

WINDGAP FOUNDATION LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ABN 14 050 095 077

Financial Report for the Year Ended 30 June 2016

DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 30 June 2016.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Christopher Herbert Brown
Heather Anne Brown
Pedro Inguanzo De La Fuente
Catherine Margaret Jensen-Lee
Andrew James Simpson
Catherine Susan Wallace
Craig Andrew Wallace
Warwick Allan Wheeler
Peter Glen Grainger

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

Purpose and Objectives

The purpose and objectives of the Company are as follows:

- (i) Windgap clients are included and participate in the community to achieve their goals and are independent;
- (ii) the community is aware of Windgap and the needs and aspirations of clients of Windgap;
- (iii) on time delivery, every time, to clients;
- (iv) employees of Windgap are engaged and empowered; and
- (v) eliminate waste in all Windgap operations.

Strategy

The strategy of the Company to achieve the purpose and objectives of the Company is to:

- (i) allocate resources to enable the provision of, and provide support services to people with intellectual disability in the community, in accordance with business plans, approved and overseen by the Board;
- (ii) recognise and manage risk, including physical, intangible and financial risks of execution of the business plans, as well as the strategic risks of, and risks to, the resource allocation choices which define the strategy;
- (iii) allocate and manage resources prudently.

Principal Activities

The principal activities of the Company during the year were the provision of support services to people with an intellectual disability, including residential services, day programs and supported employment within an Australian Disability Enterprise, fundraising, and engagement with the community.

The principal activities described above were directly relevant to, and in accordance with, the purpose and objectives set out above.

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DIRECTORS' REPORT

Measures of Performance

The board of directors of the Company measures the performance of the Company by a combination of financial and non-financial performance indicators.

Operating Results

The profit/(loss) of the entity amounted to (\$179,932) (2015: Profit of \$1,746,573).

Information on Directors

Christopher Herbert Brown OAM	—	Chairman, Board member since 1990
Qualifications	—	LLM, FAICD, CTA
Experience	—	Solicitor, Listed Public Company Director
Special Responsibilities	—	Chairman of Board, Remuneration Committee member, Audit and Risk Committee member, Nomination Committee member.
Heather Anne Brown OAM	—	Board member since 1990
Experience	—	Personal Assistant
Special Responsibilities	—	Remuneration Committee member, Nomination Committee member
Catherine Margaret Jensen-Lee	—	Board member since 2004
Qualifications	—	Doctor of Philosophy in Sociology
Experience	—	Government sector policy (education and health)
Special Responsibilities	—	Remuneration Committee member, Nomination Committee member
Warwick Allan Wheeler	—	Board member since 2008
Experience	—	Experience in marketing and sales in manufacturing industries. Life member of Randwick Rugby Club.
Special Responsibilities	—	Remuneration Committee member, Nomination Committee member
Pedro Inguanzo De La Fuente	—	Board member since November 2012
Qualifications	—	Business administration, accounting and commercial law in Spain; Certified as an interpreter-translator (Spanish-English-Spanish) by Macquarie University Sydney
Experience	—	International trade, imports-exports, marketing-distribution. Voluntary work promoting institutions & sports for the disabled
Special Responsibilities	—	Audit and Risk Committee member, Nomination Committee member
Andrew James Simpson	—	Board member since December 2013
Qualifications	—	Bachelor of Business (Accounting); Graduate Diploma (Chartered Accounting); Graduate Diploma of Applied Finance ; MAICD
Experience	—	Partner at Gunderson Briggs Chartered Accountants
Special Responsibilities	—	Treasurer, Audit and Risk Committee Chairman, Nomination Committee member

