construction of purpose built dementia houses for low risk (wandering) aged care residents. It is proposed that the construction will commence in early 2017.

The Company will continue its HarbisonCare Graduate Program in 2016/17. The program will involve five graduate RNs and EENs providing rotations through Bowral Public Hospital, Southern Highlands Private Hospital and Community Nursing.

It is anticipated that the Commonwealth Government will continue to move aged care to a user pays system. It is not considered that this will have a detrimental impact on HarbisonCare in the immediate future.

### Environmental Issues / Sustainability

The organisation's operations comply with all environmental regulation under Commonwealth and State legislation. HarbisonCare is making conscious efforts as part of its normal operations, ongoing refurbishments and capital works planning and construction, to be sensitive to the environment and to reduce waste wherever possible.



## Information on Directors

<b>Name:</b>	<b>David James Cummins OAM</b>
<i>Qualifications:</i>	LLB (Sydney), Solicitor
<i>Appointed:</i>	August 1989
<i>Special Responsibilities:</i>	Chair of Board of Directors, Member of Redevelopment Committee and the Risk and Audit Committee

<b>Name:</b>	<b>Douglas Syme Drysdale</b>
<i>Qualifications:</i>	Dip Law (SAB), Licenced Real Estate Agent
<i>Appointed:</i>	27 July 2011
<i>Special Responsibilities:</i>	Member of the Redevelopment Committee and the Risk and Audit Committee

<b>Name:</b>	<b>Janet Patricia Edwards</b>
<i>Qualifications:</i>	BA (Statistics / Psychology), MBA (Finance), CA, CPA, GAICD Chief Executive Officer - BDCU Limited
<i>Appointed:</i>	June 2004
<i>Special Responsibilities:</i>	Deputy Chairperson, Chair of Risk and Audit Committee

<b>Name:</b>	<b>Jennifer Marilyn Harper</b>
<i>Qualifications:</i>	RN, Grad Cert Intensive Care, M. Mgt (Health) Chief Executive Officer and Director of Clinical Services - Southern Highlands Private Hospital
<i>Appointed:</i>	November 2004

<b>Name:</b>	<b>Hendrik den Hertog</b>
<i>Qualifications:</i>	BBus, MTax, CPA, GAICD
<i>Appointed:</i>	September 2008
<i>Special Responsibilities:</i>	Member of the Redevelopment Committee and the Risk and Audit Committee

<b>Name:</b>	<b>Campbell Robert Sinclair MacBean</b>
<i>Qualifications:</i>	Reg Psych BA, Grad and Post Grad Dip Psych, MAICD
<i>Appointed:</i>	26 November 2011
<i>Special Responsibilities:</i>	Member of the Risk and Audit Committee

<b>Name:</b>	<b>Ronald Frederick Wade</b>
<i>Qualifications:</i>	B.Ag.Ec., Managing Director Investment Company
<i>Appointed:</i>	May 2008
<i>Special Responsibilities:</i>	Chair of Redevelopment Committee

<b>Name:</b>	<b>Associate Professor Mark Andrew Gordon Wilson</b>
<i>Qualifications:</i>	MBBS, MIPH (Honours), FRACGP, FARGP
<i>Appointed:</i>	27 July 2011

## INFORMATION ON COMPANY SECRETARY AND EXECUTIVE

<b>Name:</b>	<b>Donald Keith Ross</b>
<i>Qualifications:</i>	B Eng, MBA, MCL, PhD, FAICD
<i>Appointed:</i>	Chief Executive Officer, March 2012
<i>Special Responsibilities:</i>	Appointed Company Secretary, March 2012

## Meetings of Directors

During the financial year 38 meetings of directors and committees were held. Attendances were:

Director	Directors' Meetings		Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
D.J. Cummins	12	10	17	9
D.S. Drysdale	12	11	10	9
J.P. Edwards	12	8	3	3
J.M. Harper	12	9	-	-
H. den Hertog	12	12	10	10
C.R.S. MacBean	12	12	3	3
R.F. Wade	12	10	7	7
M.A.G. Wilson	12	10	-	-
<b>Executive</b>				
D.K. Ross	12	11	26	10

## Indemnification and Insurance of Officers and Auditors

### INDEMNIFICATION

The organisation has agreed to indemnify directors of HarbisonCare for all liabilities to another person (other than the organisation or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that HarbisonCare will meet the full amount of any such liabilities, including legal costs and expenses.

### INSURANCE PREMIUMS

The organisation has paid insurance premiums in respect of directors' and officers' legal liability in relation to current and former officers. The policy covers legal proceedings arising out of their conduct while acting in the capacity of officer of the organisation, other than conduct involving a wilful breach of duty in relation to the organisation. Under the terms of the policy, the nature of the insurance and terms of the policy and premium are to remain confidential.

Directors and officers insured under the directors and officers policy are as follows:

- David James Cummins
- Douglas Syme Drysdale
- Janet Patricia Edwards
- Jennifer Marilyn Harper
- Hendrik den Hertog
- Campbell Robert Sinclair MacBean
- Ronald Frederick Wade
- Mark Andrew Gordon Wilson
- Donald Keith Ross

## Directors' Benefits

No director of the organisation has received or become entitled to receive, during or since the end of the financial year, a benefit by reason of a

contract made by the organisation with the director or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest, except as disclosed at **Note 15**.

## Directors' Interests

No director has an interest required to be disclosed by section 300(11) (a) of the *Corporations Act 2001*. The organisation does not have share capital nor does it have any related corporations.

## Membership

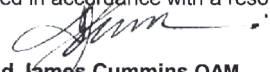
The organisation is limited by guarantee and has 34 (2015: 35) members.

