



**Cootharinga**  
North Queensland  
**Ability First!**

# **FINANCIAL REPORT**

## **2011**

**THE COOTHARINGA SOCIETY OF NORTH QUEENSLAND**

**FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011**

The Cootharinga Society of North Queensland is a company limited by guarantee incorporated in Australia.

The Registered Office and Principal Place of Business is:

20 Keane St  
Currajong  
Townsville Qld 4812

There were 207 employees at 30 June 2011.

## DIRECTORS' REPORT

Your Directors present the following report for the financial year ended 30 June 2011.

### Directors

The details of the Directors of the Cootharinga Society of North Queensland in office at the date of this report; including name, qualifications, experience and special responsibilities, are shown on page 2 of the Annual Report.

There were 6 Directors' meetings held during the year.

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

### Meetings of Directors

Refer to Directors' Attendance Record on page 2 of the Annual Report.

### Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

### Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Mr Brad Walsh – Bachelor of Commerce, Certified Practising Accountant. Mr Walsh has worked for the Cootharinga Society of North Queensland for the past 16 years. Mr Walsh was appointed Company Secretary on 6 October 1997.

### Interests of Directors in Contracts with the Company

There were no material contracts involving Directors' interests at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

### Principal Activities

The principal activities of the company have been providing services to people living with disability, and their families.

There has been no significant change in the nature of these activities during the year.

### Short and Long Term Objectives of the Entity

The long term objectives for the organisation are guided strongly by our organisational Constitution. These are supported by our long term Vision Statement which reads "Building a better world with people of all abilities". Short term objectives are articulated in the document entitled "3 Year Strategic Plan 2008 to 2011".

The five key Strategic Directions that applied for this reporting period were:

- (1) Ensure effective HR service delivery and increase staffing levels
- (2) Create a positive culture
- (3) Develop image and branding
- (4) Ensure business growth is sustainable
- (5) Develop and enhance partnerships right across North Queensland

### Measurement of Performance

The organisation closely monitors its performance against the agreed Strategic Directions. This occurs through aligning

all reports of General Managers and The CEO to the agreed Strategic Directions. All reports are presented to the members of the Executive Leadership team and the Board of Directors and Board Subcommittees. Key final measures and indicators in relation to financial matters are in place and they are regularly monitored by the General Manager Finance and IT, in association with the Board Finance and Resources Subcommittee.

### Environmental Issues

The organisation's operations are not regulated by any significant environmental regulation under a law of the commonwealth or of a state or territory.

### Result for the Year

The net surplus of the company for the financial year ended 30th June, 2011 was \$1,808,015.

The surplus was mainly as a result of the recognition of capital housing project funding of \$2,063,830 relating to the development of three community housing projects.

The financial result for the financial year ending 30 June, 2011 excluding this one off capital funding was a net deficit of \$255,815. This result was in line with the plan endorsed by the Board for the financial year.

### Dividends

The company is a non profit organisation and the payment of dividends is prohibited.

### Review of Operations and Results of Operations

The Cootharinga Society of North Queensland's overall financial result for the year ended 30 June 2011 was a surplus of \$1,808,015. This represents a \$1,333,692 increase in profit after tax from 2010. For the regular operations (operations excluding investment revaluations, bequest income and capital works) of the company the result was an operating deficit of \$270,061.

The main factors contributing to this result were as follows:

### Income

Total operating income has increased by \$3,061,405. This is as a result of the following:

- Government funding Income has increased by \$3,149,294 being:
  - Capital housing projects funding of \$2,063,830 as follows:
    - Little St Cairns of \$740,000 funded by Queensland Disability Services,
    - Meadow St Mackay of \$254,218 funded by Queensland Disability Services; and
    - Leila Avenue Townsville of \$1,069,612 funded under the Nation Building – Economic Stimulus Plan – Social Housing Initiative - Federal funding program - administered through Queensland – Department of Communities.
  - Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) Helping Children with Autism Funding of \$34,007, and
  - Queensland Government, Department of Communities - Disability Services (DS) funding of \$1,051,456 relating to wages supplementation, funded services including Supported Accommodation, Individual Support and Community Access.
- Fundraising income has decreased by \$138,525;
- Investing Income has increased by \$29,092; and
- Service charges have increased of \$9,790.

**DIRECTORS' REPORT - CONT.**

**Expenses**

Total expenses have increased by \$1,727,714 as a result of increases in operating costs of \$1,716,112 and investment revaluations expenses of \$12,096.

The operating costs increases relate to employee benefits expenses, employment practices expenses, new services costings, auspiced service costings, and general inflationary cost increases.

A review of operations and the results of those operations for the financial year are set out in the President's Report.

**Significant After Balance Date Events**

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

**Likely Future Developments and Expected Results**

Major developments which may affect the operations of the company in subsequent financial years are referred to in the President's Report.

**Indemnification**

The organisation has arranged liability cover for the protection of the Association. The limit of indemnity being a combined single limit.

**Directors' Benefits**

Neither since the financial year nor during the financial year has a Director received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration paid or payable to Directors as disclosed in Note 15 to the financial statements) by reason of a contract made with the Director, a firm of which the Director was a member, or an entity in which the Director has a substantial financial interest, by the company or an entity that the company controlled, or a body corporate that was related to the company when the contract was made or when the Director received or became entitled to receive the benefit.

**Non-audit Services**

There were no amounts paid to or are payable for non-audit services provided by the auditors:

**Auditor's Independence Declaration**

The auditor's independence declaration under section 307C is contained on page 3 of this report.

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

.....Director  
Rob Grant (President)

.....Director  
Ian Featherstone (Treasurer)

Dated at Townsville this 29th day of September 2011.

