Whitelion Incorporated and Controlled Entity

COMMITTEE MEMBER'S REPORT

Your directors present this report on the company for the financial year ended 30 June 2014.

Directors

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

Ms Anne Barker

Mr Mark Watt

Ms Diana Batzias

Mr David Tucker

Mr Kevin Mullen

Mr Bruce McBain

Mr Adrian Kloeden

Mr Peter Stirling – resigned 20 October 2014

Ms Donna Watt – appointed 18 November 2013

Mr Anthony Hall – resigned 19 August 2013

Dr Judith Paphazy – resigned 6 September 2013

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

Principal Activities

The principal activities of the entity during the financial year were those of promoting and overseeing on a national basis services relating to care and support of vulnerable young people.

No significant changes in the nature of the entity's activity occurred during the financial year.

Short-term and Long-term Objectives

The company's short-term objectives are to

- Leading edge programs for young people
- Engaged and capable people
- Strong organisational capability

The company's long-term objectives are to:

- Financial sustainability
- Growth through innovation and alliance

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- Impact evaluation and program expansion
- Values based culture and leadership capability
- Integrated organisation, brand strength and integrity processes
- Delivery of budget, diversified long-term funding and creation of a future fund
- Strategic alliances and innovative program development

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Whitelion Incorporated and Controlled Entity

COMMITTEE MEMBER'S REPORT

	2014		2013	
	Actual	Benchmark	Actual	Benchmark
Whitelion Incorporated				
Clients				
Number of continuing clients	1,905	1,026	977	977
Client participation rate in programs	65%	65%	Data unavailable	65%
Staff and volunteers				
Number of volunteer work hours provided	24,804	25,000	Data unavailable	25,000
Open Family Australia				
Clients				
Number of new clients	2,491	2,000	Data unavailable	2,000
Number of continuing clients	14,699	10,000	12,208	10,000
Client participation rate in programs	83%	80%	Data unavailable	80%
Number of clients successfully transitioned into independent living arrangements	16.38%	20%	Data unavailable	20%
Staff and volunteers				
Number of volunteer work hours provided	2420	2,000	1,836	2,000
Consolidated				
Operational and financial				
Proportion of funding provided by:				
– government grants	41.85%	40%	44.44%	40%
– donations	54.99%	60%	54.90%	60%
– investments	3.16%	Nil	0.66%	Nil
Proportion of funding spent on:				
– client contact and programs	76.19%	75%	68.50%	75%
– administration	6.45%	10%	11.32%	10%
– fundraising	18.1%	15%	19.06%	15%
Parent Company				
Operational and financial				
Proportion of funding provided by:				
– government grants	48.13%	40%	52.94%	40%
– donations	48.02%	60%	46.27%	60%
– investments	3.85%	Nil	0.79%	Nil
Proportion of funding spent on:				
– client contact and programs	81.64%	75%	82.93%	75%
– administration	4.57%	10%	2.72%	10%
– fundraising	14.34%	15%	13.58%	15%

Whitelion Incorporated and Controlled Entity

COMMITTEE MEMBER'S REPORT

Information on Directors

Ms Anne Barker	–	Chair
Qualifications	–	LLB
Experience	–	Managing Director, City West Water, Board member of MFB, WSAA and LeadWest
Special Responsibilities	–	Chair of Risk Management Committee
Mr Mark Watt	–	Director and Chief Executive Officer
Qualifications	–	B Bus and Masters in Social Work
Experience	–	Co-founder of Whitelion Inc.
Special Responsibilities	–	Member of Executive Team
Ms Diana Batzias	–	Director
Qualifications	–	Social Worker, Adelaide University
Experience	–	Very experienced social worker. Formerly, CEO of the Juvenile Justice system in Victoria.
Special Responsibilities	–	Policy and program development for state and federal government.
Mr David Tucker	–	Director
Qualifications	–	BE (Honours) Civil
Experience	–	Executive Director, Conneq Infrastructure Services
Special Responsibilities	–	Finance Committee
Mr Kevin Mullen	–	Treasurer
Qualifications	–	Chartered Accountant
Experience	–	Director, Nexia
Special Responsibilities	–	Finance and Audit Committee
Mr Bruce McBain	–	Secretary
Qualifications	–	LLB and CPA
Experience	–	CEO of the Corporate Superannuation Association.
Special Responsibilities	–	Secretarial Duties
Mr Adrian Kloeden	–	Director
Qualifications	–	BSC For (Hons), MSc. Hon Doc
Experience	–	Chairman and non-executive director of various companies including Serco Group Pty Ltd.
Special Responsibilities	–	Committee membership.
Ms Donna Watt	–	Director
Qualifications	–	BSc, Dip Education, Masters of Applied Finance and Investment
Experience	–	Partner of Price Waterhouse Coopers
Special Responsibilities	–	Committee membership.

