

18 September 2015

James Ridley
McLean Delmo Bentleys Audit Pty Ltd
Level 3, 302 Burwood Road
Hawthorn VIC 3122

Dear Mr Ridley

This representation letter is provided in connection with your audit of the financial report of Victorian Council of Social Service for the year ended 30 June 2015, for the purpose of your expressing an opinion as to whether the financial report is, in all material respects, in accordance with:

- (a) the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (b) other mandatory professional reporting requirements in Australia.

We confirm that (to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves):

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation of the financial report in accordance with:
 - (a) Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013; and
 - (b) other mandatory professional reporting requirements in Australia and confirm that the financial report is free of material misstatements, including omissions.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
3. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;

- (b) Additional information that you have requested from us for the purpose of the audit; and
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
4. All transactions have been recorded in the accounting records and are reflected in the financial report.
5. We have disclosed to you:
- (a) the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
 - (b) all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial report.
 - (c) all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.
 - (d) all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
 - (e) the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
6. We have provided you with all requested information explanations and assistance for the purposes of the audit.
7. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and error. We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
9. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
9. We have considered the requirements of AASB 136, "Impairment of Assets", when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
10. The following have been properly recorded and/or disclosed in the financial report:
- (a) related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral);
 - (b) share options, warrants, conversions or other requirements;
 - (c) arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements;
 - (d) agreements to repurchase assets previously sold;
 - (e) material liabilities or contingent liabilities or assets including those arising under derivative financial instruments;
 - (f) unasserted claims or assessments that our lawyer has advised us are probable of assertion; and

- (g) losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.
11. There are no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.
 12. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Allowance for depreciation has been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
 13. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
 14. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
 15. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
 16. All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed in the financial report.
 17. We have disclosed to you all known, actual or possible litigation and claims whose effects should be considered when preparing the financial report and accounted for and disclosed in accordance with the accounting framework disclosed in the financial report.

Environmental Matters

18. There are no violations or possible violation of laws or regulations where effects should be considered for disclosure in the financial report or as a basis for recording an expense.

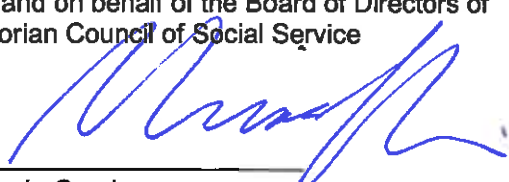
Audit Adjustments

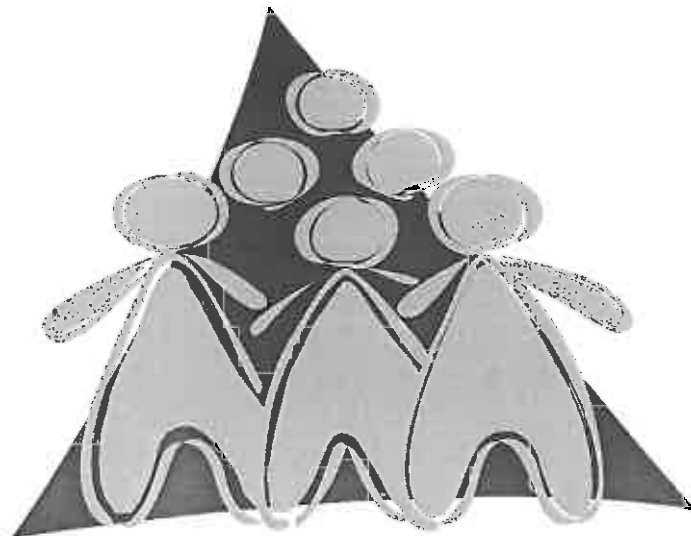
19. We confirm that there have been no uncorrected misstatements that have been noted during your audit.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

For and on behalf of the Board of Directors of
Victorian Council of Social Service


Micaela Cronin
President



VCOSS
**Victorian Council
of Social Service**

ABN 23 005 014 988

Financial Report
1 July 2014 – 30 June 2015

Directors Report

Your directors present this report to the members of the company for the year ended 30 June 2015.

