

VCOSS

**Victorian Council
of Social Service**

ABN 23 005 014 988

Financial Report
1 July 2013 – 30 June 2014

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 2014.

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	
Eric Passaris	Treasurer (until 29/11/13) Chair of the Finance, Audit and Risk Committee (until 29/11/13)	Retired 29 November 2013
Simon Trivett	Treasurer (from 29/11/13) Chair of the Finance, Audit and Risk Committee (from 29/11/13)	Appointed 29 November 2013
Stella Avramopoulos		
David Brant		
(Rev) Fredric Holland		
Tony Keenan		Appointed 20 November 2013
Anthony Lang		
John Lawrence		Retired 20 November 2013
Paul McDonald		
Dale Renner		
Kim Sykes		
Jodie Willmer	Member of the Finance, Audit and Risk Committee	

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

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Directors Report

Principal Objectives (cont'd)

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.

Strategic Plan 2011-2014

The Board of Directors, in consultation with the Chief Executive Officer (CEO), Senior 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 to:

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 with an effective platform to formulate short-term measurable targets and key performance indicators (KPIs) for the senior management team to guide and achieve the policy, advocacy and business development activities of the organisation.

The short-term policy, advocacy and business development targets and achievements are 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 2013/2014 financial year the organisation reported its achievements against the five strategic directions including:

1. Advocate for social justice
 - State Budget Submission 2014/2015
 - 2014 State Election Platform: Victoria Without Poverty
 - 2014 VCOSS Summit: Setting the Agenda
 - Launched a series of campaigns including: *Cover the Costs*; *Building the Scaffolding: Strengthening Support for young people in Victoria*; *National Partnership Agreement of Homelessness*; and *Winners and Losers: the impact of energy concessions caps on low-income Victorians*.
 - Number of forums held on: vulnerable children, youth, service sector reform, emergency management and disability advocacy sector conversations.
2. Build a strong community sector
 - Establishment and strong representation on the Community Sector Reform Council
 - Provided training and support to more than 300 participants through the VCOSS link training and development program
 - VCOSS Link offered over 10 training and development sessions for community sector participants
 - Brokered high quality professional development opportunities from the Australian Institute of Management (AIM) for 48 community sector professionals at a value of \$51,720
 - Delivery of two CEO and President's forum to promote and discuss partnerships, innovation and reform
 - Continued partnerships to deliver resources to promote the sustainability and capacity of the sector with: Bankmecu, Officeworks, Matrix on Board, Australian Institute of Management (AIM), Hesta, Australia Charities and Not-for-Profit Commission (ACNC), PilchConnect and Institution of Public Administration Australia (IPAA Vic).
3. Strengthen our public presence
 - VCOSS Voice blog features over 30 opinion pieces on issues relevant to the sector

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Strategic Plan 2011-2014 (cont'd)

- Produced two editions of *Insight Magazine on Vulnerable Children: Better Start, Better Lives* and *On the Fringes: Tale of Two Cities*
 - Produced over 40 media releases
 - VCOSS AGM: Mark Yettica-Paulson presented on opportunities to promote constitutional recognition of Aboriginal and Torres Strait Islander people through sustainable partnerships.
4. Collaborate for greater impact
- VCOSS key partner in the COSS Collaboration project
 - Co-hosted a number of forums to ensure cross-sectoral networking and information sharing on key issues in family violence, mental health, emergency management, housing, disability and youth employment.
 - Peaks and State-wide Forum held bi-monthly ensure collaboration and information sharing across the sector
5. Sustain a healthy organisation
- Developed and updated membership marketing strategy and material
 - Negotiated a new Enterprise Bargaining Agreement
 - Negotiated and formalised partnerships and sponsorships arrangements with a number of businesses including Officeworks, AccessPay, HESTA and Victoria Legal Aid.
 - Office refurbishments completed to improve staff amenities and accessibility.

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.

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. David works as a lobbyist and project managers campaigns for community sector organisations. David works at representing the interest of small VCOSS member orgs. Other Boards representation includes: COTA Vic Policy Council, Disability Justice Advocacy and Yarra Disability Advisory Council.
Micaela Cronin	Board member since 2005. Chief Executive Officer of MacKillop Family Services. Over 24 years experience in the community sector including: domestic violence and women's services, drug and alcohol, homelessness, youth, counselling and support services. MBA, Grad Dip CD, BSW.
(Rev) Fredric Holland	Board member since 2012. Chief Executive Officer (CEO) of Melbourne City Mission. 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 UK Council of Social Service (Nottingham). BD (Hons), MBA, Ordained Minister of the Uniting Church.

