

**Saint John of God Community Services clg
(A company limited by guarantee, not having a share capital)**

Annual Report and Financial Statements

Financial Year Ended 31 December 2017

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DIRECTORS AND OTHER INFORMATION

Board of directors

William Forkan (Brother Donatus)
Anne Gunning
Michael Noone (resigned 26 March 2018)
Paul Robinson
Gerard Boyle
Charles Watchorn (appointed 8 March 2018)
Anne Cleary (appointed 8 March 2018)
Eimer O'Rourke (appointed 8 March 2018)
James Hussey (appointed 8 March 2018)

Solicitors

Porter Morris and Co.
10 Clare Street
Dublin 2

Secretary and registered office

Ciaran Cuddihy
"Granada"
Stillorgan
Co Dublin

Bankers

Bank of Ireland
College Green
Dublin 2

Chief Executive Officer

Clare Dempsey

Company number: 430744

Charity Tax Exemption number: CHY 18284

Charity Reg. number: 20069865

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the financial year ended 31 December 2017. The Directors confirm that the financial statements of the company comply with the current statutory requirement of the companies governing documents and with the provisions of FRS 102 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the financial reporting standard applicable in the Republic of Ireland (FRS102) hereafter denoted as the Charity SORP (FRS102). The Charity SORP (FRS102) is not yet mandatory in the Republic of Ireland and the Irish Charity Regulator has not yet prescribed accounting regulations for Irish Charities. In the absence of such prescriptive guidance this Board has adopted the Charity SORP (FRS102) as it is considered best practice.

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 (*The Financial Reporting Standard applicable in the UK and Republic of Ireland*) and promulgated by the Institute of Chartered Accountants in Ireland and Irish law), and the Charity SORP (FRS 102).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and business review

Saint John of God Community Services clg operates HSE (Health Service Executive) funded services across intellectual disability, adult mental health and child and adult psychiatry. The services are provided in the tradition of Saint John of God. Please see Trustees' Report for more details.

The charity is a registered company and the reports and results are presented in a form which complies with the requirements of the Companies Acts 2014. The company has been granted charitable tax exemption by the Revenue Commissioners.

DIRECTORS' REPORT - continued

Financial review

The result for the year is set out in the statement of financial activities on page 23 and the net position for the year is set out on page 25.

The directors report total income and endowments for the year ended 31 December 2017 of €160,171,552 (2016: €158,936,879), this represent an increase of 0.78% for the year.

The directors report total expenditure for the year ended 31 December 2017 of €169,157,136 (2016: €161,790,522), this represents an increase of 4.55% for the year.

Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records include the use of appropriate systems, policies and procedures and the employment of competent persons. The accounting records are kept at Hospitaller House, Stillorgan, Co. Dublin.

Going concern and events since the end of the financial year

Based on a combination of the facts and circumstances set out in note 1 to the financial statements, the directors have concluded that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless after making enquiries and considering the proposed actions and negotiations described in Note 1, the directors have a reasonable expectation that agreement will be reached with the HSE, and that appropriate measures can be taken to ensure the Company has adequate resources to continue in operational existence for the foreseeable future and to implement planned actions. For these reasons they continue to adopt the going concern basis in preparing the directors' report and financial statements of the company. The directors' detailed considerations in relation to the appropriateness of the going concern concept are set out in Note 1 to the financial statements.

There have been no other significant or material events affecting the Company since the year end.

Regions

The organisation comprises of four regions offering services to people with intellectual disability and mental ill health, details of which are set out in note 4 (p) of the financial statements.

Political donations

The company did not make any political donations during the financial year.

Research and development

The company carries out ongoing healthcare research and so ensures that evidence based best practice informs our delivery of service.

Directors

The names of the persons who were directors at any time during the year ended 31 December 2017 are set out below. Unless indicated otherwise they served as directors for the entire year.

William Forkan (Brother Donatus)

William Brennan-Whitmore (Brother Fintan) RIP (Brother Fintan passed away on 19 June 2017)

Anne Gunning

Paul Robinson

Gerard Boyle

Michael Noone (resigned 26 March 2018)

John Pepper (resigned 6 December 2017)

Maura O'Loughlin (resigned 24 February 2017)

Charles Watchorn (appointed 8 March 2018)

Anne Cleary (appointed 8 March 2018)

Eimer O'Rourke (appointed 8 March 2018)

James Hussey (appointed 8 March 2018)

DIRECTORS' REPORT - continued

Attendance at Board and Board Committee Meetings

The attendance of the Board of Directors and Board Committee members at meetings is as follows:

<u>Board meeting</u>	<u>Eligible</u>	<u>Attended</u>	<u>Board Finance Committee</u>	<u>Eligible</u>	<u>Attended</u>
William M Forkan	17	13	John Pepper	10	0
William Brennan-Whitmore	9	9	Paul Robinson	10	10
John Pepper	17	0	Michael Noone	10	7
Anne Gunning	17	15			
Paul Robinson	17	15			
Gerard Boyle	17	14			
Michael Noone	17	11			
Maura O'Loughlin	3	0			

<u>Board Audit & Risk Committee</u>	<u>Eligible</u>	<u>Attended</u>	<u>Board Nominations, Performance & Governance Committee</u>	<u>Eligible</u>	<u>Attended</u>
Gerry Boyle	8	8	Gerry Boyle	5	5
Paul Robinson	8	8	Paul Robinson	7	7
Michael Noone	8	6	Anne Gunning	6	6
			William Brennan-Whitmore	2	2

<u>Board Quality & Safety Committee</u>	<u>Eligible</u>	<u>Attended</u>
Anne Gunning	31	26
William Brennan-Whitmore	18	18
Maura O'Loughlin	3	0

Directors' and secretary's interests

The directors and secretary and their families had no interest in the company or any other related companies at 31 December 2017.

Review of business and results

The results for the year are included in the Statement of Financial Activities. Net expenditure amounted to €8.98m (2016: €2.85m).

Future developments

The company plans to refine and specialise the range of health and social care services provided to persons with intellectual disability and to persons with mental ill health.

Legal status

The company was incorporated in Ireland on 29 November 2006 as a company limited by guarantee. The company's registered number is 430744, the charity tax exemption number is CHY 18284 and the charity registered number is 20069865.

Disclosure of information to auditors

The directors in office at the date of this report have each confirmed that:

- as far as he/she is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

DIRECTORS' REPORT - continued

Directors Compliance Statement

The directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations.

The directors confirm that:

- 1) A compliance policy statement setting out the company's policies, that in our opinion are appropriate to the company, respecting compliance by the company with its relevant obligations has been drawn up.
- 2) Appropriate arrangements or structures that are designed to secure material compliance with the company's relevant obligations have been put in place.
- 3) A review of the arrangements and structures referred to at 2 above has been conducted during the financial year ended 31 December 2017.

Audit Committee

An Audit and Risk Committee was established for Saint John of God Community Services clg in 2017. The Audit and Risk Committee has responsibility for the review of the output of the 2017 audit and audited financial statements. It also has responsibility for the review of the internal audit process.

Auditors

The auditors, PricewaterhouseCoopers, will continue in office in accordance with Section 383(2) of the Companies Act 2014. The internal auditors, Crowley DFK are appointed for the period 2017 – 2020.

On behalf of the Board

William Forkan

Charles Watchorn

29 May 2018

TRUSTEES' REPORT

Objectives and Activities

Who we are

Saint John of God Community Services clg is established to facilitate the mission of the Hospitaller Order of Saint John of God, a religious Order within the Catholic Church.

Our mission

Our Mission is to identify, respond and support the needs of individuals, in the manner of Saint John of God.

Our vision

Our Vision is of a society inspired by Hospitality, where the potential of each individual is achieved.

Our ethos

The philosophy of the Order's work is based on the beliefs and values of Saint John of God which hold that all people are the creation of God, with intrinsic dignity.

Our values

Hospitality, Compassion, Respect, Justice and Excellence.

Our work

The focus of our work is to assist the weak, the sick and those in need, with a preference for the poorest, in the alleviation of their suffering and without any type of discrimination.

We seek to work for the personal development, education and advancement of persons with intellectual disability and persons with mental illness through the provision of a range of health-related services mainly in community-based settings. These include day, residential and respite services. The services are funded through the Health Services Executive (HSE).

Strategic Plan

The Saint John of God Community Services Corporate Strategic Plan for the period 2015 – 2018 defines five priority areas as follows:

- Heritage, identity, culture, ethos and values
- Person-centred service development and delivery
- Building capacity and relationships
- Innovation, quality and risk
- Sustainability and resilience

This plan sets out specific objectives, action plans and key performance indicators to guide the delivery and development of services in 2018.

The Board of Community Services delegated authority to the Chief Executive for the preparation and implementation of an annual Action Plan in furtherance of and achievement of the objectives.

The Chief Executive provides progress reports to the Board on the implementation of key aspects of the annual plan at its monthly meetings.

The Strategic Plan for Saint John of God Community Services clg 2018 – 2022 will be prepared during 2018.

TRUSTEES' REPORT - continued

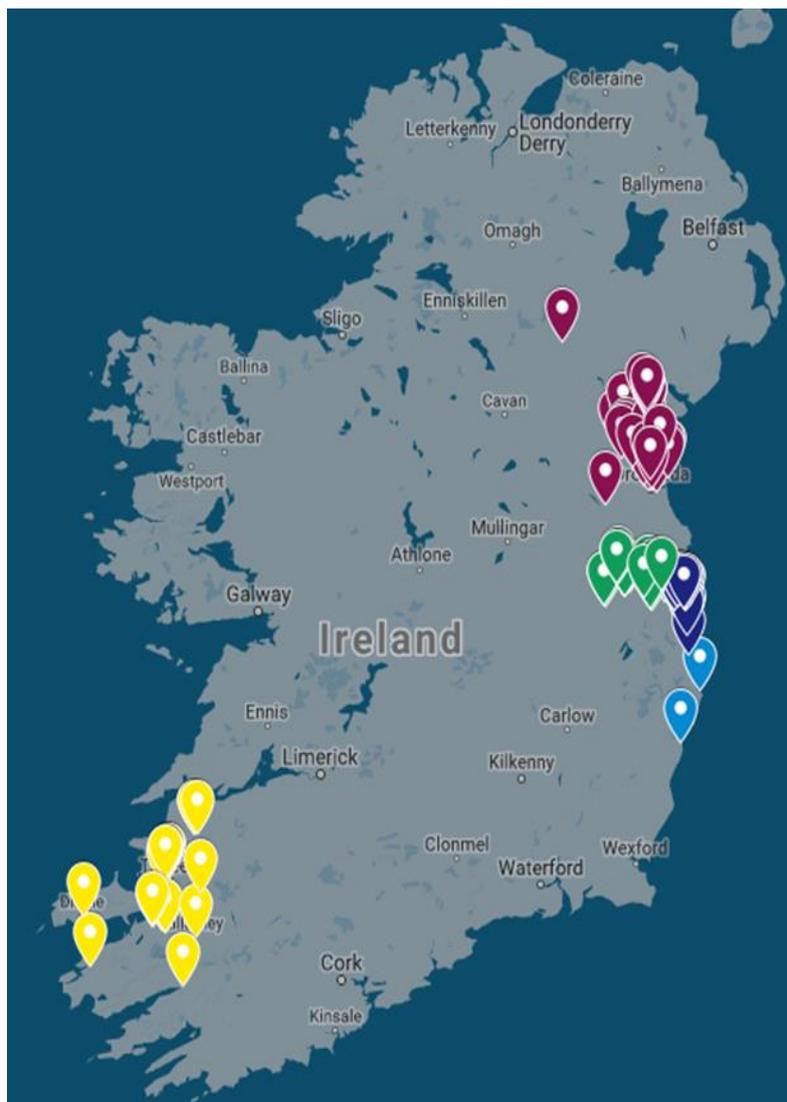
Service Provision

In 2017 Saint John of God Community Services clg provided services and supports to over 8,000 children, adolescents and adults throughout Ireland with either intellectual disability or mental ill health.