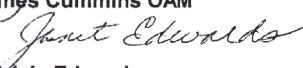
In accordance with the organisation's Constitution, every member has undertaken, in the event of a deficiency on winding up, during the time that they are a member or within one year afterwards, to contribute an amount not exceeding \$50. At balance date, the total value of these guarantees was \$1,700 (2015: \$1,750).

## Auditor's Independence Declaration

The auditor's independence declaration is set out on page 22 of this report and forms part of the directors report for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the directors:

  
**David James Cummins OAM**  
 Director

  
**Janet Patricia Edwards**  
 Director

Signed at Burradoo, this 28th day of September 2016






# AUDITOR'S INDEPENDENCE DECLARATION

UNDER SUBDIVISION 60-C SECTION 60-40 OF  
*AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS  
COMMISSION ACT 2012*

TO:  
THE DIRECTORS OF HARBISON MEMORIAL  
RETIREMENT VILLAGE

I declare that, to the best of my knowledge and belief,  
in relation to the audit for the financial year ended 30  
June 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Richard Drinnan  
*Partner*

Signed at Wollongong this 28th day of September 2016



KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

# STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
	Notes	\$	\$
<b>Revenue</b>	4	24,007,958	21,369,240
<b>Other Income</b>	4	191,039	125,027
		<b>24,198,997</b>	<b>21,494,267</b>
<b>Expenses</b>			
Resident care		(13,960,562)	(12,293,569)
Catering		(2,778,197)	(2,518,401)
Cleaning		(647,261)	(631,541)
Laundry		(317,623)	(312,600)
Maintenance		(962,524)	(788,282)
Utilities		(576,766)	(566,461)
Administration		(2,503,337)	(2,074,624)
Other expenses		(1,999,380)	(2,005,542)
<b>Total Expenditure</b>		<b>(23,745,650)</b>	<b>(21,191,020)</b>
Financial income	4	608,528	393,344
Financial expense	4	(89,850)	(62,844)
<b>Net Financing Income</b>		<b>518,678</b>	<b>330,500</b>
<b>Surplus before Income Tax</b>		972,025	633,745
Income tax expense	3(a)	—	—
<b>Surplus for the year</b>		<b>972,025</b>	<b>633,745</b>
<b>Other Comprehensive Income for the year</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Revaluation of freehold land	10	—	—
<b>Total comprehensive income for the year</b>		<b>972,025</b>	<b>633,745</b>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with Notes to the Financial Statements numbered 1 to 19.



# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

		2016	2015
	Notes	\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	14(a)	2,424,935	3,703,671
Other financial assets	6	12,099,351	8,048,811
Trade and other receivables	7	464,580	380,867
<b>Total Current Assets</b>		<b>14,988,866</b>	<b>12,133,349</b>
<b>Non-current Assets</b>			
Investment Property	8	239,809	290,392
Intangible Assets	9	2,155,039	2,176,464
Property, plant and equipment	10	38,751,593	38,872,193
<b>Total Non-current Assets</b>		<b>41,146,441</b>	<b>41,339,049</b>
<b>Total Assets</b>		<b>56,135,307</b>	<b>53,472,398</b>
<b>Current Liabilities</b>			
Trade and other payables	11	1,533,751	1,405,237
Entry contributions and accommodation bonds	12	27,717,194	26,541,789
Employee benefits	13	2,059,810	1,729,374
<b>Total Current Liabilities</b>		<b>31,310,755</b>	<b>29,676,400</b>
<b>Non-current Liabilities</b>			
Employee benefits	13	259,702	203,173
<b>Total Non-current Liabilities</b>		<b>259,702</b>	<b>203,173</b>
<b>Total Liabilities</b>		<b>31,570,457</b>	<b>29,879,573</b>
<b>Net Assets</b>		<b>24,564,850</b>	<b>23,592,825</b>
<b>Equity</b>			
Reserves		7,244,998	7,244,998
Retained earnings		17,319,852	16,347,827
<b>Total Equity</b>		<b>24,564,850</b>	<b>23,592,825</b>

The Statement of Financial Position is to be read in conjunction with Notes to the Financial Statements numbered 1 to 19.



# STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2016

	Asset Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$
<b>Balance as at 1 July 2014</b>	7,244,998	15,714,082	22,959,080
Surplus for the year	—	633,745	633,745
Other comprehensive income	—	—	—
Total Comprehensive	—	633,745	633,745
<b>Balance as at 30 June 2015</b>	<b>7,244,998</b>	<b>16,347,827</b>	<b>23,592,825</b>
	Asset Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$
<b>Balance as at 1 July 2015</b>	7,244,998	16,347,827	23,592,825
Surplus for the year	—	972,025	972,025
Other comprehensive income	—	—	—
Total Comprehensive	—	972,025	972,025
<b>Balance as at 30 June 2016</b>	<b>7,244,998</b>	<b>17,319,852</b>	<b>24,564,850</b>

*The Statement of Changes in Equity is to be read in conjunction with Notes to the Financial Statements numbered 1 to 19.*

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
	Notes	\$	\$
<b>Cash Flows from Operating Activities</b>			
Receipts from donations		184,201	93,070
Receipts from operating activities		23,646,184	20,950,683
Payments to suppliers and employees		(20,752,866)	(18,449,857)
Interest paid		(89,850)	(62,844)
<b>Net Cash generated from Operating Activities</b>	14(b)	<b>2,987,669</b>	<b>2,531,052</b>
<b>Cash Flows from Investing Activities</b>			
Interest received		557,988	371,501
Net (placement) of term deposits		(4,000,000)	(6,000,000)
Proceeds from the sale of property, plant and equipment		16,500	72,594
Acquisition of property, plant and equipment, intangibles and investment property		(2,250,485)	(2,523,703)
<b>Net Cash (used in) Investing Activities</b>		<b>(5,675,997)</b>	<b>(8,079,608)</b>
<b>Cash Flows from Financing Activities</b>			
Net proceeds from residents' entry contributions		1,409,592	6,669,048
<b>Net Cash from Financing Activities</b>		<b>1,409,592</b>	<b>6,669,048</b>
Net (decrease)/increase in cash held		(1,278,736)	1,120,492
Cash and cash equivalents as at 1 July		3,703,671	2,583,179
<b>Cash and cash equivalents as at 30 June</b>	14(a)	<b>2,424,935</b>	<b>3,703,671</b>