**THE COOTHARINGA SOCIETY OF NORTH QUEENSLAND  
ACN 009 656 679**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT  
2001 TO THE DIRECTORS OF THE COOTHARINGA SOCIETY OF NORTH QUEENSLAND**

As lead engagement auditor for the audit of The Cootharinga Society of North Queensland for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the independence requirements of the Corporations Act in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Jessups

Ian Jessup  
Partner

Dated this 29th day of September, 2011  
19 Stanley Street  
Townsville QLD 4810

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
<b>Revenues from Continuing Operations</b>			
Revenues from service activities		10,473,592	9,341,253
Other Revenues from continuing operations		<u>2,864,966</u>	935,900
<b>Total Revenue from Continuing Operations</b>	2	<u>13,338,558</u>	<u>10,277,153</u>
<b>Expenses from Continuing Operations</b>			
Supported Accommodation Service expenses		7,112,785	5,628,882
Community Linking expenses		---	517,156
Support Service expenses		1,047,028	892,323
Therapy Service expenses		300,952	285,174
Rehabilitation Technology Service expenses		504,494	492,232
Respite Service		1,418,407	1,391,581
Other Services expenses		397,204	107,371
Other expenses from continuing operations		<u>749,673</u>	488,111
<b>Total Expenses from Continuing Operations</b>	3	<u>11,530,543</u>	<u>9,802,830</u>
<b>Profit (loss) from Continuing Operations Before Income Tax Expense (Income Tax Revenue)</b>			
		1,808,015	474,323
Income Tax Revenue (Income Tax Expense) Relating to Continuing Operations	1(j)	<u>---</u>	<u>---</u>
<b>Profit (loss) from Continuing Operations after Income Tax Expense (Income Tax Revenue)</b>		<u>1,808,015</u>	<u>474,323</u>
<b>Other Comprehensive Income</b>			
Net Value Gain/(Loss) on Available-For-Sale Financial Assets		36,609	132,444
<b>Total Other Comprehensive Income</b>		<u>36,609</u>	<u>132,444</u>
<b>Total Comprehensive Income</b>		<u>1,844,624</u>	<u>606,767</u>
<b>Profit (loss) Attributable to Members of the Entity</b>			
		1,808,015	474,323
<b>Total Comprehensive Income Attributable to Members of the Entity</b>		<u>1,844,624</u>	<u>606,767</u>

The above Statement of Comprehensive Income is to be read in conjunction with the attached notes.

**STATEMENT OF RECOGNISED INCOME AND EXPENDITURE**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Notes	Retained Earnings (Accumulated Losses) \$	Available- For-Sale Financial Assets \$	Total \$
<b>Balance at 30 June 2009</b>		6,947,140	158,462	7,105,602
Gains (losses) from measuring available-for-sale financial assets to fair value:				
Recognised during period		---	132,444	132,444
Removed and recognised in profit/loss		---	(12,838)	(12,838)
Profit (loss) attributable to members		<u>474,323</u>	<u>---</u>	<u>474,323</u>
<b>Balance at 30 June 2010</b>		7,421,463	278,068	7,699,531
Gains (losses) from measuring available-for-sale financial assets to fair value:	19			
Recognised during period		---	36,609	36,609
Removed and recognised in profit/loss		---	---	---
Profit (loss) attributable to members		<u>1,808,015</u>	<u>---</u>	<u>1,808,015</u>
<b>Balance at 30 June 2011</b>		<u>9,229,478</u>	<u>314,677</u>	<u>9,544,155</u>

The above Statement of Recognised Income and Expenditure is to be read in conjunction with the attached notes.

**BALANCE SHEET**  
AS AT 30 JUNE 2011

	Notes	2011 \$	2010 \$
<b>Current Assets</b>			
Cash and cash equivalents	4	1,238,614	2,700,626
Trade and other receivables	5	377,830	221,844
Other financial assets	6	3,295,327	1,998,743
<b>Total Current Assets</b>		<u>4,911,771</u>	<u>4,921,213</u>
<b>Non-Current Assets</b>			
Other financial assets	7	1,687,373	1,740,919
Property, plant and equipment	8	6,051,200	4,598,675
Other		92,500	92,500
<b>Total Non-Current Assets</b>		<u>7,831,073</u>	<u>6,432,094</u>
<b>Total Assets</b>		<u>12,742,844</u>	<u>11,353,307</u>
<b>Current Liabilities</b>			
Trade and other payables	9	1,308,890	1,181,397
Other financial liabilities	10	171,970	---
Short term provisions	11	1,651,861	2,372,032
<b>Total Current Liabilities</b>		<u>3,132,721</u>	<u>3,553,429</u>
<b>Non-Current Liabilities</b>			
Long term provisions	11	65,968	100,346
<b>Total Non-Current Liabilities</b>		<u>65,968</u>	<u>100,346</u>
<b>Total Liabilities</b>		<u>3,198,689</u>	<u>3,653,775</u>
<b>Net Assets</b>		<u>9,544,155</u>	<u>7,699,531</u>
<b>Equity</b>			
Retained earnings		9,229,478	7,421,463
Available-for-sale financial assets reserve		314,677	278,068
<b>Total Equity</b>		<u>9,544,155</u>	<u>7,699,531</u>

The above Balance Sheet is to be read in conjunction with the attached notes.