The organisation is configured into four Regions with a Regional Director and Regional Management Team responsible for the delivery of services and supports in each Region.

It managed a total of 84 designated centres for 784 residents.

- Fifteen of these designated centres operate from campus-based locations at St. Mary's Drumcar, St. Raphael's Celbridge and St Mary of the Angels, Beaufort.
- Sixty-nine designated centres are in community settings.



Saint John of God Liffey Services
Day, residential and respite services to children and adults with intellectual disabilities in North Kildare and Dublin South West and Dublin South City.

Suzanne House, Tallaght, Dublin
Specialised individual respite care for children with high medical support needs.

Dublin South East Services
A network of day, education, training, employment and residential and respite services to children and adults with intellectual disabilities in South East Dublin and North Wicklow including St Augustine's co-educational school and City Gate Services supporting individuals in accessing and sustaining their own homes.

Saint John of God Community Mental Health Services:
Cluain Mhuire provides community mental health programmes for the adult population of Dun Laoghaire-Rathdown.

Lucena Clinic provides child and adolescent mental health programmes in Dublin South, parts of Dublin West and County Wicklow.

Saint John of God Kerry Services Training, employment, social and residential programmes for people with intellectual disabilities in County Kerry.

TRUSTEES' REPORT - continued

	2017	2016
Adult Mental Health		
Cluain Mhuire Community Mental Health Services		
Acute Bed Nights		
Average Monthly Number	<u>32.91</u>	<u>28.17</u>
Community Accommodation		
High Support Places	21	21
Low Support Places	9	9
Support to Independent Living Places	<u>62</u>	<u>62</u>
Day Centres		
Burton Hall Average Daily Attendances	57	77
Burton Hall Number on Register	128	137
Venegas Club House Average Daily Attendances	41	55
Venegas Club House Number on Register	<u>65</u>	<u>78</u>
Child and Adolescent Mental Health		
Saint John of God Lucena Clinic		
Day Hospital		
No. of Places	16	16
New Referrals	18	72
Total attendances (per day)	2	7
Total no. of persons attending	<u>42</u>	<u>116</u>
Outpatient Clinics		
New Attendances	1,436	1,546
Repeat Attendances	<u>29,653</u>	<u>29,535</u>
Total no. of attendances	<u>31,089</u>	<u>31,081</u>
Saint John of God Community Services clg		
Breakdown of Staff Census by Care Group		
Staff Census Figures	2017	2016
Management/Admin	172	160
Medical/Dental	42	41
Nursing	488	486
Health and Social Care Professionals	619	607
General Support Services	141	157
Other Patient and Client Care	<u>855</u>	<u>824</u>
Total Staff	<u>2,317</u>	<u>2,275</u>

TRUSTEES' REPORT - continued

Intellectual Disability Services Children/Adults Attending Programmes	Start of 2017	End of 2017
Children/Adults attending Day Programmes	2,333	2,271
Children/Adults in Residential Settings	805	781
Permanent Residents	78	80
Permanent Residents Receiving a Day Service	727	701
Day Attendees Only	1,606	1,570
Special School Attendees	490	489
Total service users (excl. Respite)	2,411	2,351

Residential Service Users	2017	2016
Carmona	111	113
Menni	99	102
Kildare	177	180
Saint Augustine's	4	4
City Gate	42	39
North East Services	233	251
Kerry Services	115	116
Total	781	805

Day attendees (incl. Special Schools)	Start of 2017	End of 2017
Carmona	393	388
Menni	446	459
Kildare	409	378
Saint Augustine's	136	153
Citygate	1	1
STEP	209	185
North East Services	429	398
Kerry Services	308	309
Total	2,331	2,271

TRUSTEES' REPORT - continued

Financial Review: 2017 in overview

2017 was a year of significant change both for Saint John of God Community Services clg and its operating environment. The regulatory process around health and social care provision is quite rightly strengthening and has created new and ongoing expectations in the sector generally. Ireland is also now rolling out a new and, again, welcome regulatory framework for the charity sector.

Change is always challenging, even more so when there are limited resources to support new activities and learning and to offset displacement of existing structures and norms.

Saint John of God Community Services clg has engaged actively with the need for change. In doing so it is guided in the first instance by its mission and values and with a focus on sustaining its ability to continue serving the needs of its service users and attendees without discrimination.

Despite the challenge of change, and the ongoing pressure on resources, throughout 2017, there are many and varied examples of innovative and exemplary service developments across the organisation with a focus on the continuing development and delivery of person centred services that focus on empowering and supporting people to be active participants of the community in which they live.

Achievements and Performance

Strengthening governance

The work of change in Saint John of God Community Services clg in 2017 started with the board.

Following on a report received in May 2017 from Deloitte - as part of a national governance audit of S38 services for the HSE - the board implemented several recommendations for improvement in 2017 with others expected by the end of 2018. The changes completed include:

- Revision of the Memorandum and Articles of Association to enhance governance systems and structures.
- Commencement of the recruitment of additional Directors to the Board in accordance with competency-based framework.
- The establishment of new committee structures and revision of the Terms of Reference for Board Sub Committees.
- Review of Directors Handbook on Governance and development of Internal Code of Governance.

At a leadership level, Saint John of God Community Services clg is working in partnership with HSE on a Joint Task Force to deliver an overarching Improvement Plan for the organisation in the period 2017–2019.

The Improvement Plan will be formally agreed by members of the Joint Task Force in 2018. The Board is committed to the implementation of this plan subject to further discussion and agreement of a Financial Sustainability Plan for Saint John of God Community Services clg.

Residential Service Provision - delivering reconfiguration and de-congregation

A major element in the direction of change for Saint John of God Community Services clg is the reconfiguration of services and in particular the transition of residential services from campus-based settings to community living as set out in the national policy document 'A Time to Move On'.

The residential services provided by Saint John of God Community Services clg at St. Mary's North East Services and St. Raphael's Liffey Services have been identified as accelerated sites for de-congregation as part of the national Transforming Lives Programme. Specific Project Plans for each were approved with the HSE in 2016. These set out plans for the transition of 101 residents from St. Mary's and 70 residents from St Raphael's over a period of 5 years with annual plans guiding the transition programme year.

Twenty-one residents across the two locations successfully transitioned to their new homes by 31 December 2017. The Plan for the transition of a greater number of residents was however impacted by the difficulty of securing suitable properties to meet the needs and wishes of residents and the time required to complete renovations and modifications to support the needs of residents.

This will be a continuing challenge given the challenges in society generally on housing. A revision in the scheduling of Transforming Lives Plans 2018 – 2019 has been completed and the transition of those residents for whom a new home was planned for 2017 is expected by Q2 2018.

TRUSTEES' REPORT - continued

Residential Service Provision - achieving registration

The responsibility for the registration of designated centres for people with disabilities in Ireland rests with the Health Information and Quality Authority (HIQA). Registration is for a period of three years. HIQA maintains an active ongoing regime of monitoring and inspection to maintain registration. The registered entity is then required to apply for renewal at least six months in advance of the expiry date of their current registration.

2017 was an important and challenging year for Saint John of God Community Services clg in this regard. During the year HIQA conducted 43 monitoring and registration inspections. By February 2017, six, primarily campus based, designated centres were subject to Section 51 Proposals to either cancel or refuse registration. In response to the concerns raised by HIQA the board submitted a detailed Governance Plan to HIQA setting out the actions it proposed to achieve compliance with the Regulations over a period of six months at its campus-based services.

The Board Sub Committee on Quality and Safety oversaw the successful implementation of this plan, meeting over 30 times during the year so that by October 2017, the Authority was satisfied in relation to the fitness of Saint John of God Community Services clg as the Provider Entity and the operation of services in accordance with the Five Key Outcome Areas. Two of the Section 51 notices were rescinded in 2017.

By 31 December 2017, 59 designated centres received their Certificate of Registration. A further seven designated centres had been recommended to the HIQA registration panel for registration.

Day Service Provision - embracing New Directions

Since 2012, the approach to delivering day and personal support services for adults with disabilities in Ireland has been framed by New Directions, a national policy document which envisages that supports will be mobilised, rather than centralised, and which places a premium on making sure that being part of one's local community is a real option for all service users.

To ensure its capacity to deliver on New Directions and in particular in response to the Interim Standards for New Directions issued by the HSE, Saint John of God Community Services completed baseline audits across a range of Day Services in 2017. A working group is now in place, with representation from key staff from across the regions to prepare and implement an Operational Plan to progress compliance with the Interim Standards across Community Services.

During 2017 Saint John of God Community Services clg implemented a number of further initiatives to support the provision of day services in line with new Directions including:

- Development of community hubs to support and facilitate people to participate in educational, occupational and recreational activities in accordance with their individual preferences.
- Development of individualised programmes for a small number of individuals.
- Use of assistive technology to support skill development and participation in community activities.

Each Regional Service has nominated staff participating on HSE New Directions Implementation Groups. Staff from the Regions are also participating on the Federation of Voluntary Bodies, Next Steps programme.

Strengthening the focus on person centred care

Person Centred Planning is at the core of the services we provide to both children and adults. In autumn 2016, the Person-Centred Planning Group prepared a Guidance Document and a suite of tools for the development of Person Directed Plans. This process and system aims to ensure that the services and supports provided to the individual are to a high-quality standard and are in accordance with the wishes, preferences and aspirations of the individual.

The implementation of Person Directed Planning continued in 2017 with the launch of a Person Directed Planning Process, providing individuals and staff with a range of tools and supports to enable a sustained ability to develop and deliver quality Person Directed Plans for individual service users.

TRUSTEES' REPORT - continued

Driving quality and continuous improvement

Saint John of God Community Services clg believes that a commitment to continuous improvement in quality at all levels is essential to maintaining strength across its services.

The organisation maintains Quality and Safety Committees at both Executive and Regional level to monitor and maintain that commitment. In 2017, those groups focused their attention on the development, implementation and monitoring of systems, policy and procedures to advance the quality agenda.