COMMITTEE MEMBER'S REPORT

Meetings of Directors

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

Committee Member's Meetings

	Number eligible to attend	Number attended
Ms Anne Barker	10	10
Mr Mark Watt	10	10
Ms Diana Batzias	10	10
Mr David Tucker	10	9
Mr Kevin Mullen	10	10
Mr Bruce McBain	10	10
Mr Adrian Kloeden	10	8
Mr Peter Stirling	10	7
Ms Donna Watt	5	4
Mr Anthony Hall	2	1
Dr Judith Paphazy	2	1

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

…………………………………………………………

Ms Anne Barker (Chair)

Dated this 17th Day of November 2014

Whitelion Incorporated and Controlled Entity

Financial report for the year ended 30 June 2014

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2014

	Note	Whitelion		Group	
		2014	2013	2014	2013
		$	$	$	$
Revenue	2	7,030,935	7,096,272	9,336,029	9,432,208
Administration expense		(321,584)	(192,781)	(602,304)	(457,203)
Advertising and promotion expenses		(1,008,022)	(964,008)	(1,680,982)	(1,409,285)
Service provision expenses		(5,739,981)	(5,885,197)	(7,112,819)	(7,485,373)
Current year deficit/surplus before income tax		(38,652)	54,286	(60,076)	80,347
Income tax expense	4	-	-	-	-
Net current year deficit/surplus		(38,652)	54,286	(60,076)	80,347
Net current year deficit/surplus attributable to members of the entity		(38,652)	54,286	(60,076)	80,347

The accompanying notes form part of these financial statements.

Whitelion Incorporated and Controlled Entity

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Whitelion 2014 $	Whitelion 2013 $	Group 2014 $	Group 2013 $
ASSETS					
CURRENT ASSETS					
Cash on hand	6	747,190	772,624	1,006,281	1,027,823
Accounts receivable and other debtors	7	586,116	614,008	761,288	879,272
Financial assets	8	1,290,021	867,998	1,290,021	867,998
Other current assets	9	156,518	-	-	-
TOTAL CURRENT ASSETS		2,779,845	2,254,630	3,057,590	2,775,093
NON-CURRENT ASSETS					
Property, plant and equipment	10	474,171	238,684	567,265	406,209
TOTAL NON-CURRENT ASSETS		474,171	238,684	567,265	406,209
TOTAL ASSETS		3,254,016	2,493,314	3,624,855	3,199,302
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and other payables	11	429,606	486,987	501,935	650,452
Employee provisions	12	365,011	329,837	433,024	442,583
Financial liabilities	13	37,062	-	87,601	50,000
Deferred Income	14	1,400,328	854,398	1,485,742	1,083,475
TOTAL CURRENT LIABILITIES		2,232,008	1,671,222	2,508,302	2,226,510
NON-CURRENT LIABILITIES					
Employee provisions	12	104,866	34,878	133,080	66,130
Financial liabilities	13	199,511	-	211,250	43,432
TOTAL NON-CURRENT LIABILITIES		304,377	34,878	344,330	109,562
TOTAL LIABILITIES		2,536,385	1,706,100	2,852,632	2,336,072
NET ASSETS		717,631	787,214	772,223	863,230
EQUITY					
Reserves	15	200,403	231,334	200,403	231,334
Retained surplus		517,228	555,880	571,820	631,896
TOTAL EQUITY		717,631	787,214	772,223	863,230

The accompanying notes form part of these financial statements.

Whitelion Incorporated and Controlled Entity

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Whitelion			Group		
	Retained Surplus $	Reserve $	Total $	Retained Surplus $	Reserve $	Total $
Balance at 1 July 2012	501,590	93,028	594,618	551,549	93,028	644,577
Comprehensive income						
Net deficit/surplus for the year	54,290	-	54,290	80,347	-	80,347
Other comprehensive deficit/income for the year	-	138,306	138,306	-	138,306	138,306
Total comprehensive deficit/income attributable to members of the entity	54,290	138,306	192,596	80,347	138,306	218,653
Balance at 30 June 2013	555,880	231,334	787,214	631,896	231,334	863,230
Comprehensive income						
Net deficit/surplus for the year	(38,652)		(38,652)	(60,076)	-	(60,076)
Other comprehensive deficit/income for the year		(30,931)	(30,931)	-	(30,931)	(30,931)
Total comprehensive deficit/income attributable to members of the entity	(38,652)	(30,931)	(69,583)	(60,076)	(30,931)	(91,007)
Balance at 30 June 2014	517,228	200,403	717,631	571,820	200,403	772,223