Directors

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

Name	Special Responsibilities	Appointed / Resigned / Retired
Micaela Cronin	President Member of the Finance, Audit and Risk Committee	
Kim Koop	Vice President Member of the Finance, Audit and Risk Committee	
Simon Trivett	Treasurer Chair of the Finance, Audit and Risk Committee	
Stella Avramopoulos		
David Brant		
Jason Davies-Kildea		Appointed November 2014
(Rev) Fredric Holland		
Tony Keenan		
Tony Lang		
Paul McDonald		
Dale Renner		Resigned September 2014
Kim Sykes		
Jodie Willmer	Member of the Finance, Audit and Risk Committee	Retired November 2014

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

Directors Report

Principal Objectives

VCOSS is the peak body of the social and community services sector in Victoria, we pursue just and fair social outcomes through policy development and public and private advocacy. The principal objectives of the company are:

1. Working towards the reduction and eventual elimination of social and economic disadvantage in Victoria.
2. Promoting co-operation between organisations and individuals involved in the field of social and community services in Victoria; and
3. Working towards a united Australia that respects this land of ours, values the Aboriginal and Torres Strait Islander heritage and provides justice and equity for all.

VCOSS Strategic Plan

The Board of Directors, in consultation with the Chief Executive Officer (CEO), Deputy CEO and informed by the Management Team, key stakeholders and the membership developed a four-year Strategic Plan (2011-2014) to achieve the vision and long-term objectives of the organisation. The Strategic Plan articulates the organisation's five strategic directions:

1. Advocate for social justice
2. Build a strong community sector
3. Strengthen our public presence
4. Collaborate for greater impact
5. Sustain a healthy organisation

The strategic directions provide the CEO and Deputy CEO with an effective platform to formulate measurable targets and key performance indicators (KPIs) for the management team and staff to guide and achieve the policy, advocacy and business development activities of the organisation.

Each year, the CEO and Deputy CEO implement an annual operational plan to articulate the policy, advocacy and business development strategies and actions. The operational plan is monitored and reported to the Board of Directors through the monthly CEO report and more broadly to key stakeholders and members in the annual report. The CEO and annual report outlines the operational activities that will contribute to and/or culminate in the achievement of the organisations long-term objectives.

In the 2014/2015 financial year the organisation reported its achievements against the five strategic directions:

1. Advocate for social justice
 - State Budget Submission 2015/2016
 - State Election Platform 2014
 - Lead organiser of the Our Community Counts Rally 2014
 - Submissions completed 2014/2015: Review of Australia's Welfare System (McClure Review); Community Sector Reform Council Recommissioning of alcohol and other drug services and community mental health services; Competition Policy Review; Federation White Paper; Royal Commission into Family Violence; VET Regional and Rural Discussion Paper; 2015 Review of Charter of Human Rights; Setting Victorian Energy Efficiency Targets; Climate of Change Briefing Papers 1-8.
2. Build a strong community sector
 - Released papers on the value of the Victorian community sector: The Value of the Community Sector and State of the Charities and Not-for-Profit Sector in Victoria
 - Launched VCOSS Link Regional Training Program with sessions offered at 5 regional locations.

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Directors Report

- VCOSS Link provided training and professional development opportunities to 270 participants statewide.
- Launched VCOSS Governance and Financial Management Health Checks.
- VCOSS/RMIT Partnership launched including Industry Research Fellows Program and PhD Scholarship.
- Continued partnerships to build the capacity of the community sector with Bank Australia (formerly bankmecu), Officeworks, Australian Institute of Management (AIM), Monash University, Australian Charities and Not-for-Profit Commission (ACNC).

3. Strengthen our public presence

- Reports launched in 2014/2015: *One year on: Morwell and the 2014 Hazelwood Mine fire*; *The Value of the Community Sector and State of the Charities and Not-for-Profit Sector in Victoria*; *Tackling unemployment: Towards a workforce plan for all Victorians*; *From Principles to Practice*; *Disaster and disadvantage: Social vulnerability in emergency management*.
- Launched and administered a series of campaigns including: Cover the Costs; and a Fairer Funding and Service Agreements.
- Disability Advocacy Resource Unit convened Strengthening Disability Advocacy Conference.
- Published 3 editions of Insight; VCOSS Voice Blog posted over 133 articles.