The Statement of Cash Flows is to be read in conjunction with Notes to the Financial Statements numbered 1 to 19.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

## 1. REPORTING ENTITY

Harbison Memorial Retirement Village (HarbisonCare) is a not-for-profit Company limited by guarantee and domiciled in Australia. The address of the Company's registered office is 2 Charlotte Street, Burradoo NSW 2576. The Company is primarily involved in the provision of aged care services through the operation of nursing home facilities at Burradoo, assisted living hostel facilities at Moss Vale and Burradoo, independent living units at Burradoo, dementia facilities at Moss Vale and Community Aged Care Packages in the Southern Highlands.

## 2. BASIS OF PREPARATION

### (a) *Statement of compliance*

The financial report is a Tier 2 general purpose financial report that has been prepared in accordance with the Australian Accounting Standards-Reduced Disclosure Requirements (AASBs), adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not For Profit Commission Act 2012*.

The financial statements were approved by the Board of Directors on 28 September 2016.

### (b) *Basis of Measurement*

The financial statements have been prepared on the historical cost basis except for land which is measured at fair value.

### (c) *Functional and Presentation Currency*

The financial report is presented in Australian dollars, which is the Company's functional currency.

### (d) *Use of Estimates and Judgements*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(b), Note 10 – measurement of property, plant and equipment
- Note 3(c), Note 9 – recognition and measurement of intangibles
- Note 3 (h), Note 4 – recognition of entry contributions and accommodation bonds revenue

### (e) *Fair Value*

A number of the Company's accounting policies and disclosures require the measurement of fair values, both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible.

An external, independent valuation company, having appropriately recognised professional qualifications and recent experience in the location and category of the property being valued, values the Company's freehold land every three years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in Note 10 – Property, plant and equipment.

Significant valuation issues are reported to the Board.



## 2. BASIS OF PREPARATION *(continued)*

### *(f) Going Concern*

Notwithstanding that the Company's current liabilities exceed its current assets, the financial report has been prepared on the going concern basis which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

In relation to current liabilities, it is noted that all accommodation bonds and entry contributions are classified as a current liability as the Company does not have an unconditional right to defer payment of these beyond 12 months.

During the year ended 30 June 2016, the Company refunded a total of \$8,230,982 to departing residents. As these vacated beds and units were re-allocated, the Company received accommodation bonds and entry contributions from incoming residents to a total of \$10,069,695.

## 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise stated.

### *(a) Income Tax*

The Company is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*, being a non-profit charitable organisation, not carried on for the purpose of profit or gain to its members. Accordingly, no provision for income tax has been made in these financial statements.

The Company has been endorsed as an income tax exempt charity since 1 July 2000.

### *(b) Property, Plant and Equipment* **Recognition and Measurement**

With the exception of land, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located.

Software purchased, that is integral to the function of computer hardware, is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Land is recognised initially at cost, then subsequently measured at fair value.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

### **Subsequent Costs**

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

### **Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings – Moss Vale.....	25 years
Plant and Equipment.....	3-7 years
Motor Vehicles .....	3-7 years
Buildings – Burradoo Hostel .....	10 years
Buildings – Burradoo Nursing Home.....	3-20 years

The useful life, residual value and the depreciation method applied to an asset are reviewed at each financial year end and adjusted if appropriate.

### *(c) Intangible Assets*

#### **(i) Recognition and Measurement**

Intangible assets are only recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company, and the costs of the assets are reliably measurable.

Intangible assets are initially measured at cost. Where an intangible asset is acquired at no cost or for a nominal cost, the cost is the fair value as at the date of acquisition.

**3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(c) Intangible Assets (continued)****(ii) Bed Licences**

The Company has been granted or otherwise acquired bed licences over an extended period of time commencing many years ago. It has been determined that the fair value of bed licences at grant or acquisition date, prior to transition to Australian equivalents to International Financial Reporting Standards (AIFRS) is unable to be reliably measured and therefore no bed licences granted or acquired prior to 1 July 2004 have been recognised.

Licences granted after this date are recognised at their fair value as at the date they are put to use. Licences otherwise acquired after this date will be recognised at cost. Bed licences are considered to have an indefinite life and are therefore not amortised, however they are subject to an annual impairment assessment.

**(iii) Software**

Software acquired by the Company that is not integral to the function of computer hardware, is stated at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

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

**(d) Investment Property****(i) Recognition and Measurement**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

**(ii) Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over its estimated useful life.

The estimated useful life for the current and comparative periods is as follows:

Self Care Accommodation  
at Burradoo.....10 years

The useful life, residual values and the depreciation method applied to investment property is reviewed at each financial year-end and adjusted if appropriate.

**(e) Financial Instruments****Non-derivative financial assets**

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

**(i) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

**(ii) Loans and Receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise bank term deposits, and trade and other receivables.

**Non-derivative financial liabilities**

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.



## 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### (e) *Financial Instruments* (*continued*)

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

The Company has the following non-derivative financial liabilities: trade and other payables, refundable accommodation deposits, entry contributions and accommodation bonds.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

### (f) *Impairment*

#### **Financial Assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

#### **Non-Financial Assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset

group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

As an alternate measure of value-in-use, the Company is able to use depreciated replacement cost in accordance with AASB 136 *Impairment of Assets*.