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DIRECTORS' REPORT

Catherine Susan Wallace	—	Board member since December 2013
Experience	—	Secretary/PA in financial sector; Administration and events management, Aboriginal Catholic Ministry; Secretary of the ex-students' association of Our Lady of the Sacred Heart College, Kensington; Involved in the foundation years of Giant Steps, Sydney.
Special Responsibilities	—	Nomination Committee member, Remuneration Committee member
Craig Andrew Wallace	—	Board member since December 2013
Experience	—	NSW professional fire fighter; carpenter/builder; Providing fire/safety training and maintenance at petro-chemical plant; Involved in foundation years of Giant Steps, Sydney.
Special Responsibilities	—	Nomination Committee member
Peter Glen Grainger	—	Board member since June 2015
Qualifications	—	BBus, MAICD, FCPA ; Graduate Conversion Course in Accounting (UTS) ; Member of the Institute of Analytics Professionals Australia (IAPA).
Experience	—	Forensic Analytics Partner; Management and IT consulting .
Special Responsibilities	—	Audit and Risk Committee member, Nomination Committee member.

DIRECTORS' REPORT

Meeting of Directors

During the financial year, 10 meetings of directors (including committees of directors) were held. Attendances by each director were as follows:

	Directors' Meetings		Audit/Risk Committee		Remuneration Committee		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Christopher Herbert Brown	10	10	5	5	3	3	1	1
Heather Anne Brown	10	9	-	-	3	3	1	1
Peter Glen Grainger	10	10	5	4	-	-	1	1
Pedro Inguanzo De La Fuente	10	9	5	5	-	-	1	1
Catherine Margaret Jensen-Lee	10	7	-	-	3	3	1	1
Andrew James Simpson	10	8	5	5	-	-	1	1
Catherine Susan Wallace	10	4	-	-	3	3	1	-
Craig Andrew Wallace	10	9	-	-	-	-	1	1
Warwick Allan Wheeler	10	9	-	-	3	3	1	1

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member, or within one year after they cease to be a member, is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity. At 30 June 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$6,800 (2015: \$6,300).

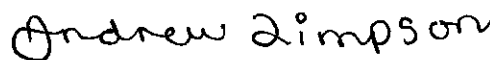
Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 5.

Signed in accordance with a resolution of the Board of Directors.



Directors Christopher Herbert Brown



Andrew James Simpson

Dated this 25th October 2016

WINDGAP FOUNDATION LIMITED
ABN 14 050 095 077

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S60-40 OF THE AUSTRALIAN CHARITIES AND
NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF WINDGAP FOUNDATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been:

- (i) no contraventions of the auditor independence requirements of s60-40 of 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.



Felsers
Chartered Accountants



Steven H Zabeti
Partner

Dated: 24 October 2016

Windgap Foundation Limited ABN 14 050 095 077

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
Revenue	2	9,702,402	11,032,361
Other income	2	1,892,676	1,811,040
Employee benefits expense	3b	(9,437,181)	(8,954,515)
Depreciation and amortisation expense	3a	(206,440)	(170,408)
Repairs, maintenance and vehicle running expense		(193,385)	(241,693)
Fuel, light and power expense		(89,616)	(89,333)
Rental expense	3a	(411,342)	(392,107)
Training expense		(64,783)	(63,695)
Audit and consultancy expense		(261,115)	(222,064)
Administration expense		(1,018,765)	(875,300)
Fundraising expense	19(b)	(92,383)	(87,713)
Profit/(loss) before income tax		(179,932)	1,746,573
Income tax expense	1i	-	-
Profit/(loss) for the year		(179,932)	1,746,573
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to members of the company		(179,932)	1,746,573

Although the profit for the 2015 year stated above is \$1,746,573, the prior year figures contains an item which does not relate to the operating activities of the enterprise, outlined as follows:

Profit/(Loss) for the year		(179,932)	1,746,573
Recognition of grant – Bega Avenue Little Bay	13	-	(1,744,533)
Underlying profit / (loss) from operating activities		(179,932)	2,040

The accompanying notes form part of these financial statements.

