



**THE LORNA HODGKINSON SUNSHINE HOME**

ACN 000 147 482

(a company limited by guarantee)

**2008 ANNUAL REPORT**

to be presented at the  
Annual General meeting  
of the Company  
to be held at Sunshine on  
November 18, 2008

# **REPORT FROM THE CHAIRMAN OF THE BOARD LORNA HODGKINSON SUNSHINE HOME 2007-2008**

## **Introduction**

The Lorna Hodgkinson Sunshine Home (Sunshine) has a distinguished history of serving the community in delivering services to people with disabilities in the areas of accommodation, employment and day programs.

Sunshine's overarching strategy is to enhance service provision while seizing on new opportunities to extend into complementary or alternate services. This strategy requires continual adaptation of our core services so that they remain focused, relevant and highly valued by clients, staff, families and funding bodies. The geographic spread of our outlets combined with client satisfaction in our services are great assets that have enabled us to position Sunshine as a community-based organisation where people with disabilities can look to for assistance and support. Our concerted push to extend the organisation's services beyond intellectual disabilities has resulted in the realisation of a number of respite services as articulated in our Strategic Plan 2007-2012. Our ongoing challenge is to refine the mix of services to ensure that they complement our core offer, reflect community demand and maximise our capacity.

This year's results show what can be achieved with a well-articulated strategy, strong leadership and staff who are committed to the success of our organisation. I would particularly like to acknowledge our CEO for her leadership and sound management of Sunshine and congratulations are extended to the Senior Executives and staff for their sharp focus to improving our client service standards and financial returns. I would also like to thank my fellow board members for their commitment that contributed to this year's results. Whilst we acknowledge this year's good result, we need to continue to stretch our competence through effective and efficient management, innovative practices and sound risk management.

The momentum of the previous years' achievements by Sunshine has continued throughout the 2007-2008 year and there is every reason to believe this will be the case into the future.

## **Highlights of 2007-2008**

- The opening of the refurbished Pymble Day Service Programs outlet, opened by the Honourable Kristina Keneally. Pymble accommodates 30 people with a disability a site designed to enhance engagement and participation.
- The opening of the Business Centre at 10 Lymoore Avenue Thornleigh, opened by the Honourable Dr Brendan Nelson. This site accommodates MailPlus Business Service, Employment Solutions and Accommodation –Northern Hub head office.
- The set up of 263 Pacific Highway Hornsby as a Centre Based Respite house for older carers of people with disabilities.

- The acquisition of another Centre Based Respite service for carers of people with a dual diagnosis or mental health issues and purchase of a property at 143 Burns Road, Turramurra.
- The launch of Sunshine's new logo, website and brochure in alignment with the need for a contemporary and progressive corporate image and identity.
- The appointment of the Honourable Warwick Smith as Sunshine's inaugural Goodwill Ambassador.
- Eligible service provider for Young People In Residential Accommodation Care.
- ISO 9001:2000 quality management system adoption process commenced.

### **Corporate Governance**

The Board continues to refine its corporate governance processes. They give of their time so generously and their careful judgment and diligence have ensured effective sound governance and earnest stewardship of the organisation.

The beginning of the year saw members of the Board formally evaluate their own effectiveness, conduct and processes, as a group and individually. A Board skills matrix was developed and forms the basis for recruiting new Directors.

### **Financial**

This year we received a significant and generous gift from the estate of the late Bernie Scanlon. His bequest of some \$420,000.00 is very much appreciated and acknowledged.

As shown in the financial reports, we are showing a small deficit for the year following write down of significant shares considered to have been impaired.

It is important to note that following the sharp fall in the Stock Market during the year, the Directors undertook a detailed review of the equity investment portfolio as at 30 June 2008 and determined that it was appropriate to transfer an amount of \$1,134,750 from the available-for-resale investment reserve to the income statement at that date in respect of certain investments that they considered were impaired. In the year to 30 June 2007, no investments were considered to be impaired.

### **Implementation of Person Centred Support Model**

Sunshine for many years has ensured that an individual who uses a Sunshine service is always placed at the centre of that service and is fully involved in decisions affecting all aspects of his or her life. The last year however has seen this long held value develop and the melding of two person-centred approaches, person-centred active support and person-centred planning – complementary parts of the same process.

The key component of active support is that every moment has potential – that is looking for opportunities to support people throughout the day; the point is that with sufficient help, people can participate in all the opportunities for activities and relationships that take place at home, and in the community throughout the day. Everyone can contribute, at least to some extent, even if they don't have all the skills needed; and everyone can choose preferred activities and increase their control over their environment.