The provision of quality services and supports are guided by an organisation's Policies and Procedures. Saint John of God Community Services clg has a diverse suite of policies and procedures to support the provision of services. The following policies and procedures were either created or renewed, and approved, by the Board in 2017:

- Driving for Work Policy
- Assistive Technology Policy and Procedures
- Sexuality and Intimate Relationship Policy
- Guidelines on the Safe Storage and Disposal of Medical Gloves
- Policy on the use of Mobile Phones
- Credit Card Policy
- Fraud and Corruption Policy
- Accessible Mental Health Services (Mental Health Policy)
- Accessible Mechanisms for Participation (Mental Health Policy)
- Access to peer Supports Advocacy (Mental Health Policy)
- Reporting Guidelines for Senior Managers (Mental Health Policy)
- Policy on Measuring, Recording, Communication of Patient Vital Signs (Mental Health Policy)
- Policy document for Utilising the Mental Health Information System (Mental Health Policy)
- Choice, Rights and Informed Consent (Mental Health Policy)
- Respecting Service User Rights (Mental Health Policy)
- Guidelines on the Provision of Information to Service Users (Mental Health Policy)
- Policy Statement on Quality and Safety Methods that Underpin the Provision of Mental Health Services (Mental Health Policy)
- Outcome Focussed Mental Health Services (Mental Health Policy)
- Safe Settings (Mental Health Policy)
- Recovery Focussed Approach to Treatment and Care (Mental Health Policy)

The Board also:

- approved the Code of Internal Governance, which includes the revised Code of Conduct and the Directors Compliance Policy
- adopted the HSE Integrated Risk Management Policy and has focused on the development of an integrated electronic Risk Register.

Innovation in the use of technology to enhance outcomes

Saint John of God Community Services clg is proactive in its approach to employing technology to enhance its mission and to reduce obstacles to delivering on the needs of service users. There were several achievements in that regard in 2017.

- The ICT Department also co-ordinated Community Services participation in and International St John of God European Erasmus+ Funded Project for the development of an Android App – Mefacilyta Desktop. The app can be individually tailored to support people with intellectual disabilities to learn how to carry out their everyday activities independently. The individuals who volunteered to use the app all identified and chose the new skills they would like to learn. With help from their support staff and Assistive Technology facilitator they created the step by step guides to support themselves to learn new skills.
- Flow Forma an ICT application which provides for the single point input of information which enables the completion of the required forms for various legislative, regulatory, and general reporting requirements, Flow Forma was rolled out to all services in 2017.
- The ICT Department co-ordinated the preparation of a systems specification in 2017 for a new electronic HR system with a view to its introduction across the services in 2018.
- The ICT Department also facilitated the development of electronic Quality Enhancement Plans and Risk Registers for Community Services. These electronic systems enhance the management of continuous quality improvement and risk management.

TRUSTEES' REPORT - continued

Engaging with community

Social investment is about investing in people. It requires initiatives designed to strengthen people's skills and capacities and support them to participate fully in employment and social life. The continued development of social capital and the building of social alliances are objectives set out in the Strategic Plan. As part of the continued roll out of National Transforming Lives and New Directions Policies, we have reconfigured many aspects of our services to focus on integration and inclusion of the person in local communities. Many of the people we support, volunteer their services to assist such communities in a variety of valued roles while for others, the initiative has facilitated new educational and supported employment opportunities.

Volunteering

Two hundred and seventy seven people generously volunteer to support the work of Saint John of God Community Services clg. Volunteers work with staff to support people through various programmes of care, work, education and leisure, to achieve enhanced personal outcomes for the individual. Volunteers provide a value added contribution in support of individuals. The estimated economic value on the input of our volunteers is in the region of €650k.

Engagement with Corporate Volunteering Programmes has facilitated the upgrading of buildings and leisure facilities as well as the provision of additional recreational facilities at many of our services.

Funding

As noted in the Director's Report, the adequacy of funding to meet need continues to be the substantive challenge facing the board of Saint John of God Community Services clg. The need to continue with the provision, development and enhancement of safe effective services – in line with regulatory requirements put extreme pressure on an already insufficient budget allocation throughout 2017.

Saint John of God Community Services clg operated with a deficit of € 8.985m in 2017. Neither the Order nor Saint John of God Hospitaller Ministries were in a position to subsidise this deficit. This deficit has been the subject of continuous discussion with the HSE throughout 2017 with a view to agreeing a Financial Sustainability Plan for Community Services.

Compliance

The Report of the HSE Internal Audit, together with the financial challenges facing Saint John of God Community Services clg were key drivers to the HSE issuing a First Performance Notification in August 2017.

This Performance Notification also set out the HSE concerns in relation to Community Services challenges to achieve compliance with Regulations and the achievement of targets set out in Transforming Lives Action Plans.

In 2016, the HSE Internal Audit Division commenced an audit of Compliance with Public Pay Policy at Saint John of God Community Services clg. The Report of this audit issued in June 2017. The Report issued 19 recommendations specific to Saint John of God Community Services clg, for which a formal response to the HSE was required.

By the end of the year Community Services issued a response to 10 of these recommendations to the HSE. The remaining 9 recommendations which require detailed working, calculations or consideration will issue in Quarter 2, 2018.

Key Administrative Policies have been reviewed and revised to address the findings and recommendations of the HSE Internal Audit. The Internal Code of Governance incorporating the revised Code of Conduct was approved by the Board in 2017.

Energy efficiency

The Sustainable Energy Authority of Ireland (SEAI) was established as Ireland's national energy authority under the Sustainable Energy Act 2002 and since 2011 all public sector bodies are required to report details of their energy performance directly to SEAI each year. Data entered for 2017 has shown a decrease of energy consumption by Saint John of God Community Services clg of 5.8% on 2016. In 2017 we used 5,035,652 Kwh in Electricity, 24,388,932 Kwh in Fossil Fuel and 110,770 Kwh in Renewable Energy Sources.

TRUSTEES' REPORT - continued

Plans for future periods

2018 will be a year of continuing change. This will be seen all across the organisation starting with the board right through to volunteer input.

- **Planning**

Our Values of Hospitality, Compassion, Respect, Justice and Excellence are central to the manner through which we provide services and supports to people. With the support of the Institute of Hospitality, and through various education initiatives, we endeavour to ensure that all staff understand and practice the Values and that all actions and interactions are in accordance with the Values. By extension, the Board expects, that the people who we support and any person who has contact with our services, experiences our unique Value of Hospitality.

The Strategic Plan for Saint John of God Community Services clg sets out our objectives and these objectives remain valid pending the revision of the Strategic Plan in 2018. The revised Strategic Plan 2018- 2022 will guide the development of day, respite and residential services of excellence for people with intellectual disability and the development of community-based services of excellence for children, adolescents and adults with mental ill health.

In the later part of this year, the Board will commission an independently facilitated process to prepare the Strategic Plan for Saint John of God Community Services clg 2018-2022. The process will provide for consultation with the relevant stakeholders, so that the Strategic Plan sets out the relevant priorities and objectives to guide the delivery and development of services over the lifetime of the plan.

Saint John of God Community Services clg will continue to review and revise administrative and programme policies in 2018, so that services are provided in accordance with best practice.

- **Transforming Lives and New Directions**

In accordance with the Transforming Lives Programme, Community Services with the support of the required capital and revenue funding, aims to transition 40 people from campus-based services in Louth and Kildare to homes of their choosing in the community. A Transforming Lives Committee has been established in Kerry Services to commence the planning process for the transition of residents from Saint Mary of the Angels, Beaufort.

New Directions sets out the key principles for the provision and development of day services to adults. These principles underpinned by the interim standards will guide the development of a range of day services supports for adults. The outcome of Baseline Audits completed in day services in 2016 and 2017 and the recommendations emanating from the audits will be shared across services. A Review Group is established to identify the Vision and models of service that will underpin the services and supports provided to adults and to coordinate the implementation of the Operational Plan. This Review Group will present its report to the Board in Q4 2018.

- **Service delivery**

The Model of Service provision in the context of Government Policy, Legislation and International Best Practice is scheduled for review in 2018. This review will challenge the traditional models of service delivery and guide us towards the development of innovative practices to support the Person Directed wishes and preferences of each individual availing of our services.

In accordance with the Health Act 2007 and the Regulations 2013, all designated centres must be registered by 31 October 2018. As resident's transition to community living, some campus based designated centres will close and be de-registered. Accordingly new registered designated centres will open in the community.

- **Progressing Disability Services**

Progressing Disability Services is a national programme for the provision of clinical and therapeutic supports to children. In accordance with this programme, all children will be assessed and receive their supports from Primary Care or from Network Disability Teams. Community Services will collaborate with the HSE in 2018 to co-ordinate the transfer of these services in Dublin and Louth to the relevant Primary Care and Network Disability Teams.

TRUSTEES' REPORT - continued

Plans for future periods - continued

- **Respite services**

Residential Respite Services are provided to children and adults at various service locations in Dublin, Louth, Kerry and Kildare. A review of Respite Services has been completed and a Committee established to develop a range of respite initiatives (residential and non-residential) to meet the needs of children and adults with disability in 2018 and beyond.

- **Improvement Plan**

Members of the Joint Task Force, established in 2017 are scheduled to finalise the Improvement Plan in early 2018. At the end of 2017, work was ongoing in relation to the validation of the financial deficit 2014-2017. On completion of this review, the Task Force will agree a process to determine the requirements of a Financial Sustainability Plan for Community Services. The Improvement Plan will be implemented in 2018-2019

- **Future Planning for Mental Health Services**

Mental Health Services are provided to children and adolescents at Lucena Clinics in South Dublin and Wicklow. Services are provided to adults in South Dublin at Cluain Mhuire Services. Planning at a national level is at an advanced stage for the co-location of Primary Care and Mental Health Services in Primary Care Networks. Saint John of God Community Mental Health Services are working with HSE to identify appropriate locations for the child and adolescent and adults mental health services in accordance with the services strategic plan. In 2017 Community Mental Health Services commenced planning for the sectorisation of services.

Saint John of God Community Mental Health Services collaborated with the UCD School of Nursing and sponsored three staff to complete Nurse Prescribing training. The Nurse Prescribers will commence prescribing at Ritalin Clinics at Lucena Services in 2018.

- **The voice of the person**

The Voice of the person we support needs to be heard and listened to at all levels of the organisation. Services have a long tradition of supporting and facilitating the development of advocacy initiatives. The Executive Quality and Safety Committee has identified Engagement with the People we support as a key area for development in 2018. In addition, each service is required to demonstrate new initiatives to enhance the involvement of the people we support in the decision making process to ensure that service provision and development is responsive to their needs.

- **Aging**

The age profile of people attending our services has changed significantly. Over thirty eight percent of people are over 40 years of age. People with Downs Syndrome, present with a higher risk of developing Dementia. In general our policy is that people will age in place. However, we recognise that a time may come, when it is no longer appropriate for an individual to be supported in their own home. In this regard, the Executive has reviewed the End of Life Care needs of people with an intellectual disability and has prepared guidance documents to guide staff to support these needs.

Regional Services are collaborating with HSE to prepare proposals for the development of appropriate end of life services, so that the dementia /end of life needs of the person with disability are appropriately met in accordance with the Values of our services.

