BERRY STREET VICTORIA INC

ABN 24 719 196 762

FINANCIAL REPORT

FOR THE YEAR ENDED 30 June 2024

BERRY STREET VICTORIA INC
ABN 24 719 196 762

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR END 30 JUNE 2024

	Notes	2024 $	2023 Restated $
Revenue			
Revenue		188,464,266	176,403,266
Other income		26,229	56,573
Total revenue	6	**188,490,495**	**176,459,839**
Expenses			
Program expenses		(171,189,482)	(152,864,054)
Fundraising expenses		(4,671,149)	(3,902,384)
Strategic initiative expenses		(4,449,932)	(5,273,992)
Administrative and infrastructure expenses		(16,045,371)	(18,063,896)
Civil claims and redress scheme expenses		(1,632,529)	(3,477,735)
Fair value gains on financial assets and liability		3,178,871	1,501,443
Total expenses	7	**(194,809,593)**	**(182,080,618)**
Deficit before income tax		**(6,319,097)**	**(5,620,779)**
Income tax expense	5(b)	-	-
Deficit for the year	8	**(6,319,097)**	**(5,620,779)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gains on revaluation of land and buildings	20	484,666	-
Total other comprehensive income for the year		**484,666**	**-**
Total comprehensive deficit for the year		**(5,834,431)**	**(5,620,779)**
Deficit attributable to members of the entity		**(5,834,431)**	**(5,620,779)**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	2024 $	2023 Restated $
Current assets			
Cash and cash equivalents	9	7,848,258	16,996,401
Trade and other receivables	10	4,130,012	3,371,485
Receivables - Portable Long Service Authority	5(d)	5,746,755	2,441,655
Other assets	11	6,532,912	4,046,276
Total current assets		**24,257,937**	**26,855,817**
Non-current assets			
Financial assets	12	47,208,146	46,331,829
Property, plant and equipment	13	16,676,599	16,349,730
Intangibles	14	781,309	982,890
Right-of-Use assets	17(b)	15,458,125	12,476,396
Other assets	11	-	2,605,221
Total non-current assets		**80,124,179**	**78,746,066**
Total assets		**104,382,116**	**105,601,883**
Current liabilities			
Trade and other payables	15	19,320,057	16,687,704
Contract liabilities	16	10,484,584	13,199,180
Lease liabilities	17(c)	3,571,232	3,186,795
Short term provisions	18	7,711,143	10,860,168
Total current liabilities		**41,087,015**	**43,933,847**
Non-current liabilities			
Lease liabilities	17(c)	12,749,809	10,259,508
Long term provisions	18	8,950,542	4,356,475
Financial liability	19	5,461,071	5,083,942
Total non-current liabilities		**27,161,422**	**19,699,925**
Total liabilities		**68,248,438**	**63,633,772**
Net assets		**36,133,679**	**41,968,111**
Equity			
Retained earnings		31,364,534	36,748,383
Land and buildings revaluation surplus	20	4,769,145	5,219,728
Total equity		**36,133,679**	**41,968,111**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Retained Earnings	Land and Buildings Revaluation Surplus	Total
	$	$	$
Balance at 1 July 2022	40,108,432	5,219,728	45,328,160
Restatement	2,260,730	-	2,260,730
Balance at 1 July 2022, restated (Note 5(e))	**42,369,162**	**5,219,728**	**47,588,890**
Total comprehensive income for the year			
Deficit for the year, restated (Note 5(e))	(5,620,779)	-	(5,620,779)
Other comprehensive income	-	-	-
Total comprehensive deficit for the year	**(5,620,779)**	**-**	**(5,620,779)**
Balance at 30 June 2023	**36,748,383**	**5,219,728**	**41,968,111**
Balance at 1 July 2023	36,748,383	5,219,728	41,968,111
Total comprehensive income for the year			
Deficit for the year	(6,319,097)	-	(6,319,097)
Transfer	935,249	(935,249)	-
Other comprehensive income	-	484,666	484,666
Total comprehensive deficit for the year	**(5,383,848)**	**(450,583)**	**(5,834,431)**
Balance at 30 June 2024	**31,364,534**	**4,769,145**	**36,133,679**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $	2023 $
Cash flows from operating activities			
Receipts from operating activities		179,081,857	175,713,512
Interest received		552,969	722,056
Payments to suppliers and employees		(184,651,944)	(174,730,755)
Lease payments for short term leases		(1,456,812)	(1,002,338)
Lease payments for leases of low value assets		(978,100)	(1,296,926)
Net cash used in operating activities		**(7,452,030)**	**(594,451)**
Cash flows from investing activities			
Interest received		247,929	201,110
Dividends received		969,159	1,040,960
Proceeds from sale of property, plant and equipment	8	877,302	61,666
Payments for property, plant and equipment	13	(2,089,005)	(2,357,644)
Payments for intangible assets	14	(48,581)	(294,901)
Proceeds from sale of investments		9,847,396	1,600,000
Payments for investments		(6,567,218)	(3,841,894)
Net cash provided by / (used in) investing activities		**3,236,982**	**(3,590,703)**
Cash flows from financing activities			
Interest paid (loan)		(75,000)	(93,750)
Lease payments (principal and interest)		(4,858,095)	(4,735,327)
Net cash used in financing activities		**(4,933,095)**	**(4,829,077)**
Net decrease in cash and cash equivalents		**(9,148,143)**	**(9,014,231)**
Cash at the beginning of the financial year		16,996,401	26,010,632
Cash at the end of the financial year	9	**7,848,258**	**16,996,401**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Berry Street Victoria Incorporated (the Association) is a public benevolent institution to assist and support children and families in need by, without limitation:

- providing programs and services which contribute to all children having a good childhood;
- providing foster and residential care programs for children who cannot live safely at home;
- providing services that reduce the incidence and impact of trauma, violence, abuse and neglect, and assist recovery;
- operating a specialist school for children who have experienced trauma, violence, abuse or neglect;
- supporting trauma-informed teaching and learning;
- building and sharing knowledge and evidence about what works; and
- working towards effecting change in society to benefit children.

The registered office and principal place of business of the Association is Level 3, Building 9, 588 Swan Street, Richmond, 3121 VIC, Wurundjeri Country.

2. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board, the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*. The Association 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 correspondingly presented and have been consistently applied unless stated otherwise.

New and amended accounting policies

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current. The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Association plans on adopting the amendment for the year ending 30 June 2025.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates. The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8). The Association has applied the amendment for the year ended 30 June 2024.

The financial statements, except for the cash flow information, have been prepared on an accruals 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 and are presented in Australian dollars, which is the functional and presentation currency of the Association.

The financial statements were authorised for issue on same date as the Directors' Declaration by the Board of Directors.

3. GOING CONCERN CONSIDERATION

The Association has recorded net losses, cash reductions and negative current net assets in the last two financial years. After reviewing cash flow projections and other available current information, the directors believe there are reasonable grounds that the Association will be able to pay its debts as and when they fall due, and that the preparation of the financial statements on a going concern basis is appropriate. In adopting the going concern basis the directors have considered mitigating factors inclusive of:

- an investment portfolio of $47.2 million, the majority of which is redeemable within one month, providing sufficient near-immediate liquidity if required;
- the investment in modernizing information technology platforms is expected to be completed in 2024/25, reducing the operational cash outflows required for this strategic project;
- costs reduction to be implemented from 2025/26 targeting $5 million of savings per year;

4. ECONOMIC DEPENDENCY

The Association is dependent on the Department of Families, Fairness and Housing for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support the Association.

5. MATERIAL ACCOUNTING POLICY INFORMATION

a) Financial Instruments

On initial recognition, all financial instruments are measured at fair value plus (in the case of assets) or less (in the case of liabilities) transaction costs, except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred.

Subsequent measurement

All recognised financial instruments are subsequently measured in their entirety at either amortised cost or fair value through profit or loss, depending on the classification of the financial instrument.