**CASH FLOW STATEMENT**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Notes	2011 \$	2010 \$
<b>Cash flows from operating activities:</b>		
Government Funding	12,410,161	11,395,927
Fundraising	174,268	181,410
Interest Received	150,348	97,150
Dividends Received	63,377	51,469
Legacies Received	32,655	171,074
Other Receipts	544,106	561,715
Payments to Suppliers and Employees	(11,882,404)	(10,446,519)
<b>Net cash provided by/(used in) Operating activities</b>	<b>1,492,511</b>	<b>2,012,226</b>
	2	
<b>Cash flows from investing activities:</b>		
Return of Capital on Units in Unit Trust	127,918	32,792
Proceeds from:		
Disposal of Property, Plant and Equipment	---	92,501
Redemption of Interest Bearing Deposits	390,000	1,845,000
Payments for:		
Property Plant and equipment	(1,894,716)	(552,564)
Work in Progress	---	(875,727)
Shares	(19,695)	(19,695)
Interest Bearing Deposits	(1,730,000)	---
<b>Net cash provided by/(used in) investing activities</b>	<b>(3,126,493)</b>	<b>452,307</b>
<b>Cash flows from financing activities:</b>		
Proceeds from Borrowings	---	---
Repayment of Borrowings	---	---
<b>Net cash provided by/(used in) financing activities</b>	<b>---</b>	<b>---</b>
Net increase (decrease) in cash held	(1,633,982)	2,464,533
Cash at the beginning of the year	2,700,626	236,093
<b>Cash at the end of the year</b>	<b>1,066,644</b>	<b>2,700,626</b>
	1	
	1	

The above Cash Flow Statement is to be read in conjunction with the attached notes.

## NOTES TO THE CASH FLOW STATEMENT

### 1. Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2011 \$	2010 \$
Cash at Bank and on hand	1,238,614	2,700,626
Bank Overdraft	<u>(171,970)</u>	<u>---</u>
	<u>1,066,644</u>	<u>2,700,626</u>

### 2. Reconciliation of Net Cash provided by/(used in) Operating Activities to Operating Profit/(Loss):

Net Profit/(Loss) after Tax	1,808,015	474,323
Depreciation	310,490	296,358
Loss on Disposal – Plant and Equipment	1,445	18,355
Loss on Disposal of Shares	25,386	26,279
Impairment Loss/(Gain)	---	(29,877)
Unrealised Loss/(Gain) on Investments	(6,978)	(12,837)
Gain on Disposal of Fixed Assets	---	(386)
Accrued Interest Income	(826)	(46,167)
Reinvestment of interest in Interest Bearing Deposits	(2,048)	(1,440)
Changes in Assets and Liabilities:		
(Increase)/Decrease in Trade Debtors	(19,467)	9,149
(Increase)/Decrease in other Debtors	(147,216)	(44,183)
Increase/(Decrease) in Prepaid Expenses	12,937	5
Increase/(Decrease) in Accounts Payable	(34,619)	36,219
Increase/(Decrease) in other Creditors	(82,224)	53,170
Increase/(Decrease) in Employee Entitlements	141,444	31,012
Increase/(Decrease) in Accruals	(513,828)	1,202,246
<b>Net Cash provided by/(used in) Operating Activities</b>	<u>1,492,511</u>	<u>2,012,226</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### 1) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for The Cootharinga Society of North Queensland as an individual entity, incorporated and domiciled in Australia. The Cootharinga Society of North Queensland is a company limited by guarantee.

#### Basis of Preparation

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

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

The financial report has been prepared on the accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-recurrent assets, financial assets and financial liabilities.

The financial report of The Cootharinga Society of North Queensland complies with all International Financial Reporting Standards (IFRS) and interpretations adopted by the

International Accounting Standards Board.

#### Currency

The financial report is presented in Australian dollars and rounded to the nearest dollar.

#### Authorisation of Financial Report

The financial report was authorised for issue on 29 September 2011 by the directors.

#### Accounting Policies

The principal accounting policies adopted by The Cootharinga Society of North Queensland are stated in order to assist in the general understanding of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### a) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

Donations and Legacy Income are recognised as revenue when received or when the control of the right to receive payment is established, whichever occurs first.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### a) Revenue - cont..

Interest revenue is recognised on an accrual basis. 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 customers.

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

### b) Property, Plant and Equipment

Freehold land is stated at cost. Buildings are stated at cost. Furniture, equipment and plant are stated at cost.

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss.

Buildings are depreciated over 50 years (ie at a rate of 2%) using the straight line method. Motor Vehicles are depreciated at the rate of 22.5% per annum using the reducing-balance method. Computer equipment is depreciated at the rate of 40% per annum using the reducing-balance method. Other items of property, plant and equipment are depreciated at the rate of 15% per annum using the reducing-balance method.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The carrying amounts of non-current assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the assets. The expected net cash flows included in determining the recoverable amounts have not been discounted to their present values.

Freehold land and buildings, property, plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

### c) Financial Instruments

#### *Recognition and Initial Measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

#### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the 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 either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

#### *Classification and Subsequent Measurement*

##### *(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, where they are derivatives not held for hedging purposes, or 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. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

##### *(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 using the effective interest rate method.

##### *(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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

##### *(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

##### *(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

### **Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### **Impairment**

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 – CONT..

comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income. Impairment losses are recognised in the statement of comprehensive income.

### d) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon on the assets 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 depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

### e) Employee Benefits

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments made in respect of services provided by employees up to the reporting date. Expected future payments are discounted using interest rates of national government guarantee securities with terms to maturity matching as closely as possible, the estimated future cash outflows.

Annual and long service leave are accrued annually at the employees current pay rates having regard to experience of employee departures and period of service. Related on-costs are included.

Annual leave is provided for in respect of the entitlement of all employees.

Sick leave is provided for in respect of the entitlement of all employees.

### f) Cash and Cash Equivalents

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

### g) Goods and Services Tax (GST)

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

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

### h) Unexpended Grants

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

### i) Subsidies and Grants

Commonwealth and government grants, (including non-monetary grants at fair value) are not recognised until there is reasonable assurance that all conditions will be complied with and the grants will be received.

The entity qualifies for both Commonwealth & Queensland Government operating and capital works subsidies and grants. Operating subsidies and grants are brought to account on the accrual basis to match expenses with the related income. Where there are conditions attached to operating subsidies and grants relating to the use of those funds for specific purposes, it is recognised in the balance sheet as a liability until such conditions are met or services provided. Capital works subsidies and grants are accounted for when received.