Person-centred active support is not new, based on work originally carried out by Mansell, Felce, Jenkins, de Kock, and Toogood (1983, 1987). Active Support has been developed further by Emerson et al, Jones et al and Mansell et al. Sunshine draws upon the Jim Mansell et al (2004), multi-media training resource for staff and training material from Edwin Jones (2005).

### **Funding**

We are most grateful to the continued significant financial support from our government funding bodies and in particular to DADHC (Department of Ageing and Disability and Home Care, FAHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs and DEEWR (Department of Education, Employment and Workplace Relations). We value these partnerships and take very seriously the confidence in our Board and Management to deliver good quality innovative services to people with disabilities and their families.

### **Fundraising**

The year in review has presented better than budget results. We continue to deliver events and fundraising activities, the scale of which is less than what we would like it to do; however we work to the base of our contacts and established database. Work progresses as we slowly build up our data-base with reliable and up to date donors and supporters.

We are hoping that our community reach will be enhanced following completion of our branding exercise.

### **The future**

There is much to be achieved and many more mountains to climb to continue to deliver our mission of “Enhancing opportunities and relationships for people with disabilities, their families and the aged within their communities”. The unmet need in the community as articulated in the Government’s “Stronger Together Plan” continues to increase and the challenge is for Sunshine to remain competitive, innovative and targeted in its chosen activities.

Martin Laverty  
Chairman of Directors

**THE LORNA HODGKINSON SUNSHINE HOME**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30TH JUNE 2008**

The Directors of the Lorna Hodgkinson Sunshine Home present their report, together with the Financial Statements, for the year ended 30th June 2008 and the Auditors' Report thereon.

**Board of Directors**

The names of each person who has been a director at any time during the financial year or since the end of the financial year are:

**Martin Lavery LL.M**

CHAIRMAN

Director since July 2007

Member Executive and Strategic Planning.

**Peter Horton, B. Bus., A.C.A.**

TREASURER AND PUBLIC OFFICER

Director since 1999

Member Finance, Audit, Executive and Strategic Planning Sub Committees.

**Clifford Marriott, F.A.I.V., F.S.L.E. OAM**

Director since 1983

Member Strategic Planning and Business Sub Committees.

**Geoffrey Tebbutt, B.Ec., F.C.A.**

ASSISTANT TREASURER

Director since 1999

Member Executive, Strategic Planning, Finance, Audit and Fundraising Sub Committees.

**Janet Kneeshaw, Grad Dip H.S. (Gerontology)**

SECRETARY

Director since 1991

Member Executive, Client Services and Strategic Planning Sub Committees

Board Representative on Senior Executive Staff Team.

**John Kerrigan, BA., LL.B**

Director since 1996

Legal Advisor

Member Finance and Audit Sub Committees.

**THE LORNA HODGKINSON SUNSHINE HOME**

**DIRECTORS' REPORT(continued)**

**Brian McRae B V Sc**

Director since 2001

Member Finance, Audit, Client Services and Business Sub Committees.

**David Hardy, B.Com MBA**

Director since 2003

Member Business Sub Committee.

**Dr Bee Hong Lo, MBBS M.Paed, BA, MA (Appl.Ling.), PGCTESOL**

Director since 2003

Board Representative on Senior Executive Staff Team and Member Client Services Sub Committee.

**Andrew Marr, B.E., M.B.A.**

Director since 1976

Member Executive, Strategic Planning and Fundraising Sub Committees

Retired 20 November 2007.

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

## THE LORNA HODGKINSON SUNSHINE HOME

### DIRECTORS' REPORT (continued)

#### DIRECTORS' MEETINGS

The number of Directors' meetings and meetings of Committees of the Board and the number of meetings attended by each of the directors in the 12 month period ended 30th June 2008 were:

	Directors Meetings		Sub Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
M Lavery	9	9	3	3
P Horton	10	9	20	19
C Marriott	10	9	10	9
G Tebbutt	10	10	22	22
J Kneeshaw	10	10	5	5
J Kerrigan	10	10	16	15
B McRae	10	10	28	21
B Lo	10	6	2	2
D Hardy	10	5	12	4
A Marr*	4	3	1	0

\* Retired during the year.

## THE LORNA HODGKINSON SUNSHINE HOME

### DIRECTORS' REPORT (continued)

#### PRINCIPAL ACTIVITIES

The Lorna Hodgkinson Sunshine Home provides support to people with an intellectual disability including:

- Accommodation in homes and flats.
- Employment in supported and sheltered services, enclaves and individual supported jobs;
- Non-work services for people for whom work is not an option;
- Retirement services for people who are ageing;
- Recreation and leisure support;
- Support through voluntary services from individual community members.
- Respite services to carers of people with disabilities.