- **Community partnership**

The active participation of the people we support in the community in which they live is core to our mission. Local services are focused on the development of partnerships with community groups, and organisations to support people to actively engage in training, recreational and occupational activities.

TRUSTEES' REPORT - continued

Plans for future periods - continued

- **Technology**

The management of information is a key component of effective service delivery. This year, the Executive will further develop integrated information management systems to ensure that accurate relevant data is maintained, easily retrievable and is used to support the mission of the services. The Human Resource System will be upgraded in 2018.

The General Data Protection Regulations (GDPR) become effective in May 2018. A programme is in place to assess Community Services readiness for GDPR with an associated action plan to progress compliance with the Data Regulations.

- **Staff**

The staff of Saint John of God Community Services clg are key to the provision of quality services. Staff Engagement is identified as a key area for development and the Quality and Safety Committee are identifying initiatives to enhance staff engagement this year. The outcome of this engagement will be incorporated into the relevant action plans.

- **Research**

Our services have a long history of Research. With the support of the Research Department, many staff will be supported to continue research to inform best practice service delivery across intellectual disability and mental health services.

The Executive and Regional Quality and Safety Governance Committees will further develop, implement and evaluate programmes and systems to enhance the development and delivery of quality programmes.

- **Volunteering**

Volunteers have and do make an invaluable contribution to our services and to supporting individuals to achieve their personal goals and aspirations. It is our aim this year to focus on the development and growth of volunteer numbers and provide volunteers with appropriate training to enhance their skills and the contribution they make to the lives of individuals.

Factors Relevant to Achieving the Objectives

Having the necessary resources to implement and achieve the objectives of the company requires sufficient funding from HSE, various government departments, in addition to fundraised income. State funding and fundraising income is vital to the organisation to enable the provision and development of quality services and supports.

The transition from traditional campus based medical models of service delivery can be challenging for residents, their family and staff. Transforming Lives Leadership Committees in place at campus based services will put in place the measures set out in the Project Plans to effect a smooth transition for all concerned, so that the people we support are empowered and supported to experience quality living and become active participants of the community in which they live.

The Trustees are committed to this Vision and to the provision of leadership and support of our intellectual disability and mental health services so that this Vision becomes a reality for each and every individual to whom we provide services and supports.

TRUSTEES' REPORT - continued

Structure, Governance and Management

Saint John of God Community Services clg is a Company Limited by Guarantee not having a share capital and is a charitable organisation registered with both the Charities Regulatory Authority and Revenue Commissioners. It is governed on behalf of its members through its Constitution, previously called Memorandum and Articles of Association.

The Company's members are the Provincial and the Council of the West European Province of the Order of Saint John of God for the time being. The Company is under the Direction of a Board of voluntary and non-executive Directors to whom the Chief Executive reports and receives direction. The Board meets at least, ten times a year to receive reports from the CEO and its sub-committees.

Directors are appointed in line with a Board-approved competency framework setting out the skills, experience, diversity and gender mix sought by the Board. In line with best practice the Board commissioned an independent governance review of its workings in 2017, adopting in full its findings. The Board is committed to the highest standards of corporate governance.

The Board is empowered to appoint Directors subject to subsequent ratification by the Members in General meeting. Upon appointment, Directors are inducted as to the Company's mission, values, current issues and their responsibilities as Directors under law, chiefly the Companies Act 2014 and the Charities Act 2009. Appointment is for a three year renewable term, with a maximum of three terms.

There is a schedule of powers and matters reserved for the Board alone and a clear scheme of delegations to the Chief Executive and, through her, to staff across Community Services. The Chief Executive's performance and target-setting are subject to annual review by the Nominations, Performance, and Governance and Remuneration committee.

The Company, as a Section 38 entity, is funded by the Health Service Executive and, as such, is subject to compliance with public pay policies. The Nominations, Performance, Governance and Remuneration committee's terms of reference include ensuring that remuneration policies and practices of the company are fully compliant with public sector pay policy and any specific directions or instructions of the HSE.

Saint John of God Community Services clg has no subsidiaries, and is part of a wider group of entities that carry out the work of the Hospitaller Order of Saint John of God in Ireland, see list below. Where services are shared or provided between any of the companies and Saint John of God Community Services clg, these relationships are set out in memorandums of understanding.

Saint John of God Hospital clg	A 183 bed independent mental health service provider regulated and approved by the Mental Health Commission.
Saint John of God Foundation	The Foundation raises funds and awareness in support of the work of the Hospitaller Order of Saint John of God.
Employ Ability clg	Offers and promotes the development of supported employment for people with disability.
Saint John of God Housing Association clg	Specialises in providing accommodation and amenities to individuals with specific needs including intellectual disabilities, mental and physical health difficulties, also to provide relief of poverty and deprivation.
Dundalk Voluntary Housing Association clg	Specialises in providing accommodation and amenities to individuals with specific needs including intellectual disabilities, mental and physical health difficulties, also to provide relief of poverty and deprivation.
Saint John of God Trust	To act as trustee for any property of the Order or the Hospitaller Services Group.
Saint John of God Research Foundation	The administration of high quality, service user focused research projects to inform state of the art service delivery.

Board Committees

There are four Sub Committees of the Board.

TRUSTEES' REPORT - continued

Finance Sub Committee

The purpose of the Board Finance Sub Committee is to oversee the development of policies and standards relating to the financial management of Saint John of God Community Services clg, including the system of financial controls and monitoring their implementation.

Audit and Risk Sub Committee

The purpose of the Audit and Risk Sub Committee is to provide independent, objective and timely advice to the Board on the financial reporting process and the judgement associated therewith to ensure the balance, transparency and integrity of the business. The Audit and Risk Sub Committee develop Risk Management Policies and Risk Register Systems, and the Risk Sub Committee reviews the scope and effectiveness of internal financial control and the internal audit function.

Quality and Safety Sub Committee

The purpose of the Quality and Safety Sub Committee is to provide assurance to the Board that there are appropriate and effective systems, structures and processes in place that cover all aspects of clinical and social care, safety and occupational safety and to set and monitor the delivery of Key Performance Indicators for the Quality and Safety function at executive and local levels.

Nominations, Performance, Governance and Remuneration Committee

The Nominations, Performance, Governance and Remuneration Committee is responsible for oversight of the Board's exercise of its fiduciary and governance oversight functions, including compliance with public pay policies.

The Chairpersons of the Board Sub Committees comprise the membership of the Nominations, Performance, Governance and Remuneration Committee. The Committee is responsible for reviewing the Constitution of the company and for the preparation of a Succession and Formation Plan for Directors and senior managers in accordance with the competency framework.

The Board Committee discharges their functions in accordance with the Terms of Reference of each committee as approved by the Board. The Purpose, Role and Terms of Reference of the Board Sub Committees were reviewed in 2017.

Risk Management

The Directors with the Chief Executive have assessed the major risks to which the company is exposed, in particular those related to its operations and finances, and are developing systems, procedures and controls to mitigate exposure to these risks.

There are Risk Management Policies in place and the Board adopted the HSE Safety Management Policy in 2015 and the HSE Integrated Risk Managements Policy in March 2017.

In 2017, the Risk Management Committee commenced the development of an Electronic Risk Register for Saint John of God Community Services clg. This Electronic Register will become operable in all service locations in 2018.

The organisation's internal control systems are supported by policies, procedures, protocols and guidelines covering all aspects of the work of the organisation.

Direct access to the National Incident Management System provided staff at local service level with direct and easy access to incident data. The Quality and Safety Executive Committee puts an emphasis on the analysis of incident data. Accordingly strategies to address the factors giving rise to incidents have been implemented and there is evidence of a continuing downward trend in the number of incidents occurring across Community Services.

It is the policy of Saint John of God Community Services clg that all staff and volunteers including members of the Board are engaged, subject to best practice recruitment policies and Garda Vetting Procedures. All staff and volunteers are made aware of their responsibilities to protect those they support, by adhering to national policies for safeguarding vulnerable people. These policies include Children First and Safeguarding Vulnerable Persons at Risk of Abuse.



Independent auditors' report to the members of Saint John of God Community Services clg

Report on the audit of the financial statements

Opinion

In our opinion, Saint John of God Community Services clg's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2017 and of its net expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and promulgated by the Institute of Chartered Accountants in Ireland and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise:

- the Balance Sheet as at 31 December 2017;
- the Statement of Financial Activities for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Funds for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred net expenditure of €8.98m during the year ended December 31, 2017 and, as of that date, the company's current liabilities exceeded its current assets by €15.65m. These conditions, along with the other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Reporting on other information

The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Aisling Fitzgerald
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
29 May 2018

STATEMENT OF FINANCIAL ACTIVITIES
Financial Year Ended 31 December 2017

	Notes	Restricted funds 2017 €	Unrestricted funds 2017 €	Endowment funds 2017 €	Total 2017 €	Total 2016 €
Income and endowments from:						
Contributions, donations and legacies	6	370,605	-	-	370,605	5,472,286
Earned from charitable activities	7	152,815,128	-	-	152,815,128	146,093,338
Earned from other trading activities	8	294,618	525,463	-	820,081	1,074,928
Other income	9	6,122,414	43,324	-	6,165,738	6,296,327
Total income and endowments		<u>159,602,765</u>	<u>568,787</u>	<u>-</u>	<u>160,171,552</u>	<u>158,936,879</u>
Expenditure:						
Expenditure on charitable activities	10	157,484,582	555,919	-	158,040,501	151,968,758
Other expenditure	11	11,116,635	-	-	11,116,635	9,821,764
Total expenditure		<u>168,601,217</u>	<u>555,919</u>	<u>-</u>	<u>169,157,136</u>	<u>161,790,522</u>
Net (expenditure)/income		(8,998,452)	12,868	-	(8,985,584)	(2,853,643)
Transfer between funds		-	-	-	-	-
Net movement in funds		<u>(8,998,452)</u>	<u>12,868</u>	<u>-</u>	<u>(8,985,584)</u>	<u>(2,853,643)</u>
Reconciliation of funds:						
Total funds brought forward		(6,197,689)	(6,223,861)	26,065,069	13,643,519	16,497,162
Total funds carried forward		<u>(15,196,141)</u>	<u>(6,210,993)</u>	<u>26,065,069</u>	<u>4,657,935</u>	<u>13,643,519</u>

STATEMENT OF FINANCIAL ACTIVITIES - continued
Financial Year Ended 31 December 2016