### j) Income Tax

No provision for income tax has been raised as the entity is a registered charity and as such is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

### k) Provisions

Provisions are recognised when the entity 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.

### l) Comparative Figures

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

### m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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 group.

#### *Key estimates - Impairment*

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

### n) Operating Cycle

An operating cycle of 12 months has been used as the basis for identifying current assets and current liabilities in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011 – CONT..**

**o) Receivables**

Trade accounts and notes receivable and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and allowances for doubtful amounts.

**p) Current Bank Loans, Bank Overdrafts and Accounts Payable**

Current bank loans, bank overdrafts, trade accounts and notes payable and other payables and accrued liabilities represented the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

**q) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)**

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

**Standards affecting presentation and disclosure**

<i>AASB 101 Presentation of Financial Statements (as revised in September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101</i>	<i>AASB 101(September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.</i>
<i>Amendments to AASB 107 Statement of Cash Flows (adopted in advance of effective date of 1 January 2010)</i>	<i>The amendments (part of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.</i>
<i>AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments</i>	<i>The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk.</i>

**Standards and Interpretations adopted with no effect on financial statements**

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

<i>AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	<i>In addition to the changes affecting amounts reported in the financial statements described above, the amendments have led to a number of changes in the detail of the company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.</i>
<i>AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.</i>	<i>In addition to the amendments to AASB 107 described earlier in this section, the amendments have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.</i>
<i>AASB 2009-5 / 2010-3 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	<i>In addition to the changes affecting amounts reported in the financial statements described above, the amendments have led to a number of changes in the detail of the company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.</i>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011 – CONT..**

**q) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods) – cont..**

**Standards and Interpretations adopted with no effect on financial statements**

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

<p>AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions</p>	<p>In addition to the changes affecting amounts reported in the financial statements described above, the amendments have led to a number of changes in the detail of the company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.</p>
<p>AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues</p>	<p>In addition to the changes affecting amounts reported in the financial statements described above, the amendments have led to a number of changes in the detail of the company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.</p>
<p>Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments</p>	<p>In addition to the changes affecting amounts reported in the financial statements described above, the amendments have led to a number of changes in the detail of the company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.</p>
<p>AASB 2009-12 Amendments to Australian Accounting Standards</p>	<p>In addition to the changes affecting amounts reported in the financial statements described above, the amendments have led to a number of changes in the detail of the company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.</p>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011 – CONT.**

**q) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods) – cont..**

***Standards and Interpretations in issue not yet adopted***

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 9 Financial Instruments, AASB2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	1 January 2011	30 June 2012
AASB 2010-4 / 2010-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2011	30 June 2012
AASB 1053 Application of Tiers of Australian Accounting Standards	1 July 2013	30 June 2014
AASB 2010-2 Amendments to Australian Accounting Standards Arising from Reduced Disclosure Requirements	1 July 2013	30 June 2014
AASB 2010-6 Amendments to Australian Accounting Standards Disclosures on Transfers of Financials Asset arising from AASB 1 & AASB 7	1 July 2011	30 June 2012
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 1054 Additional Australian disclosures / AASB 2011-1 Amendments to Australian Accounting Standards – Arising from the Trans-Tasman Convergence Project	1 July 2011	30 June 2012
AASB 2011-2 Amendments to Australian Accounting Standards – Arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements	1 July 2013	30 June 2014
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	30 June 2014
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation & Joint Venture Arrangement Standards	1 January 2013	30 June 2014
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013	30 June 2014

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011- – CONT..**

	2011 \$	2010 \$
<b>2) REVENUE</b>		
<b>Operating Revenue:</b>		
Dividends	87,879	70,100
Financial Assets Fair Value and Impairment Gains	20,808	44,449
Fundraising	335,320	335,426
Sales	283,222	222,108
Government Funding - Services	9,899,229	8,954,153
Government Funding – Capital Housing Projects	2,063,830	---
Other Government Funding and Allowances	111,379	5,000
Transport	95,097	84,246
Rent	137,446	172,229
Sundry	69,446	51,840
Interest Received	199,104	164,149
Gain on Disposal of Non-Current Assets	---	386
Equipment Income	3,143	1,993
Legacies	32,655	171,074
<b>Total Revenue</b>	<b>13,338,558</b>	<b>10,277,153</b>

**3) PROFIT (LOSS) FROM ORDINARY ACTIVITIES**

**a) Expenses**

Included in expenses are the following items:

Depreciation of Property, Plant and Equipment	310,490	294,921
Employee Benefits Expense	8,040,853	6,772,280
Fair Value/Impairment Losses of Non-Current Investments	13,830	1,735

**b) Significant Revenue and Expenses**

The following significant revenue and expense items are relevant in explaining the financial performance:

Government Funding – Capital Housing Projects	2,063,830	---
---	-----------	-----

**4) CASH AND CASH EQUIVALENTS**

**CURRENT**

Cash at Bank	1,236,064	2,698,176
Cash on hand	2,550	2,450
	<b>1,238,614</b>	<b>2,700,626</b>

**5) TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade and Other Receivables	378,330	222,344
Less Provision for Impairment of receivables - note 5(i)	(500)	(500)
Total Current Receivables	<b>377,830</b>	<b>221,844</b>

**(i) Provision for Impairment of Receivables**

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance	Charge for the year	Amounts written off	Closing Balance
Current trade receivables	500	---	---	500
Balance at 30 June 2011	500	---	---	500
Current trade receivables	500	---	---	500
Balance at 30 June 2010	500	---	---	500

There are no balances within trade receivables that contain assets that are not impaired and are post due. It is expected that these balances will be received in the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011- – CONT..**

**(ii) Aging of Trade and Other Receivables**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
0 – 30 days	<b>233,342</b>	68,509
30 – 60 days	<b>29,891</b>	34,803
60 – 90 days	<b>3,552</b>	14,010
Over 90 days	<b>111,045</b>	104,522
Total	<b><u>377,830</u></b>	<u>221,844</u>

The trade receivables disclosed above include amounts that are past due at the end of the reporting period but against which the company has not recognised an allowance for doubtful receivables because there is no significant change in credit quality and the amounts are considered recoverable. The company does not hold any collateral or other credit enhancements over these balances.