4. Collaborate for greater impact

- Co-hosted 6 Human Services and Health Partnership Implementation Committees.
- Co-hosted 4 DET – Victorian Community Sector Governance Group meetings.
- Hosted 6 Peaks and Statewide Network meetings.
- Held a series of statewide consultations for the: Community Sector Reform Council; State Budget Submission; Fairer Funding and Service Agreements; Portable Long Service Leave; Family Violence Royal Commission; Review Charter of Human Rights; Hazelwood Mine Fire.
- Lead and coordinated the Service Agreement Working Group and re-negotiation of the 2015-2018 Service Agreement.
- VCOSS is represented on the Ageing, Mental Health and Disability Collaborative Panel.

5. Sustain a healthy organisation

- VCOSS Enterprise Bargaining Agreement 2014 signed by VCOSS and ASU and approved Fair Work Australia July 2014.
- Established Cultural Safety and Health and Wellbeing Committee convened.
- Aboriginal Cultural Safety held for all staff.
- 2014 annual general meeting held with 98 attendees.

To further support the CEO in the monitoring and delivery of the organisations business development objectives, the Board of Directors have established the Finance, Audit and Risk Committee.

The aim of the Finance, Audit and Risk Committee is to promote a risk and compliance culture across the organisation. The Committee provides an efficient mechanism for focusing the organisation on verifying and safeguarding the integrity of the organisation's financial and risk reporting and management.

Company Secretary

Emma King held the position of Company Secretary at the end of the financial year.

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Directors Report

Information on Directors

Stella Avramopoulos	Board member 2011. Chief Executive Officer of Kildonan UnitingCare. 20 years' experience in the welfare, community services and government sectors including: corrections, financial and energy inclusion, youth and families services, corporate and social enterprise partnerships. MBA, BA (Criminology), Dip Com Just Studies.
David Brant	Board member since 2006. David Brant is an Individual Director. He works as a lobbyist and project manages campaigns for community sector organisations. David works at representing the interest of small VCOSS member orgs. Other Boards representation includes: COTA Vic Policy Council, Yarra Disability Advisory Council.
Micaela Cronin	Board member since 2005, president since 2010. Chief Executive Officer of MacKillop Family Services. Over 24 years' experience in direct service, senior management and governance across the community sector including: children, youth and family services, domestic violence and women's services, drug and alcohol, and homelessness services. MBA, Grad Dip CD, BSW.
(Captain) Jason Davies-Kildea	Board member since 2014. Manager – Victoria Social Programme and Policy Unit, The Salvation Army. Almost 20 years in Victorian social services from frontline programs up to senior management roles. For the past 6 years, he has held responsibility for the Salvation Army's extensive suite of social programs in the inner urban, northern & western suburbs of Melbourne. Master of Social Science (Policy & Human Services).
(Rev) Fredric Holland	Board member since 2012. Chief Executive Officer (CEO) of Melbourne City Mission (MCM). Ric has rebranded and relaunched MCM into a new era. Ric's former positions include CEO of the Lort Smith Animal Hospital, CEO of Parkinson's Victoria, Executive Director of Communication for the UnitingChurch in Australia and CEO of a British Council of Social Service. BD (Hons), MBA, Ordained Minister of the Uniting Church.
Tony Keenan	Tony Keenan has been CEO of Hanover Welfare Services (Launch Housing from July 2015) since 2006. He has served in many community and policy advisory roles. Tony is a graduate of the Executive Masters in Public Administration from the Australian New Zealand School of Government (ANZOG) and was awarded a Harkness Fellowship in Public Policy to the University of California, San Francisco. EMPA, BA.
Kim Koop	Board member since 2011. Chief Executive Officer of the Psychiatric Disability Services of Victoria (VICSERV). Over 35 years' experience in direct delivery and management of mental health, aged care and disability services and a founding member of Community Mental Health Australia (CMHA). Master Business Leadership, B.App Sc. Occupational Therapy.
Tony Lang	Board member since 1998. Barrister, long-standing practice advising not-for-profit organisations. Appointed as an inaugural member of the Advisory Board for the Australian Charities and Not-for-profits Commission. BA (Hons), LLB.
Paul McDonald	Board member since 2010. Extensive experience in the welfare, community and government sectors including: child, youth and families, homelessness, drug and alcohol services. Former Executive Director of Children, Youth and Families Division at the Department of Human Services. MSW, Dip YW.
Dale Renner	Board member since May 2008. Director Iconic Consulting. Strategy and innovation consultant with 15 years international experience. LLB (Hons), B Ec.
Kim Sykes	Board member since 2012. Chief Executive Officer of Bendigo Community Health Services. Extensive experience within health and community services and government and policy positions. MBA, EAICD, Psychiatric nursing qualifications.