The accompanying notes form part of these financial statements

Whitelion Incorporated and Controlled Entity

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	Whitelion		Group	
		2014	2013	2014	2013
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Grants and Donations received		7,320,114	6,595,094	9,572,050	8,699,461
Payments to suppliers and employees		(6,819,935)	(6,798,620)	(9,185,406)	(8,931,582)
Dividends received		52,509	46,945	52,509	46,945
Interest received		15,375	6,851	19,935	11,482
Income tax paid		-	-	-	-
Interest paid		(9,956)	(16,715)	(16,948)	(20,124)
Net cash provided by operating activities	16	558,107	(166,445)	442,140	(193,818)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		74,168	25,454	83,768	25,787
Proceeds from financial assets		-	36,733	-	36,733
Purchase of property, plant and equipment		(433,221)	(65,601)	(440,014)	(117,276)
Purchase of financial assets		(301,118)	-	(301,118)	-
Net cash used in investing activities		(660,171)	(3,414)	(657,364)	(54,756)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments to subsidiaries		(159,943)	-	(61,688)	(147,898)
Receipt of borrowings		255,369	55,191	255,369	-
Net cash used in financing activities		76,630	55,191	193,681	(147,898)
Net increase/(decrease) in cash held		(24,434)	(114,668)	(21,543)	(396,472)
Cash on hand at beginning of financial year		772,624	887,292	1,027,824	1,424,296
Cash on hand at end of financial year	6	747,190	772,624	1,006,281	1,027,824

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The financial statements cover Whitelion Inc as a single entity and Whitelion and its controlled entity, Open Family Australia Ltd as a group. Whitelion Inc is an association incorporated in Victoria and operating pursuant to the *Associations Incorporation Reform Act 2012.*

The financial statements were authorised for issue on 17th of November 2014 by the members of the committee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Associations Incorporation Reform Act 2012* and the and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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.

Accounting Policies

a. **Income Tax**

The association is exempt from paying income tax due to being a charitable institution in terms of Sections 50-5 and 50-6 of the Income Tax Assessment Act, 1997.

b. Revenue Recognition

Revenue is measured at the fair value of the consideration receivable. Amounts disclosed as revenue are net of returns, trade allowances, and duties and taxes paid. The association recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the association's activities as described below. The association bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement,. Revenue is recognised for the major business activities as follows:

Grants

Non-reciprocal grant income is recognised in full as income in the year in which the cash is received. This occurs because non-reciprocal grant income is considered to be controlled by Whitelion when it is received given that Whitelion is not required to perform any further actions under the term of the grant.

Reciprocal grant income is recognized as deferred revenue at the time the cash is received and the revenue is recognized over the period Whitelion obtains the economic benefits from the grant. This occurs because until Whitelion meets the requirements of the grant agreement the cash is not considered to be controlled, and therefore the revenue is recognised as the grant conditions are met.

Donations

Revenue from donations is recognised as revenue in the year in which the donation is received.

Interest

Revenue from interest is recognised when control of the right to receive the interest payment is achieved

b. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of Whitelion Inc and its controlled entity Open Family Australia Ltd . A controlled entity is any entity over which Whitelion Incorporated has the power to govern the financial and operating policies so as to obtain benefits from its activities. Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 18 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.
Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statements showing profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

c. **Fair Value of Assets and Liabilities**

The association 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 association would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. 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 (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the entity at the reporting date (i.e. the market that maximises the receipts from the sale of the asset or minimises the payment 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 (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of an identical or similar financial instrument, by reference to observable market information where identical or similar 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.

d. **Property, Plant and Equipment**

Plant and equipment

Plant and equipment is 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(g) for details of impairment).

The cost of fixed assets constructed by the association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available 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
Leasehold improvements	Length of Lease
Leased plant and equipment	Length of Lease
Office equipment	25-33%

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 net proceeds with the carrying amount. These gains and losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

e. **Leases**

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised 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.

f. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association 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 fair value, amortised cost using the effective interest method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties. 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 the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument 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 amount with a consequential recognition of income or expense in profit or loss.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(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 fair value (i.e. gains and losses) recognised 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 association'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.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they 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 classified as non-current assets when they are not expected to be sold 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 other than 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

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, 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 to constitute 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 to 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; indications that they will enter 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 taken all possible measures of recovery, if 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 account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association 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 right to receipt of cash flows expires or the asset is transferred to another party, whereby the entity 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 have expired. The difference between the carrying amount 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.

g. **Impairment of Assets**

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

h. **Employee Provisions**

Short-term employee benefits

Provision is made for the association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The association's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to end-of-reporting-period market yields on government bonds that have maturity dates approximating the terms of the obligations. Any re measurements of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

i. **Cash on Hand**

Cash on hand includes 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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

j. **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

k. **Revenue and Other Income**

Non-reciprocal grant revenue is recognised profit or loss when the association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the association 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 association 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.

