



VCOSS
**Victorian Council
of Social Service**

ABN 23 005 014 988

Financial Report
1 July 2015 – 30 June 2016

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

Directors' Report

Your directors present this report to the members of the company for the year ended 30 June 2016.

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 (until 19/11/2015) Member of the Finance, Audit and Risk Committee (until 30/05/2015)	Resigned March 2016
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	President (from 19/11/2015) Member of the Finance, Audit and Risk Committee (from 15/2/2016)	
David Brant		
Jason Davies-Kildea		
Bridget Gardner		Appointed November 2015
Prof David Hayward		Appointed August 2015
(Rev) Fredric Holland		Retired November 2015
Tony Keenan		
Tony Lang		
Paul McDonald		Resigned December 2015
Kim Sykes		

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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 to:

1. Work towards the reduction and eventual elimination of social and economic disadvantage in Victoria;
2. Promote co-operation between organisations and individuals involved in the field of social and community services in Victoria; and
3. Work 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 (2015-18) to achieve the vision and long-term objectives of the organisation. The Strategic Plan articulates the organisation's three strategic goals:

1. A fair and just Victorian community
2. A thriving community sector
3. A healthy organisation.

The strategic directions provide the CEO and the management team 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 the management team 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 2015/2016 financial year the organisation reported its achievements against the three strategic directions:

1. A fair and just Victorian community: VCOSS is a powerful voice for the Victorian community sector to pursue social change that creates greater equality, eliminates poverty and overcomes disadvantage.
 - Launched the VCOSS-RMIT Future Social Service Institute in partnership with RMIT, with support from the Victorian Government
 - Launched the *2016-17 State Budget Submission: Putting people back in the picture*
 - Launched *Insight 14 – Putting people back in the picture and Insight 15 – People taking power*
 - Released a research report on co-design, *Walk alongside: Co-designing social initiatives with people experiencing vulnerabilities*
 - Released the *Making Energy Visible* report on ways to use in-home display units to assist people experiencing energy poverty
 - Made numerous submissions to government inquiry and consultation processes including the Family Violence Royal Commission, Education State, Roadmap to Reform: strong families safe children, Inquiry into Abuse and Neglect in Disability Services, Hazelwood Mine Fire Inquiry and Health 2040.
 - Took part in the Essential Services Commission's Energy Consumer Forum and roundtables on energy hardship

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- Participated in the Victorian government's Energy Efficiency and Productivity Summit
 - Partnered with Municipal Association of Victoria to host the third annual Emergency Management Forum, 'Working with community in emergency planning'
 - Co-chaired the Climate Change Framework Round Table - Social and Health
 - Presented at conferences and events including the Country Women's Association AGM; VICSERV Conference, Brimbank City Council, State -Budget Presentation, Spotlight On Economic Development and Leadership Victoria forums.
2. A thriving community sector: VCOSS fosters a diverse, independent, collaborative and innovative community sector, which meets the complex needs of people facing disadvantage in Victoria.
- Founding member of the Ageing Disability, Mental Health Collaborative Panel together with Australian Federation of Disability Organisations (AFDO), Carers Victoria, COTA Victoria, Ethnic Communities' Council of Victoria, National Disability Services, State Trustees Australia Foundation and partnered on five key projects of the panel.
 - Developed and released the Community Organisations in a Climate of Change briefing papers
 - Continued partnership with Bank Australia and held three Bank Australia Finance Network events: 'The opportunities and challenges in market driven – consumer led service delivery', 'Outcome measurement and evaluation', and 'Impact investing: Friend or Foe?' All events responded to the areas of interest expressed by member organisations
 - Auspiced the Victorian Primary Care Partnerships, with 28 partnerships involving about 600 organisations, including hospitals, community health services, primary health networks, local governments, mental health services, drug treatment services and disability services
 - Facilitated the Helen Macpherson Smith Trust funded governance and financial management health checks, with six organisations undergoing the checks in Geelong and Shepparton.
3. A healthy organisation: VCOSS operates effectively in a fiscally responsible, ethical, efficient and sustainable manner, and exemplifies best practice standards.
- Launched the VCOSS Strategic Plan 2015-18, identifying key goals and objectives to guide VCOSS' work for the next three years. The three goals are: a fair and just Victorian community; a thriving community sector; and a healthy organisation.
 - Treasurer of Victoria, Hon Tim Pallas MP was the guest speaker at the 2015 Annual General Meeting with a record attendance from the membership.
 - Staff played a lead role in supporting the continuous improvement and development of the organisation through a number of internal committees including the membership, health and wellbeing and the cultural safety committees. The key achievements of the internal committees include:
 - Convening a whole of staff workshop to develop a VCOSS Reconciliation Action Plan
 - Conducting a Disability Access Audit and working to implement the recommendations across the organisation.
 - Review of all Occupational Health and Safety policies to ensure legal compliance with a focus on staff wellbeing
 - Over the year the Finance, Audit and Risk Committee led the development of the risk framework and register to support the organisation to identify and prepare strategies to manage any major risks the organisation may face.
 - Invested in an IT upgrade to ensure our IT systems continue to meet the organisation's needs.
 - Key corporate partnerships with Bank Australia, Australian Institute of Management (AIM) and Officeworks continued to offer great value to our members.