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Directors Report

Simon Trivett	Board member since 2013. Partner Audit & Assurance and National Head of Retail at Grant Thornton. Simon is a registered company auditor and member of Chartered Accountants Australia and New Zealand. MBA (Exec), B Ec.
Jodie Willmer	Board member since 2009. Over 16 years' experience in the tourism and visitor services industry with expertise in advocacy, legislative reform and governance. Formerly a director of the Victorian Tourism and Hospitality Industry Training Board. In 2006, she was appointed Chief Executive Officer at Travellers Aid Australia, assisting people who experience transport disadvantage. President of Emergency Relief (ER) Victoria, and member of the Victorian Tourism Industry Council - Tourism Services and Hospitality Policy Committee. Cert IV in Governance.

Meetings of Directors

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

	Directors' Meetings	
	Eligible to attend	Attended
Stella Avramopoulos	10	10
David Brant	10	10
Micaela Cronin	10	10
Jason Davies-Kildea	6	6
Ric Holland	9	5
Tony Keenan	10	5
Kim Koop	10	10
Tony Lang	10	9
Paul McDonald	10	7
Dale Renner	3	3
Kim Sykes	10	8
Simon Trivett	10	9
Jodie Willmer	4	4

A director may seek leave from the Board to be absent from one or more meetings. During the financial year, the following directors took approved leave of absence:

Ric Holland: 1 meeting

Meetings of Committees

Finance, Audit and Risk Committee

During the financial year, 8 meetings of the Finance, Audit & Risk Committee were held. Attendances by directors whom are members of the Committee during the year were as follows:

	Finance, Audit and Risk Committee Meetings	
	Eligible to attend	Attended
Micaela Cronin	6	5
Kim Koop	5	4
Simon Trivett	8	8
Jodie Willmer	3	3

Directors Report

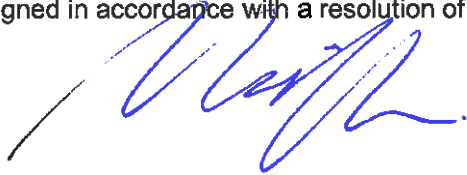
Limitation of Members Liability

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. At 30 June 2015, the collective liability of members was \$6,500 (2014: \$7,600).

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

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



Micaela Cronin
President



Simon Trivett
Treasurer

Signed this ¹⁸ day of September 2015.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Revenue			
Operating Activities	2	2,503,047	2,704,339
Expenses			
Employment expenses		(952,562)	(925,848)
Occupancy expenses		(185,936)	(187,122)
Publications expenses		(23,169)	(8,440)
Investment expenses		(2,855)	(3,243)
Project expenses		(960,864)	(1,157,339)
Other operating and administration expenses		(258,662)	(310,994)
Total expenses		<u>(2,384,048)</u>	<u>(2,592,986)</u>
Surplus from operating activities	3	118,999	111,353
Non-operating Activities			
Bequest income - interest	2	<u>10,108</u>	<u>12,304</u>
Surplus for the year		129,107	123,657
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>129,107</u>	<u>123,657</u>

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,921,530	1,798,567
Trade and other receivables	6	145,632	163,547
Total current assets		2,067,162	1,962,114
NON-CURRENT ASSETS			
Investment property	7	221,731	228,229
Plant and equipment	8	45,075	59,464
Other asset	9	40,173	56,242
Total non-current assets		306,979	343,935
TOTAL ASSETS		2,374,141	2,306,049
CURRENT LIABILITIES			
Trade and other payables	10	143,115	239,362
Provisions	11	359,822	357,866
Income in advance	12	900,385	861,790
Total current liabilities		1,403,322	1,459,018
NON-CURRENT LIABILITIES			
Provisions	11	168,668	173,987
Total non-current liabilities		168,668	173,987
TOTAL LIABILITIES		1,571,990	1,633,005
NET ASSETS		802,151	673,044
FUNDS			
Reserves	13	328,981	318,873
Retained earnings		473,170	354,171
TOTAL FUNDS		802,151	673,044

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF SOCIAL SERVICE
ABN 23 005 014 988