In respect of non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (g) *Employee Benefits*

#### **(i) Defined Contribution Plans**

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### **(ii) Long-Term Employee Benefits**

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

#### **(iii) Short-Term Employee Benefits**

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



**3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(h) Revenue****(i) Resident Fees and Charges**

Revenue from the rendering of a service is recognised upon the delivery of the service to the residents. Rents and service charges are billed in advance. Where income for a future period has been billed, this amount is recognised as a liability called income received in advance.

**(ii) Government Grants**

Unconditional government grants are recognised in profit or loss as other revenue when the grant becomes receivable.

Other government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Company for the cost of an asset are recognised in profit or loss as other income in the period that the grant is received.

**(iii) Donations**

Donations received from the general public are taken into account as other income on receipt.

**(iv) Accommodation Charges**

Persons entering a high care aged care facility prior to 1 July 2014 were asset tested and have been required to pay an accommodation charge. Accommodation charges are recognised as revenue as they become due and receivable from residents.

**(v) Accommodation Bonds/Refundable Accommodation Deposits**

Persons entering a low care aged care facility prior to 1 July 2014 who were assessed as "non-supported residents" were required to pay an accommodation bond. All persons entering an aged care facility after 1 July 2014 who were assessed as "non-supported residents" are required to pay a refundable accommodation deposit (RAD). Accommodation bonds and RADs are held by the Company in the form of interest free loans from residents.

Accommodation bonds and RADs paid by residents are repayable by the Company when the resident leaves the facility (refund event).

Accommodation bonds paid by residents entering a low care aged care facility prior to 1 July 2014 are generally subject to a reduction of the original bond by way of retentions as

specified in the Residents Agreement, pursuant to the *Aged Care Act 1997*. For each resident, the retention is recognised in profit or loss on a straight-line basis over the term of residency at the aged care facility, but not more than 5 years.

On the basis of historical information, the Company has determined that the average term of residency at each of its aged care facilities is less than the maximum accommodation bond retention period of five years. The average term of residency is reviewed annually.

Accommodation bonds and RADs are classified as current liabilities as the Company does not have the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time.

Once a refunding event occurs the accommodation bond or RAD becomes interest bearing. The interest rate varies according to the rates specified by the Department of Health at the time the refunding event occurs. Interest expense is recognised in the profit or loss when incurred.

**(vi) Self Care Entry Contribution**

Persons entering independent living units, subject to financial means, may be required to pay an Entry Contribution in the form of an interest free loan to the Company, repayable upon vacation of the unit. The original loan made by a resident is reduced to an agreed residual value over a specified period as set out in the Self Care Residence Loan Licence Agreement, and in accordance with the *Retirement Village Act NSW 1999*.

For each resident, the loan reduction (retention) is taken to profit on a straight-line basis. The total retention is amortised over the life of the tenancy. When a resident vacates a unit, any variation between the amortised retention and the retention under the contract terms is recognised in the period in which the unit is vacated.

On the basis of historical information, the Company has determined that the average term of residency is less than the maximum retention period of five years. The average term of residency is reviewed annually.

Resident loans are classified as current liabilities as the Company does not have the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time, up to a maximum of six months from when a resident vacates an independent living unit.



## 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### (h) *Revenue (continued)*

#### (vii) **Rental Income**

Rental income from independent living units is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income is billed in advance. Where income for a future period has been billed, this amount is recognised as a liability called income received in advance.

### (i) *Finance Income and Expense*

Finance income comprises interest income on funds invested and outstanding accommodation bond and resident loans. Interest accrues on outstanding accommodation bonds from the date the resident enters care and on outstanding resident loans from the date of occupancy of the self-care facility. Interest income is recognised in profit and loss as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, interest paid to residents subsequent to a refunding event and accommodation bonds. All borrowing costs are recognised in profit or loss using the effective interest method.

### (j) *Lease Payments*

#### **Operating Lease Payments**

Payments made under operating leases are recognised in the profit and loss on a straight-line basis over the term of the lease.

### (k) *Segment Reporting*

The Company discloses operating segment information to meet the requirements of the Department of Health.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets.

The Company comprises the following business segments:

- Residential Care ..... The provision of residential aged care.
- Other..... The provision of self care accommodation and services, and home assistance.

### (l) *Goods and Services Tax (GST)*

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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables 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 statement of financial position.

The Company is registered for the purposes of goods and services tax. The aged care facilities have a GST free status on the basis that those facilities are health services. The independent living facility has a GST free status based on the concessions granted to the charitable sector for aged housing. GST paid to suppliers will be recouped. Until the GST is recouped it is treated as a debtor.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (m) *Reserves*

The asset revaluation reserve relates to the revaluation of freehold land. This reserve would normally remain constant for the period between revaluations. The exception would be disposal of land.

### (n) *Fundraising Activities*

*The Charitable Fundraising Act 1991* ('the Act') and supporting Charitable Fundraising Regulation prescribe the manner in which fundraising appeals are conducted, controlled and reported in NSW. The amounts shown in **Note 16** are in accordance with Authority Condition 7, which is issued to the Company under section 19 of the Act.

Donations are recognised as income as and only when received by the Company's administration offices or deposited to the Company's bank account.

The cost of fundraising used in **Note 16** includes all direct fundraising costs in accordance with the Act. The inclusion of indirect costs is discretionary. Indirect costs that are excluded include such overheads as the time spent by accounting or office staff administering appeals, cost apportionment of rent, light and power, and insurance. Exclusion of the indirect costs decreases the cost of fundraising and increases the margins from fundraising shown in **Note 16**.

All fundraising activities are structured for the purpose of raising funds for promoting and supporting the mission of the Company. Costs of each fundraising activity are allocated to each activity directly. The primary method of donor acquisition is by direct contact through residents of the Company and their relatives, or by personal contact through Directors and staff.

