



AMD
CHARTERED ACCOUNTANTS

**MORRISSEY HOMESTEAD INCORPORATED
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

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MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

Statement of Financial Position as at 30 June 2018

	Note No.	2018 \$	2017 \$
Current Assets			
Cash	1	176,528	271,918
Cash Investments	2	1,003,565	972,041
Debtors	3	30,284	47,566
Other Current Assets	4	84,776	74,450
Total Current Assets		<u>1,295,153</u>	<u>1,365,975</u>
Non-Current Assets			
Plant & Equipment	5	350,838	193,006
Total Non-Current Assets		<u>350,838</u>	<u>193,006</u>
Total Assets		<u>1,645,991</u>	<u>1,558,981</u>
Current Liabilities			
Creditors & Accruals	6	144,079	147,287
Other Current Liabilities	7	459,703	568,582
BAS Liabilities	8	(9,998)	17,101
Payroll Liabilities	9	44,325	30,159
Provisions	10	82,648	80,463
Total Current Liabilities		<u>720,757</u>	<u>843,592</u>
Non-Current Liabilities			
Grant Fund - Fixed Assets	11	17,328	14,003
Total Non-Current Liabilities		<u>17,328</u>	<u>14,003</u>
Total Liabilities		<u>738,085</u>	<u>857,595</u>
Net Assets		<u>907,906</u>	<u>701,386</u>
Equity		<u>907,906</u>	<u>701,386</u>

The accompanying notes form part of the financial statements.

MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

Statement of Financial Position as at 30 June 2018

	Note No.	2018 \$	2017 \$
NOTES TO THE STATEMENT OF FINANCIAL POSITION			
Note 1 - Cash			
MHI Fundraising Account		27,084	7,082
Operating Account		14,467	19,770
Business Bonus			
Business Cash Reserve		126,800	235,893
LSL Saver		5,304	8,714
P/cash		2,509	252
Cash & Floats - various		365	207
		<u>176,528</u>	<u>271,918</u>
Note 2 - Investments			
Term Deposits: Asset & Leave		613,676	726,054
Term Deposits: Fundraising		389,889	245,987
		<u>1,003,565</u>	<u>972,041</u>
Note 3 - Debtors			
Trade Debtors		29,127	45,882
Debtors Sundry		1,158	1,684
		<u>30,284</u>	<u>47,566</u>
Note 4 - Other Current Assets			
Prepayments		84,776	74,450
		<u>84,776</u>	<u>74,450</u>
Note 5 - Plant & Equipment			
Centre Equipment		109,158	99,774
Less: Acc Dep'n		(77,854)	(69,294)
Motor Vehicles		497,588	387,583
Less: Acc Dep'n		(338,649)	(369,564)
Office Equipment		59,920	59,920
Less: Acc Dep'n		(55,388)	(52,667)
Plant & Equipment		71,824	67,366
Less: Acc Dep'n		(61,151)	(58,794)
Computer Equipment		107,921	50,975
Less: Acc Dep'n		(64,447)	(45,548)
Leasehold Improvements		160,882	133,899
Less: Acc Dep'n		(58,967)	(45,711)
Work In Progress		-	35,066
		<u>350,838</u>	<u>193,006</u>
		1,645,991	1,558,981

The accompanying notes form part of the financial statements.

MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

Statement of Financial Position

as at 30 June 2018

	Note No.	2018 \$	2017 \$
NOTES TO THE STATEMENT OF FINANCIAL POSITION			
Note 6 - Creditors & Accruals			
Trade Creditors		816	72,546
Accrued Expenses		80,408	61,313
Fees Received in Advance		32,616	13,428
Client Funding Received in Advance		30,238	-
		<u>144,079</u>	<u>147,287</u>
Note 7 - Other Current Liabilities			
GIA - HACC		57,869	401,361
GIA - NR HACC		63,614	-
GIA - NR Other		50,000	-
GIA - NR Funding		288,220	167,221
		<u>459,703</u>	<u>568,582</u>
Note 8 - BAS Liabilities			
GST Collected		10,319	33,743
GST Paid		(20,317)	(16,642)
		<u>(9,998)</u>	<u>17,101</u>
Note 9 - Payroll Liabilities			
Superannuation Liability		28,955	21,675
Salary Sacrificing Liability		536	536
PAYG Withholding Payable		14,834	4,648
Parenting Payment		-	3,300
		<u>44,325</u>	<u>30,159</u>
Note 10 - Provisions (Current)			
Prov for Annual Leave		41,665	47,972
Prov for Long Service Leave		40,983	32,491
		<u>82,648</u>	<u>80,463</u>
Note 11 - Provisions (Non Current)			
Prov for Long Service Leave		17,328	14,003
		<u>17,328</u>	<u>14,003</u>
Total Non-Current Provisions		17,328	14,003
Total Liabilities		738,085	857,595
Equity			
Retained Earnings		701,386	629,016
Current Year Earnings		166,683	566
Reserve - Future Projects			
Add Non Recurrent Grant Bfwd HACC		39,837	71804
Total Equity		<u>907,906</u>	<u>701,386</u>

The accompanying notes form part of the financial statements.

MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

Income Statement July 2017 through June 2018

	2018	2017
	\$	\$
INCOME		
HACC Funding		
Grants Bfwd	104,565	131,927
Recurrent Funding - HACC	1,491,116	1,471,980
Non Recurrent HACC Received	116,213	-
Total HACC FUNDING	1,711,894	1,603,907
Other Funding		
Funding Bfwd	-	232
Grants Other Bfwd	-	960
Grants NR Other	209,272	40,337
Total Other Funding	209,272	41,529
Grants & Funding Carried Forward	(332,319)	(457,293)
Kitchen Income		
Kitchen Sales- Food	76,983	81,637
Kitchen Sales - Drinks	5,351	4,466
Total Kitchen	82,334	86,103
HACC Income		
Client Fees - Daycare	54,674	59,647
Client Fees - Transport	31,747	33,807
Client Fees - 3rd Party Transport	5	-
Client Fees - Transport- Other	4,984	4,144
Client Fees - Centre Activities	1,640	972
Client Fees - Social Support	24,298	18,485
Client Fees - Respite	2,327	4,370
Client Fees - Domestic Assist	3,173	832
Client Fees - Excursions/Functions	9,815	6,989
Disposal of Assets	30,669	-
Use of Facilities	9,210	5,558
Total HACC INCOME	172,541	134,805

The accompanying notes form part of these financial statements.

MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

Income Statement July 2017 through June 2018

	2018	2017
	\$	\$
Morrissey Income		
Private Clients - Daycare & Centre Act	198,404	138,130
Private Clients - Transport	4,764	1,648
Private Clients - Social Support	42,493	6,262
Private Clients - Domestic Assist	5,669	-
Private Clients - Home Maintenance	495	-
Disposal of MHI Assets	273	-
MHI Fundraising	8,642	7,690
Membership	23	1,035
Donations	214	405
Interest F/raising	4,435	4,645
Interest Other	-	13,016
Total Morrissey Income	<u>265,412</u>	<u>172,831</u>
Interest		
Interest Other	13,936	7,846
Total Interest	<u>13,936</u>	<u>7,846</u>
TOTAL INCOME	2,123,070	1,589,728

The accompanying notes form part of these financial statements.

MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

Income Statement July 2017 through June 2018

	2018	2017
	\$	\$
DIRECT COSTS		
Direct Wages & Salaries		
Emp: Wages Direct	816,520	612,270
Emp: Allowances	5,030	20,058
Emp: Wages Recovery	(22,192)	-
Emp: Superannuation	65,300	54,696
Total Direct Wages & Salaries	864,658	687,024
Additional Direct Wages		
Provision - Annual Leave	4,509	233
Provision - Long Service Leave	5,704	(19,640)
Total Additional Direct Wages	10,213	(19,407)
Other Employment Expenses		
Staff Training	-	(36)
Workers Compensation Insurance	25,386	20,188
Total Other Employment Expenses	25,386	20,152
OPERATIONAL COSTS		
Kitchen - Consumables	7,193	5,905
Kitchen - Drinks purchases	3,281	2,592
Kitchen - Food Purchases	53,264	55,718
Centre Activities Exp	8,920	15,737
Client Consumables	1,104	387
Excursions & Functions	8,064	10,177
Staff Meals	50	131
Volunteer Expenses	-	800
Total Operational Costs - Morrissey	81,878	91,446
Transport		
MV: Depreciation	44,357	21,183
MV: Fuel & Oil	35,265	27,860
MV: Repairs & Maintenance	36,504	21,396
MV: Insurance	17,939	17,808
MV: Parking	8	42
MV: Licenses	4,826	3,962
MV: 3rd Party Transport	-	(5)
Total Transport	138,900	92,245

The accompanying notes form part of these financial statements.

MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

Income Statement July 2017 through June 2018

	2018	2017
	\$	\$
TOTAL DIRECT COSTS	1,121,034	871,460
Gross Surplus	1,002,035	718,268
OVERHEAD COSTS		
Administration Expenses		
Emp: Wages & Salaries Indirect	465,816	407,971
Emp: Allowances	-	60
Emp: Superannuation Expense	52,850	39,413
Provision - Annual Leave	(10,817)	5,795
Provision - Long Service Leave	6,112	2,433
Workers Compensation	14,456	4,245
Staff Recruitment	2,575	4,947
Staff Training	9,518	3,373
Other employment exp	4,776	1,046
Admin exp	883	-
Total Administration Costs	546,170	469,284
Accommodation Costs		
Electricity	14,044	21,057
Gas	2,408	2,402
Rates	5,764	4,772
Insurance - Building	1,700	3,044
Maintenance	31,543	21,818
Cleaning	22,932	30,493
Rent	750	157
Security	2,102	2,364
Depreciation	21,926	12,905
Total Accommodation Costs	103,167	99,011

The accompanying notes form part of these financial statements.

MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

Income Statement July 2017 through June 2018

	2018	2017
	\$	\$
Operational Costs		
Accounting Fees	21,550	26,725
Administration Expenses	-	115
Audit Fees	14,478	9,963
Bank Charges	429	603
Computer Expenses	18,248	18,046
Consulting / Legal Fees	18,120	4,648
Dep'n - Equip W/off	23,503	24,006
Equipment < \$1000	6,841	10,610
Health and Safety	938	763
Insurance - Business	14,043	13,909
Internet	1,426	1,885
Meals & Entertainment	35	-
Office Supplies	4,533	5,069
Postage	3,498	2,559
Photocopier	6,041	4,671
Promotions/Marketing	27,045	10,282
Repairs & Maintenance	109	1,423
Staff Amenities	2,786	4,050
Subscriptions	2,178	708
Sundry Expenses	(8)	(749)
Telephone	14,128	8,229
Travel & Accommodation	5,328	1,347
Volunteers	765	547
Total Operational Costs	<u>186,015</u>	<u>149,407</u>
Total Overhead Costs	<u>835,352</u>	<u>717,702</u>
Operating Surplus	<u>166,683</u>	<u>566</u>
Add Non Recurrent Grant Bfwd HACC	39,837	71,804
Net Surplus	<u>206,520</u>	<u>72,370</u>

The accompanying notes form part of these financial statements.

MORRISSEY HOMESTEAD INC
A.B.N. 59 533 831 022

Statement of Cash Flows
For the year ended 30 June 2018

	2018	2017
	\$	\$
Cash Flows from Operating Activities		
Recurrent Grants	1,285,033	793,694
Client Contribution	493,303	350,179
Interest Received	18,371	28,574
Other Receipts (including fundraising)	9,152	15,128
Payments to Employees (excluding leave entitlements)	(1,307,366)	(1,041,741)
Payments to Suppliers	(580,181)	(420,744)
Net cash provided by / (used in) operating activities	<u>(81,688)</u>	<u>(274,910)</u>
Cash Flows from Investing Activities		
Non Recurrent and Capital Grants	234,772	39,837
Payments for Property, Plant and Equipment using Non Recurrent Funds	(249,130)	(159,939)
Proceeds from Disposal of Property, Plant and Equipment	32,180	-
Net cash provided by / (used in) investing activities	<u>17,822</u>	<u>(120,102)</u>
Net decrease in Cash Held	(63,866)	(395,012)
Cash at the Beginning of the Financial Year	1,243,959	1,638,971
Cash as at 30 June 2018	<u>1,180,093</u>	<u>1,243,959</u>
A. Reconciliation of net cashflow from operations with net surplus:		
Net surplus from ordinary activities	206,520	72,370
Adjustments for:		
Depreciation	89,786	58,094
Net gain on disposal of plant & equipment	(30,668)	-
Change in operating assets and liabilities:		
Accounts receivable and other accruals	17,272	(8,144)
Other assets	(10,326)	192
Accounts payable and other accruals	(10,622)	79,569
Provisions	(5,510)	(11,177)
Unspent recurrent funds liability	(338,140)	(465,814)
	<u>(81,688)</u>	<u>(274,910)</u>

MORRISSEY HOMESTEAD INC

A.B.N. 59 533 831 022

**Statement of Changes in Equity
For the year ended 30 June 2018**

\$

Retained Earnings 1 July 2016	629,016
Operating profit for the year	566
Non-recurrent grant brought forward	71,804
Closing Retained Earnings 30 June 2017	<u>701,386</u>
Opening Retained Earnings 1 July 2017	701,386
Operating profit for the year	166,683
Non-recurrent grant brought forward	39,837
Closing Retained Earnings 30 June 2018	<u>907,906</u>

The accompanying notes form part of these financial statements.

MORRISSEY HOMESTEAD INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

(a) Income Tax

The Association is exempt from income tax by virtue of sections 50-1 and 50-45 of the Income Tax Assessment Act 1997.

(b) Revenue and Other Income

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

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

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

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

Revenue from fundraising and other sources of future income is recorded as income in the year it is spent as allocated by the Board. Unspent fundraising is recognised as a liability within the balance sheet and carried forward until expended – refer Note 3 for further details.