The association 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 in the statement of profit or loss and other comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

l. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

m. **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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable, to the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

n. **Comparative Figures**

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

Where the association retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period is presented in addition to the minimum comparative financial statements.

o. **Accounts Payable and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 60 days of recognition of the liability.

p. **Provisions**

Provisions are recognised when the association 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.

q. **New and Amended Accounting Policies Adopted by the Association**

Employee benefits

The association adopted AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* from the mandatory application date of 1 January 2013. The association has applied these Standards retrospectively in accordance with AASB 108 and the transitional provisions in AASB 119 (September 2011).

For the purpose of measurement, AASB 119 (September 2011) 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. In accordance with AASB 119 (September 2011), provisions for short-term employee benefits are measured at the (undiscounted) amounts expected to be paid to employees when the obligation is settled. Provisions that do not meet the criteria for classification as short-term employee benefits (i.e. other long-term employee benefits) are measured at the present value of the expected future payments to be made to employees. Previously, the association had separated provisions for benefits with similar characteristics, such as annual leave and sick leave, into short- and long-term portions, and applied the relevant measurement approach under AASB 119 to the respective portions.

As the association expected that all of its employees would use all their annual leave entitlements earned during a reporting period within 12 months after the end of the reporting period, adoption of AASB 119 (September 2011) did not have a material impact on the amounts recognised in respect of the association's employee provisions. Note also that adoption of AASB 119 (September 2011) did not impact the classification of leave entitlements between current and non-current liabilities in the association's financial statements.

AASB 119 (September 2011) also introduced changes to the recognition and measurement requirements applicable to termination benefits and defined benefit plans. The association did not have any of these types of obligations in the current or previous reporting period, therefore these changes did not impact the association's financial statements.

Fair value measurement

The association has applied AASB 13: *Fair Value Measurement*, and the relevant consequential amendments arising from the related Amending Standards, prospectively from the mandatory application date of 1 January 2013 in accordance with AASB 108 and the specific transitional requirements in AASB 13.

No material adjustments to the carrying amounts of any of the association's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures for both assets and liabilities measured at fair value and other recurring fair value measurements disclosed in the association's financial statements. These enhanced disclosures are provided in Note 23.

The association doesn't need to apply the AASB 13 disclosure requirements to comparative information provided for periods before initial application of AASB 13 (that is, periods beginning before 1 January 2013). However, as some of the disclosures now required under AASB 13 were previously required under other

Australian Accounting Standards, such as AASB 7: *Financial Instruments: Disclosures*, the association has included this previously provided information as comparatives in the current reporting period.

r. **Critical Accounting Estimates and Judgments**

The committee evaluates 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 association.

Key estimates

(i) *Impairment – general*

The association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for plant and equipment, growth rates of 25-33% have been factored into valuation models for the next 4 years on the basis of the committee's expectations around the continued ability to attract new funding. Cash flow growth rates of 5% subsequent to this period have been used as this reflects historical population growth in the area of operation. The rates used incorporate allowance for inflation. Pre-tax discount rates of 7% have been used in all models.

Key judgments

Provision for impairment of receivables

Included in accounts receivable and other debtors at the end of the reporting period are amounts receivable from members in relation to unpaid subscriptions from 2013 amounting to $Nil The committee has received undertakings from the member debtors that such amounts will be paid and therefore no provision for impairment has been made.

(ii) *Available-for-sale investments*

The association maintains a portfolio of securities with a carrying amount of $(2013: $867,999) at the end of the reporting period. Certain individual investments have declined in value recently by up to 10%. The committee does not believe this decline constitutes a significant or prolonged decline below cost at this stage and hence no impairment has been recognised. Should share values decline to a level which is in excess of 10% below cost or should prices remain at levels below cost for a period in excess of 6 months, the committee has determined that such investments will be considered impaired in the future.

s. **New Accounting Standards for Application in Future Periods**

An assessment of Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the association and their potential impact on the association when adopted in future periods is discussed below:

– AASB 9: *Financial Instruments* (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

  These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

  The key changes that may affect the association on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge accounting policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although members of the committee anticipate that the adoption of AASB 9 may have an impact on the association's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* and AASB 128: *Investments in Associates and Joint Ventures* (as amended by AASB 2012–10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*), and AASB 2011–7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation – Special Purpose Entities*. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the association's financial statements.

  AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). This Standard is not expected to significantly impact the association's financial statements.

  AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the association's financial statements.

  To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the association's financial statements.

- AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard provides clarifying guidance relating to the offsetting of financial instruments and is not expected to significantly impact the association's financial statements.

- AASB 2013–3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment, but is not expected to significantly impact the association's financial statements.

- AASB 2013–5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–5 amends AASB 10: *Consolidated Financial Statements* by defining an "investment entity" and requiring that, with limited exceptions, the entity not consolidate its subsidiaries. The unconsolidated subsidiaries must also be measured at fair value through profit or loss in accordance with AASB 9. The amendments also introduce additional disclosure requirements.

  As the association does not meet the definition of an investment entity, this Standard is not expected to significantly impact the association's financial statements.

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.

  This Interpretation is not expected to significantly impact the association's financial statements.

NOTE 2: REVENUE AND OTHER INCOME

	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
Sales revenue:				
– Event income	929,217	1,034,603	939,977	1,060,051
Other revenue:				
– Government grants operating	3,384,116	3,757,057	3,907,523	4,192,131
– donations received	2,447,118	2,248,706	4,193,323	4,117,690
– Rent	-	-	10,563	1,800
– dividends received	52,509	35,096	52,509	35,096
– net gain on sale of fixed assets	55,323	2,108	64,923	2,108
– net gain on sale of investments	151,836	-	151,836	-
– interest income (on financial assets not at fair value through profit or loss)	10,816	18,702	15,375	23,332
	6,101,718	6,061,669	8,396,052	8,372,157
Total revenue	7,030,935	7,096,272	9,336,029	9,432,208

NOTE 3: SURPLUS FOR THE YEAR

	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
a. **Expenses**				
Interest expense on financial liabilities not at fair value through profit or loss	9,956	999	16,949	17,466
Rental expense on operating leases:				
–	417,782	290,163	458,358	292,163
Total rental expense on operating leases	417,782	290,163	458,358	292,163
b. **Significant Revenue and Expenses**				
The following significant revenue and expense items are relevant in explaining the financial performance:				
Grants from Department of Health Services Victoria	1,207,114	1,138,486	1,513,472	1,384,046

NOTE 4: INCOME TAX EXPENSE

The parent company and its subsidiary are both Public Benevolent Institutions and are not required to pay income tax.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

NOTE 5: AUDITORS' FEES

	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
Remuneration of the auditor of the association for:				
– auditing or reviewing the financial report	4,000	4,000	6,000	6,000
Total Paid	4,000	4,000	6,000	6,000

NOTE 6: CASH ON HAND

	Note	Whitelion		Group	
		2014	2013	2014	2013
		$	$	$	$
Cash at bank and in hand		744,617	721,749	955,406	976,948
Short-term investments – bank deposits		50,875	50,875	50,875	50,875
	22	747,190	772,624	1,006,281	1,027,823

NOTE 7: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
CURRENT				
Trade debtors receivable	507,702	541,156	643,999	790,327
Prepayments	43,767	55,523	66,422	78,097
Other debtors	34,647	17,329	50,867	28,848
Total current accounts receivable and other debtors	586,116	614,008	761,288	897,271

No impairment of accounts receivable and other debtors was required at 30 June 2014 (2013: $nil).

Credit risk

The association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the association is considered to relate to the class of assets described as contributions (member) receivable.

The following table details the association's contributions and other debtors receivable exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the association and the member or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the association. All members late in paying their subscription are potentially subject to a late fee.

The balances of receivables that remain within initial terms (as detailed in the table below) are considered to be of high credit quality.

NOTE 7: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

GROUP ANALYSIS	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)			Within Initial Trade Terms
			< 30	31–60	> 60	
	$	$	$	$	$	$
2014						
Other debtors	643,999		132,033	17,331	1,597	493,038
Total	643,999		132,033	17,331	1,597	493,038
2013						
Other debtors	790,327		257,386	6,734	27,993	498,214
Total	790,327		257,386	6,734	27,993	498,214

Collateral held as security

No collateral is held as security for any of the accounts receivable or other debtor balances

NOTE 8: FINANCIAL ASSETS

	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
CONSOLIDATED AND PARENT COMPANY				
Available-for-sale financial assets	1,290,021	867,998	1,290,021	867,998
a. Available-for-sale financial assets comprise:				
Listed investments, at fair value:				
– shares in listed corporations at fair value	495,364	672,314	495,364	672,314
– listed interest trusts at fair value	660,484	78,172	660,484	78,172
– Property trusts at fair value	134,173	117,512	134,173	117,512
Total available-for-sale financial assets	1,290,021	867,998	1,290,021	867,998