In determining the recoverability of a trade receivable the company considers any change in the credit quality from the date credit was initially granted up to the end of the reporting period.

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>6) OTHER FINANCIAL ASSETS CURRENT</b>		
The following financial assets are held as investments:		
Financial assets at fair value through Profit and Loss	<b>854,500</b>	854,557
Held to maturity investments	<b><u>2,440,827</u></b>	<u>1,144,186</u>
<b>Total</b>	<b><u>3,295,327</u></b>	<u>1,998,743</u>

**Financial assets at fair value through Profit and Loss:**

At beginning of the year	<b>854,557</b>	854,578
Revaluation to statement of comprehensive income	---	---
Additions	---	---
Disposals (Sale/Redemption)	<b>(7)</b>	---
Accrued/Reinvested Interest	<b>(50)</b>	(21)
Carrying amount at end of year	<b><u>854,500</u></b>	<u>854,557</u>

**Held for trading:**

<b>– Floating Rate Notes</b>	<b><u>854,500</u></b>	<u>854,557</u>
------------------------------	-----------------------	----------------

Further to the notes contained in the 2010 Annual Report; Cootharinga continues to hold Floating Rate Notes which are Collateralised Debt Obligation (CDO) products issued by Lehman Brothers International (Europe) (LBIE).

Noteholder priority litigation continues in the UK and US jurisdictions.

The UK position: The English Supreme Court upheld noteholder priority following an appeal by LBSF in July 2011 confirming noteholders priority. The ruling of the Supreme Court cannot be appealed further.

The US Position: The US Bankruptcy Court ruled in January 2010 that the noteholder provision of the certain CDO series infringed certain aspects of the US Bankruptcy code and accordingly any distribution of collateral in accordance with noteholder priority would not be permissible under the Bankruptcy Code. This situation remains current. There is currently a stay on adversary proceedings, until April 2012, to challenge the US ruling.

In summary: At the opening of the 2010/2011 period the Kakadu and Merimbula CDOs held by Cootharinga were valued in our accounts at the last known reliable valuation at September 2008 of 40 cents and 29 cents in the dollar of the initial investment value. Given the successful outcome of the UK proceedings we continue to have a high level of confidence that we are likely to achieve this figure or higher when the CDO investments are eventually unwound. We have received a valuation of Kakadu and Merimbula CDOs indicating that the underlying investments are valued at 88 and 92 cents in the dollar respectively. It should be noted the organisation issuing this valuation also made a disclaimer that the valuations provided varied from a market price which has developed to some extent for the LBSF affected CDO's, of approximately 40 cents in the dollar. Therefore and adopting a conservative approach we recommend to members that we have retained the last known reliable valuations of September 2008 of 40 and 29 cents in the dollar respectively.

The CDO investments are currently included at a valuation of \$854,500. During 2010/2011 the CDO Blue Gum defaulted and the carrying amount of \$57 was written off entirely.

There is a possibility that the outcome of US legal proceedings are not successful and in a worst case scenario the investments are found to be valueless, resulting in the carrying amount of \$854,500 to be written off in its entirety.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011- – CONT..

6) OTHER FINANCIAL ASSETS CURRENT - cont..

CDO Summary:

	Face Value	2010 Carrying Amount Valuation	2011 Carrying Amount Valuation	2011 Revaluation	2011 Carrying Amount
CDO Held	\$	c/\$	c/\$	\$	\$
Kakadu Restructured	1,400,000	0.4000	0.4000	---	560,000
Merimbula	1,000,000	0.2945	0.2945	---	294,500
Blue Gum	70,000	0.0001	0.0000	(57)	---
Total	<u>2,470,000</u>			<u>---</u>	<u>854,500</u>

	2011 \$	2010 \$
<b>Held to maturity investments</b>		
At beginning of the year	1,144,186	2,989,162
Amortisation of discounts and premiums	---	---
Additions	5,030,000	3,715,000
Disposals (Sale/Redemption)	(3,778,000)	(5,560,000)
Accrued/Reinvested Interest	44,641	24
Carrying amount at end of year	<u>2,440,827</u>	<u>1,144,186</u>
Comprising of:		
– Term Deposits	<u>2,440,827</u>	<u>1,144,186</u>

Interest Bearing Term Deposits maturing within 12 months with an effective interest rate(s) of 5.9% (2010 – 6.2%).

7) OTHER FINANCIAL ASSETS (NON-CURRENT)

Available-for-sale financial instruments		
Investments in Unit Trusts, at fair value	318,608	425,004
Shares in listed corporations, at fair value	1,368,765	1,315,915
	<u>1,687,373</u>	<u>1,740,919</u>

There are no fixed returns or fixed maturity dates attached to these investments.