Windgap Foundation Limited ABN 14 050 095 077

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016	2015
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	981,937	1,759,251
Trade and other receivables	5	62,328	81,100
Inventories		-	1,250
Financial assets	6	1,400,000	600,491
Other assets	7	37,587	64,111
TOTAL CURRENT ASSETS		2,481,852	2,506,203
NON-CURRENT ASSETS			
Financial assets	6	2	2
Property, plant and equipment	8	3,931,585	3,968,909
TOTAL NON-CURRENT ASSETS		3,931,587	3,968,911
TOTAL ASSETS		6,413,439	6,475,114
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	1,258,434	1,088,764
Borrowings	10	(30,338)	36,474
Short-term provisions	11	526,817	546,598
TOTAL CURRENT LIABILITIES		1,754,913	1,671,836
NON-CURRENT LIABILITIES			
Long-term provisions	11	222,222	187,042
TOTAL NON-CURRENT LIABILITIES		222,222	187,042
TOTAL LIABILITIES		1,977,135	1,858,878
NET ASSETS		4,436,304	4,616,236
EQUITY			
Retained earnings/(losses)		3,562,585	3,742,517
Reserves	20	873,719	873,719
TOTAL EQUITY		4,436,304	4,616,236

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 30 June 2014	1,995,944	873,719	2,869,663
Profit/(Loss) attributable to the entity	1,746,573	-	1,746,573
Transfer from reserves	-	-	-
Balance at 30 June 2015	3,742,517	873,719	4,616,236
	\$	\$	\$
Balance at 30 June 2015	3,742,517	873,719	4,616,236
Profit/(Loss) attributable to the entity	(179,932)	-	(179,932)
Transfer from reserves	-	-	-
Balance at 30 June 2016	3,562,585	873,719	4,436,304

For a description of each reserve, refer to Note 20.

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipt of grants		10,832,268	10,185,784
Other receipts		1,888,831	1,806,195
Payments to suppliers and employees		(12,536,671)	(11,725,911)
Interest received		76,501	99,252
Net cash generated from /(used in) operating activities	17b	260,929	365,320
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		10,887	51,373
Payment for property, plant and equipment		(182,809)	(919,780)
Proceeds /(Payment) for held-to-maturity investments		(799,509)	849,509
Net cash used in investing activities		(971,431)	(18,898)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans from related party		(66,812)	53,768
Net cash (used in)/provided by financing activities		(66,812)	53,768
Net increase/(decrease) in cash held		(777,314)	400,190
Cash and cash equivalents at beginning of the financial year		1,759,251	1,359,061
Cash and cash equivalents at the end of the financial year	4	981,937	1,759,251

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The financial statements are for Windgap Foundation Limited as an individual entity, incorporated and domiciled in Australia. Windgap Foundation Limited is a company limited by guarantee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Windgap Foundation Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements except for the cash flow information have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 25th October 2016 by the directors of the company.

Accounting Policies

a. Revenue

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

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

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

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

Donations and bequests are recognised as revenue when received.

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control, economic benefits are probable and the amount of the donation can be measured reliably. Voluntary donations, by their nature of being received prior to entry into the accounting records, may be subject to inherent limitations regarding the completeness of revenue from such sources.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at cost less accumulated building depreciation.

Plant and equipment

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

Depreciation

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

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

Class of fixed asset	Depreciation rate
Buildings	4%
Plant and equipment	10% – 40%
Motor vehicles	12.5% – 22.5%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit and loss in the period in which they arise.

c. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- d. less any reduction for impairment.

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature or are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available for sale financial assets are included in non-current assets, except for those which are expected to sell within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

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

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

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

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e Impairment of assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

f. Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled plus any related on costs.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

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 and bank overdrafts.

h. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

i. Income tax

The company

(a) Is exempt from income tax under section 50-B of the *Income Tax Assessment Act 1997*, and consequently no income tax expense has been reflected in the financial statements.

(b) Has been granted Deductible Gift Recipient status under section 30-15 of that Act.