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Reserves	Retained	Total
	\$	Earnings	\$
	\$	\$	\$
Balance as at 1 July 2013	306,569	242,818	549,387
Total comprehensive income for the year	-	123,657	123,657
Transfer of bequest income to reserve	12,304	(12,304)	-
Balance as at 30 June 2014	318,873	354,171	673,044
Total comprehensive income for the year	-	129,107	129,107
Transfer of bequest income to reserve	10,108	(10,108)	-
Balance as at 30 June 2015	328,981	473,170	802,151

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from government grants and community services		2,707,800	2,825,437
Payments to employees and suppliers		(2,623,102)	(2,795,902)
Interest received		47,402	54,190
Interest received related to bequest reserve		10,108	12,304
Net cash provided by operating activities		<u>142,208</u>	<u>96,029</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		<u>(19,245)</u>	<u>(15,627)</u>
Net cash used in investing activities		<u>(19,245)</u>	<u>(15,627)</u>
Net increase in cash held		122,963	80,402
Cash and cash equivalents at the beginning of financial year		<u>1,798,567</u>	<u>1,718,165</u>
Cash and cash equivalents at the end of financial year	5	<u><u>1,921,530</u></u>	<u><u>1,798,567</u></u>

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Summary of Significant Accounting Policies

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

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

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

The financial statements were authorised for issue on 2015 by the directors.

a. Revenue

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

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Project revenue has been recognised on the basis of actual expenditure incurred together with a percentage of any salary and overhead recoveries using the percentage of completion.

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as income in advance in the statement of financial position.

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

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

b. Income Tax

The company is exempt from income tax in accordance with endorsement by the Australian Taxation Office under Division 50 Subdivision 50-B of the Income tax Assessment Act 1997.

c. Cash and Cash Equivalents

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

d. Property, Plant and Equipment

Property is measured on the cost basis. The carrying amount of property is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from that property. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the property's employment and subsequent disposal.

The cost of plant and equipment purchased for special projects is expensed in the year of purchase.

Other plant and equipment are measured on the cost basis.

Note 1: Summary of Significant Accounting Policies (Cont'd)

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

d. Property, Plant and Equipment (cont'd)

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use. The depreciation rates used for each class of assets are:

<u>Class of fixed asset</u>	<u>Depreciation rate</u>
Plant and equipment	10% - 33%
Investment property	2% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end date.

An asset's carrying amount is written down immediately to its recoverable amount and impairment loss is recognised in the profit and loss statement if the asset's carrying amount is greater than its estimated recoverable amount.

e. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at financial year end date.

f. Unexpended project funds

Grants and specific purpose donations received for special projects are recognised as a liability until expenditure is incurred. This is because an obligation to either provide services or return funds usually exists when grants are received. Where expenditure on projects is in advance of the receipt and there is virtual certainty that a grant will be received, the deficit is carried forward as amounts receivable.

g. Impairment of assets

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

h. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

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

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

i. Leases

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

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

VICTORIAN COUNCIL OF SOCIAL SERVICE

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Summary of Significant Accounting Policies (Cont'd)

j. Employee entitlements

Short-term employee benefits

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

Other Long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the service. Provision is made for the entity's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by referenced to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the term of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss.

Long Service Leave has been calculated on a probability basis as follows:

	2015	2014
Less than 1 year	100%	30%
1 year and less than 2 years:	100%	60%
2 years and less than 3 years:	100%	100%
3 years and less than 4 years:	100%	100%
4 years and less than 5 years:	100%	100%
5 years plus:	100%	100%

k. Financial Instruments

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss. Subsequent to initial recognition these instruments are measured as set out below.

(i) Held-to-maturity Investments

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Financial Liabilities

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately.

VICTORIAN COUNCIL OF SOCIAL SERVICE

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 1: Summary of Significant Accounting Policies (Cont'd)

l. Comparative figures

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

m. Economic Dependence

The continuing operation of the company is dependent upon periodic renewal of a three-year service agreement with the Department of Human Services of the State Government of Victoria. The relevant agreement commenced on 1 July 2015 and expires on 30 June 2018.