NOTE 9: OTHER CURRENT ASSETS

	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
Loan to Related Entity - Open Family Australia	**156,518**	-	-	-
Total	156,518	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

NOTE 10: PROPERTY PLANT AND EQUIPMENT

	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
Office equipment:				
At cost	255,902	136,763	394,680	269,802
Accumulated depreciation	(135,404)	(95,184)	(268,894)	(218,384)
	120,498	41,579	127,786	51,418
Motor Vehicles:				
At cost	662,428	628,294	1,211,909	1,196,822
Accumulated depreciation	(357,902)	(475,326)	(830,810)	(912,439)
	304,526	152,968	381,099	284,383
Other Assets				
At cost	68,757	52,337	144,464	128,044
Accumulated depreciation	(19,610)	(8,200)	(86,084)	(57,636)
	49,147	44,137	58,380	70,708
Total property, plant and equipment	474,171	238,684	567,265	406,209

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

	Office equipment	Motor Vehicles	Other Assets	Total
GROUP	$	$	$	$
Balance at 1 July 2012	65,277	455,889	70,041	591,207
Additions	32,772	62,179	22,325	117,276
Disposals	(333)	(23,346)	-	(23679)
Depreciation expense	(46,298)	(210,339)	(21,958)	(278,595)
Balance at 30 June 2013	51,418	284,383	70,708	406,209
Additions	124,877	298,718	16,421	440,016
Disposals	-	(9,245)	-	(9,245)
Depreciation expense	(46,298)	(192,257)	(28,449)	(269,715)
Carrying amount at 30 June 2014	127,786	381,099	58,380	567,265
WHITELION	$	$	$	
Balance at 1 July 2012	30,677	276,027	32,103	338,807
Additions	29,349	18,407	17,845	65,601
Disposals	-	(23,346)	-	(23,346)
Depreciation expense	(18,447)	(118,120)	(5,811)	(142,378)
Balance at 30 June 2013	41,579	152,968	44,137	238,684
Additions	119,138	297,663	16,420	433,221
Disposals	-	(9,245)	-	(9,745)
Depreciation expense	(40,219)	(136,860)	(11,410)	(188,489)
Carrying amount at 30 June 2014	120,498	304,526	49,147	474,171

Whitelion Incorporated and Controlled Entity

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: ACCOUNTS PAYABLE AND OTHER PAYABLES	Whitelion	Group	Whitelion	Group
	2014	2013	2014	2013
	$	$	$	$
CURRENT				
Accounts payable	429,606	483,562	501,935	650,452
Loan from related entity - Open Family Australia	-	3,425	-	-
	429,606	486,987	501,935	650,452

NOTE 12: EMPLOYEE PROVISIONS	Whitelion	Group	Whitelion	Group
	2014	2013	2014	2013
	$	$	$	$
CURRENT				
Employee provisions	365,011	329,837	433,024	442,583
NON-CURRENT				
Employee provisions	104,866	34,878	133,080	66,130
Total	469,877	364,715	566,104	508,713

Movement in Provision	Whitelion	Group
	$	$
Opening balance at 1 July 2013	364,715	508,713
Additional provisions	469,877	566,104
Amounts used	(364,715)	(508,713)
Balance at 30 June 2014	469,877	566,104

Employee Provisions

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

Provisions are recognised when the association 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.

NOTE 13: FINANCE LIABILITIES	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
Current	37,062	-	87,601	50,000
Non-current	199,511	-	211,250	43,432
Total finance liabilities	236,573	-	298,851	93,432

Whitelion Incorporated and Controlled Entity

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14: DEFERRED INCOME

	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
Deferred Income	1,400,328	854,398	1,485,742	1,083,475
	1,400,328	854,398	1,485,742	1,083,475

Deferred income is grant income received prior to the end of the year that relates to programmes that are either partially complete at the end of the year or have not started. The income is to be recognised in future years when the programs have been delivered by Whitelion. This is in accordance with the policy outlined at 1(b) above.

NOTE 15: RESERVES

	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
Financial Asset Reserve	200,403	231,334	200,403	231,334
	200,403	231,334	200,403	231,334

Financial Assets Reserve

The financial assets reserve represents the cumulative amount of fair value gains/losses recognised in other comprehensive income in remeasuring the investments in listed shares available for sale.