#### OPERATING RESULT

The result for the year is made up of the following:

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Surplus/(deficit) from operations	(1,049,690)	(355,561)
Fund-raising income net of promotional costs	121,616	68,261
Bequests	420,259	50,600
Interest and dividends from investments	1,622,123	1,300,288
Unrealised impairment write down of available for sale investments transferred from revaluation reserve	<u>(1,134,750)</u>	<u>-</u>
Surplus/ (Deficit) for the year	<u><b>(20,442)</b></u>	<u><b>1,063,588</b></u>

#### REVIEW OF OPERATIONS

Details of the operations of the Home during the year are set out in the report by the Chairman.

#### SIGNIFICANT CHANGES IN 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 financial year not otherwise disclosed in the financial report or notes thereto.

## **THE LORNA HODGKINSON SUNSHINE HOME**

### **DIRECTORS' REPORT (continued)**

#### **FUTURE DEVELOPMENTS**

The recent move into respite care began the previous year has continued with the establishment of two new centre based respite services. The acquiring of community access service in recent months is a welcome development and furthers our direction of acquiring new clients and services.

#### **AFTER BALANCE DATE EVENTS**

Since the 30 June 2008 the market value of available for resale investments has experienced significant volatility. At the date of this report the fair market value of those investments has decreased by a further 8.9%

No other matters or circumstances have risen since the end of the financial year which significantly affected or may significantly affect the operations of the company, or the state of affairs of the company in future financial years.

#### **ENVIRONMENTAL REGULATIONS**

The company's operations are subject to significant environmental regulations of the Commonwealth and the State of N.S.W.

The directors are not aware of any breaches during the year, which are material in nature.

#### **INSURANCE AND INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS**

The company has not, during or since the end of the financial year, in respect of any person who is or has been a Director or an Officer of the company, indemnified or made any relevant agreement for indemnifying such persons against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During or since the end of the financial year the company has paid premiums in relation to Directors and Officers insurance.

The contract insuring against liability prohibits the disclosure of the premiums paid and the liability covered.

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

#### **DIRECTORS' BENEFITS**

During or since the end of the financial year, no Director has received or become entitled to receive a benefit as a result of a contract entered into by the company or a related body corporate with a Director, a firm of which a Director is a member or a company in which a Director has a substantial financial interest.

**THE LORNA HODGKINSON SUNSHINE HOME**

**DIRECTORS' REPORT (continued)**

**PROCEEDINGS ON BEHALF OF COMPANY**

No persons have applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.  
The company was not a party to any such proceedings during the year.

**AUDITORS DECLARATION**

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporation Act 2001 is set out on page 10.

Signed in accordance with a resolution of the Board of Directors and for and on behalf of the Directors by:

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**M Lavery**  
Chairman of Directors

Dated at Pymble this 21<sup>st</sup> day of October 2008.

**THE LORNA HODGKINSON SUNSHINE HOME**

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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF THE LORNA HODGKINSON SUNSHINE HOME**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

ARMSTRONG WILY  
CHARTERED ACCOUNTANTS  
LEVEL 5, 75 CASTLEREAGH STREET  
SYDNEY NSW 2000

N W NEWBOULD  
PARTNER

Dated at Sydney this                      22<sup>nd</sup>            day of October 2008

**THE LORNA HODGKINSON SUNSHINE HOME**

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**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes as set out on pages 16 to 32 are in accordance with the Corporations Act 2001, and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the company's financial position as at 30th June 2008 and of its performance, for the year ended on that date;
  
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

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**M Laverty**  
Chairman of Directors

Dated at Pymble this 21<sup>st</sup> day of October 2008

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF THE LORNA HODGKINSON SUNSHINE HOME**

Pursuant to the Corporations Act, 2001 and the Charitable Fundraising (NSW) Act 1991 and Regulations.

**Report on the Financial Report**

We have audited the accompanying financial report of The Lorna Hodgkinson Sunshine Home, which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

**Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

## **Additional scope pursuant to the Charitable Fundraising (NSW) Act 1991**

In addition, our audit report has been prepared for the members of the company in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991. The Charitable Fundraising (NSW) Act commenced 1 September 1993. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the Corporations Act 2001. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination of, on a test basis, evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising (NSW) Act 1991 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 statement preparation.

The performance of our statutory audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial report. This review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems.

The audit opinion expressed in this report pursuant to the Charitable Fundraising (NSW) Act 1991 has been formed on the above basis.

## **Audit opinion pursuant to the Corporations Act 2001**

In our opinion, the financial report of the Lorna Hodgkinson Sunshine Home is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

**Audit opinion pursuant to the Charitable Fundraising (NSW) Act 1991**

In our opinion:

- (a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2008;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2007 to 30 June 2008, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2007 to 30 June 2008 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- (d) there are reasonable grounds to believe that the Lorna Hodgkinson Sunshine Home will be able to pay its debts as and when they fall due.