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Directors Report

Tony Keenan	Board member since 2013. Tony Keenan has been Chief Executive Officer of Hanover Welfare Services since 2006. Prior to this he was General Secretary of the Victorian Independent Education Union. He has served in many community and policy advisory roles including as a member of the Australian National Council on AIDS and the Australian Social Inclusion Board. He has served as Chairperson of the Australian Foyer Foundation, President of the Victorian AIDS Council and national president of the Australian Federation of AIDS Organisations. He 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. Tony recently attended the Harvard Business School Executive Education Program: Strategic Perspectives in Nonprofit Management. EMPA, BA.
Kim Koop	Board member since 2011. Chief Executive Officer of Psychiatric Disability Services of Victoria (VICSERV). Over 32 years experience in direct delivery and management of mental health, aged care and disability services. MBL (RMIT), B.App Sc. Occupational Therapy.
John Lawrence	Board member since 2009. Executive Director of UnitingCare Gippsland. John maintains a strong background in community health, children's and family services, vocational education and aboriginal health; and is a Fellow of the Australian Institute of Company Directors.
Anthony 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. Chief Executive Officer of Anglicare Victoria. 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.
Eric Passaris	Board member since 2002. Member of Chartered Accountants Australia and New Zealand and of CPA Australia. Registered Company Auditor. B Ec.
Dale Renner	Board member since May 2008. Director Iconic Consulting. Strategy and innovation consultant with 14 years international experience. LLB (Hons), B Ec.
Kim Sykes	Board member since 2012. Kim is Chief Executive Officer of Bendigo Community Health Services. Extensive experience in health and human services including clinical management and policy roles. Kim is a member of the Victorian Primary and Community Health Network, Ministerial Advisory Committee on Nursing and Midwifery and the Health Advisory Group for the Grattan Institute. MBA, Psychiatric nursing qualifications.
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 17 years experience in the tourism and not for profit sectors with expertise in advocacy, stakeholder relations and governance. Director of own consultancy firm -Paragon Partners. CEO of Travellers Aid Australia, assisting people who experience transport disadvantage from 2006 - 2014. President of Emergency Relief (ER) Victoria, Cert IV in Governance. Member of the Australasian Society of Association

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Directors Report

Executives (AuSAE) and Australian Institute of Company Directors.

Meetings of Directors

During the financial year, 9 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Attended
Stella Avramopoulos	9	7
David Brant	9	7
Micaela Cronin	9	8
Ric Holland	9	5
Tony Keenan	5	4
Kim Koop	9	9
Anthony Lang	9	7
John Lawrence	4	2
Paul McDonald	8	5
Eric Passaris	4	2
Dale Renner	9	7
Kim Sykes	9	7
Simon Trivett	5	5
Jodie Willmer	9	9

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

Paul McDonald: 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	9	5
Eric Passaris	5	5
Simon Trivett	4	4
Jodie Willmer	9	7

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 2014, the collective liability of members was \$5,620 (2012: \$7,600).

Directors Report

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not for Profit Commission Act 2012 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 26 day of September 2014.

**Auditor's Independence Declaration
To the directors of Victorian Council of Social Service**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, 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 Bentley's Audit Pty Ltd

McLean Delmo Bentley's Audit Pty Ltd

Sally Ding
Sally Ding
Registered Company Auditor

Signed in Hawthorn, this *26th* day of *September* 2014.