8) PROPERTY, PLANT AND EQUIPMENT

Land and Buildings	5,809,073	3,247,693
Less accumulated depreciation	(629,992)	(548,433)
	<u>5,179,081</u>	<u>2,699,260</u>
Furniture, Equipment and Plant	2,153,296	1,885,726
Less accumulated depreciation	(1,281,827)	(1,089,266)
	<u>871,469</u>	<u>796,460</u>
Land and Buildings Work in Progress	---	1,102,305
Furniture, Equipment and Plant Work in Progress	650	650
	<u>650</u>	<u>1,102,955</u>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<u>6,051,200</u>	<u>4,598,675</u>

Movements in Carrying Amounts

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

<b>Land and Buildings:</b>		
Beginning of the year	3,801,565	2,631,328
Additions	2,561,380	128,996
Disposals	---	---
Transfers	---	---
Work in Progress	(1,102,305)	1,102,305
Depreciation expense	(81,559)	(61,064)
Carrying amount at end of year	<u>5,179,081</u>	<u>3,801,565</u>
<b>Furniture, Equipment and Plant:</b>		
Beginning of the year	797,110	742,333
Additions	311,750	328,272
Disposals	(7,810)	(40,287)
Transfers	---	---
Work in Progress	---	650
Depreciation expense	(228,931)	(233,858)
Carrying amount at end of year	<u>872,119</u>	<u>797,110</u>
Total Carrying Amounts at end of year	<u>6,051,200</u>	<u>4,598,675</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011- – CONT..**

	2011 \$	2010 \$
<b>9) TRADE AND OTHER PAYABLES</b>		
Trade Accounts Payable	264,560	514,853
Unexpended Grants / Future Committed Expenditure	700,922	363,686
Income Received in Advance	457	165
Goods and Services Tax (GST) Collected	174,917	193,960
Employee Benefits	168,034	108,733
Trade Accounts Payable	<u>1,308,890</u>	<u>1,181,397</u>

The carrying amounts of accounts payable approximate net fair values.  
All accounts payable are unsecured.

**(i) Aging of Trade and Other Payables**

0 – 30 days	570,114	635,718
30 – 60 days	3	149,361
60 – 90 days	587	7,242
Over 90 days	738,186	389,076
<b>Total</b>	<u>1,308,890</u>	<u>1,181,397</u>

**10) OTHER FINANCIAL LIABILITIES**

Current		
Unsecured Borrowings:		
Bank Overdraft	171,970	---
Total current unsecured borrowings	<u>171,970</u>	<u>---</u>
Non-current	---	---
Total non-current unsecured borrowings	<u>---</u>	<u>---</u>

The carrying amounts of borrowings approximate net fair values:  
Net fair values have been determined by current quoted market prices for financial instruments traded in an organised market, adjusted for transaction costs necessary to settle liabilities.

Bank Overdraft: Interest 0% (2010: 0%)

**11) PROVISIONS**

	Employee Entitlements \$	Accruals \$	Total \$
<b>Current:</b>			
<b>2011</b>			
Opening Balance 1 July 2010	1,013,817	1,358,215	2,372,032
Transfers from non-current to current	58,244	---	58,244
Additional provisions raised during year	786,035	357,376	1,143,411
Amounts used	(727,757)	(1,194,069)	(1,921,826)
Balance at 30 June 2011	<u>1,130,339</u>	<u>521,522</u>	<u>1,651,861</u>
2010			
Opening Balance 1 July 2009	850,769	74,394	925,163
Transfers from non-current to current	15,836	---	15,836
Additional provisions raised during year	709,686	1,350,333	2,060,019
Amounts used	(562,474)	(66,512)	(628,986)
Balance at 30 June 2010	<u>1,013,817</u>	<u>1,358,215</u>	<u>2,372,032</u>
2011			
<b>Non-current:</b>			
<b>2011</b>			
Opening Balance 1 July 2010	100,346	---	100,346
Transfers from non-current to current	(58,244)	---	(58,244)
Additional provisions raised during year	35,986	---	35,986
Amounts used	---	---	---
Unused amounts reversed	(12,120)	---	(12,120)
Balance at 30 June 2011	<u>65,968</u>	<u>---</u>	<u>65,968</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011- – CONT..**

**11) PROVISIONS – Cont.**

	Employee Entitlements \$	Accruals \$	Total \$
2010			
Opening Balance 1 July 2009	79,631	---	79,631
Transfers from non-current to current	(15,836)	---	(15,836)
Additional provisions raised during year	40,108	---	40,108
Amounts used	---	---	---
Unused amounts reversed	(3,557)	---	(3,557)
Balance at 30 June 2010	<u>100,346</u>	<u>---</u>	<u>100,346</u>

	2011 \$	2010 \$
<b>Analysis of Total Provisions:</b>		
Current	<b>1,651,861</b>	2,372,032
Non-current	<b>65,968</b>	100,346
	<u><b>1,717,829</b></u>	<u>2,472,378</u>

**Provision for Long-term Employee Benefits**

A provision has been recognised for employee entitlements relating to long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

The current 2011 long service leave provision is based on seven years of continual service. 2010 comparative amounts are based on 10 years of continual service.

**12) MEMBERS GUARANTEE**

The Company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the Company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the Company. At 30 June 2011 the number of members was 141 (2010 - 151).

**13) ECONOMIC DEPENDENCE**

Cootharinga is economically dependent on the continuation of grants from Queensland Government, Department of Communities - Disability Services for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support Cootharinga.

**14) REMUNERATION OF AUDITORS**

	2011 \$	2010 \$
Auditors of company:		
Audit of financial reports	<b>17,265</b>	15,947
Other services	---	---
	<u><b>17,265</b></u>	<u>15,947</u>

**15) DIRECTORS' INCOME**

Aggregate Income received or receivable by Directors including amounts received or receivable from controlled entities: NIL

	2011	2010
Number of Directors of the chief entity	<b>9</b>	9

Directors of the chief entity in office at any time during the year:

Mrs D. Catley (resigned 28 June 2011); Mr I. Featherstone; Mr R. Grant; Mr C. Harkness; Mr S. Keft (resigned 28 June 2011); Mr A. Parry (resigned 28 June 2011); Mr J. Young; Ms A. Nicholls; Ms R. Bennett.

**16) SEGMENT INFORMATION**

- a) Industry Segments: The company provides services and facilities for people with disabilities.
- b) Geographic Segments: The company operates wholly in Australia.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011- – CONT..**

**17) RELATED PARTY TRANSACTIONS**

The following transactions with Directors are trivial or domestic in nature and occurred within a normal employee / customer / supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Director at arm's length in the same circumstances.