(c) Has Fringe Benefits Tax concession.

j. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k. Comparative figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

l. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

m. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key judgements

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The company expects most employees will take their annual leave entitlements within 12 months of the reporting period in which they were earned.

n. Economic dependence

Windgap Foundation Limited is dependent on Federal and State Government grants for the majority of its revenue used to operate the enterprise. At the date of this report the Board of Directors has no reason to believe the Federal and State Governments will not continue to support Windgap Foundation Limited in some capacity for the foreseeable future.

NDIS will be rolled out in our region as from 1st July 2017. During the transition period both Federal and State government grants and NDIS funding will be received.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

o. Fair value of assets and liabilities

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

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

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

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

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

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such a financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

Windgap Foundation Limited ABN 14 050 095 077

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: REVENUE AND OTHER INCOME

	Note	2016	2015
		\$	\$
Revenue			
<i>Revenue from government grants and other grants</i>			
— State/federal government grants		9,558,151	10,822,999
— Other organisations		67,750	110,110
		9,625,901	10,933,109
<i>Other revenue</i>			
— Interest received on financial assets not at fair value through profit or loss		76,501	99,252
		76,501	99,252
Total revenue		9,702,402	11,032,361
Other income			
— Net gain/(loss) on disposal of property, plant and equipment	3b	(2,806)	2,643
— charitable income and fundraising		185,469	199,272
— Bequests/donations received		318,247	273,502
— Sales		484,243	364,042
— Client fees		831,306	744,407
— Administration fees		55,507	219,000
— Other		20,710	8,174
Total Other Income		1,892,676	1,811,040
Total revenue and other income		11,595,078	12,843,401

NOTE 3: RESULT FOR THE YEAR

	Note	2016	2015
		\$	\$
a. Expenses			
Employee benefits expense:			
— contributions to defined superannuation funds		(762,238)	(723,701)
Depreciation and amortisation			
— land and buildings		(97,714)	(76,715)
— motor vehicle		(8,909)	(4,330)
— plant and equipment		(90,294)	(67,246)
— furniture and equipment		(9,523)	(22,117)
Total depreciation and amortisation		(206,440)	(170,408)
Cost of sales		(130,390)	(59,565)
Rental expense on operating leases			
— minimum lease payments		(411,342)	(392,107)
Total rental expense		(411,342)	(392,107)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: RESULT FOR THE YEAR

	Note	2016	2015
		\$	\$
Auditor remuneration			
- audit services		(24,195)	(19,413)
Auditor remuneration		<u>(24,195)</u>	<u>(19,413)</u>
b. Significant revenue and expenses			
(i) Revenue including:-			
Property, plant and equipment			
Proceeds on disposal		10,887	51,373
Disposals at costs		(13,693)	(48,730)
Net gain/(loss) on disposal		<u>(2,806)</u>	<u>2,643</u>
(ii) Expenses:-			
Employee Benefits		<u>(9,437,181)</u>	<u>(8,954,515)</u>

NOTE 4: CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
CURRENT		
Cash at bank	977,937	1,757,898
Cash on hand	4,000	1,353
Total cash and cash equivalents	<u>981,937</u>	<u>1,759,251</u>

NOTE 5: TRADE AND OTHER RECEIVABLES

	2016	2015
	\$	\$
CURRENT		
Trade receivables	66,238	57,269
Provision for impairment	5a (19,000)	(6,000)
	<u>47,238</u>	<u>51,269</u>
Other receivables	15,090	29,831
Total current trade and other receivables	<u>62,328</u>	<u>81,100</u>

a. Provision for Impairment of Receivables

	\$
Movement in the provision for impairment of receivables is as follows	
Provision for impairment as at 1 July 2014	3,500
- Charge for year	2,500
- Written off	-
Provision for impairment as at 30 June 2015	<u>6,000</u>
- Charge for year	13,000
- Written off	-
Provision for impairment as at 30 June 2016	<u><u>19,000</u></u>

Windgap Foundation Limited ABN 14 050 095 077

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6: FINANCIAL ASSETS

	2016	2015
	\$	\$
CURRENT		
Term deposits	1,400,000	600,491
	<u>1,400,000</u>	<u>600,491</u>
NON-CURRENT		
Available-for-sale financial assets	2	2
	<u>2</u>	<u>2</u>