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Revenue			
Operating Activities	2	2,704,339	2,821,710
Expenses			
Employment expenses		(925,848)	(925,126)
Occupancy expenses		(187,122)	(211,713)
Publications expenses		(8,440)	(20,118)
Investment expenses		(3,243)	(2,836)
Project expenses		(1,157,339)	(1,328,929)
Other operating and administration expenses		(310,994)	(328,091)
Total expenses		<u>(2,592,986)</u>	<u>(2,816,813)</u>
Surplus from operating activities	3	111,353	4,897
Non-operating Activities			
Bequest income - interest	2	<u>12,304</u>	<u>15,298</u>
Surplus for the year		123,657	20,195
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>123,657</u>	<u>20,195</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,798,567	1,718,165
Trade and other receivables	6	<u>163,547</u>	<u>55,466</u>
Total current assets		<u>1,962,114</u>	<u>1,773,631</u>
NON-CURRENT ASSETS			
Investment property	7	228,229	233,905
Plant and equipment	8	59,464	79,329
Other asset	9	<u>56,242</u>	<u>-</u>
Total non-current assets		<u>343,935</u>	<u>313,234</u>
TOTAL ASSETS		2,306,049	2,086,865
CURRENT LIABILITIES			
Trade and other payables	10	239,362	215,957
Provisions	11	357,866	396,524
Income in advance	12	<u>861,790</u>	<u>815,030</u>
Total current liabilities		<u>1,459,018</u>	<u>1,427,511</u>
NON-CURRENT LIABILITIES			
Provisions	11	<u>173,987</u>	<u>109,967</u>
Total non-current liabilities		<u>173,987</u>	<u>109,967</u>
TOTAL LIABILITIES		1,633,005	1,537,478
NET ASSETS		673,044	549,387
FUNDS			
Reserves	13	318,873	306,569
Retained earnings		<u>354,171</u>	<u>242,818</u>
TOTAL FUNDS		673,044	549,387

The accompanying notes form part of these financial statements.

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

	Reserves	Retained	Total
	\$	Earnings	\$
	\$	\$	\$
Balance as at 1 July 2012	328,663	200,529	529,192
Total comprehensive income for the year	-	20,195	20,195
Transfer of bequest reserve to retained profits (Note 13(b))	(37,392)	37,392	-
Transfer of bequest income to reserve	15,298	(15,298)	-
Balance as at 30 June 2013	306,569	242,818	549,387
Total comprehensive income for the year	-	123,657	123,657
Transfer of bequest reserve to retained profits (Note 13(b))	-	-	-
Transfer of bequest income to reserve	12,304	(12,304)	-
Balance as at 30 June 2014	318,873	354,171	673,044

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from government grants and community services		2,825,437	3,091,016
Payments to employees and suppliers		(2,795,902)	(3,187,549)
Interest received		54,190	59,057
Interest received related to bequest reserve		12,304	15,298
Net cash provided by/ (used in) operating activities		<u>96,029</u>	<u>(22,178)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		<u>(15,627)</u>	<u>(53,780)</u>
Net cash used in investing activities		<u>(15,627)</u>	<u>(53,780)</u>
Net increase/ (decrease) in cash held		80,402	(75,958)
Cash and cash equivalents at the beginning of financial year		<u>1,718,165</u>	<u>1,794,123</u>
Cash and cash equivalents at the end of financial year	5	<u>1,798,567</u>	<u>1,718,165</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 2014

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 ²⁶ Sept 2014 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.

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

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.

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

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:

	2014	2013
Less than 1 year	30%	30%
1 year and less than 2 years:	60%	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.

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

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 2012 and expires on 30 June 2015.

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

	2014	2013
	\$	\$
Note 2: Revenue		
Operating Activities		
Government operational funding	634,216	604,609
Membership and publications	376,603	306,011
Rent received	63,000	86,181
Interest income	52,184	57,610
Project revenue	1,477,086	1,737,472
Donations received	2,725	185
Other revenue from services	98,525	29,642
Total operating activities revenue	<u>2,704,339</u>	<u>2,821,710</u>
Non-operating Activities		
Interest income	<u>12,304</u>	<u>15,298</u>
Note 3: Expenses		
The following significant expense items are relevant in explaining the financial performance:		
Depreciation of property, plant and equipment		
- Investment property	5,676	3,671
- Plant and equipment	35,492	58,331
Total depreciation	<u>41,168</u>	<u>62,002</u>
Employment Expenses		
Core operational management	925,848	925,126
Project employment expenses	863,440	679,545
Total employment expenses	<u>1,789,288</u>	<u>1,604,671</u>
Auditor's Remuneration		
Remuneration of auditor for auditing the financial report	<u>10,809</u>	<u>11,200</u>

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>499,450</u>	<u>360,891</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 2014**

	2014	2013
	\$	\$
Note 5: Cash and Cash Equivalents		
Cash on hand	400	487
Cash at bank	225,113	268,206
Short term bank deposits	1,573,054	1,449,472
Total cash and cash equivalents	<u>1,798,567</u>	<u>1,718,165</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>1,798,567</u>	<u>1,718,165</u>
Total cash and cash equivalents	<u>1,798,567</u>	<u>1,718,165</u>