A total of \$10,559 (2010 - \$10,377) was paid to Wilson Ryan Grose, Lawyers and Notary, for legal services provided to the Company. Ms R. Bennett was a Solicitor with Wilson Ryan Grose during the period covered by this report.

A total of \$7,623 (2010 - \$6,919) was paid to NQ Therapy Services for pre-employment functional assessments relative to the staff recruitment process of the Company. Ms A. Nicholls was a proprietor of NQ Therapy Services during the period covered by this report.

**18) FINANCIAL RISK MANAGEMENT**

**a) Financial Risk Management Policies**

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The entity does not have any derivative instruments at 30 June 2011.

i) Treasury Risk Management

A finance committee consisting of senior committee members and senior officers meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecast.

ii) Financial Risks Exposures and Management

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The entity manages its exposure to interest rate fluctuations through a formal set of policies and procedures approved by the Board of Directors.

Foreign currency risk

The entity is not exposed to fluctuations in foreign currencies.

Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

There are no material amounts of collateral held as security at 30 June 2011.

The entity monitors the credit risk by actively assessing the rating quality and liquidity of counterparties. The credit standing of counterparties is reviewed monthly for liquidity and credit risk.

The trade receivables balances at 30 June 2011 and 30 June 2010 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Price risk

The entity is not exposed to any commodity price risk.

**b) Financial Instrument Composition and Maturity Analysis**

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Floating Interest	Non-interest Bearing	Weighted Average Interest Rate
	\$	\$	\$
<b>2011</b>			
<b>Financial Assets:</b>			
Cash	1,238,614	---	4.65%
Receivables	---	377,830	n/a
Investments	3,295,327	---	4.39%
	<u>4,533,941</u>	<u>377,830</u>	
<b>Financial Liabilities:</b>			
Trade and Other Payables	---	1,308,890	n/a
	<u>---</u>	<u>1,308,890</u>	
<b>2010</b>			
<b>Financial Assets:</b>			
Cash	2,700,626	---	4.4%
Receivables	---	221,844	n/a
Investments	1,998,743	---	3.55%
	<u>4,699,369</u>	<u>221,844</u>	
<b>Financial Liabilities:</b>			
Trade and Other Payables	---	1,181,397	n/a
	<u>---</u>	<u>1,181,397</u>	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011 – CONT..**

**18) FINANCIAL RISK MANAGEMENT – Cont..**

**b) Financial Instrument Composition and Maturity Analysis – Cont..**

Trade and Other Payables are expected to be paid as follows:

	2011 \$	2010 \$
Less than six months	264,560	514,852
Six months to one year	---	---
	<u>264,560</u>	<u>514,852</u>
Other Payables:		
Less than six months	343,407	302,858
Six months to one year (Unexpended Grants / Future Committed Expenditure)	700,923	363,687
	<u>1,044,330</u>	<u>666,545</u>

**c) Net Fair Values**

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

**Sensitivity analysis**

**Interest rate risk**

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2011, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2011 \$	2010 \$
Change in Profit:		
- Increase in interest rate by 1%	33,000	28,000
- Decrease in interest rate by 1%	(33,000)	(28,000)
Change in Equity:		
- Increase in interest rate by 1%	33,000	28,000
- Decrease in interest rate by 1%	(33,000)	(28,000)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed for foreign exchange risk, as the entity is not exposed to fluctuations in foreign exchange.

**19) RESERVES**

**a) Available-for-sale Financial Assets Reserve:**

The Available-for-sale Financial Assets Reserve records revaluation of financial assets.

**20) CAPITAL AND LEASING COMMITMENTS**

**a) Capital Expenditure Commitments**

	2011 \$	2010 \$
Capital expenditure commitments contracted for:		
Leila Avenue, Townsville Housing Project (inc GST)	---	219,803
Little Street, Cairns Housing Project (inc GST)	---	1,062,838
Meadow Street, Mackay Housing Project (inc GST)	--	252,140
	<u>---</u>	<u>1,534,781</u>

These amounts are payable within the next 12 months.

**21) CAPITAL MANAGEMENT**

Management control the capital of the entity to ensure that adequate cash flows are generated to fund its operating programs and that returns from investments are maximised. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. These include future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manage the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year.

**THE COOTHARINGA SOCIETY OF NORTH QUEENSLAND  
DIRECTORS' DECLARATION**

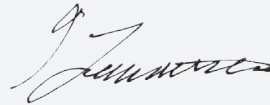
The Directors of The Cootharinga Society of North Queensland declare that:

- a) In the Directors' opinion the financial statements and notes of the company have been prepared in accordance with the Corporations Act 2001, including that they:
  - i) comply with the Australian Accounting Standards and the Corporations Regulations 2001; and
  - ii) give a true and fair view of the financial position of the company as at 30 June 2011 and of its performance for the year ended on that date; and
- b) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed this 29th day of September 2011 at Townsville in accordance with a resolution of the Board of Directors.



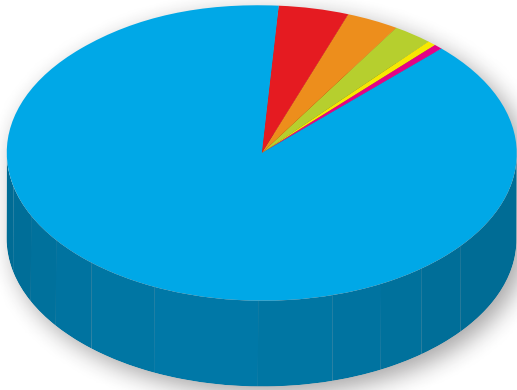
.....Director  
Rob Grant (President)



.....Director  
Ian Featherstone (Treasurer)