ARMSTRONG WILY  
CHARTERED ACCOUNTANTS  
LEVEL 5, 75 CASTLEREAGH STREET  
SYDNEY NSW 2000

N W NEWBOULD  
PARTNER

Dated at Sydney this                      22<sup>nd</sup>      day of October 2008

Liability limited by a scheme approved under  
Professional Standards Legislation

**THE LORNA HODGKINSON SUNSHINE HOME**  
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**DECLARATION BY RESPONSIBLE OFFICER  
IN RESPECT OF FUNDRAISING APPEALS**

I, Rebecca Fletcher, the responsible Officer of the Lorna Hodgkinson Sunshine Home, declare that in my opinion:

- (a) the financial statements give a true and fair view of all income and expenditure of the Lorna Hodgkinson Sunshine Home with respect to fundraising appeal activities for the financial year ended 30 June 2008;
- (b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2008;
- (c) the provisions of the Charitable Fundraising (NSW) Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2008;
- (d) the internal controls exercised by the Lorna Hodgkinson Sunshine Home are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

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**Rebecca Fletcher**  
Chief Executive Officer

Dated at Pymble this            21<sup>st</sup> day of October 2008

**THE LORNA HODGKINSON SUNSHINE HOME**

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**INCOME STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2008**

	Note	2008 \$	2007 \$
REVENUE			
Revenue from work services		304,297	420,405
Grants from government		10,226,587	8,920,254
Fees from clients		663,608	609,218
Revenue from fundraising and donations		195,984	247,676
Bequests		420,259	50,600
Interest and dividends revenue		1,622,123	1,300,288
Profit on sale of fixed assets		27,167	21,373
Profit on sale of investments		-	224,497
Other revenue		119,658	88,296
<b>TOTAL REVENUE</b>	<b>2</b>	<b><u>13,579,683</u></b>	<b><u>11,882,607</u></b>
Less:			
EXPENSES			
Staff costs		10,122,367	8,838,370
Care related expenses		352,516	332,027
Property costs		255,020	169,002
Administration costs		761,069	422,064
Depreciation service delivery		264,084	373,998
Loss on Sale of Investments		48,980	-
Transport costs		393,090	286,997
Rental property costs		50,763	46,302
Cost of sales work services		66,061	72,525
Fundraising expenses		92,992	179,415
Promotional expenses		58,433	98,319
<b>TOTAL EXPENSES</b>		<b><u>12,465,375</u></b>	<b><u>10,819,019</u></b>
<b>SURPLUS FROM ACTIVITIES</b> before impairment write down of available for sale investments		<b>1,114,308</b>	<b>1,063,588</b>
Unrealised impairment write down of available for sale investments transferred from revaluation reserve		<b><u>(1,134,750)</u></b>	<b><u>-</u></b>
<b>SURPLUS / (DEFICIT) for the year</b>	<b>3</b>	<b><u><u>(20,442)</u></u></b>	<b><u><u>1,063,588</u></u></b>

The accompanying notes form part of these financial statements

**THE LORNA HODGKINSON SUNSHINE HOME**

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**BALANCE SHEET  
AS AT 30TH JUNE 2008**

	NOTE	2008 \$	2007 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		661,580	3,267,995
Financial assets	8	9,267,414	9,112,033
Receivables	4	628,317	468,063
<b>TOTAL CURRENT ASSETS</b>		<u>10,557,311</u>	<u>12,848,091</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	8	10,328,736	10,561,115
Property, plant and equipment	5	7,060,304	5,937,379
<b>TOTAL NON-CURRENT ASSETS</b>		<u>17,389,040</u>	<u>16,498,494</u>
<b>TOTAL ASSETS</b>		<u>27,946,351</u>	<u>29,346,585</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,143,829	882,693
Government grants in advance		1,417,676	1,321,149
Short-term provisions	7	1,476,340	1,303,853
<b>TOTAL CURRENT LIABILITIES</b>		<u>4,037,845</u>	<u>3,507,695</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	7	174,241	143,309
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>174,241</u>	<u>143,309</u>
<b>TOTAL LIABILITIES</b>		<u>4,212,086</u>	<u>3,651,004</u>
<b>NET ASSETS</b>		<u>23,734,265</u>	<u>25,695,581</u>
<b>EQUITY</b>			
Reserves		(272,098)	1,668,776
Retained earnings		24,006,363	24,026,805
<b>TOTAL EQUITY</b>		<u>23,734,265</u>	<u>25,695,581</u>