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

Trade receivables	131,945	47,092
Prepayments	29,816	4,582
Interest receivable	1,786	3,792
Total trade and other receivables	<u>163,547</u>	<u>55,466</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>(75,263)</u>	<u>(69,587)</u>
Total buildings	<u>118,229</u>	<u>123,905</u>
Total investment property	<u>228,229</u>	<u>233,905</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 2014****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 2013	110,000	123,905	233,905
Depreciation expense	-	(5,676)	(5,676)
Carrying amount at 30 June 2014	<u>110,000</u>	<u>118,229</u>	<u>228,229</u>

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.

	2014 \$	2013 \$
(a) Net Income from Investment Property		
Rental income	63,000	59,170
Operating expenses	(22,530)	(14,121)
Net income for the year	<u>40,470</u>	<u>45,049</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 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	561,714	546,087
Less accumulated depreciation	(502,250)	(466,758)
Total plant and equipment	<u>59,464</u>	<u>79,329</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	79,329	93,907
Additions	15,627	43,753
Depreciation expense	(35,492)	(58,331)
Carrying amount at the end of the financial year	<u>59,464</u>	<u>79,329</u>

Note 9: Other Asset

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

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

	2014	2013
	\$	\$
Note 10: Trade and Other Payables		
Current		
Trade payables	116,938	123,783
Other payables and accruals	122,424	92,174
Total current trade and other payables	<u>239,362</u>	<u>215,957</u>
Note 11: Provisions		
Current		
Employee entitlements	324,776	365,684
Inclusive participant provision	12,286	10,036
Lease Incentive – rent free period	14,849	14,849
Capital Incentive	5,955	5,955
Total current provisions	<u>357,866</u>	<u>396,524</u>
Non-current		
Employee entitlements	42,614	38,136
Provision for restoration costs	80,346	-
Lease Incentive – rent free period	37,123	51,970
Capital Incentive	13,904	19,861
Total non-current provisions	<u>173,987</u>	<u>109,967</u>
Total provisions	<u>531,853</u>	<u>506,491</u>
Note 12: Income in Advance		
Unexpended project funds	569,792	678,947
Subscriptions received in advance	281,878	92,206
Sector sustainability campaign funds	7,512	42,910
Other subscriptions in advance	2,608	967
Total income in advance	<u>861,790</u>	<u>815,030</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 (2013: \$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 (2013: \$37,392) of the reserve was utilised for research purposes.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014****Note 13: Reserves (cont'd)**

The movements in the reserve accounts are:

	Building Maintenance Reserve	Bequest Reserve	Total
	\$	\$	\$
Balance as at 1 July 2013	10,768	295,801	306,569
Transfer of bequest income	-	12,304	-
Transfer from bequest reserve to retained earnings	-	-	-
Balance as at 30 June 2014	<u>10,768</u>	<u>308,105</u>	<u>318,873</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	2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents	5	1,798,567	1,718,165
Receivables	6	133,731	50,884
		<u>1,932,298</u>	<u>1,769,049</u>
Financial Liabilities			
Trade and other payables	10	239,362	215,957
		<u>239,362</u>	<u>215,957</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 2014, the bank guarantees aggregate to \$50,000 (2013: \$77,500).

VICTORIAN COUNCIL OF SOCIAL SERVICE

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

	2014	2013
	\$	\$
Note 16: Commitments		
Capital commitment as at 30 June 2014 amounted to \$Nil (2013: \$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	189,000	252,000
	<u>252,000</u>	<u>315,000</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	7,929	13,526
	<u>13,526</u>	<u>19,122</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	189,015	170,174
Later than 12 months but not later than five years	505,239	650,022
	<u>694,254</u>	<u>820,196</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 2014 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 *26th* day of *September* 2014.

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 2014 and the statement of 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 of the company.

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*.

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

Opinion

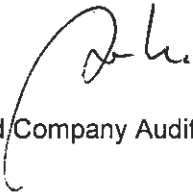
In our opinion, the financial report of Victorian Council of Social Service is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2014 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 Regulation 2013*.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd

Sally Ding
Registered Company Auditor



Hawthorn
26th September 2014