Available-for-sale financial assets comprise:

Unlisted investments, at fair value

— shares in unlisted corporations-Windgap Pty Ltd

	2	2
	<u>2</u>	<u>2</u>

NOTE 7: OTHER ASSETS

	2016	2015
	\$	\$
CURRENT		
Prepayments	3,031	41,638
Security bond	34,556	22,473
	<u>37,587</u>	<u>64,111</u>

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

		2016	2015
		\$	\$
LAND AND BUILDINGS			
Residential land & buildings at cost	8a	3,508,457	3,506,947
Less accumulated depreciation		(318,154)	(272,656)
		<u>3,190,303</u>	<u>3,234,291</u>
Residential building improvement at cost		409,818	411,429
Less accumulated depreciation		(112,232)	(93,419)
		<u>297,586</u>	<u>318,010</u>
Leasehold improvements at cost		344,436	339,491
Less accumulated depreciation		(223,636)	(190,235)
		<u>120,800</u>	<u>149,256</u>
Total land and buildings		<u>3,608,689</u>	<u>3,701,557</u>

Note 8a – Please refer to Note 13 for additional information.

Windgap Foundation Limited ABN 14 050 095 077

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	\$	\$
Plant		
At cost	303,004	280,476
Less accumulated depreciation	(193,249)	(160,391)
	109,755	120,085
Office Equipment		
At cost	155,243	116,774
Less accumulated depreciation	(116,666)	(107,564)
	38,577	9,210
Furniture & Fixtures		
At cost	252,725	238,999
Less accumulated depreciation	(167,647)	(148,827)
	85,078	90,172
Computer Equipment		
At cost	225,911	212,359
Less accumulated depreciation	(196,758)	(179,873)
	29,153	32,486
Motor vehicles		
At cost	173,532	192,510
Accumulated depreciation	(113,199)	(177,111)
	60,333	15,399
Total plant and equipment	322,896	267,352
Total property, plant and equipment	3,931,585	3,968,909

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 and Buildings	Leasehold Building Improvements	Motor vehicles, Furniture, Plant and Equipment	Total
	\$	\$	\$	\$
2015				
Balance at the beginning of the year	2,845,152	187,570	235,545	3,268,267
Additions at cost	754,538	-	165,242	919,780
Net disposals at written down value	(4,043)	(4,945)	(39,742)	(48,730)
Depreciation expense	(43,346)	(33,369)	(93,693)	(170,408)
)Carrying amount at end of year	3,552,301	149,256	267,352	3,968,909
2016				
Balance at the beginning of the year	3,552,301	149,256	267,352	3,968,909
Additions at cost	4,846	-	177,963	182,809
Net disposals at written down value	-	-	(13,693)	(13,693)
Reclassification	(4,946)	4,946	-	-
Depreciation expense	(64,312)	(33,402)	(108,726)	(206,440)
Carrying amount at end of year	3,487,889	120,800	322,896	3,931,585

Asset revaluations

The freehold land and buildings were not independently valued at 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9: TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade payables	84,404	116,430
Government grants	608,303	364,526
Deferred income	-	100,000
Other current payables	565,727	507,808
	1,258,434	1,088,764

NOTE 10: BORROWINGS

	2016	2015
	\$	\$
CURRENT		
Other loans	(30,338)	36,474
TOTAL BORROWINGS	(30,338)	36,474

NOTE 11: PROVISIONS

	2016	2015
	\$	\$
Employee benefits		
Opening balance at 1 July 2015	733,640	646,436
Additional provisions raised during year	15,399	87,204
Balance at 30 June 2016	749,039	733,640
 Analysis of total provisions		
Current	526,817	546,598
Non-current	222,222	187,042
	749,039	733,640

Provision for employee benefits

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

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

The non-current portion for this provision induces amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 12: CAPITAL AND LEASING COMMITMENTS

	2016	2015
	\$	\$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months - Property	140,600	81,720
— not later than 12 months - Motor vehicles/copiers	216,350	169,610
— later than 12 months but not later than 5 years - Property	54,375	68,100
— later than 12 months but not later than 5 years – Motor vehicles/copiers	539,611	513,975
— greater than 5 years	-	-
	950,936	833,405

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five-year term.