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.

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Company Secretary

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

Information on Directors

Stella Avramopoulos	Board member 2011. Chief Executive Officer of Kildonan UnitingCare. 21 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 25 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, The Salvation Army, Victoria Social Programme and Policy Unit. Over 20 years in Victorian social services from frontline programs through to senior management roles. For 6 years, he 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).
Bridget Gardner	Board member since 2015. CEO of Neighbourhood Houses Victoria. Over 25 years' experience in the community sector, international development and emergency management. BA, Master of Health Services.
Prof David Hayward	Board member since 2015. Dean of the School of Global, Urban and Social Studies at RMIT University. He has over 30 years' experience in the tertiary, health and community sector. BA, GradDipUrbSoc, Dip Management, PhD.
(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	Board members since 2013. Chief Executive Office of Launch Housing from since 2006 (previously Hanover Welfare Services). 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.

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- 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.
- 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, GAICD, Psychiatric nursing qualifications.
- Simon Trivett Board member since 2013. Partner Audit & Assurance and Victorian Head of Consumer Products & Retail at Grant Thornton. Simon is a registered company auditor and member of Chartered Accountants Australia and New Zealand. MBA (Exec), B Ec.

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	9
David Brant	10	10
Micaela Cronin	7	6
Jason Davies-Kildea	10	8
Bridget Gardner	6	3
David Hayward	8	6
Ric Holland	4	3
Tony Keenan	9	8
Kim Koop	10	9
Tony Lang	10	9
Paul McDonald	4	2
Kim Sykes	10	10
Simon Trivett	10	8

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:

Tony Keenan: 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
Stella Avramopoulos	4	3
Kim Koop	8	8
Simon Trivett	8	8

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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 2016, the collective liability of members was \$6,280 (2015: \$6,500).

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:



Stella Avramopoulos
President



Simon Trivett
Treasurer

Signed this ^{7th} day of October 2016.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION
ACT 2012 TO THE DIRECTORS OF VICTORIAN COUNCIL OF SOCIAL SERVICES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.


McLean Delmo Bentleys Audit Pty Ltd


Martin Fensome
Partner

Hawthorn
7 October 2016

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
Revenue			
Operating Activities	2	2,529,189	2,503,047
Expenses			
Employment expenses		(1,012,920)	(952,562)
Occupancy expenses		(200,020)	(185,936)
Publications expenses		(32,735)	(23,169)
Investment expenses		(2,578)	(2,855)
Project expenses		(1,019,923)	(960,864)
Other operating and administration expenses		(243,400)	(258,662)
Total expenses		<u>(2,511,575)</u>	<u>(2,384,048)</u>
Surplus from operating activities	3	17,614	118,999
Non-operating Activities			
Bequest income - interest	2	<u>8,861</u>	<u>10,108</u>
Surplus for the year		26,475	129,107
Other Comprehensive Income			
Total comprehensive income for the year		<u>26,475</u>	<u>129,107</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,884,444	1,921,530
Trade and other receivables	6	171,785	145,632
Total current assets		2,056,229	2,067,162
NON-CURRENT ASSETS			
Investment property	7	216,056	221,731
Plant and equipment	8	44,585	45,075
Other asset	9	24,104	40,173
Total non-current assets		284,745	306,979
TOTAL ASSETS		2,340,974	2,374,141
CURRENT LIABILITIES			
Trade and other payables	10	204,140	143,115
Provisions	11	380,668	359,822
Income in advance	12	757,596	900,385
Total current liabilities		1,342,404	1,403,322
NON-CURRENT LIABILITIES			
Provisions	11	169,944	168,668
Total non-current liabilities		169,944	168,668
TOTAL LIABILITIES		1,512,348	1,571,990
NET ASSETS		828,626	802,151
FUNDS			
Reserves	13	337,842	328,981
Retained earnings		490,784	473,170
TOTAL FUNDS		828,626	802,151