The accompanying notes form part of these financial statements

**THE LORNA HODGKINSON SUNSHINE HOME**  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008**

<b>2008</b>	Retained earnings	Available-for- sale investments revaluation reserve	Total
	\$	\$	\$
BALANCE AT 1 JULY 2007	24,026,805	1,668,776	25,695,581
Surplus from ordinary activities	1,114,308	-	1,114,308
Revaluation increment/ (decrement)	-	(3,075,624)	(3,075,624)
Transfer of unrealised impairment of available for resale investments	(1,134,750)	1,134,750	-
	<hr/>		
BALANCE AT 30 JUNE 2008	24,006,363	(272,098)	23,734,265
	<hr/>		
<b>2007</b>	Retained earnings	Available-for- sale investments revaluation reserve	Total
	\$	\$	\$
BALANCE AT 1 JULY 2006	22,963,216	411,041	23,374,257
Surplus from ordinary activities	1,063,589	-	1,063,589
Revaluation increment/ (decrement)	-	1,257,735	1,257,735
	<hr/>		
BALANCE AT 30 JUNE 2007	24,026,805	1,668,776	25,695,581
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The accompanying notes form part of these financial statements

**THE LORNA HODGKINSON SUNSHINE HOME**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2007 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Government grants		10,226,587	9,904,199
Fundraising and donations		195,984	247,676
Bequest		244,044	50,600
Receipts from residents, subsidies and other sundry activities		663,608	609,218
Cash payments in the course of operations		(11,550,323)	(9,827,008)
Interest received		1,622,123	1,300,288
Sales work services		304,297	420,405
Other revenue		119,658	88,296
Net cash provided by operating activities	9(a)	1,825,978	2,793,674
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of fixed assets		70,591	163,795
Proceeds from sale of investments		2,212,363	956,672
Placed on short term deposit		(155,381)	(9,112,033)
Payment for property, plant & equipment purchased		(1,631,592)	(656,708)
Payment for investments in quoted securities purchased		(4,928,373)	(2,172,116)
Net cash used in investing activities		(4,432,393)	(10,820,390)
Net increase / (decrease) in cash held during the year		(2,606,415)	(8,026,716)
Cash at the beginning of the year		3,267,995	11,294,711
Cash at the end of the year	9(b)	661,580	3,267,995

The accompanying notes form part of these financial statements

## THE LORNA HODGKINSON SUNSHINE HOME

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008

#### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for The Lorna Hodgkinson Sunshine Home, as an individual company, incorporated and domiciled in Australia. The Lorna Hodgkinson Sunshine Home is a company limited by guarantee.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **BASIS OF PREPARATION**

##### *Reporting Basis and Conventions*

The financial report has been prepared on an accrual basis and is based on historical costs. It does not take into account changing money values or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

##### *Accounting Policies*

#### (a) Property Plant & Equipment

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

##### *Property*

Freehold land and buildings are shown at their cost less any accumulated depreciation on buildings and any accumulated impairment losses.

##### *Plant and Equipment*

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

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

All repairs and maintenance are charged to the income statement during the financial period in which they occurred. Plant and equipment costing under \$1,000 is expensed when purchased.

**THE LORNA HODGKINSON SUNSHINE HOME**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2008**

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued**

*Impairment*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where the carrying values exceed the recoverable amount, the asset is written down to the recoverable amount.

(b) Depreciation

The depreciable amount of all fixed assets, excluding freehold land are depreciated on a straight-line basis over their useful lives, commencing from the time the asset is held ready for use.

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

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Buildings	2.5% (straight line)
Plant and Equipment	33.3% (straight line)
Motor Vehicles	20% (straight line)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office and for fundraising activities where an election is made not to charge GST. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are included in the statement of cash flows on a net basis.

## THE LORNA HODGKINSON SUNSHINE HOME

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008

#### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Employee Entitlements

*Annual Leave*

The provision for employee entitlements for annual leave represents the amount which the company has a present obligation to pay resulting from each employee's services provided up to the balance date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates and includes related on-costs.

*Long Service Leave*

The liability for employees' entitlements to long service represents the value of the estimated amount which the company anticipates it will pay based on current wage rates including related on-costs provided up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months have not been discounted and consideration has been given to future increases in wage and salary rates.

(e) Leased Plant and Equipment

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(f) Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Available-for-sale financial assets.*

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity except where the directors consider that impairment exists in which case unrealised losses are transferred out of equity reserves to the income statement.

**THE LORNA HODGKINSON SUNSHINE HOME**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2008

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued**

*Fair Value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value.

*Impairment*

The carrying values of available for resale investments are reviewed at each reporting date to determine whether there is any indication of impairment. In determining whether an investment is impaired consideration is given to a number of factors including the fact that the company holds its investments for the long term and the company does not act as a share trader, the length of the period during which the quoted price on the Australian Securities Exchange has been below cost, expected future cash flows (ie: dividend yield), asset backing and information about significant changes with an adverse affect that have taken place in the economic environment in which the investee operates and which indicate that the cost of the investment may not be recovered. Impairment losses are recognised in the income statement.