	Notes	Restricted funds 2016 €	Unrestricted funds 2016 €	Endowment funds 2016 €	Total 2016 €	Total 2015 €
Income and endowments from:						
Contributions, donations and legacies	6	5,472,286	-	-	5,472,286	4,380,873
Earned from charitable activities	7	146,093,338	-	-	146,093,338	141,563,118
Earned from other trading activities	8	339,907	735,021	-	1,074,928	1,781,746
Other income		6,226,496	69,831	-	6,296,327	6,346,751
Total income and endowments	9	<u>158,132,027</u>	<u>804,852</u>	<u>-</u>	<u>158,936,879</u>	<u>154,072,488</u>
Expenditure:						
Expenditure on charitable activities	10	151,092,006	876,752	-	151,968,758	148,044,282
Other expenditure	11	9,821,764	-	-	9,821,764	9,529,210
Total expenditure		<u>160,913,770</u>	<u>876,752</u>	<u>-</u>	<u>161,790,522</u>	<u>157,573,492</u>
Net resources expended before investment (losses)		(2,781,743)	(71,900)	-	(2,853,643)	(3,501,004)
Net gains/(losses) on investments		-	-	-	-	-
Net (expenditure) before non-recurring items		<u>(2,781,743)</u>	<u>(71,900)</u>	<u>-</u>	<u>(2,853,643)</u>	<u>(3,501,004)</u>
Non-recurring transfer in of fixed assets	17	-	-	-	-	20,577,936
Non-recurring - waiver of loan balance	27	-	-	-	-	5,000,000
Net (expenditure)/income		<u>(2,781,743)</u>	<u>(71,900)</u>	<u>-</u>	<u>(2,853,643)</u>	<u>22,076,932</u>
Transfer between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		<u>(2,781,743)</u>	<u>(71,900)</u>	<u>-</u>	<u>(2,853,643)</u>	<u>22,076,932</u>
Reconciliation of funds:						
Total funds brought forward		(3,415,946)	(6,151,961)	26,065,069	16,497,162	(5,579,770)
Total funds carried forward		<u>(6,197,689)</u>	<u>(6,223,861)</u>	<u>26,065,069</u>	<u>13,643,519</u>	<u>16,497,162</u>

BALANCE SHEET
As at 31 December 2017

	Notes	2017 €	2016 €
Fixed assets			
Tangible fixed assets	17	<u>20,317,764</u>	<u>20,306,410</u>
Current assets			
Investments	18	127	127
Stocks	19	5,322	3,287
Debtors and prepayments	20	<u>2,729,016</u>	<u>8,091,014</u>
		<u>2,734,465</u>	<u>8,094,428</u>
Current Liabilities - amounts falling due in less than one year	21	<u>(18,394,294)</u>	<u>(14,757,319)</u>
Net current (liabilities)		<u>(15,659,829)</u>	<u>(6,662,891)</u>
Total assets less current liabilities		<u>4,657,935</u>	<u>13,643,519</u>
Funds of the charity			
Unrestricted funds	28	(6,210,993)	(6,223,861)
Restricted funds	28	(15,196,141)	(6,197,689)
Restricted endowment funds	28	<u>26,065,069</u>	<u>26,065,069</u>
Total charity funds		<u>4,657,935</u>	<u>13,643,519</u>

On behalf of the Board

William Forkan

Charles Watchorn

29 May 2018

STATEMENT OF CHANGES IN FUNDS
Financial Year Ended 31 December 2017

	Unrestricted funds €	Restricted funds €	Restricted endowment funds €	Total €
Balance at 1 January 2016	(6,151,961)	(3,415,946)	26,065,069	16,497,162
Net expenditure for the year	<u>(71,900)</u>	<u>(2,781,743)</u>	<u>-</u>	<u>(2,853,643)</u>
Balance at 31 December 2016	<u>(6,223,861)</u>	<u>(6,197,689)</u>	<u>26,065,069</u>	<u>13,643,519</u>
Balance at 1 January 2017	(6,223,861)	(6,197,689)	26,065,069	13,643,519
Net expenditure for the year	<u>12,868</u>	<u>(8,998,452)</u>	<u>-</u>	<u>(8,985,584)</u>
Balance at 31 December 2017	<u>(6,210,993)</u>	<u>(15,196,141)</u>	<u>26,065,069</u>	<u>4,657,935</u>

CASH FLOW STATEMENT
Financial Year Ended 31 December 2017

	Notes	2017 €	2016 €
Cash flows from operating activities:			
Net cash (outflow)/ inflow from operating activities	22	(1,691,739)	356,177
Cash flows from investing activities:			
Purchase of property, plant and equipment	17	<u>(467,999)</u>	<u>(156,495)</u>
Net cash (used by)/provided by investing activities		(467,999)	(156,495)
Change in cash and cash equivalents in the reporting period		<u>(2,159,738)</u>	<u>199,682</u>
Cash and cash equivalents at the beginning of the reporting period		(532,784)	(732,466)
Change in cash and cash equivalents		<u>(2,159,738)</u>	<u>199,682</u>
Cash and cash equivalents at the end of the reporting period	21	<u>(2,692,522)</u>	<u>(532,784)</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will be able to continue in operational existence for the foreseeable future. The company continues to operate in a very challenging environment.

The operating deficit for 2017 after HSE funding is taken into account amounted to €8.98m. (2016:€2.85m deficit). The company had net current liabilities at the Balance Sheet date of €15.65m (2016: €6.66m). Based on the 2018 Allocation from HSE and the company's own forecast, the company is likely to generate a substantial operating deficit in 2018.

The company is dependent on the Health Service Executive (HSE) to fund its activities and the on-going support of the HSE at an appropriate level is fundamental to the company's ability to continue as a going concern. The company has been in negotiations with the HSE for the past number of months with a view to finalising terms and signing the Service Level Agreements (SLAs) for 2018 for three of its services - CMHS, Kerry and NES. Very recently these SLAs have been signed. The Company is also in negotiation with the HSE in relation to its overall level of funding. A joint task force has been set up by Saint John of God Community Services CLG and the HSE, the core objective of which is to develop a time bound improvement plan to ensure the organisation can continue to provide important supports and services on behalf of the HSE as statutory funder. This task force has been in place for a number of months, and while an improvement plan has been agreed, it is likely to be a number of months before the task force concludes its work on funding and finance. The Company management team are of the strong view that the service as a whole has been under-funded for a number of years. The cumulative impact of this underfunding has now reached crisis stages for the organisation.

The company has prepared detailed cash projections for the Services as a whole. Based on these cash projections, the company is projecting that without additional cash support from the HSE it will exceed its available overdraft facility by the end of June 2018, and would continue to exceed this facility at an incremental pace between now and December 2018 and this will further continue to May 2019 (12 months out from the projected signing date for these financial statements). The cash-flow forecast indicates that the company will require additional cash funding of at least €15.2m between now and December 2018. The company has already taken certain actions including deferring the month end payments in a number of months until early in the following month.

The company has also written to the HSE seeking a cash advance of €6.5m of which €3.5m was received in April 2018 and €3m in May 2018.

In the past the company has received funding on an ad hoc basis from the Hospitaller Order of Saint John of God. However the Order has indicated that it does not have the resources available to continue to provide such bailout type funding, and the level of cash deficit now being considered is simply beyond the levels which the Order would be in a position to provide support on.

The company is also continuing to actively review its cost base at all Services, with particular focus on those services which have generated the most substantial deficit in the past year. A detailed plan is being prepared as part of the work of the task force group (referred to above), including cost containment in all regions. The plan includes all options up to and including the suspension of services and the potential handing over of certain services to the HSE. The extent of these and the successful implementation of same will have a substantial impact on the overall out-turn for this and future periods. The company is a regulated entity and additional capital and revenue funding is required to meet ongoing regulatory requirements.

The HSE has not given any indication that it will withdraw its financial support from the company in the foreseeable future. However in the past the HSE has indicated there will be no additional funding to meet core deficits.

Management are in active negotiations with the HSE in relation to the ongoing work of the task force, addressing immediate cash requirements and the overall funding situation.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Going concern - continued

In the context of their considerations in relation to going concern, the Board of Saint John of God Community Services have requested from the HSE a letter confirming their intention to provide the necessary financial support to allow the organisation to continue in operational existence for a period of at least 12 months from the date of signing of these financial statements. While the HSE have not explicitly provided that assurance, they have provided various written assurances in correspondence addressed to the Chairman of the board confirming their position. In the most recent letter, the HSE have re-affirmed that they have entered into a long standing service agreement with Saint John of God Community Services clg for the provision of health and social care services to the citizens of Ireland, and that they do not expect this arrangement to cease over the next 12 months.

While the Board are appreciative of the assurances provided by the HSE, it does not alleviate all of their concerns in relation to the uncertainties identified and the ongoing cash shortfalls which the organisation continues to experience, and does not provide a clear assurance that sufficient cash will be made available to meet obligations as they fall due over the next 12 months. In considering the various facts and circumstances, the directors have in summing up their view of the uncertainties facing the organisation, considered in particular the following key points:

- Substantial deficit for year, with substantial forecast future deficits;
- Substantial net current liability situation (caused in part by prior operating deficits) well in excess of overdraft limit;
- Delayed payments to creditors;
- Pro-longed review/negotiation process with HSE has not reached any final conclusions;
- Cash flow projection indicates that an additional €16.5m will be required from HSE in the period to May 2019 to stay afloat. No commitments have been made in relation to this amount, although a cash advance of €7.5m was received in late 2017, this amount is being clawed back by the HSE in 2018. A further cash advance of €3.5m was received in April and €3m in May;
- HSE have provided a letter of support, however it does not provide clear unambiguous confirmation that sufficient cash will be provided to allow the entity to continue as a going concern for at least 12 months from the date of signing;
- Hospitaller Order of Saint John of God itself does not have the funds to continue to support the Saint John of God Community Services clg entity.

Based on a combination of the facts and circumstances set out above the directors have concluded that there is a material uncertainty related to events or conditions that may cast substantial doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless after making enquiries and considering the proposed actions and negotiations described above, the directors have a reasonable expectation that agreement will be reached with the HSE, and that appropriate measures can be taken to ensure the Company has adequate resources to continue in operational existence for the foreseeable future and to implement planned actions. For these reasons they continue to adopt the going concern basis in preparing the directors' report and financial statements of the company.

The financial statements do not include any adjustments that would be necessary if the company were unable to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 General information

The Company's principal activity is to provide a HSE (Health Service Executive) funded service across intellectual disability, adult mental health and child and adult psychiatry. The services are provided in the tradition of Saint John of God.

The company is incorporated as a Company Limited by Guarantee in the Republic of Ireland. The address of its registered office is "Granada", Stillorgan Road, Stillorgan, Co. Dublin.

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 5.

3 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2014.

4 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

The significant accounting policies adopted by the Company are as follows:

(a) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2014.

Saint John of God Community Services clg meets the definition of a public benefit entity under FRS 102.

(b) Accounting convention

The financial statements are prepared under the historical cost convention. The reporting currency used in these financial statements is the Euro ("€").

(c) Revenue recognition

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

(c) Revenue recognition - continued

Contributions, donations and legacies

Income earned from contributions, donations and legacies comprises of:

- (i) Contributions from Saint John of God Hospitaller Ministries which are recognised on basis of amounts received and receivable.
- (ii) Donations are recognised on the basis of amounts received and receivable.
- (iii) Legacies for which entitlement is taken as the earlier of the date on which either the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executors' intention to make a distribution.

Grant income

Grants are received from both the Health Service Executive and from other sources:

- (i) Revenue grants which are approved by the Health Service Executive are taken to revenue in the year for which they are approved.
- (ii) Other revenue grants are accounted for as revenue once the performance conditions relating to their recognition have been satisfied.