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Reserves	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 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
Total comprehensive income for the year	-	26,475	26,475
Transfer of bequest income to reserve	8,861	(8,861)	-
Balance as at 30 June 2016	337,842	490,784	828,626

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from government grants and community services		2,732,689	2,707,800
Payments to employees and suppliers		(2,790,045)	(2,623,102)
Interest received		34,525	47,402
Interest received related to bequest reserve		8,861	10,108
Net cash provided by/ (used in) operating activities		<u>(13,970)</u>	<u>142,208</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		<u>(23,116)</u>	<u>(19,245)</u>
Net cash used in investing activities		<u>(23,116)</u>	<u>(19,245)</u>
Net increase/ (decrease) in cash held		(37,086)	122,963
Cash and cash equivalents at the beginning of financial year		<u>1,921,530</u>	<u>1,798,567</u>
Cash and cash equivalents at the end of financial year	5	<u>1,884,444</u>	<u>1,921,530</u>

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of Significant Accounting Policies

Victorian Council of Social Service applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

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 6 October 2016 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 a charity registered under the Australian Charities and Not-for-profits Commission Act 2012 and 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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 high quality 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:

	2016	2015
Less than 1 year	100%	100%
1 year and less than 2 years:	100%	100%
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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
Note 2: Revenue		
Operating Activities		
Government operational funding	694,238	664,397
Membership and publications	421,213	408,220
Rent received	65,255	64,764
Interest income	41,361	47,207
Project revenue	1,292,224	1,300,184
Donations received	-	100
Other revenue from services	14,899	18,175
Total operating activities revenue	<u>2,529,189</u>	<u>2,503,046</u>

Non-operating Activities

Interest income	<u>8,861</u>	<u>10,108</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	5,675	6,498
- Plant and equipment	<u>23,606</u>	<u>33,633</u>
Total depreciation	<u>29,281</u>	<u>40,131</u>

Employment Expenses

Core operational management	1,012,920	952,562
Project employment expenses	<u>814,119</u>	<u>755,423</u>
Total employment expenses	<u>1,827,039</u>	<u>1,707,985</u>

Auditor's Remuneration

Remuneration of auditor for auditing the financial report	<u>11,400</u>	<u>13,007</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>492,790</u>	<u>424,787</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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
Note 5: Cash and Cash Equivalents		
Cash on hand	400	400
Cash at bank	216,332	194,851
Short term bank deposits	1,667,712	1,726,279
Total cash and cash equivalents	<u>1,884,444</u>	<u>1,921,530</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	1,884,444	1,921,530
Total cash and cash equivalents	<u>1,884,444</u>	<u>1,921,530</u>

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

Trade receivables	140,610	136,688
Prepayments	22,748	7,353
Interest receivable	8,427	1,591
Total trade and other receivables	<u>171,785</u>	<u>145,632</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>(87,436)</u>	<u>(81,761)</u>
Total buildings	<u>106,056</u>	<u>111,731</u>
Total investment property	<u>216,056</u>	<u>221,731</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 2016****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 2015	110,000	111,731	221,731
Depreciation expense	-	(5,675)	(5,675)
Carrying amount at 30 June 2016	<u>110,000</u>	<u>106,056</u>	<u>216,056</u>

	2016 \$	2015 \$
(a) Net Income from Investment Property		
Rental income	65,255	64,764
Operating expenses	6,788	11,465
Net income for the year	<u>58,467</u>	<u>53,299</u>

(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 2016 by giving no less than 6 months notice of its intention to do so.