Revenue from grant funding, provided under contractual arrangements is taken up on a proportionate basis net of GST, over the period to which the funding relates. Grant funds received in advance at balance date are recognised as a liability within the balance sheet and carried forward to the next accounting period – refer Note 3 for further details.

Home and Community Care (“HACC”) non-recurrent funding for asset purchases is recorded as income in the year it is expended. Funds are transferred from recurrent funds in the bank to the Asset Replacement Reserve as the assets are depreciated over their useful lives and charged to the programs.

MORRISSEY HOMESTEAD INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Non Current Assets

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

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

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

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

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

(d) Employee Benefits

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

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

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

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

Probability factor based on years of service

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

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

MORRISSEY HOMESTEAD INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Employee Benefits (continued)

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

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

(e) Goods & Services Tax

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

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

(f) Grant Acquired

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

Grant income is acquitted after allowing for the following costs:

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

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

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

(g) Comparatives

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

NOTE 2. FINANCIAL SUPPORT

The ongoing operation of the services provided by Morrissey Homestead Inc. in relation to Home and

MORRISSEY HOMESTEAD INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Community Care is dependent upon the continued receipt of funds from the Department of Health, Department of Human Services, Government of Western Australia.

NOTE 3. GRANTS AND FUNDRAISING CARRIED FORWARD

Where grant and fundraising funds are carried forward at 30 June to a subsequent financial year, a corresponding liability is recognised in the balance sheet, in relation to grant funds received in advance.

As at 30 June 2018, \$459,703 (2017: \$568,582) of funding and fundraising has been received in advance (as represented within the business cash reserve account and term deposits included within the Morrissey Homestead Inc. 30 June 2018 balance sheet).

Accordingly, a corresponding "Grant Funds Carried Forward" liability of \$459,703 has been brought to account as at 30 June 2018, recognising that these funds are to be carried forward to the subsequent financial year, and expended in accordance with grant funding requirements and Board allocations.

NOTE 4. LEASE AGREEMENT

City of Bunbury

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

A Deed of Variation was signed January 2018 to extend the lease area.

Shire of Harvey

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

NOTE 5. CAPITAL COMMITMENTS

As at 30 June 2018, Morrissey Homestead Inc had committed to the following capital purchases:

- Completion of Pool room extension. To 30 June 2018 \$15,000 had been paid of the total project budget of \$140,000.

MORRISSEY HOMESTEAD INC.
STATEMENT BY MEMBERS OF THE BOARD


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

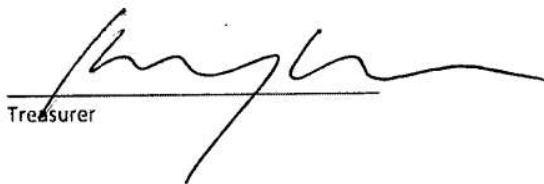
The Board have determined that this special purpose financial report should be prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, *Associations Incorporation Act (WA) 2015* and the accruals basis of accounting, as outlined in Note 1 to the financial report.

In the opinion of the Board:

1. The financial statements and notes of Morrissey Homestead Inc. are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act (WA) 2015*, including:
 - a) Giving a true and fair view of its financial position at 30 June 2018 and of its performance and cashflows for the year ended on that date;
 - b) Complying with the accounting policies described within Note 1 to the financial statements and the *Australian Charities and Not-for-profits Commission Regulations 2013*; and
2. There are reasonable grounds to believe that Morrissey Homestead Inc. will be able to pay its debts as and when they become due and payable.

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


Chairperson


Treasurer

Dated this 8th day of September 2018



AMD
CHARTERED ACCOUNTANTS

T +61 (8) 9780 7555
F +61 (8) 9721 8982

E amd@amdonline.com.au
www.amdonline.com.au

AMD Audit & Assurance Pty Ltd
ACN 145 719 259 t/a AMD

Unit 1, 28-30 Wellington Street,
Bunbury, WA 6230
PO Box 1306, Bunbury, WA 6231

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

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Morrissey Homestead Inc. which comprises the statement of financial position as at 30 June 2018, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

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

- i) giving a true and fair view, in all material aspects, of the financial position of Morrissey Homestead Inc. as at 30 June 2018, and of its financial performance and its cash flows for the year then ended; and
- ii) complying with Australian Accounting Standards to the extent described in Note 1, Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013* and the *Associations Incorporation Act (WA) 2015*.

Basis for Qualified Opinion

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

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

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

Emphasis of Matter- Basis of Accounting

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

Emphasis of Matter- Economic Dependency

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Morrissey Homestead Inc.'s annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

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

AMD Chartered Accountants



MARIA CAVALLO
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 7th day of September 2018

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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2018, there have been no contraventions of:

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

AMD Chartered Accountants



MARIA CAVALLO CA
Director

Bunbury, WA

Dated this 31st day of August 2018