(g) Cash and Cash Equivalents

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

(h) Revenue

Revenues are recognised at fair value of the consideration received net of the amount of GST.

Dividend revenue is recognised when paid.

Grant revenue is recognised in the income statement when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the balance sheet as a liability, "government grants in advance", until such conditions are met or services provided.

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

## **THE LORNA HODGKINSON SUNSHINE HOME**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008**

#### **NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued**

(i) Receivables

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt of collection exists.

(j) Creditors

Trade creditors represent liabilities for goods and services provided to the company prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually paid within 30 days.

(k) Unexpended Grants

The company receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the company to treat grants monies as “grants in advance” in the balance sheet where the company is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(l) Taxation

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(m) Comparatives

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

**THE LORNA HODGKINSON SUNSHINE HOME**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
<b>NOTE 2      OPERATING REVENUE</b>		
<b>REVENUE FROM OPERATIONS</b>		
Government grants and subsidies	10,226,587	8,920,254
Fees received	663,608	609,218
Sales	304,297	420,405
Donations, and fundraising	195,984	247,676
Bequests	420,259	50,600
Net rental income	102,494	87,905
Other operating income	17,164	391
	<u>11,930,393</u>	<u>10,336,449</u>
<b>OTHER REVENUE</b>		
Interest and dividends received from other corporations	1,622,123	1,300,288
Gain on sale of fixed assets	27,167	21,373
Gain on sale of investments	-	224,497
	<u>13,579,683</u>	<u>11,882,607</u>
<b>NOTE 3      SURPLUS / DEFICIT FOR YEAR</b>		
Surplus/ deficit for the period has been arrived at after:		
(a) Crediting as income:		
Gain on sale of fixed assets	27,167	21,373
Gain on sale of investments	-	224,497
Interest and dividends received from other corporations	1,622,123	1,300,288
(b) Charging as expenses:		
Depreciation	465,243	407,974
Unrealised impairment of available for sale investments	1,134,750	-
Loss on sale of investments	48,980	-
Increase/(Decrease) in:		
Provision for employee entitlements	203,419	304,147
Write off of property, plant and equipment costing less than \$1,000	85,469	46,149
Rental expense on operating leases	171,477	137,995
	<u>628,317</u>	<u>468,063</u>
<b>NOTE 4      RECEIVABLES</b>		
Trade debtors	86,960	75,425
Other debtors and prepayments	541,357	392,638
	<u>628,317</u>	<u>468,063</u>

**THE LORNA HODGKINSON SUNSHINE HOME**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
<b>NOTE 5</b>			
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>			
Freehold land and buildings - at cost		6,050,613	4,984,789
Accumulated depreciation		<u>(218,314)</u>	<u>(146,427)</u>
		<u>5,832,299</u>	<u>4,838,362</u>
Plant and equipment – at cost		726,425	606,690
Accumulated depreciation		<u>(383,540)</u>	<u>(319,977)</u>
		<u>342,885</u>	<u>286,713</u>
Motor vehicles - at cost		1,538,353	1,353,267
Accumulated depreciation		<u>(653,233)</u>	<u>(540,962)</u>
		<u>885,120</u>	<u>812,304</u>
Total written down value		<u><u>7,060,304</u></u>	<u><u>5,937,379</u></u>

**Movements in Carrying Amounts**

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

	Land & Buildings \$	Motor Vehicles \$	Plant and Equipment \$	Total \$
<b>2008</b>				
Balance at the beginning of the year	4,838,362	812,304	286,713	5,937,379
Additions at cost	1,067,324	378,824	185,444	1,631,592
Disposals	(1,500)	(41,924)		(43,424)
Depreciation expense	<u>(71,887)</u>	<u>(264,084)</u>	<u>(129,272)</u>	<u>(465,243)</u>
Carrying amount at end of year	<u><u>5,832,299</u></u>	<u><u>885,120</u></u>	<u><u>342,885</u></u>	<u><u>7,060,304</u></u>
<b>2007</b>				
Balance at the beginning of the year	4,886,734	732,744	215,088	5,834,566
Additions at cost	27,680	456,677	172,008	656,365
Disposals	(5,000)	(136,266)	(1,156)	(142,422)
Impairment write down	(3,500)	-	-	(3,500)
Depreciation expense	<u>(67,552)</u>	<u>(240,851)</u>	<u>(99,227)</u>	<u>(407,630)</u>
Carrying amount at end of year	<u><u>4,838,362</u></u>	<u><u>812,304</u></u>	<u><u>286,713</u></u>	<u><u>5,937,379</u></u>