VICTORIAN COUNCIL OF SOCIAL SERVICE

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
Note 2: Revenue		
Operating Activities		
Government operational funding	664,397	634,216
Membership and publications	408,220	376,603
Rent received	64,764	63,000
Interest income	47,207	52,184
Project revenue	1,300,184	1,477,086
Donations received	100	2,725
Other revenue from services	18175	98,525
Total operating activities revenue	<u>2,503,047</u>	<u>2,704,339</u>

Non-operating Activities

Interest income	<u>10,108</u>	<u>12,304</u>
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Note 3: Expenses

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

Depreciation of property, plant and equipment

- Investment property	6,498	5,676
- Plant and equipment	<u>33,633</u>	<u>35,492</u>
Total depreciation	<u>40,131</u>	<u>41,168</u>

Employment Expenses

Core operational management	952,562	925,848
Project employment expenses	<u>755,423</u>	<u>863,440</u>
Total employment expenses	<u>1,707,985</u>	<u>1,789,288</u>

Auditor's Remuneration

Remuneration of auditor for auditing the financial report	<u>13,007</u>	<u>10,809</u>
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Note 4: Key Management Personnel Compensation

The names of the company directors who have held office during the financial year are reported in the directors' report. The directors are not remunerated by the company.

The totals of remuneration paid to key management personnel of the company during the year are:

Key management personnel compensation	<u>424,787</u>	<u>499,450</u>
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The Chief Executive Officer shares the authority and responsibility for planning, directing and controlling the activities of the company with senior management team.

VICTORIAN COUNCIL OF SOCIAL SERVICE

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
Note 5: Cash and Cash Equivalents		
Cash on hand	400	400
Cash at bank	194,851	225,113
Short term bank deposits	1,726,279	1,573,054
Total cash and cash equivalents	<u>1,921,530</u>	<u>1,798,567</u>

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>1,921,530</u>	<u>1,798,567</u>
Total cash and cash equivalents	<u>1,921,530</u>	<u>1,798,567</u>

Note 6: Trade and Other Receivables**Current**

Trade receivables	136,688	131,945
Prepayments	7,353	29,816
Interest receivable	1,591	1,786
Total trade and other receivables	<u>145,632</u>	<u>163,547</u>

The carrying amounts of all current receivables are equal to their fair values as they are of short-term nature.

The company has no exposure to interest rate risk on receivables as all are non-interest bearing.

Note 7: Investment Property

Freehold land - at cost	<u>110,000</u>	<u>110,000</u>
Buildings - at cost	193,492	193,492
Less accumulated depreciation	<u>(81,761)</u>	<u>(75,263)</u>
Total buildings	<u>111,731</u>	<u>118,229</u>
Total investment property	<u>221,731</u>	<u>228,229</u>

The investment property is subject to an undischarged mortgage to National Australia Bank. There is no loan attached to this mortgage.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015****Note 7: Investment Property (cont'd)****Movements in Carrying Amounts**

Movements in carrying amounts for each class of investment property between the beginning and the end of the current financial year:

	Freehold Land \$	Buildings \$	Total \$
Carrying amount at 1 July 2014	110,000	118,229	228,229
Depreciation expense	-	(6,498)	(6,498)
Carrying amount at 30 June 2015	110,000	111,731	221,731

An independent valuation of freehold land and buildings was undertaken on 22nd January 2013. The valuation was based on an evaluation of the property's current market value and was assessed at \$1,400,000.

	2015 \$	2014 \$
(a) Net Income from Investment Property		
Rental income	64,764	63,000
Operating expenses	11,465	(22,530)
Net income for the year	53,299	40,470

(b) Restrictions on the Realisability of the Investment Property

The company has granted a non-cancellable operating lease over the investment property. The current lease agreement expires on 30 June 2018. However, the company can terminate the lease at any time after 1 July 2015 by giving no less than 6 months notice of its intention to do so.

Note 8: Plant and Equipment

Plant and equipment - at cost	580,959	561,714
Less accumulated depreciation	(535,884)	(502,250)
Total plant and equipment	45,075	59,464

Movements in Carrying Amounts

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

Carrying amount at the beginning of the financial year	59,464	79,329
Additions	19,246	15,627
Depreciation expense	(33,635)	(35,492)
Carrying amount at the end of the financial year	45,075	59,464

Note 9: Other Asset

Restoration costs	80,346	80,346
Less accumulated amortisation	(40,173)	(24,104)
Total other asset	40,173	56,242