The motor vehicle /copiers lease commitments are non-cancellable operating leases contracted for with a five-year term.

No capital commitments exist in regards to the lease commitments at year-end.

No capital commitments exist at year end.

NOTE 13: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are presently no contingent assets and liabilities that need to be disclosed in the accounts, apart from the matters disclosed below.

NSW Department of Family and Community Services ("Department") has a beneficial interest in the property known as 3 Bega Avenue Little Bay ("Property") equivalent to the proportion that the capital funding provided by the Department bears to the final development cost of the Property.

NSW Department of Family and Community Services ("Department") has a beneficial interest in the property known as 19 Carlton Street Kensington ("Property") equivalent to the proportion that the capital funding provided by the Department bears to the final development cost of the Property.

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

The Directors are unaware of any matter or circumstances not otherwise dealt with in the Directors' report or the accompanying financial statements, that has arisen since the end of the financial year, that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Windgap Foundation Limited ABN 14 050 095 077

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION

	2016	2015
	\$	\$
Key management personnel compensation	437,806	416,556

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. The Directors received no remuneration.

NOTE 16: RELATED PARTY TRANSACTIONS

(i) Transactions between related parties are on discounted commercial terms and conditions, but no more favourable than those available to other persons unless otherwise stated.

There were no related party transactions during the year.

(ii) The names of each person who has been a Director during the year and to the date of this report are:

- Christopher Herbert Brown
- Heather Anne Brown
- Peter Glen Grainger
- Pedro Inguanzo De La Fuente
- Catherine Margaret Jensen-Lee
- Andrew James Simpson
- Catherine Susan Wallace
- Craig Andrew Wallace
- Warwick Allan Wheeler

NOTE 17: CASH FLOW INFORMATION

	2016	2015
	\$	\$
a. Reconciliation of cash		
Cash at bank	977,937	1,757,898
Other cash	4,000	1,353
	<u>981,937</u>	<u>1,759,251</u>
b. Reconciliation of cashflow from operations with profit/(loss)		
profit/(loss)	(179,932)	1,746,573
Non cash flow items		
Depreciation and amortisation	206,440	170,408
Loss/(profit) on sale of property, plant and equipment	2,806	(2,643)
Doubtful debt expenses	13,000	2,500
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	5,772	6,268
(Increase)/decrease in inventories	1,250	(1,250)
Increase/(decrease) in trade and other payables	169,670	(1,729,309)
(Increase)/decrease in other assets	26,524	85,569
Increase/(decrease) in employee entitlements	15,399	87,204
Net cash generated from/(used in) operating activities	<u>260,929</u>	<u>365,320</u>

Windgap Foundation Limited ABN 14 050 095 077

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivables and payables.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

		2016	2015
		\$	\$
Financial assets			
Cash and cash equivalent	4	981,937	1,759,251
Trade and other receivables	5	62,328	81,100
Held-to-maturity investments	6	1,400,000	600,491
Available-for-sale financial assets	6	2	2
Total financial assets		2,444,267	2,440,844
Financial liabilities			
Financial liabilities at amortised costs:			
- trade and other payables	9	1,258,434	1,088,764
- borrowings	10	(30,338)	36,474
Total financial liabilities		1,228,096	1,125,238

Windgap Foundation Limited ABN 14 050 095 077

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19: CHARITABLE FUNDRAISING ACT 1991

The Company is an Authority Holder under the above Act.