**3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(o) Donated Services**

Various services are donated to the Company. No assessment of the value of those services is included in the accounts.

the lease becomes an on-balance sheet liability that attracts interest, together with a new asset on the other side of the balance sheet.

**(p) Members' liability**

The Company is limited by guarantee and has 34 members (2015: 35 members).

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Pursuant to the Memorandum of Association of the Company, every member has undertaken in the event of a deficiency on winding up during the time that they are a member, to contribute an amount not exceeding \$50.

The impact of these standard changes upon the financial results of the Company will need to be determined. However it is only expected to impact upon the reporting format and disclosures.

**(q) New Standards and Interpretations Not Yet Adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below.

**AASB 9 Financial Instruments** – AASB 9 published in November 2014, replaces the existing guidance in AASB 39 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected loss model for calculating impairment on financial assets, and new general hedging requirements. It also carries forward guidance on recognition and rerecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

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

**AASB 15 Revenue from Contracts with Customers**

- AASB 15 establishes a comprehensive framework for the recognition of revenue and additional disclosures about revenue. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

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

**AASB 16 Leases** - AASB 16 replaces AASB 117 Leases. AASB 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. For lessees,





	2016	2015
	\$	\$
<b>4. REVENUE AND OTHER INCOME</b>		
<b>Revenue from Rendering of Services</b>		
Government funding	16,939,616	14,687,842
Resident fees	5,650,830	5,336,238
Rental income	274,493	277,215
	<b>22,864,939</b>	<b>20,301,295</b>
<b>Other Revenue</b>		
Accommodation charges	903,601	735,978
Retentions on resident bonds	234,188	297,570
Other revenue	5,230	34,397
	<b>1,143,019</b>	<b>1,067,945</b>
<b>Total Revenue</b>	<b>24,007,958</b>	<b>21,369,240</b>
<b>Other Income</b>		
Donations & bequests	73,886	31,228
Other non operating income	110,315	61,842
Profit on the sale of assets	6,838	31,957
<b>Total Other Income</b>	<b>191,039</b>	<b>125,027</b>
<b>Net Financing Income</b>		
Interest received from financial assets	608,528	393,344
Interest paid on resident bonds	(89,850)	(62,844)
<b>Net Financing Income</b>	<b>518,678</b>	<b>330,500</b>

	2016	2015
	\$	\$
<b>5. EXPENSES</b>		
<b>Depreciation and amortisation</b>		
Buildings	1,789,212	1,712,970
Motor vehicles	50,471	44,863
Property, plant and equipment	510,723	526,879
Investment property	52,568	61,323
Software	30,457	116,238
<b>Total depreciation and amortisation</b>	<b>2,433,431</b>	<b>2,462,273</b>
<b>Personnel Expense</b>		
Wages and salaries	14,476,905	12,652,590
Workers Compensation	740,317	627,000
Superannuation defined contribution funds	1,302,069	1,136,838
Increase in liability for annual leave	142,123	339,562
Increase in liability for long service leave	244,841	275,576
<b>Total Personnel Expense</b>	<b>16,906,255</b>	<b>15,031,566</b>
<b>6. OTHER FINANCIAL ASSETS</b>	\$	\$
Loans and receivables to financial institutions - Term deposits with financial institutions	12,099,351	8,048,811
<i>The accrued value of interest on these deposits to 30 June 2016 has been included with the deposit.</i>		



	2016	2015
	\$	\$
<b>7. TRADE AND OTHER RECEIVABLES</b>		
Trade and resident debtors	241,047	252,778
Provision for impairment of receivables	(43,873)	(73,659)
Other Debtors	117,110	65,141
Other assets	150,296	136,607
	<b>464,580</b>	<b>380,867</b>
<b>(a) Impaired Trade Receivables</b>		
<i>The aging of trade, resident and other receivables at the reporting date was as follows:</i>		
Neither past due nor impaired	93,004	47,938
Past due to 30 days	27,132	35,469
Past due 30 – 90 days	14,827	13,443
Past due 90 – 120 days	106,084	155,928
	<b>241,047</b>	<b>252,778</b>
<i>As at 30 June 2016 current trade receivables with a nominal value of \$148,042 (2015 – \$204,840) were past due. Of this past due amount, \$43,873 (2015 – \$73,659) was considered impaired and provided for.</i>		
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:		
Balance at 1 July 2014	83,327	
Amounts written off	(9,968)	
<b>Balance at 30 June 2015</b>	<b>73,659</b>	
Amounts written off	(29,786)	
<b>Balance at 30 June 2016</b>	<b>43,873</b>	
<b>8. INVESTMENT PROPERTY</b>	\$	\$
Buildings and infrastructure – at cost	748,776	746,791
Accumulated depreciation	(508,967)	(456,399)
Total Investment Property	<b>239,809</b>	<b>290,392</b>
<b>Movements in carrying amounts</b>		
<i>Movement in the carrying amounts for investment property between the beginning and the end of the current financial year.</i>		
Balance at 1 July	290,392	337,857
Additions	1,985	13,858
Depreciation expense	(52,568)	(61,323)
Balance at 30 June	<b>239,809</b>	<b>290,392</b>