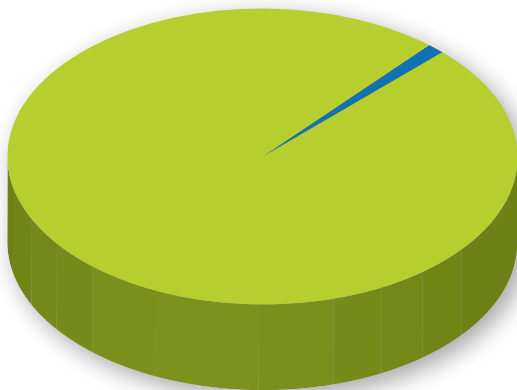
# SUMMARY OF 2011 INCOME

## TOTAL INCOME



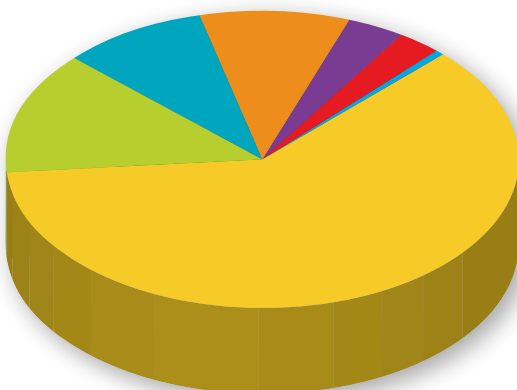
Government Funding	88.8%
Service Charges	4.4%
Fundraising	3.3%
Investment Income	2.7%
Other	0.5%
Commercial Ventures	0.4%

## SOURCE OF GOVERNMENT FUNDING



Disability Services	99.0%
Queensland Health	1.0%

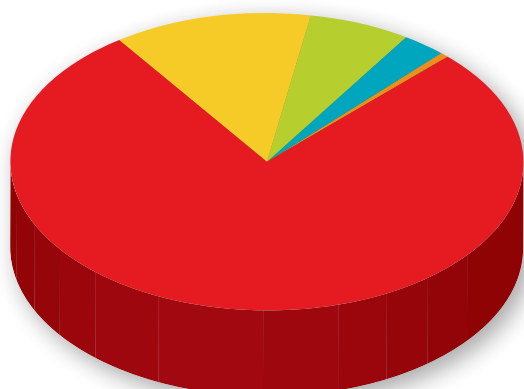
## DEPARTMENT OF COMMUNITIES DISABILITY SERVICES FUNDING (BY SERVICE TYPE)



Supported Accommodation Services	61.1%
Respite Services	13.3%
Community Access	9.4%
Support Services	9.2%
Rehabilitation	3.6%
Technology Service	3.0%
Community Partnerships	0.3%

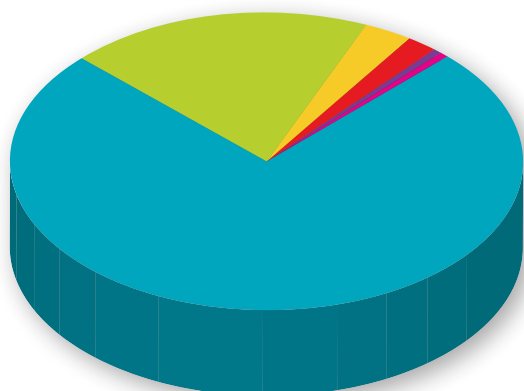
# SUMMARY OF 2011 EXPENSES

## TOTAL EXPENSES



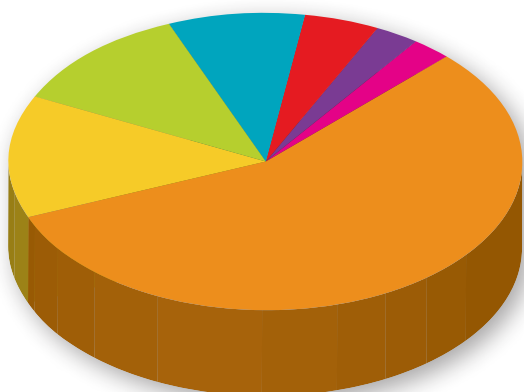
Wage Costs	77.9%
Other	12.4%
Outsourced Service Costs	6.5%
Depreciation	2.7%
Investing Operations	0.4%

## EXPENSES BY COST CENTRE



Lifestyle Services	74.7%
Administration	19.2%
Fundraising	3.2%
Other	1.8%
Commercial Ventures	0.6%
Investing Operations	0.4%

## EXPENSES BY FUNDED SERVICE TYPE (LIFESTYLE SERVICES)



Supported Accommodation Services	56.6%
Respite Services	13.4%
Community Access	11.7%
Support Services	8.6%
Rehabilitation	4.7%
Technology Service	2.8%
Autism Services	2.3%

**THE COOTHARINGA SOCIETY OF NORTH QUEENSLAND  
INDEPENDENT AUDITOR'S REPORT**

To the members of The Cootharinga Society of North Queensland, ACN 009 656 679

**Report on the Financial Report**

I have audited the accompanying financial report of The Cootharinga Society of North Queensland, which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

**Directors' Responsibility for the Financial Report**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 directors, 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.

**Independence**

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of The Cootharinga Society of North Queensland on 29 September 2011 would be in the same terms if provided to the directors as at the date of this auditor's report.

**Auditor's Opinion**

In my opinion the financial report of The Cootharinga Society of North Queensland is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

**Significant Uncertainty regarding Valuation of Investments**

Without qualification to the opinion expressed above, we draw attention to Note 6 to the financial statements. There is significant uncertainty in regards the valuation of floating rate notes held for trading. The notes are currently subject to court proceedings to unwind and return the collateral to the note holders. The valuations in the financial statements are based upon the latest available independent valuations. Full details are contained in Note 6 to the financial statements



**I.D. Jessup  
(Registered Company Auditor)**

Dated this 29th day of September, 2011  
19 Stanley Street  
TOWNSVILLE QLD 4810