The Act and its supporting Regulations require additional information to be disclosed in the Financial Reports as follows:-

	2016	2015
	\$	\$
(a) Gross proceeds from donations	318,247	273,502
Specific Fundraising Activities		
- St Patrick's Day	4,650	12,095
- Windgap Gala Ball	180,819	187,177
	185,469	199,272
Total fundraising and donation proceeds	503,716	472,774
(b) Total costs of fundraising		
Specific fundraising activities		
- Windgap Gala Ball	(88,750)	(81,705)
- Other	(3,633)	(6,008)
Total fundraising Costs	(92,383)	(87,713)
(c) Net Surplus from fundraising and donations		
Gross proceeds above	503,716	472,774
Less total costs above	(92,383)	(87,713)
Net Surplus from fundraising and donations	411,333	385,061

(d) Manner in which net surplus from fundraising was applied

The Company incurred an operating loss of \$179,932. Net proceeds from fundraising and donations were \$411,333. The proceeds were exclusively applied in the provision of direct services for clients.

	2016		2015	
	\$		\$	
(e) An analysis of fundraising /donation activities is as follows:				
(Percentage relates to total funds raised)	\$	%	\$	%
Total cost of fundraising and donations	92,383	18	87,713	19
Gross income from fundraising and donations	503,716		472,774	
Net surplus from fundraising and donations	411,333	82	385,061	81

Windgap Foundation Limited ABN 14 050 095 077

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 20: RESERVES

	2016	2015
	\$	\$
General reserve	873,719	873,719
Total reserves	873,719	873,719

NOTE 21: CONTROLLED ENTITIES

Subsidiaries of Windgap Foundation Limited	Country of incorporation	Percentage owned	
		2016	2015
Windgap Pty Ltd	Australia	100	100
Centre for Responsible Leadership Pty Ltd - Deregistered	Australia	-	100
Windgap Trading Pty Ltd	Australia	100	100

The above subsidiaries are not consolidated because they contained no material transactions during the financial year.

DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 6 to 26, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and
 - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity 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.



Christopher Herbert Brown

Dated this 25th October 2016



Andrew James Simpson

DECLARATION BY CHAIRMAN IN RESPECT OF FUNDRAISING APPEALS

I, Christopher Herbert Brown, Chairman of Windgap Foundation Limited, declare that, in my opinion:

- (a) The financial report gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals activities for the financial year ended 30 June 2016;
- (b) The statement of financial position gives a true and fair view of all the state of affairs with respect to fundraising appeals activities as at 30 June 2016;
- (c) The provisions of the Charitable Fundraising Act (NSW) 1991 and the regulations under the Act and the conditions attached to the authority have been complied with, and
- (d) The internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Chairman



CHRISTOPHER HERBERT BROWN

Dated this 25th October 2016

WINDGAP FOUNDATION LIMITED
ABN 14 050 095 077

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF WINDGAP FOUNDATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Windgap Foundation Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 *Australian Charities and Not-for-profits Commission Act 2012* and the *Charitable Fundraising Act 1991* and for such internal control as the directors determine is necessary to enable the preparation of the 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 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 have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of Windgap Foundation Limited, would be in the same terms if given to the directors as at the date of this auditor's report.

WINDGAP FOUNDATION LIMITED
ABN 14 050 095 077

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF WINDGAP FOUNDATION LIMITED (CONTINUED)

Opinion

In our opinion, the financial report of Windgap Foundation Limited is 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 year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Charitable Fundraising Act 1991

In accordance with the requirements of the *Charitable Fundraising Act 1991*, we hereby report that in our opinion:

- (i) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2016;
- (ii) the financial report and association records of Windgap Foundation Limited have been properly kept during the year ended 30 June 2016 in accordance with the *Charitable Fundraising Act 1991*;
- (iii) money received as a result of fundraising appeals conducted during the year ended 30 June 2016, has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991*; and
- (iv) there are reasonable grounds to believe that Windgap Foundation Limited will be able to pay its debt as and when they fall due.



Felsers
Chartered Accountants



Steven H Zabeti
Partner

Dated: 25 October 2016