	2016	2015
	\$	\$
<b>9. INTANGIBLE ASSETS</b>		
Bed Licences	2,112,000	2,112,000
Computer software	43,039	64,464
	2,155,039	2,176,464
<i>All bed licences acquired post 1 July 2004 have been initially recognised at fair value in accordance with AASB 138 Intangible Assets. Bed licences are considered to have an indefinite life and are valued at the date they are put to use.</i>		
<b>Movements in carrying amounts</b>		
<i>Movement in the carrying amounts for intangible assets between the beginning and the end of the current financial year.</i>		
Bed licences		
Balance at 1 July	2,112,000	2,112,000
Additions – activated bed licenses at fair value	—	—
Balance at 30 June	<b>2,112,000</b>	<b>2,112,000</b>
Computer software		
At cost	346,369	337,336
Less accumulated amortisation	(303,330)	(272,872)
<b>Total</b>	<b>43,039</b>	<b>64,464</b>
Balance at 1 July	<b>64,464</b>	<b>155,371</b>
Additions	<b>9,032</b>	<b>54,209</b>
Amortisation	<b>(30,457)</b>	<b>(116,238)</b>
Disposals	—	<b>(28,878)</b>
<b>Balance at 30 June</b>	<b>43,039</b>	<b>64,464</b>
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>		
	\$	\$
Freehold land – at fair value	<b>7,500,000</b>	<b>7,500,000</b>
Buildings and infrastructure – at cost	46,782,130	44,636,678
Accumulated depreciation	(17,038,445)	(15,249,233)
	<b>29,743,685</b>	<b>29,387,445</b>
Capital works in progress – at cost	<b>206,622</b>	<b>578,250</b>
Plant and equipment – at cost	5,067,217	4,691,854
Accumulated depreciation	(3,875,513)	(3,384,748)
	<b>1,191,704</b>	<b>1,307,106</b>
Motor vehicles – at cost	304,854	274,801
Accumulated depreciation	(195,272)	(175,409)
	<b>109,582</b>	<b>99,392</b>
<b>Total Property, Plant and Equipment</b>	<b>38,751,593</b>	<b>38,872,193</b>

**10. PROPERTY, PLANT AND EQUIPMENT (continued)****Fair value hierarchy**

A formal valuation of land at Burradoo and Moss Vale was obtained for the year ended 30 June 2016, dated 2 August 2016. The valuation was performed by B Hill, Certified Practicing Valuer, Registered Valuer No 024135. The valuer B Hill, in arriving at the land value, has taken into consideration sales evidence of comparable properties within the Wingecarribee Shire. He has further given consideration to the size and location of the comparable sales and made appropriate adjustments prior to assessing a fair and reasonable value for the subject property. The adopted fair value, based on the valuation obtained was \$7,500,000.

The fair value measurement of freehold land has been categorized as a Level 2 fair value based on the inputs to the valuation technique (see Note 2(e)).

**Movements in Carrying Amounts**

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

	Land	Buildings and Infrastructure	Plant and Equipment	Motor Vehicles	Capital Works in Progress	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance at 1 July 2014	7,500,000	30,864,610	4,922,328	265,232	12,431,492	55,983,662
Additions	—	9,494	493,839	37,796	1,914,507	2,455,636
Transfers from WIP	—	13,762,574	5,175	—	(13,767,749)	—
Revaluations/ Disposals	—	—	(729,488)	(28,227)	—	—
<b>Balance at 30 June 2015</b>	<b>7,500,000</b>	<b>44,636,678</b>	<b>4,691,854</b>	<b>274,801</b>	<b>578,250</b>	<b>57,681,583</b>
Balance at 1 July 2015	7,500,000	44,636,678	4,691,854	274,801	578,250	57,681,583
Additions	—	1,755,484	395,321	70,323	18,340	2,239,468
Transfers from WIP	—	389,968	—	—	(389,968)	—
Revaluations/ Disposals	—	—	(19,958)	(40,270)	—	(60,228)
<b>Balance at 30 June 2016</b>	<b>7,500,000</b>	<b>46,782,130</b>	<b>5,067,217</b>	<b>304,854</b>	<b>206,622</b>	<b>59,860,823</b>
<b>Accumulated Depreciation</b>						
Balance at 1 July 2014	—	13,536,263	3,587,357	147,014	—	17,270,634
Depreciation for the Year	—	1,712,970	526,879	44,863	—	2,284,712
Disposals	—	—	(729,488)	(16,468)	—	(745,956)
<b>Balance at 30 June 2015</b>	<b>—</b>	<b>15,249,233</b>	<b>3,384,748</b>	<b>175,409</b>	<b>—</b>	<b>18,809,390</b>
Balance at 1 July 2015	—	15,249,233	3,384,748	175,409	—	18,809,390
Depreciation for the Year	—	1,789,212	510,723	50,471	—	2,350,406
Disposals	—	—	(19,958)	(30,608)	—	(50,566)
<b>Balance at 30 June 2016</b>	<b>—</b>	<b>17,038,445</b>	<b>3,875,513</b>	<b>195,273</b>	<b>—</b>	<b>21,109,231</b>
<b>Carrying Amount</b>						
Balance at 1 July 2014	7,500,000	17,328,347	1,334,971	118,218	12,431,492	38,713,028
Balance at 30 June 2015	7,500,000	29,387,445	1,307,106	99,392	578,250	38,872,193
Balance at 1 July 2015	7,500,000	29,387,445	1,307,106	99,392	578,250	38,872,193
<b>Balance at 30 June 2016</b>	<b>7,500,000</b>	<b>29,743,685</b>	<b>1,191,704</b>	<b>109,582</b>	<b>206,622</b>	<b>38,751,593</b>

	2016	2015
	\$	\$
<b>11. TRADE AND OTHER PAYABLES</b>		
<i>Unsecured</i>		
Trade creditors	422,788	565,378
Accrued expenses	131,466	153,959
Income received in advance	252,234	67,736
Other creditors	727,263	618,164
	<b>1,533,751</b>	<b>1,405,237</b>
<b>12. ENTRY CONTRIBUTIONS AND ACCOMMODATION BONDS</b>	\$	\$
<i>Unsecured</i>		
Entry Contributions and Accommodation Bonds	27,717,194	26,541,789
<i>Accommodation bonds become payable by the Company on departure by the resident. As the Company does not have an unconditional right to defer the refund for 12 months the accommodation bond is required to be disclosed as a current liability.</i>		
During the year bond refunds totalled \$8,230,982 (2015: \$4,494,914).		
<b>13. EMPLOYEE BENEFITS</b>	\$	\$
<i>Current</i>		
Annual leave	1,129,315	1,010,837
Long service leave	820,488	632,175
Accrued days off	110,007	86,362
	<b>2,059,810</b>	<b>1,729,374</b>
<i>Non-current</i>		
Long service leave	259,702	203,173
<b>Total employee benefits</b>	<b>2,319,512</b>	<b>1,932,547</b>