**THE LORNA HODGKINSON SUNSHINE HOME**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
<b>NOTE 6      TRADE AND OTHER PAYABLES</b>		
Trade creditors	269,938	33,338
Australian Taxation Office	355,353	318,981
Other creditors and accruals	518,538	530,374
	<u>1,143,829</u>	<u>882,693</u>

<b>NOTE 7      PROVISIONS</b>	Short Term		Long Term	Total
	Annual Leave	Long Service Leave	Long Service Leave	
<b>2008</b>				
Opening Balance at 1 July 2007	871,479	432,374	143,309	1,447,162
Additional provisions	479,225	157,087	-	636,312
Reclassified from short term		(30,932)	30,932	-
Amounts used	<u>(405,270)</u>	<u>(27,623)</u>	<u>-</u>	<u>(432,893)</u>
Balance at 30 June 2008	<u>945,434</u>	<u>530,906</u>	<u>174,241</u>	<u>1,650,581</u>
<b>2007</b>				
Opening Balance at 1 July 2006	619,832	293,739	229,443	1,143,014
Additional provisions	636,680	82,657	-	719,337
Reclassified to short term	-	86,134	(86,134)	-
Amounts used	<u>(385,033)</u>	<u>(30,156)</u>	<u>-</u>	<u>(415,189)</u>
Balance at 30 June 2007	<u>871,479</u>	<u>432,374</u>	<u>143,309</u>	<u>1,447,162</u>

**NOTE 8      FINANCIAL ASSETS**

**CURRENT**

Financial assets comprise:

-Term deposits held for periods of 30, 60 or 90 days on a rolling basis.

<u>9,267,414</u>	<u>9,112,033</u>
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**NON CURRENT**

Financial assets comprise:

Available-for-sale investments

Quoted shares and listed property trusts, at fair value

<u>10,328,736*</u>	<u>10,561,115</u>
<u>19,596,150</u>	<u>19,673,148</u>

\* After an unrealised write down of \$1,134,750-(2007-nil)

**THE LORNA HODGKINSON SUNSHINE HOME**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2007 \$
<b>NOTE 9      NOTES TO STATEMENT OF CASH FLOWS</b>		
a) Reconciliation of cash flow from operations with profit from ordinary activities		
Operating surplus/(deficit) for the year	<u>(20,442)</u>	<u>1,063,588</u>
Add / (Less) non cash items:		
Depreciation	465,244	407,975
Amounts set aside to / (reduction in) provisions for Employee entitlements	203,419	304,147
Unrealised impairment of available for resale investments	1,134,750	-
Loss / (Profit) on sale of fixed assets	(27,167)	(21,373)
Loss / (Profit) on sale of investments	48,980	(224,497)
Bequest non-cash item	(176,215)	-
	<u>1,649,010</u>	<u>466,252</u>
Net cash provided by operating activities before change in assets and liabilities	<u>1,628,569</u>	<u>1,529,840</u>
Changes in assets and liabilities		
(Increase) / decrease in trade debtors	(160,253)	250,579
(Decrease) / increase in trade creditors	236,600	(3,277)
(Decrease) / increase in government grants received in advance	96,527	983,945
(Decrease) / increase in creditors other	24,535	32,587
	<u>197,409</u>	<u>1,263,834</u>
Cash flow from operations	<u>1,825,978</u>	<u>2,793,674</u>
b) Reconciliation of cash		
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:		
Cash at bank and on hand	<u>661,580</u>	<u>3,267,995</u>

**THE LORNA HODGKINSON SUNSHINE HOME**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
<b>NOTE 10 CAPITAL AND LEASING COMMITMENTS</b>		
Operating lease commitments		
Future operating lease rentals as lessee for rented premises not provided for in the financial statements and payable:		
Not later than twelve months.	215,969	183,555
Between twelve months and five years	357,595	100,982
	<u>573,564</u>	<u>284,537</u>
Operating lease earnings		
Future operating lease earnings as lessor for rental premises not provided for in the financial statements and receivable:		
Not later than twelve months.	116,847	113,061
Between twelve months and five years	270,992	34,037
	<u>387,839</u>	<u>147,098</u>
Capital expenditure commitment contracted for:		
Property not later than 12 months	<u>756,000</u>	<u>-</u>
<b>NOTE 11 REMUNERATION OF AUDITORS</b>		
Auditing the financial statements		
Current year	36,000	35,000
Under/(over) accrual previous year	1,303	690
	<u>37,303</u>	<u>35,690</u>
Accounting and other services		
Current year	8,500	10,700
Under/(over) accrual previous year	1,748	(1,699)
	<u>10,248</u>	<u>9,001</u>

**THE LORNA HODGKINSON SUNSHINE HOME**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2008

		2008	2007
		\$	\$
<b>NOTE 12</b>	<b>INFORMATION REQUIRED UNDER THE CHARITABLE FUNDRAISING ACT 1991</b>		

Fundraising appeals conducted during the financial year include mail appeals, golf day, regatta, dinner, art exhibition, raffle and Christmas Basket.