Note 8: Plant and Equipment

Plant and equipment - at cost	604,076	580,959
Less accumulated depreciation	(559,491)	(535,884)
Total plant and equipment	<u>44,585</u>	<u>45,075</u>

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	45,075	59,464
Additions	23,116	19,246
Depreciation expense	(23,606)	(33,635)
Carrying amount at the end of the financial year	<u>44,585</u>	<u>45,075</u>

Note 9: Other Asset

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
Note 10: Trade and Other Payables		
Current		
Trade payables	111,244	28,289
Other payables and accruals	92,896	114,826
Total current trade and other payables	<u>204,140</u>	<u>143,115</u>
Note 11: Provisions		
Current		
Employee entitlements	352,047	331,201
Inclusive participant provision	7,817	7,817
Lease Incentive – rent free period	14,849	14,849
Capital Incentive	5,955	5,955
Total current provisions	<u>380,668</u>	<u>359,822</u>
Non-current		
Employee entitlements	80,182	58,099
Provision for restoration costs	80,346	80,346
Lease Incentive – rent free period	7,426	22,274
Capital Incentive	1,990	7,949
Total non-current provisions	<u>169,944</u>	<u>168,668</u>
Total provisions	<u>550,612</u>	<u>528,490</u>
Note 12: Income in Advance		
Unexpended project funds	443,847	601,856
Subscriptions received in advance	312,917	297,016
Other subscriptions in advance	832	1,513
Total income in advance	<u>757,596</u>	<u>900,385</u>

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

The company owns an investment property as disclosed in note 7. 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 (2015: \$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 (2015: \$Nil) of the reserve was utilised for research purposes.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016****Note 13: Reserves (cont'd)**

The movements in the reserve accounts are:

	Building Maintenance Reserve	Bequest Reserve	Total
	\$	\$	\$
Balance as at 1 July 2015	10,768	318,213	328,981
Transfer of bequest income	-	8,861	8,861
Transfer from bequest reserve to retained earnings	-	-	-
Balance as at 30 June 2016	<u>10,768</u>	<u>327,074</u>	<u>337,842</u>

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	2016 \$	2015 \$
Financial Assets			
Cash and cash equivalents	5	1,884,444	1,921,530
Receivables	6	<u>171,785</u>	<u>145,632</u>
		<u>2,056,229</u>	<u>2,067,162</u>
Financial Liabilities			
Trade and other payables	10	<u>204,140</u>	<u>143,115</u>
		<u>210,711</u>	<u>143,115</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 2016, the bank guarantees aggregate to \$50,000 (2015: \$50,000).

VICTORIAN COUNCIL OF SOCIAL SERVICE

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
Note 16: Commitments		
Capital commitment as at 30 June 2016 amounted to \$Nil (2015: \$Nil)		
Operating Lease Commitments		
Receivable		
Investment property		
Not later than 12 months	65,606	63,000
Later than 12 months but not later than five years	65,606	126,000
	<u>131,212</u>	<u>189,000</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	2,332	5,597
Later than 12 months but not later than five years		2,332
	<u>2,332</u>	<u>7,929</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	204,439	196,572
Later than 12 months but not later than five years	104,224	308,652
	<u>308,663</u>	<u>505,224</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: Subsequent Events

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- (a) The entities operations in future financial years;
- (b) The results of those operations in future financial years; and
- (c) The entities state of affairs in future financial years.

Note 18: 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 2016 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:

Stella Avramopoulos
President

Simon Trivett
Treasurer

Signed on this 7th day of October 2016.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTORIAN COUNCIL OF SOCIAL SERVICE

We have audited the accompanying financial report of Victorian Council of Social Service, which comprises the statement of financial position as at 30 June 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of Victorian Council of Social Service would be in the same terms if provided to the directors as at the time of this auditor's report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VICTORIAN COUNCIL OF SOCIAL SERVICE (Continued)**

Opinion

In our opinion the financial report of Victorian Council of Social Service, is in accordance with 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 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*.


MCLEAN DELMO BENTLEYS AUDIT PTY LTD


MARTIN FENSOME
PARTNER

Dated in Hawthorn on this 20 day of October 2016.