	2016	2015
	\$	\$
<b>14. NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>(a) Reconciliation of Cash</b>		
<i>Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to items in the balance sheet as follows.</i>		
Cash on hand and at bank	868,472	855,212
At call deposits - initial maturity under 3 months	1,556,463	2,848,459
	<b>2,424,935</b>	<b>3,703,671</b>
<b>(b) Reconciliation of Cash Flow from Operations with Surplus from Operating Activities</b>		
Net surplus after income tax	972,025	633,745
<i>Adjustments for:</i>		
Investment Interest Received	(608,528)	(393,344)
Gain on sale of assets	(6,838)	(31,957)
Retentions on resident bonds	(234,188)	(297,570)
Depreciation and amortisation	2,433,431	2,462,273
<b>Net Cash Flows provided by Operating Activities before Change in Assets and Liabilities</b>	<b>2,555,902</b>	<b>2,373,147</b>
<b>Changes in assets and liabilities</b>		
(Decrease) in receivables	(83,712)	(120,985)
Increase in payables	128,514	9,046
Increase in employee benefits	386,965	269,844
<b>Net Cash from Operating Activities</b>	<b>2,987,669</b>	<b>2,531,052</b>

**15. RELATED PARTIES**

Key management personnel comprise directors and senior executives of the Company.

**Transactions with Key Management Personnel**

Directors do not receive any remuneration. The Chair of the Board of Directors receives a reimbursement payment of \$4,800 per annum.

Key management personnel includes Directors and nine (2015: ten) senior staff.

In addition to the salaries paid to senior executives, the Company also provides non-cash benefits to executive key management personnel, and contributes to a post-employment defined contribution superannuation fund on their behalf.

**Key Management Personnel Compensation**

The total key management personnel compensation included in 'personnel expenses' is \$1,617,132 (2015: \$1,605,711).

**16. INFORMATION AND DECLARATIONS TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT (NSW) 1991****Information on Material Matters**

Gross results and the results of all appeals achieved the target returns under the *Charitable Fundraising Act*.

**Application of Funds for Charitable Purposes**

During the year the Company achieved a net surplus of \$46,645 (2015: surplus \$20,310) from fundraising activities defined under the Charitable Fundraising Act. Of this surplus, none of the funds (2015: \$nil) were used to fund building programs at the organisation's Moss Vale and Burradoo sites. During the year the Company used \$51,537 (2015: \$91,885) to purchase small equipment. Cumulative funds of \$297,671 were carried forward to be expended in future periods.

	2016	2015
	\$	\$
<b>Fundraising appeals as classified by the <i>Charitable Fundraising Act</i> conducted during the financial year</b>		
Appeals	63,886	26,608
Less total cost of fundraising	(17,241)	(6,298)
<b>Net surplus of fundraising appeals</b>	<b>46,645</b>	<b>20,310</b>
Net surplus held from previous years	302,564	374,139
Current year surplus	46,645	20,310
<b>Application of net surplus</b>		
Distributions to the company's operations (expenditure on small equipment)	(51,537)	(91,885)
<b>Net surplus held in cash for future needs</b>	<b>297,671</b>	<b>302,564</b>
<b>Gross comparisons</b>	<b>%</b>	<b>%</b>
Total cost of fundraising / Gross proceeds from fundraising	27	24
<b>Net surplus from fundraising / Gross proceeds from fundraising</b>	<b>73</b>	<b>76%</b>

**17. SEGMENT REPORTING**

	2016	2016	2016
Business segment information	Residential Aged Care	Other Activities	Total
	\$	\$	\$
<b>Income and Expenditure</b>			
Revenue	23,491,012	516,946	24,007,958
Other Income	191,039	—	191,039
<b>Total Income</b>	<b>23,682,051</b>	<b>516,946</b>	<b>24,198,997</b>
Residential care expenses	(13,744,892)	(215,670)	(13,960,562)
Catering expense	(2,731,217)	(46,980)	(2,778,197)
Cleaning expense	(598,785)	(48,476)	(647,261)
Laundry expense	(317,623)	—	(317,623)
Maintenance expense	(886,109)	(76,415)	(962,524)
Utility expense	(559,859)	(16,907)	(576,766)
Administration expense	(2,077,770)	(425,567)	(2,503,337)
Other expenditure	(1,988,526)	(10,854)	(1,999,380)
<b>Total Expenditure</b>	<b>(22,904,781)</b>	<b>(840,869)</b>	<b>(23,745,650)</b>
Financial income	608,143	385	608,528
Financial expense	(89,850)	—	(89,850)
<b>Net financing income</b>	<b>518,293</b>	<b>385</b>	<b>518,678</b>
<b>Segment results for the year</b>	<b>1,295,563</b>	<b>(323,538)</b>	<b>972,025</b>
<b>Assets and Liabilities</b>			
Current assets	14,257,950	730,916	14,988,866
Non-current assets	38,629,309	2,517,132	41,146,441
<b>Total assets</b>	<b>52,887,259</b>	<b>3,248,048</b>	<b>56,135,307</b>
Current liabilities	29,827,215	1,483,540	31,310,755
Non-current liabilities	259,702	—	259,702
<b>Total liabilities</b>	<b>30,086,917</b>	<b>1,483,540</b>	<b>31,570,457</b>
<b>Net Assets</b>	<b>22,800,342</b>	<b>1,764,508</b>	<b>24,564,850</b>