NOTE 16: CASH FLOW INFORMATION

	Whitelion		Group	
	2014	2013	2014	2013
	$	$	$	$
Reconciliation of cash flow from operating activities with net current year surplus				
Current year surplus after income tax	(38,652)	54,286	(60,076)	80,347
Cash flows excluded from current year surplus				
Non-cash flows in current year surplus:				
depreciation expense	188,489	142,378	269,714	278,593
net loss on disposal of property, plant and equipment	(64,923)	(2,108)	(74,523)	(2,108)
Impairment of investments	(151,836)	6,198	(151,836)	6,198
Changes in assets and liabilities:				
Decrease/increase in accounts receivable and other debtors	27,892	(215,846)	132,557	(325,270)
increase/(decrease) in accounts payable and other payables	(53,955)	(236)	(77,078)	83,432
decrease in deferred income	545,930	(229,423)	402,267	(346,938)
increase in employee provisions	105,162	78,306	1,115	31,928
	558,107	(166,445)	442,140	(193,818)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17: CAPITAL AND LEASING COMMITMENTS

	Note	Whitelion 2014 $	Whitelion 2013 $	Group 2014 $	Group 2013 $
a. **Finance Lease Commitments**					
Payable – minimum lease payments:					
– not later than 12 months		54,170	-	107,808	57,578
– between 12 months and 5 years		230,807	-	244,619	47,440
– later than 5 years			-		
Minimum lease payments		284,977		352,427	105,018
Less future finance charges		(48,404)		(53,575)	(11,586)
Present value of minimum lease payments	13	239,573		298,852	93,432
b. **Operating Lease Commitments**					
Non-cancellable operating leases contracted for but not recognised in the financial statements					
Payable – minimum lease payments:					
– not later than 12 months		200,763	211,071	325,328	335,184
– between 12 months and 5 years		407,182	607,945	445,433	770,761
– later than 5 years				-	-
		607,945	819,016	770,761	1,105,945

The property lease commitments are non-cancellable operating leases with a 1 to 7 year terms, with rent payable monthly in advance.

Contingent rental provisions within these lease agreements require that the minimum lease payments shall be increased by 3.5% to 4% per annum.

An option exists to renew the leases at the end of the terms for an additional term of 1 to 7 years. The lease allows for subletting of all lease areas.

Toshiba Pty Ltd and Ricoh Pty Ltd hold a charges over relevant the photocopier assets of the association for the finance leases on the photocopiers

NOTE 18: CONTROLLED ENTITY

Open Family Australia Ltd is an entity controlled by the board of Whitelion Inc. Because of this the assets liabilities and results of Open Family Ltd have been consolidated with those of Whitelion Inc and presented as a group.

NOTE 19: EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant events since the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 20: RELATED PARTY TRANSACTIONS

	2014	2013
	$	$
a. **Key Management Personnel**		
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including its board members, is considered key management personnel.		
Key management personnel compensation:		
– short-term benefits	275,705	247,401
– post-employment benefits	21,080	40,311
	296,785	287,712

b. **Other Related Parties**

Other related parties include close family members of key management personnel, and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

NOTE 21: FAIR VALUE MEASUREMENTS

The association measures and recognises the following assets at fair value on a recurring basis after initial recognition:

– available-for-sale financial assets.

The association does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

NOTE 22: ECONOMIC DEPENDENCE

While the association's activities are largely funded by donations, the association is assisted in its activities by operating grants provided by the state government. At the date of this report, the members of the committee had no reason to believe that the state government would not continue to provide financial support to Whitelion Inc.

NOTE 23: ASSOCIATION DETAILS

The registered office and principal place of business of the company is 155 Roden Street , West Melbourne Victoria 3003

NOTE 24: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, local money market instruments, investments in listed shares, receivables and payables, and lease liabilities.

The totals 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:

	Note	2014 $	2013 $
Financial assets			
Cash on hand	6	1,006,281	1,027,823
Accounts receivable and other debtors	7	761,288	897,271
Available-for-sale financial assets:			
– investments in listed shares	10	1,290,021	867,998
Total financial assets		3,057,590	2,793,093
Financial liabilities			
Financial liabilities at amortised cost:			
– accounts payable and other payables	12	501,934	650,452
– finance liabilities	13	298,852	93,432
Total financial liabilities		800,786	743,884

Financial Risk Management Policies

The association's Treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the association. The Treasurer monitors the association's transactions and reviews the effectiveness of controls relating to credit risk, liquidity risk and market risk. Discussions on monitoring and managing financial risk exposures are held bi-monthly and minuted by the committee of management.

The Treasurer's overall risk management strategy seeks to ensure that the association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

Specific Financial Risk Exposures and Management

The main risks the association is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the association is exposed to, how these risks arise, or the committee's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the association securing accounts receivable and other debtors.

NOTE 24: FINANCIAL RISK MANAGEMENT

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 7.