HSE grant income is considered to be restricted income, and has been designated as such in the Statement of Financial Activities.

Pension levy income

Pension levy income relates to the pension levy introduced by the government in 2010. Pension levy income is recognised as it is deducted from employees' pay.

Long stay income

Long stay income relates to patient charges for accommodation. This income is received directly from the patient on a monthly basis by way of a direct debit, and recognised in income.

Earned from other trading activities

Income earned from other trading activities includes sales of food in canteens, income from people paying to use the swimming pool. Such income is recognised as it is receivable.

Other income

Other income relates to income from the NHASS pension scheme and rental income. NHASS income relates to pension contributions which are deducted from employees' wages and recorded as income as instructed by the HSE.

Donated services and facilities

In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised. Please refer to the trustees' annual report for more information about their contribution.

Deferred income

Grants relating to expenditure to be incurred in a future accounting period received in advance are deferred to the extent that there are unfulfilled performance conditions which must be satisfied, and are recognised in the future period when such conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

(d) Funds

All transactions of the organisation have been recorded and reported as income into or expenditure from funds which are designated as "restricted", "endowment" or "unrestricted".

Restricted funds

Income is treated as restricted where the donor has specified that it may only be used for a particular purpose or where it has been raised for a particular purpose. All other income is treated as unrestricted. Expenditure is treated as being made out of restricted funds to the extent that it meets the criteria specified by the donor or the terms under which it was raised. All other expenditure is treated as unrestricted. Saint John of Gods Community Services consider that the revenue allocation received from the Health Service Executive in accordance with the service level agreements between the various Saint John of God services and the HSE is restricted income. In the case of certain Service users patients, Saint John of God Community Services clg invoice the HSE separately for specific charges and increments relating to the individual. This income also forms part of restricted funds. The designation as restricted is based on an agreed assessment of same with the HSE.

Unrestricted funds

All other income is treated as unrestricted and relates to the core objective of providing services in accordance with the overall charity objectives.

Endowment funds

Endowment funds are a permanent fund whereby the initial capital amount invested will not be accessed but rather the return on the initial investment will provide funding or access to fixed assets on an annual basis. The properties transferred from Western European Province are considered to be restricted endowment funds.

The balance on each restricted fund at the end of the year represents the asset held by the organisation for particular purposes specified by the donors. The balance of the unrestricted fund at the end of the year represents the assets held by the organisation for general use in furtherance of its work. Endowment funds represents amounts held for investment or specific charitable purpose. Income from these endowment amounts will either be (a) unrestricted and used for general purposes, or (b) restricted by the donor or by the Board.

(e) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs incurred by Saint John of Gods Community Services in raising funds for its charitable purposes. It includes the costs of all fundraising activities and events and the sale of donated goods from the various centre workshops. It also includes advertising and marketing costs. The Saint John of Gods Community Services clg accounts do not include any costs of raising funds, as management have concluded that there are no such costs incurred. Fundraising costs are generally borne by other entities for example Parents and Friends Associations, who do fundraising activities on behalf of Saint John of God Community Services clg.
- Expenditure on charitable activities includes the costs incurred in undertaking the various charitable activities which are performed for the benefit of Saint John of God beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities. It also includes the costs of grants made to other charitable organisations.
- Other expenditure represents those items not falling into any other heading, and is comprised predominantly of the NHASS payments made in the year.

(f) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's programmes and activities. The basis on which support costs have been allocated is set out in note 12.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

(g) Employee benefits

The company provides a range of benefits to employees, including short term employee benefits such as paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

(i) Short term benefits

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service.

(ii) Defined contribution pension plans

Superannuation benefits for the employees are governed by the Nominated Health Agencies Superannuation Scheme (NHASS) or the Single Public Service Pension Scheme (SPSPS). The NHASS and SPSPS are regarded as state plans for the purposes of FRS 102.

NHASS

The NHASS is administered, funded and underwritten by the HSE\Department of Health. The directors believe that the company operates as an agent in the operation of the scheme and does not contribute financially to the scheme.

The directors believe that the liability in respect of pension benefits payable to employees who are members of the NHASS will be met in full by the Department of Health. Saint John of God Community Services clg is not exposed to actuarial risk arising in the NHASS and from the company's perspective the NHASS is, in substance, a defined contribution scheme. Contributions from employees, which are deducted through payroll from members of the scheme are credited to the Statement of financial activities when received. Payments in respect of pensions and lump sum payments are charged to the Income and Expenditure account as amounts become payable. Surplus or deficit funding of the balance is dealt with as part of grant income which is included within income earned from charitable activities in the Statement of Financial Activities.

(ii) Defined contribution pension plans - continued

SPSPS

With effect from 1 January 2013 the Single Public Service Pension Scheme (SPSPS) commenced. Most new employees will be members of the Single Public Service Pension Scheme (SPSPS). Pension contributions are remitted to the Department of Public Expenditure and Reform. The administration of the scheme is operated by the Department of Public Expenditure and Reform. The directors believe that the Department of Public Expenditure and Reform is responsible for the payment of lump sums and pensions in payment on behalf of the SPSPS without recourse to the company.

(h) Income tax

The company has been granted charitable tax exemption by the Revenue Commissioners and is recognised as a charity under Section 207 of the Tax Consolidation Act 1997, registered number CHY 18284.

(i) Tangible fixed assets

Tangible fixed assets are carried at cost (or fair value at date transferred, see note 17) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

(i) Land and buildings

Land and buildings are carried at cost (or fair value at date transferred, see note 17) less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

(i) Tangible fixed assets - continued

(ii) Plant and machinery and fixtures, fittings, tools and equipment and motor vehicles

Plant and machinery and fixtures, fittings, tools and equipment and motor vehicles are carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method over their estimated useful lives, as follows:

Freehold buildings	Over 40-50 years
Plant and machinery	10 to 15 years
Fixtures, fittings, tools and equipment, motor vehicles	3 to 8 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

(iv) Derecognition

Tangible fixed assets are derecognised on disposal or transfer or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of financial activities.

(j) Current investments

The company's current investments are carried at historical cost less accumulated impairment losses.

(k) Stocks

Stock is included at the lower of cost or net realisable value. Stocks are recognised as an expense in the financial year which the related revenue is recognised.

At the end of each financial year, stocks are assessed for impairment. If an item of stock is impaired, the identified stock is measured at its selling price less costs to complete and sell and the resulting impairment loss is recognised in profit or loss. Where a reversal of the impairment loss is recognised the impairment loss is reversed, up to the original impairment loss, and is recognised in profit or loss.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

(m) Provisions and contingencies

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(n) Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) *Financial assets*

Basic financial assets, including trade and other debtors, cash and cash equivalents, and short-term deposits, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Summary of significant accounting policies - continued

(n) Financial instruments - continued

(ii) *Financial liabilities*

Basic financial liabilities, including trade and other creditors, bank loans, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans, and loans from fellow group companies, and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

(o) Foreign currency

(i) *Functional and presentation currency*

The company's functional and presentation currency is the Euro, denominated by the symbol "€".

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to Euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of financial activity.

(p) Scope of the financial statements

The following Services are included in the income and expenditure account and balance sheet:

- (i) Head Quarters (including Callan Institute), Hospitaller House, Stillorgan, Co. Dublin
- (ii) Saint John of God Community Services North East Services
- (iii) Saint John of God Community Services Liffey Region
- (iv) Saint John of God Community Services Dublin South East/Kerry
- (v) Saint John of God Community Mental Health Service

These financial statements deal with the activities carried out at each of these regions, principally the provision of health services to persons with intellectual disability and persons with mental illness.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the charity entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The trustees make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of debtors

The directors make an assessment at the end of each financial year of whether there is objective evidence that debtors are recoverable. When assessing impairment of such debtors, the directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and historical experience of cash collections from the debtor. See note 20 for the net carrying amount of the debtors and the impairment loss recognised in the financial year.

(ii) Valuation of non-exchange transactions

The financial statements include a number of non-exchange transactions where Saint John of God Community Services clg have benefited from the donation of time and other goods and services from various donors. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised. Other donated goods and services are included in the financial statements at their estimated value. As there is some judgement required in estimating the value of such non-cash donations, this is considered to be a key estimate. Management have not included an estimate in relation to the deemed value of the buildings provided for use by Saint John of God Community Services clg free of charge by the Hospitaller Order of Saint John of God West European Province.

(iii) Fair value of properties transferred

On 22 December 2015, the West European Province of Saint John of God transferred a number of property assets to Saint John of God Community Services clg for a nominal consideration. As the receipt of the properties is considered to be a donation from a connected party, the properties have been included in the financial statements of Saint John of God Community Services clg at their fair value. Fair value has been determined by management using the assistance of independent professional valuers CBRE, and is based on the market value of the relevant properties calculated on an existing use basis and applying the red book valuation rules on the date of transfer. The assets transferred related only to assets which had previously been grant funded by a grant awarding body. In some cases only part of the relevant assets had been grant funded, and in these cases, only the element of the asset which was grant funded was transferred and included at a valuation in the Saint John of God Community Services clg accounts. Property valuations and the assumptions used to arrive at such valuations are by their nature judgemental.