The Association's financial assets measured at amortised cost comprise trade and other receivables, security deposits and cash and cash equivalents.

The Association's financial liabilities measured at amortised cost comprise trade and other payables and lease liabilities.

All other financial instruments not classified as amortised cost are subsequently measured at fair value through profit or loss.

The Association's financial instruments measured at fair value through profit or loss comprise listed shares, managed investment funds, social impact bonds and loans and borrowings.

b) Income Tax

No provision for income tax has been raised as the Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

c) Judgements and Key Sources of Estimation Uncertainty

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association. The key estimates and judgements made by the Directors are detailed in Note 6 - AASB 15 Revenue from contracts with customers; Note 6 - Performance obligations under AASB 15; Note 12 - Financial assets at fair value through profit or loss; Note 13 - Fair value of

Land and Buildings; Note 13 - Equitable interest of residential properties; Note 17 - Lease term and Option to Extend under AASB 16; Note 17 - Estimating the incremental borrowing rate under AASB 16; Note 18 - Provision for National Redress Scheme and Note 19 - Financial liabilities at fair value through profit or loss.

d) Reimbursement receivable from PLSA

The Victorian Long Service Benefits Portability Act 2018 came into effect on 1 July 2019, with the purpose of ensuring that eligible workers in the community service, contract cleaning, and security industries can accumulate long service leave benefits based on their service to the industry, rather than to a single employer. As part of this scheme, the Portable Long Service Authority (PLSA) was established to administer the program. The Association falls under the definition of community service, making the majority of its employees eligible for the scheme. Participant employers are required to pay a quarterly levy of 1.65% of eligible salaries to the PLSA. Under the scheme rules, employers remain legally responsible for long service leave obligations (note 18) and the PLSA reimburses them for any leave paid to their employees. The Association has recognised its right to the reimbursement on the balance sheet.

e) Prior Periods Restatement

During 2023/24 the Association reviewed the rateable remunerations reported to WorkCover insurer for the 2019/20 to 2022/23 periods, resulting in a total adjustment to the corresponding premiums of $2,605,221. This balance has been deducted from 2024/25 premium paid in August 2024. In accordance to AASB 108, the Association restated previously reported figures as follows:

Premium period	Adjustment	Restatement
2019/20	544,760	Retained Earnings at 1 Jul 2022
2020/21	699,473	Retained Earnings at 1 Jul 2022
2021/22	1,016,497	Retained Earnings at 1 Jul 2022
2022/23	344,491	Comparative figures
	2,605,221	

Statement of Profit and Loss and Other Comprehensive Income:

	2023 previously reported $	Adjustment $	Restated figure $
Administrative and infrastructure expenses	(18,408,387)	344,491	(18,063,896)
Deficit for the year	**(5,965,270)**	**344,491**	**(5,620,779)**

Statement of Financial Position:

	2023 previously reported $	Adjustment $	Restated figure $
Non-Current Other assets	-	2,605,221	2,605,221
Total non-current assets	**76,140,845**	**2,605,221**	**78,746,066**
Total assets	**102,996,662**	**2,605,221**	**105,601,883**
Net assets	**39,362,890**	**2,605,221**	**41,968,111**

Statement of Changes in Equity:

	2023 previously reported $	Adjustment $	Restated figure $
Retained earnings at 1 July 2022	40,108,432	2,260,730	42,369,162
Deficit for the year	(5,965,270)	344,491	(5,620,779)
Balance at 30 June 2023	**34,143,162**	**2,605,221**	**36,748,383**