**17. SEGMENT REPORTING** *(continued)*

	2015	2015	2015
Business segment information	Residential Aged Care	Other Activities	Total
	\$	\$	\$
<b>Income and Expenditure</b>			
Revenue	20,809,638	559,602	21,369,240
Other Income	63,585	61,442	125,027
<b>Total Income</b>	<b>20,873,223</b>	<b>621,044</b>	<b>21,494,267</b>
Residential care expenses	(12,088,344)	(205,225)	(12,293,569)
Catering expense	(2,476,016)	(42,385)	(2,518,401)
Cleaning expense	(581,762)	(49,779)	(631,541)
Laundry expense	(312,600)	—	(312,600)
Maintenance expense	(725,315)	(62,967)	(788,282)
Utility expense	(551,175)	(15,286)	(566,461)
Administration expense	(1,709,918)	(364,706)	(2,074,624)
Other expenditure	(1,935,001)	(70,542)	(2,005,543)
<b>Total Expenditure</b>	<b>(20,380,131)</b>	<b>(810,890)</b>	<b>(21,191,021)</b>
Financial income	393,344	—	393,344
Financial expense	(62,844)	—	(62,844)
<b>Net financing income</b>	<b>330,500</b>	<b>—</b>	<b>330,500</b>
<b>Segment results for the year</b>	<b>823,592</b>	<b>(189,846)</b>	<b>633,746</b>
<b>Assets and Liabilities</b>			
Current assets	11,787,297	346,052	12,133,349
Non-current assets	38,771,334	2,567,715	41,339,049
<b>Total assets</b>	<b>50,558,631</b>	<b>2,913,767</b>	<b>53,472,398</b>
Current liabilities	28,833,544	842,856	29,676,400
Non-current liabilities	203,173	—	203,173
<b>Total liabilities</b>	<b>29,036,717</b>	<b>842,856</b>	<b>29,879,573</b>
<b>Net Assets</b>	<b>21,521,914</b>	<b>2,070,911</b>	<b>23,592,825</b>

	2016	2015
	\$	\$
<b>18. OPERATING LEASES</b>		
<b>Leases as lessee</b>		
<i>The Company leases a number of multifunction photocopiers under an operating lease. Non-cancellable operating lease rentals are payable as follows:</i>		
Less than one year	—	2,298
Between one and five years	—	—
	<b>—</b>	<b>2,298</b>
<b>19. EVENTS SUBSEQUENT TO REPORTING DATE</b>		
In the opinion of the directors there were no significant events subsequent to the reporting date that would impact upon the financial results, operations or performance of HarbisonCare.		

# DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2016

In the opinion of the directors of Harbison Memorial Retirement Village (the Company):

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 23 to 44 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

  
**David James Cummins OAM**  
Director

  
**Janet Patricia Edwards**  
Director

Signed at Burradoo, this 28th day of September 2016

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HARBISON  
MEMORIAL RETIREMENT VILLAGE



## Report on the Financial Report

We have audited the accompanying financial report of Harbison Memorial Retirement Village (the Company), which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company.

This audit report has also been prepared for the members of the Company in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) and Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations (collectively the Act and Regulations).

## Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the ACNC, the Act and Regulations. The Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the

assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the Company to meet the requirements of the Act and Regulations. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.

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





## Independent Auditor's Report continued

### Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

### Auditor's Opinion

In our opinion, the financial report of Harbison Memorial Retirement Village is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### NSW – Reporting under *Charitable Fundraising (NSW) Act 1991*


#### Audit Opinion Pursuant to the *Charitable Fundraising (NSW) Act 1991*

In our opinion:

- (a) the financial report gives a true and fair view of Harbison Memorial Retirement Village's financial result of fundraising appeal activities for the financial year ended 30 June 2016;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2015 to 30 June 2016, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2015 to 30 June 2016 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (d) there are reasonable grounds to believe that Harbison Memorial Retirement Village will be able to pay its debts as and when they fall due.



KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

  
Richard Drinnan  
Partner

Signed at Wollongong, this 28<sup>th</sup> day of September 2016

Liability limited by a scheme approved under Professional Standards Legislation.



# DIRECTORY

Harbison Memorial Retirement Village trading as HarbisonCare  
ACN.: 001 507 624 • A.B.N.: 23 001 507 624

## Head Office

2 Charlotte Street  
Burradoo NSW 2576

PO Box 349 Bowral NSW 2576

Phone: (02) 4868 6200

Facsimile: (02) 4861 2892

Email: [admin@harbisoncare.org.au](mailto:admin@harbisoncare.org.au)

## Also at

36 Yarrawa Road  
Moss Vale NSW 2577

Phone: (02) 4868 6200

Facsimile: (02) 4869 3214

Email: [admin@harbisoncare.org.au](mailto:admin@harbisoncare.org.au)

## Patrons

<b>HarbisonCare</b>	Mayor of Wingecarribee Shire Council
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<b>Friends and Community Awareness Group</b>	Margaret Chambers OAM (appointed October 2008)
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<b>HarbisonCare Art Committee</b>	Garry Barnsley OAM (appointed April 2011)
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## Auditor

**KPMG**

Level 3, 63 Market Street  
Wollongong NSW 2500

## Legal Advisors

**HAILLE PAINE SOLICITORS**

22 Merrigang Street  
Bowral NSW 2576

*For more information about this annual report, contact  
Administration at Burradoo.*

*Additional copies of this and previous annual reports may be  
downloaded from our website.*

<http://www.harbisoncare.org.au>



***Leading Provider of Integrated  
Aged Care Services to the  
Southern Highlands Community***







# HarbisonCare

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[www.harbisoncare.org.au](http://www.harbisoncare.org.au)