(iv) Tangible fixed assets depreciation

Useful economic lives of tangible fixed assets

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 17 for the carrying amount of the tangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Contributions, donations and legacies	Restricted €	Unrestricted €	Total €
2017			
Contribution from Hospitaller Ministries	73,530	-	73,530
Donations and fundraising	297,075	-	297,075
	<u>370,605</u>	<u>-</u>	<u>370,605</u>
2016			
Contribution from Hospitaller Ministries	5,053,933	-	5,053,933
Donations and fundraising	418,353	-	418,353
	<u>5,472,286</u>	<u>-</u>	<u>5,472,286</u>
7 Earned from charitable activities			
	Restricted €	Unrestricted €	Total €
2017			
Health Service Executive Allocation	140,588,906	-	140,588,906
Health Service Executive Income	4,332,055	-	4,332,055
Pension levy income	4,785,804	-	4,785,804
Long stay income	1,973,014	-	1,973,014
Dept of Social Protection	994,621	-	994,621
Dept of Education	88,445	-	88,445
Grant Income - National Lottery	427	-	427
Out Patients Income	20,365	-	20,365
Grant Income – Health Research Board	31,491	-	31,491
	<u>152,815,128</u>	<u>-</u>	<u>152,815,128</u>
2016			
Health Service Executive Allocation	134,979,636	-	134,979,636
Health Service Executive Income	2,610,112	-	2,610,112
Pension levy income	5,174,295	-	5,174,295
Long stay income	2,056,956	-	2,056,956
Dept of Social Protection	1,069,311	-	1,069,311
Dept of Education	74,203	-	74,203
Grant income - Genio	49,810	-	49,810
Grant Income - National Lottery	41,723	-	41,723
Grant Income – Health Research Board	14,395	-	14,395
Grant Income – other grants	5,597	-	5,597
Other income	17,300	-	17,300
	<u>146,093,338</u>	<u>-</u>	<u>146,093,338</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Earned from other trading activities	Restricted €	Unrestricted €	Total €
2017			
Canteen receipts	-	160,477	160,477
Sundry income	294,618	75,149	369,767
Workshop income	-	29,479	29,479
Swimming pool	-	260,358	260,358
	<u>294,618</u>	<u>525,463</u>	<u>820,081</u>
2016			
Canteen receipts	-	343,272	343,272
Sundry income	339,907	101,020	440,927
Workshop income	-	30,899	30,899
Swimming pool	-	259,830	259,830
	<u>339,907</u>	<u>735,021</u>	<u>1,074,928</u>
9 Other income			
	Restricted €	Unrestricted €	Total €
2017			
Nominated Health Agencies Superannuation Scheme	6,106,120	-	6,106,120
Rental income	16,294	43,324	59,618
	<u>6,122,414</u>	<u>43,324</u>	<u>6,165,738</u>
2016			
Nominated Health Agencies Superannuation Scheme	6,226,496	-	6,226,496
Rental income	-	69,831	69,831
	<u>6,226,496</u>	<u>69,831</u>	<u>6,296,327</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Expenditure on charitable activities	Restricted €	Unrestricted €	Total €
2017			
Pay	126,689,764	266,349	126,956,113
Drugs medical support	2,823,893	-	2,823,893
Catering	1,623,742	162,444	1,786,186
Heat, power and light	2,205,580	51,313	2,256,893
Cleaning and washing	1,265,835	16,227	1,282,062
Household	492,839	-	492,839
Maintenance	2,155,351	33,341	2,188,692
Transport and travel	644,152	2,986	647,138
Transport Patients	2,021,342	-	2,021,342
Bank Charges	14,383	-	14,383
Insurances	241,722	164	241,886
Computer and Office Equipment	352,238	-	352,238
Rent and rates	1,064,291	10,000	1,074,291
Professional services	520,339	-	520,339
Education and training	674,759	-	674,759
Psychiatric In-Hospital beds	6,121,352	-	6,121,352
Recruitment and Advertising	64,492	-	64,492
Office Expenses	1,316,909	3,077	1,319,986
Fire and security alarms	579,446	4,061	583,507
Depreciation	456,645	-	456,645
Miscellaneous	1,258,995	5,957	1,264,952
Support costs (Note 12)	4,746,234	-	4,746,234
Governance costs (Note 12)	150,279	-	150,279
	<u>157,484,582</u>	<u>555,919</u>	<u>158,040,501</u>
2016			
Pay	120,867,814	447,285	121,315,099
Drugs medical support	2,685,104	-	2,685,104
Catering	1,668,408	229,337	1,897,745
Heat, power and light	2,181,234	78,522	2,259,756
Cleaning and washing	1,267,110	26,781	1,293,891
Household	441,719	1,256	442,975
Maintenance	2,016,417	69,568	2,085,985
Transport and travel	2,673,286	3,379	2,676,665
Computers and office expenses	2,638,187	1,038	2,639,225
Rent and rates	1,110,004	5,660	1,115,664
Professional services	509,348	27	509,375
Education and training	551,381	-	551,381
Psychiatric In-Hospital beds	5,337,186	-	5,337,186
Nursing diploma	331,981	-	331,981
Fire and security alarms	505,369	2,469	507,838
Depreciation	428,021	-	428,021
Miscellaneous	812,567	11,430	823,997
Support costs (note 12)	4,926,870	-	4,926,870
Governance costs (note 12)	140,000	-	140,000
	<u>151,092,006</u>	<u>876,752</u>	<u>151,968,758</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Other expenditure	Restricted €	Unrestricted €	Total €
2017			
NHASS	<u>11,116,635</u>	<u>-</u>	<u>11,116,635</u>
2016			
NHASS	<u>9,821,764</u>	<u>-</u>	<u>9,821,764</u>

12 Analysis of governance and support costs

	Charitable activities	
	Support costs €	Governance costs €
2017		
Pay - finance	1,589,414	-
Pay - human resources	1,196,202	-
Pay - information and communications technology	944,148	-
Computers and office expenses	753,804	-
Professional services	140,561	143,000
Transport and travel	28,823	7,279
Other support costs	93,282	-
	<u>4,746,234</u>	<u>150,279</u>
2016		
Pay - finance	1,715,097	-
Pay - human resources	1,165,931	-
Pay - information and communications technology	894,664	-
Computers and office expenses	670,102	-
Professional services	314,573	140,000
Transport and travel	53,835	-
Other support costs	112,668	-
	<u>4,926,870</u>	<u>140,000</u>

Support costs are all related to direct charitable activities, as there are no costs of raising funds included in these financial statements. Support costs have been determined by isolating the specific costs charged to the Finance, Human Resources and Management Information Systems cost centres across the various regions within Saint John of God Community Services clg.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Operating expenses	2017	2016
	€	€

The following operating expenses have been recognised:

Directors' remuneration

Emoluments:

- For services as directors	-	-
- For other services	-	-

Pension:

- For services as directors	-	-
- For other services	39,182	38,682

Cost share allocation (note 27)	(1,491,780)	(1,491,780)
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Depreciation (note 17)	456,645	428,021
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Subsidy from Hospitaller Ministries (note 27)	<u>(73,530)</u>	<u>(5,053,933)</u>
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Auditors' remuneration

Remuneration (excluding VAT and expenses) for the statutory audit and other services carried out for the company by the company's auditors is as follows:

	2017	2016
	€	€
Audit of entity financial statements	143,000	140,000
Other assurance services	-	-
Other non-audit services	-	-
	<u>143,000</u>	<u>140,000</u>

14 Employees and directors

(i) Employees

The average number of persons employed by the company during the financial year was 2,302 (2016: 2,251).

	2017	2016
	€	€

Staff costs comprise:

Wages and salaries	109,717,439	105,276,474
Social insurance costs	11,253,101	10,784,385
Other retirement benefit costs	11,116,635	9,821,764
Staff costs	<u>132,087,175</u>	<u>125,882,623</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Employees and directors - continued

	Number of employees 2017	Number of employees 2016
(i) Employees - continued		
Salary range (excluding pension contributions):		
220,000 - 229,999	1	-
210,000 - 219,999	1	1
200,000 - 209,999	1	1
190,000 - 199,999	2	1
180,000 - 189,999	6	3
170,000 - 179,999	-	5
160,000 - 169,999	-	1
150,000 - 159,999	-	1
140,000 - 149,999	2	3
130,000 - 139,999	1	1
120,000 - 129,999	-	1
110,000 - 119,999	5	-
100,000 - 109,999	7	9
90,000 - 99,999	9	8
80,000 - 89,999	17	16
70,000 - 79,999	44	37
60,000 - 69,999	168	148
	<u>264</u>	<u>236</u>

In the year, 264 staff earning in excess of €60,000 p.a. (2016: 236) participated in the defined contribution pension schemes (Note 16). Contributions totalling €nil were made in respect of these employees (2016: €nil).

The salary bands from €60,000 to €229,999 above include, Clinical Director and Consultant Psychologists for the community mental health service and for the intellectual disability services and the leadership teams of the five regions. It also includes salary, premiums and overtime for nurse managers, nurses and other staff who work weekends and bank holidays which is needed as part of running a residential service.

The average number of persons employed by the company during the financial year was 2,302 (2016: 2,251).

	2017 Number	2016 Number
Management/administration	165	161
Medical/dental	44	41
Nursing	497	524
Health and social care professionals	610	590
General support services	145	171
Other Patient and Client Care	841	764
	<u>2,302</u>	<u>2,251</u>

(ii) Directors/trustees

Trustees received no remuneration (2016: €Nil) and incurred expenses of €7,279 (2016: €3,124) during the reporting period in carrying out their duties.

There were no loans advanced to directors/trustees during the year and no loans outstanding at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Employees and directors - continued

(iii) Key management compensation

Key management are defined as the management team. This includes the key management personnel in each of the individual regions which form part of the Saint John of God Community Services clg financial statements, as well as overall central management. The compensation paid or payable to key management for employee services is shown below:

	2017 €	2016 €
Salaries and other short-term benefits	4,003,555	4,146,329
Post-employment benefits	-	-
Total key management compensation	<u>4,003,555</u>	<u>4,146,329</u>

15 Tax

The company has been granted charitable tax exemption by the Revenue Commissioners and is recognised as a charity under Section 207 of the Tax Consolidation Act 1997, registered number CHY 18284.

16 Post-employment benefits

Most staff employed by the company are members of either the Nominated Health Agencies Superannuation Scheme (NHASS) or the Single Public Service Pension Scheme (SPSPS).

Nominated Health Agencies Superannuation Scheme (NHASS)

The directors believe that the NHASS is a 'pay as you go' state plan administered, funded and underwritten by the Department of Health. It is the Directors' understanding that the funds required in the future to pay pension benefits under the NHASS, as they arise into the future, will be reimbursed to the company in full by the Department of Health.

In the year ending 31 December 2017 the company received €6,106,120 (2016: €6,226,496) in contributions from members of the NHASS. The company also received €5,033,060 (2016: €3,448,248) from the HSE in respect of the NHASS costs, this amount is included with the main revenue grant received from the HSE during the year. €11,116,636 (2016: €9,821,764) was paid out in lump sums, death gratuities and pensions during the year. All of these amounts are included in the Statement of Financial Activities.

Therefore, the Directors' have concluded that from the entity's perspective the NHASS is, in substance, a defined contribution scheme and that it is not necessary for the financial statements of the company to include any liability at the balance sheet date in respect of pension entitlements accrued to that date by employees of the company, nor the disclosure requirements of FRS 102 in respect of defined benefit schemes. The above issue is similar to that applying in the majority of publicly funded organisations. With effect from 31 December 2012 the Nominated Health Agencies Superannuation Scheme (NHASS) was closed to new members.

Single Public Service Pension Scheme (SPSPS)

With effect from 1 January 2013 the Single Public Service Pension Scheme (SPSPS) commenced. Most new employees will be members of the Single Public Service Pension Scheme (SPSPS) which will provide Consumer Price Index linked defined benefit pensions based on career average pay. The directors believe that the company's obligation under the SPSPS is to deduct pension contributions from employees who are members of the SPSPS and remit those pension contributions to the Department of Public Expenditure and Reform. The directors believe that the Department of Public Expenditure and Reform are responsible for payments under the SPSPS.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Tangible fixed assets	Land and buildings €	Motor vehicles €	Total €
Cost			
At 31 December 2016	20,577,936	156,495	20,734,431
Additions	-	467,999	467,999
At 31 December 2017	<u>20,577,936</u>	<u>624,494</u>	<u>21,202,430</u>
Accumulated depreciation			
At 31 December 2016	411,559	16,462	428,021
Charge for year	411,559	45,086	456,645
At 31 December 2017	<u>823,118</u>	<u>61,548</u>	<u>884,666</u>
Net book value			
At 31 December 2016	<u>20,166,377</u>	<u>140,033</u>	<u>20,306,410</u>
At 31 December 2017	<u>19,754,818</u>	<u>562,946</u>	<u>20,317,764</u>

Up until December 2015 the Hospitaller Order of Saint John of God, West European Province held the beneficial ownership of all of the land and buildings used by Saint John of God Community Services clg. The legal title of these assets is held by the Saint John of God Trust (Ireland). During the year ended 31 December 2017, the Hospitaller Order of Saint John of God, West European Province has continued to allow the use of certain of its fixed assets by Saint John of God Community Services clg.