The association has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 7.

b. **Liquidity risk**

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

–preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;

–only investing surplus cash with major financial institutions; and

–proactively monitoring the recovery of unpaid invoices.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The association does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Accounts payable and other payables (excluding annual leave and grants receivable in advance)	501,934	650,452	-	-	-	-	501,934	650,452
Financial lease liabilities	87,602	50,000	211,250	43,432	-	-	298,852	93,432
Total contractual outflows	589,536	700,452	211,250	43,432	-	-	800,786	743,884
Total expected outflows	589,536	700,452	211,250	43,432	-	-	800,786	743,884
Financial assets – cash flows realisable								
Cash on hand	1,006,281	1,027,823	-	-	-	-	1,006,281	1,027,823
Accounts receivable and other debtors	761,288	897,272	-	-	-	-	761,288	897,272
Available-for-sale investments	1,290,021	867,998	-	-	-	-	1,290,021	867,998
Total anticipated inflows	3,057,590	2,793,093	-	-	-	-	3,057,590	2,793,093
Net (outflow)/inflow on financial instruments	3,057,590	2,793,093	-	-	-	-	3,057,590	2,793,093

Financial assets pledged as collateral

NOTE 24: FINANCIAL RISK MANAGEMENT

No financial assets have been pledged as security for any financial liability.

c.Market risk

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The association is exposed to earnings volatility on floating rate instruments. The financial instruments that expose the association to interest rate risk are limited to lease liabilities, listed shares and cash on hand.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2014, approximately 37% of the association's debt is fixed. It is the policy of the association to keep between 15% and 50% of debt on fixed interest rates.

The association also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The association is exposed to other price risk on available-for-sale investments. Such risk is managed through diversification of investments across industries and geographic locations.

The association's investments are held in diversified management fund portfolios.

Sensitivity analysis

The following table illustrates sensitivities to the association's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable th1at management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Current Surplus	Equity
Year ended 30 June 2014	**$**	**$**
+/- 10% in interest rates	3,500	3,500
+/- 10% in available-for-sale investments	129,000	129,000
Year ended 30 June 2013		
+/- 10% in interest rates	3,500	3,500
+/- 10% in listed investments	86,800	86,800

No sensitivity analysis has been performed on foreign exchange risk as the association has no significant exposure to currency risk.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 24: FINANCIAL RISK MANAGEMENT

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

	Note	2014		2013	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		$	$	$	$
Financial assets					
Cash on hand[i]	6	1,006,281	1,006,281	1,027,823	1,027,823
Accounts receivable and other debtors[i]	7	761,288	761,288	897,271	897,271
Available-for-sale financial assets:					
– investments in listed shares	10	1,290,021	1,290,021	867,998	867,998
Total financial assets		3,057,590	3,057,590	2,793,092	2,793,092
Financial liabilities					
Accounts payable and other payables[i]	12	501,934	501,934	650,452	650,452
Lease liabilities	13	298,852	298,852	93,432	93,432
Total financial liabilities		800,786	800,786	743,884	743,884

Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 139.

ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION AND PERFORMANCE OF WHITELION INC

We, Ms.Anne Barker and Mr Kevin Mullen being members of the committee of Whitelion Inc, certify that –

The statements attached to this certificate give a true and fair view of the financial position and performance of Whitelion Inc during and at the end of the financial year of the association ending on 30 June 2014.

....

Anne Barker
17 November 2014

....

Kevin Mullen
17 November 2014

Whitelion Incorporated and Controlled Entity

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITELION INC

Report on the Financial Report

I have audited the accompanying financial report of Whitelion Inc (the association) and its controlled entity. The financial report includes the statement of financial position as at 30 June 2014, the statement of profit or loss, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements for both Whitelion Inc as an individual entity and the consolidated group.

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Associations Incorporation Reform Act 2012* (Vic) and for such internal control as the committee determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on our audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I 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 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 association'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial report of Whitelion Inc is in accordance with the requirements of the *Associations Incorporation Reform Act 2012* (Vic), including:

i. giving a true and fair view of the association's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards.

Phillip Elliott

....

Phillip Elliott *

Address: Suite 105, 620 St Kilda Road, Melbourne

Dated this 17th day of November 2014

*Liability limited by scheme approved under professional standards legislation

Whitelion Incorporated and Controlled Entity

CERTIFICATE BY MEMBERS OF THE COMMITTEE

I, Anne Barker of 10 Curral Road, Elsternwick, Victoria 3185 certify that:

a. I attended the annual general meeting of the association held on the 17^{th} of November 2014 and

b. the annual financial statements for the year ended 30 June 2014 were submitted to the members of the association at the annual general meeting.

....

Ms. Anne Barker (Committee Member)
Dated this 17th day of November 2014