**RESULTS**

(a)	Gross proceeds from fundraising appeals	195,984	247,677
	Less: Direct costs of fundraising appeals	92,992	179,415
	Net surplus from fundraising appeals	<u>102,992</u>	<u>68,262</u>

This surplus was applied against direct service and administration costs as detailed below:

(b)	Direct service and administration costs for the year excluding individually significant items amounted to:		
	Direct service costs	10,916,708	9,399,524
	Administration and wages costs	1,418,243	1,083,059
		<u>12,334,951</u>	<u>10,482,583</u>

<b>NOTE 13</b>	<b>INFORMATION REQUIRED UNDER THE CHARITABLE FUNDRAISING ACT 1991 (CONTINUED)</b>	2008	2008	2007	2007
		\$	%	\$	%

Total cost of fundraising/	<u>92,992</u>			<u>179,415</u>	
Gross income from fundraising	195,984	47%		247,677	72%
Net surplus from fundraising/	<u>102,992</u>			<u>68,262</u>	
Gross income from fundraising	195,984	53%		247,677	28%
Total cost of direct services/	<u>10,916,708</u>			<u>9,399,524</u>	
Total expenditure excluding individually significant items	12,334,951	89%		10,482,583	90%
Total cost of direct services/	<u>10,916,708</u>			<u>9,399,524</u>	
Total income received excluding individually significant items	13,404,699	81%		11,526,342	82%

**THE LORNA HODGKINSON SUNSHINE HOME**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2008

**NOTE 14 PRINCIPAL ACTIVITY**

The Company operates in the Disability Services sector in NSW.

**NOTE 15 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE**

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and effective weighted average interest rates on classes of financial assets and liabilities, is as follows:

	<b>Weighted Average Effective Interest Rate %</b>	<b>Floating Interest Rate \$</b>	<b>Non-Interest Bearing \$</b>	<b>Total \$</b>
<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
Financial assets				
Cash and cash equivalents	4.8%	647,900	13,680	661,580
Investments - term deposits	6.9%	9,267,414		9,267,414
- available-for-sale			10,328,736	10,328,736
Trade debtors			86,960	86,960
Other debtors and prepayments			541,357	541,357
<b>TOTAL FINANCIAL ASSETS</b>		<b>9,915,314</b>	<b>10,970,733</b>	<b>20,886,047</b>
Financial liabilities				
Trade creditors and accruals			1,143,829	1,143,829
Government grants in advance			1,417,676	1,417,676
<b>TOTAL FINANCIAL LIABILITIES</b>			<b>2,561,505</b>	<b>2,561,505</b>
<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
Financial assets				
Cash and cash equivalents	5.6%	3,247,995	20,000	3,267,995
Investments - term deposits	6.4%	9,112,033	-	9,112,033
- available-for-sale			10,561,115	10,561,115
Trade debtors			75,425	75,425
Other debtors and prepayments			392,638	392,638
<b>TOTAL FINANCIAL ASSETS</b>		<b>12,360,028</b>	<b>11,049,178</b>	<b>23,409,206</b>
Financial liabilities				
Trade creditors and accruals			882,693	882,693
Government grants in advance			1,321,149	1,321,149
<b>TOTAL FINANCIAL LIABILITIES</b>			<b>2,203,842</b>	<b>2,203,842</b>

**THE LORNA HODGKINSON SUNSHINE HOME**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2008

**NOTE 16 REMUNERATION OF DIRECTORS**

The directors act in an honorary capacity and do not receive an honorarium.  
The names of the directors in office during the financial year were:

Mr. M Laverty	Mr. A Marr	Mr. P Horton	Mr. C Marriott
Mr. G Tebbutt	Ms. J Kneeshaw	Mr. D Hardy	Mr. B McRae
Mr. J Kerrigan	Dr. B Lo		

	2008	2007
	\$	\$

**NOTE 17 MEMBERS GUARANTEE**

The Lorna Hodgkinson Sunshine Home is a company limited by guarantee.

Capital is not capable of being called up except in the event of and for the purpose of winding up the company by virtue of the company's Constitution.

	740	740
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	No.	No.
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Number of members

	37	37
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**NOTE 18 COMPANY DETAILS**

The registered office and principal place of business of the Home is:

6 West Street Pymble NSW 2073.

**NOTE 19 SUBSEQUENT EVENTS**

Since the 30 June 2008 the market value of available for resale investments has experienced significant volatility. At the date of this report the fair market value of those investments has decreased by a further 8.9%

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, or the state of affairs of the company in future financial years.