6. REVENUE

	Note	2024	2023
		$	$
Commonwealth Government grants			
Department of Education and Training		11,558,603	9,386,764
Department of Social Services		1,110,989	1,278,942
Attorney General's Department		1,002,413	985,209
Other		447,426	137,631
Total Grants from Commonwealth Government		**14,119,431**	**11,788,546**
State Government grants			
Department of Families, Fairness and Housing		135,982,430	132,173,610
Department of Education and Training		7,722,383	6,477,173
Others		782,531	401,441
Total Grants from State Government		**144,487,344**	**139,052,224**
Local Governments Grants			
City of Greater Shepparton		331,775	339,423
Others		288,777	120,378
Total Grants from Local Governments		**620,552**	**459,801**
Total Government Grants		**159,227,327**	**151,300,571**
Non-Government grants		4,294,899	3,340,488
Total grants		**163,522,226**	**154,641,059**
Other revenue			
Training and events income		8,596,749	6,047,843
Other (miscellaneous program)		4,282,346	4,493,944
Total other revenue		**12,879,095**	**10,541,787**
Fundraising			
Charitable and fundraising		4,587,886	5,175,485
Bequests received		229,634	1,294,345
Philanthropy		4,874,885	1,586,574
Total fundraising		**9,692,405**	**8,056,404**
Investment income			
Interest received		800,898	923,166
Dividends received		1,559,067	2,227,631
Bond coupon		10,575	13,219
Total investment income		**2,370,540**	**3,164,016**
Revenue		**188,464,266**	**176,403,266**
Other income			
Gain/(loss) on disposal of non-current assets	8	26,229	56,573
Total other income		**26,229**	**56,573**
Total Revenue		**188,490,495**	**176,459,839**

The Association's revenue disaggregated by pattern of revenue recognition is as follows:

2024	Grants	Training and Events income	Other income	Total
	$	$	$	$
Services transferred to customers:				
- over time	163,522,226	-	187,134	163,709,360
- at a point in time	-	8,596,749	4,121,442	12,718,191
	163,522,226	**8,596,749**	**4,308,575**	**176,427,550**
Fundraising income recognised under AASB 1058				9,692,405
Investment income under AASB 9				2,370,540
Total revenue				**188,490,495**

The Association's revenue disaggregated by primary service type is as follows:

	2024	2023
	$	$
Residential care	47,071,321	48,497,916
Youth	13,036,277	12,680,227
Education	33,763,601	25,380,097
Community	3,579,014	3,649,872
Family Services - including Family Violence	35,598,355	34,443,793
Home-Based Care (Foster & Kinship)	15,104,249	13,136,609
Targeted Care Packages	7,695,684	7,086,765
Therapeutic	21,853,533	20,765,862
Other	10,788,461	10,818,698
Total Revenue	**188,490,495**	**176,459,839**

Recognition

Revenue arises mainly from government and other grants, fundraising and charitable activities, legacies and bequests, training and events income, investment and other income.

(i) Government and Other Grants

The Association is a not-for-profit organisation which receives the principal part of its income from government and other grants. Generally, government and other funding received, or receivable clearly outlines the specified services to be delivered, or conditions to be fulfilled, and creates obligations on the Association to deliver. Grant revenue for contracts which are enforceable and with sufficiently specific performance obligations are recognised over time. The input method is used to measure progress towards satisfaction of performance obligations based on costs incurred. Invoices issued are usually payable within 30 days.

Funding received in advance is recognised as contract liability and revenue is recognised as services are performed or conditions fulfilled over time based on the input method.

Unless prohibited by contract terms, if funds remain unspent after programs are completed or program completion date is reached, these unspent funds are immediately recognised as revenue.

Where the Association receives contributions of assets from the government and other parties for no or nominal consideration, these assets are recognised at fair value, with a corresponding amount of income recognised.

(ii) Fundraising income

Donations are recognised only when received by the Association in accordance with *AASB 1058 Income for Not-For-Profit Entities.*

Bequests are recognised when the Association receives confirmation from the solicitor that entitlement to the funds is uncontested, or when the legacy is received, whichever occurs earlier.

(iii) Other revenue

Client Funds and Client Brokerage are recognised as revenue when the related client expense is recognised as an expense in the profit or loss.

Revenue from delivering workshops, courses, events as well as consultation services is recognised upon the delivery of service to the customers and the customer has obtained the ability to direct the use of services provided. Invoices are issued according to the contractual terms and are usually payable within 30 days.