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
Note 10: Trade and Other Payables		
Current		
Trade payables	28,289	116,938
Other payables and accruals	114,826	122,424
Total current trade and other payables	<u>143,115</u>	<u>239,362</u>
Note 11: Provisions		
Current		
Employee entitlements	331,201	324,776
Inclusive participant provision	7,817	12,286
Lease Incentive – rent free period	14,849	14,849
Capital Incentive	5,955	5,955
Total current provisions	<u>359,822</u>	<u>357,866</u>
Non-current		
Employee entitlements	58,099	42,614
Provision for restoration costs	80,346	80,346
Lease Incentive – rent free period	22,274	37,123
Capital Incentive	7,949	13,904
Total non-current provisions	<u>168,668</u>	<u>173,987</u>
Total provisions	<u>528,490</u>	<u>531,853</u>
Note 12: Income in Advance		
Unexpended project funds	601,856	569,792
Subscriptions received in advance	297,016	281,878
Sector sustainability campaign funds	-	7,512
Other subscriptions in advance	1,513	2,608
Total income in advance	<u>900,385</u>	<u>861,790</u>

Note 13: Reserves**(a) Building Maintenance Reserve**

The company owns an investment property as disclosed in note 9. The building maintenance reserve has been established in order to provide for the cost of substantial repairs to the property as needed from time to time.

During the financial year the reserve was increased by \$Nil (2014: \$Nil).

(b) Bequest Reserve

During the 2006-2007 financial year, the company had received a bequest of \$245,329 from the estate of a deceased member. As stipulated in the donor's will, the bequest is to be used for research purposes.

It is therefore not available for general use by the company and accordingly a reserve has been established. The funds received under the bequest have been invested and the interest earned has also been allocated to the reserve account.

During the year, \$Nil (2014: \$37,392) of the reserve was utilised for research purposes.

VICTORIAN COUNCIL OF SOCIAL SERVICE

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015****Note 13: Reserves (cont'd)**

The movements in the reserve accounts are:

	Building Maintenance Reserve	Bequest Reserve	Total
	\$	\$	\$
Balance as at 1 July 2014	10,768	308,105	318,873
Transfer of bequest income	-	10,108	10,108
Balance as at 30 June 2015	10,768	318,213	328,981

Note 14: Financial Risk Management

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

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

	Note	2015 \$	2014 \$
Financial Assets			
Cash and cash equivalents	5	1,921,530	1,798,567
Receivables	6	145,632	133,731
		<u>2,067,162</u>	<u>1,932,298</u>
Financial Liabilities			
Trade and other payables	10	143,115	239,362
		<u>143,115</u>	<u>239,362</u>

Note 15: Contingent Liabilities

Office accommodation is leased from 128 Exhibition Street Pty Ltd and the lease expires on 31 December 2017. If the company does not comply with any of its obligations under these leases, the property owner may call on bank guarantees established in relation to the leases, without notice to the company.

As at 30 June 2015, the bank guarantees aggregate to \$50,000 (2014: \$50,000).

VICTORIAN COUNCIL OF SOCIAL SERVICE

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
Note 16: Commitments		
Capital commitment as at 30 June 2015 amounted to \$Nil (2014: \$Nil)		
Operating Lease Commitments		
Receivable		
Investment property		
Not later than 12 months	63,000	63,000
Later than 12 months but not later than five years	126,000	189,000
	<u>189,000</u>	<u>252,000</u>

The company leases its investment property. The current lease is from 1 July 2013 to 30 June 2018.

Payable**Photocopier**

Not later than 12 months	5,597	5,597
Later than 12 months but not later than five years	2,332	7,929
	<u>7,929</u>	<u>13,526</u>

The photocopier is leased from Konica Minolta for a period of 5 years commencing 12 December 2011 and expires on 11 December 2016. Rent is paid monthly in advance.

Office accommodation

Not later than 12 months	196,572	189,015
Later than 12 months but not later than five years	308,652	505,239
	<u>505,224</u>	<u>694,254</u>

Office accommodation is leased from 128 Exhibition Street Pty Ltd and the lease expires on 31 December 2017. Rent is paid monthly in advance.

Note 17: Company Details

The registered office and principal place of business of the company is:

Victorian Council of Social Service
Level 8, 128 Exhibition Street
Melbourne Vic 3000

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

RESPONSIBLE DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Victorian Council of Social Service, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 21, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and Australian Charities and Not-for-profits Commission Regulation 2013
 - (b) give a true and fair view of the financial position of the company as at 30 June 2015 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the responsible directors:

Micaela Cronin
President

Simon Trivet
Treasurer

Signed on this 18 day of SEPT 2015.