On 22 December 2015, a number of directions were signed between the Order, the Trust and Saint John of God Community Services clg which transferred the beneficial ownership of various properties which were previously in the beneficial ownership of the Order to Saint John of God Community Services clg for a nominal consideration.

In advance of transferring the assets across from West European Province to Community Services, management of West European Province considered whether there were any related grants, loans or other obligations attaching to the various assets, which might impact on the future use of the assets within Community Services. This review indicated that a significant element of the assets being transferred had been funded by grants which had no specific performance conditions attaching to them.

There were some restrictions noted in relation to the grants, principally around the fact that a future sale of the asset within a specific time period would trigger an obligation to repay the grant to the funder. It was agreed as part of the directions transferring the assets, that Community Services would take over the obligation in relation to any future clawbacks arising as a result of any decision to sell the assets. These obligations are considered to be contingent liabilities, and are disclosed as same in Note 23 of these financial statements.

The properties were valued by CBRE Ireland on the basis of Fair Value on an existing use basis, as at 31 December 2015.

Saint John of God Community Services continue to use certain assets which are owned by the Hospitaller Order of St John of God, West European Province free of charge. In relation to the motor vehicles purchased the funding has been provided primarily by donations.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Investments	Total €
Cost at 1 January 2016	127
Cost at 31 December 2016	<u>127</u>
Cost at 1 January 2017	127
Cost at 31 December 2017	<u>127</u>

19 Stocks	2017 €	2016 €
Raw materials and consumables	<u>5,322</u>	<u>3,287</u>

20 Debtors and prepayments	2017 €	2016 €
Amounts falling due within one year:		
Debtors and prepayments (including provisions of 2017: €416,834; 2016: €231,520)	2,048,883	1,150,512
Amounts due from HSE	-	6,540,803
Amounts owed by affiliates and related parties (note 27)	<u>680,133</u>	<u>399,699</u>
	<u>2,729,016</u>	<u>8,091,014</u>

Amounts owed by related parties are unsecured, interest free, have no fixed date of repayment and are payable on demand.

21 Creditors - amounts falling due in less than one year	2017 €	2016 €
Amounts falling due within one year:		
Trade creditors	1,658,568	1,138,178
Amounts owed to affiliates and related parties (note 27)	21,345	2,611,653
Amounts due to HSE	542,374	-
Income tax deducted under PAYE and PRSI	4,865,657	3,113,417
VAT due to revenue commissioners	64	2,539
Bank overdraft	2,692,522	532,784
Deferred income	1,244,288	1,008,690
Accruals	<u>7,369,476</u>	<u>6,350,058</u>
	<u>18,394,294</u>	<u>14,757,319</u>

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

Amounts due to related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Reconciliation of net expenditure to cash outflow from operating activities	2017 €	2016 €
Net (expenditure) for the reporting period (per SOFA)	(8,985,584)	(2,853,643)
<i>Adjustments for:</i>		
Depreciation	456,645	428,021
Decrease in debtors	5,361,998	1,316,202
Increase in creditors	1,477,237	1,250,657
(Increase)/decrease in stocks	(2,035)	214,940
Net cash (used in)/provided by operating activities	<u>(1,691,739)</u>	<u>356,177</u>

23 Contingent liabilities, commitments and guarantees

As detailed in Note 17 in 2015 a number of assets transferred from Hospitaller Order of Saint John of God, West European Province to Community Services at a nominal consideration. The assets transferred related only to assets which had previously been grant funded by a grant awarding body or capital donation. In advance of transferring the assets across from Hospitaller Order of Saint John of God, West European Province to Community Services, management considered whether there were any related grants, loans or other obligations attaching to the various assets, which might impact on the future use of the assets within Community Services.

There were some restrictions noted in relation to the grants, principally around the fact that a future sale of the asset within a specific time period would trigger an obligation to repay the grant to the funder. It was agreed as part of the directions transferring the assets, that Community Services would take over the obligation in relation to any future clawbacks arising as a result of any decision to sell the assets. These obligations are considered to be contingent liabilities, and are therefore disclosed as same in this note to the financial statements.

24 Controlling body

The directors consider the Hospitaller Order of Saint John of God – West European Province to be the controlling body of the company.

25 Events since the end of the financial year

There are no subsequent events for disclosure, apart from what was disclosed in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS - continued

26 Public Juridic Person (PJP)

In July 2012, Saint John of God Hospitaller Ministries was established by the Holy See of the Roman Catholic Church as a public juridic person of pontifical right (a "PJP"). The PJP is a canonical body and civil structures are being put in place to implement the new canonical structures in civil law. The new Church body (PJP) has a Board of Sponsors which comprises religious Brothers and lay people.

The Saint John of God Hospitaller Services Group was incorporated in 2015 to put into civil legal effect the structures anticipated by the establishment of the PJP and to secure the long term continuation of the services provided by the Order. The Saint John of God Hospitaller Services Group constitution mirrors the objectives of Saint John of God Hospitaller Ministries and has the same membership as the PJP thus ensuring that the canonical responsibilities which reflect the ethos and purpose of the Order are carried out in the Civil structure. The Saint John of God Hospitaller Services Group will take over the activities in relation to the provision of health and social care, public education particularly with regard to mental health, disability and social needs to the poor and marginalised in Ireland, Great Britain, and Africa; the provision of health and social services in developing countries; and sponsoring education and training of staff who work in these service areas from the Hospitaller Order of Saint John of God, West European Province and is expected to commence activities in 2018. The Hospitaller Order of Saint John of God, West European Province is currently seeking charitable status approval from the Charities Regulator for the new organisation. It is the intention that Saint John of God Community Services clg will effectively become a subsidiary of that organisation during 2018.

27 Related party transactions

Note 26 above sets out the intended future Group Structure. The following entities are deemed related parties as they avail of the central management function provided by the Saint John of God Community Services clg. At the end of the year, Saint John of God Community Services clg had the following balances with related parties.

	2017 €	2016 €
Amounts receivable from related parties:		
Saint John of God Hospital clg	209,437	40,083
Hospitaller Order of Saint John of God, West European Province	118,999	-
Saint John of God Foundation clg	208	-
Saint John of God Research Foundation clg	-	3,912
Saint John of God Housing Association clg	351,489	355,704
	<u>680,133</u>	<u>399,699</u>
Amounts payable to related parties:		
Hospitaller Order of Saint John of God, West European Province	-	2,611,653
Saint John of God Research Foundation clg	21,345	-
	<u>21,345</u>	<u>2,611,653</u>

Saint John of God Hospital clg provides beds for Saint John of God Community Services clg (Community Mental Health Services) and the costs are charged from Saint John of God Hospital clg to Saint John of God Community Services clg. The cost of this is €6,471,412 (2016: €5,145,250). The Health Service Executive funds a nursing education programme and the Saint John of God Hospital clg are involved in delivering aspects of this at a cost of €331,980 (2016: €331,981).

Transactions with Saint John of God Research Foundation clg relate to reimbursement of salary expenses which amount to €43,156 (2016: €42,605).

NOTES TO THE FINANCIAL STATEMENTS - continued

27 Related party transactions - continued

Certain costs incurred in the running of the company are shared with other entities within the Order of Saint John of God and administered by Saint John of God Community Services clg. The portion of these costs allocated in the year amounted to Saint John of God Hospital clg €819,912 (2016: €819,912), Hospitaller Order of Saint John of God, West European Province €99,996 (2016: €99,996), Saint John of God Hospitaller Ministries €480,756 (2016: €480,756) and Saint John of God Housing Association clg €91,116 (2016: €91,116).

The Hospitaller Order of Saint John of God, West European Province has provided a subsidy to the company to support its activities in the amount of €73,530 (2016: €5,053,933).

Saint John of God Community Services clg charges or receives from related parties the cost, primarily of salaries, to reflect the portion of work done for/by the other entities and these may be summarised as follows, charged to Saint John of God Hospital clg €253,554 (2016: €532,280) charged by Saint John of God Hospital clg €147,311 (2016: €141,802) charged to Hospitaller Order of Saint John of God €258,588 (2016: €152,862) charged by Hospitaller Order of Saint John of God €152,819 (2016: €233,316). The detail of these charges relating to the relevant personnel are set out in the Memorandum of Understanding between

- (1) Saint John of God Community Services clg, and St John of God Hospital clg,
- (2) Saint John of God Community Services clg and Saint John of God Hospitaller Ministries.

The Group Chief Executive of Saint John of God Hospitaller Ministries was a non-executive director of Saint John of God Community Services clg until his resignation on 6 December 2017. He did not receive any remuneration in his capacity as non-executive director of Saint John of God Community Services clg. His salary in respect of his executive responsibilities in the Hospitaller Order of Saint John of God, West European Province are disclosed in the financial statements of that entity.

Saint John of God Community Services clg pays for repairs and maintenance on properties used by tenants of Saint John of God Housing Association clg which are then recharged to the Housing Association. The amount recharged during the year was €34,836 (2016: €109,866).

28 Reserves

Restricted funds

Income is treated as restricted where the donor has specified that it may only be used for a particular purpose or where it has been raised for a particular purpose. All other income is treated as unrestricted. Expenditure is treated as being made out of restricted funds to the extent that it meets the criteria specified by the donor or the terms under which it was raised. All other expenditure is treated as unrestricted. Saint John of Gods Community Services clg considers that the revenue allocation received from the Health Service Executive in accordance with the service level agreements between the various Saint John of God services and the HSE is restricted income. In the case of certain Service users, Saint John of God Community Services clg invoices the HSE separately for specific charges and increments relating to the individual. This income also forms part of restricted funds. The designation as restricted is based on an agreed assessment of same with the HSE.

Unrestricted funds

All other income is treated as unrestricted and relates to the core objective of providing services in accordance with the overall charity objectives.

NOTES TO THE FINANCIAL STATEMENTS - continued

28 Reserves - continued

Endowment funds

Endowment funds are a permanent fund whereby the initial capital amount invested will not be accessed but rather the return on the initial investment will provide funding or access to fixed assets on an annual basis. The properties transferred from Hospitaller Order of Saint John of God, Western European Province are considered to be restricted endowment funds.

The balance on each restricted fund at the end of the year represents the asset held by the organisation for particular purposes specified by the donors. The balance of the unrestricted fund at the end of the year represents the assets held by the organisation for general use in furtherance of its work. Endowment funds represents amounts held for investment or specific charitable purpose. Income from these principal amounts will either by (a) unrestricted and used for general purposes, or (b) restricted by the donor or by the Board.

29 Prior year comparatives

Certain prior year comparatives have been re-stated in line with current year presentation formats.

30 Approval of financial statements

The financial statements were approved by the Board of Directors on 29 May 2018 and were signed on its behalf on that date.