(iv) Investment Income

Interest income, included in investment income, is recognised on a proportional basis using the effective interest rate method, considering the interest rates applicable to the financial assets.

Dividend income is recognised when the right to receive a dividend has been established.

(v) Side by Side program

The Association entered into an Implementation Agreement with the Victorian Government in October 2020, which sets out the overall framework for the Side by Side program. Funding for the program is released by the State Government in two ways:

Standing payments: quarterly payments to fund the operation of the program in the first five and half years which are recognised over time on a monthly basis.

Performance based payments: annual payments from the fourth year onwards dependent on the attendance improvement achieved by the program. These payments are based on annual performance measurements completed at the beginning of each calendar year starting from 2024 and are recognised over time upon the results of each measurement. First payment was received in May 2024.

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

Key Judgments

AASB 15 Revenue from contracts with customers

The Association recognises revenue either at a point in time or over time as and when the customer obtains control of the goods and services. Revenue is recognised “over time” if the customer simultaneously receives and consumes the benefits provided by the Association. The majority of revenue contracts recognised under AASB 15 are considered “over time”. The Association uses an inputs based approach and has made a decision that expense is an appropriate indicator of performance obligations being met. Revenue for grants is recognised over time once expenses are incurred to fulfil these performance obligations.

Where a revenue contract is measured at a point in time, the Association recognises revenue once the performance obligations have been met, when it has a present right to payment and the customer has obtained the ability to direct the use of goods and services provided.

Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

7. TOTAL EXPENDITURE

	2024	2023
	$	$
Employee benefits expenses		
Salaries and wages	132,830,558	119,694,189
Superannuation	13,440,932	11,434,584
Workcover	6,239,333	5,759,897
Total employee benefits expenses	**152,510,823**	**136,888,670**
Non salary expenses		
Depreciation and amortisation	5,587,943	5,261,642
Interest expense on lease liabilities	791,164	723,979
Fundraising expenses	2,233,849	2,154,578
Vehicle running expenses	2,861,440	2,874,176
Occupancy expenses	3,349,974	3,098,014
Clients' expenses	10,855,361	10,312,202
Civil claims and Redress Scheme expenses	1,632,529	3,477,735
Fair value (gains)/losses on financial assets and liability	(3,178,871)	(1,501,443)
Training expenses	2,065,353	2,294,349
Audit, legal and consultancy expenses	1,198,920	2,039,025
Administration expenses	9,301,495	8,439,556
Other expenses	5,599,613	6,362,626
Total non-salary expenses	**42,298,770**	**45,536,439**
Total Expenditure	**194,809,593**	**182,425,109**

8. DEFICIT FOR THE YEAR

	2024	2023
Deficit has been determined after:	$	$
Auditor remuneration		
Audit Services		
- Current year	130,000	126,000
- Prior years	-	(4,089)
Other services	13,500	6,250
Total audit remuneration	**143,500**	**128,161**
Significant revenue and expenses		
Net gain/(loss) on disposal of non-current assets		
Property, plant and equipment		
Proceeds on disposal	877,302	61,666
Disposals at written down value	(851,073)	(5,093)
Net gain/(loss) on disposals	**26,229**	**56,573**

9. CASH AND CASH EQUIVALENTS

	2024	2023
	$	$
Cash at bank	7,407,508	9,728,401
Cash on hand	18,000	18,000
Short Term Deposits	422,750	7,250,000
Total cash and cash equivalents	**7,848,258**	**16,996,401**

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

10. TRADE AND OTHER RECEIVABLES

	2024	2023
	$	$
Trade receivables	3,581,253	2,728,903
Allowance for expected credit losses	(65,964)	(177,046)
	3,515,289	2,551,857
Other receivables	614,723	819,628
Total current trade and other receivables	**4,130,012**	**3,371,485**

11. OTHER ASSETS

	Note	2024	2023
		$	$
Accrued Income		1,184,251	836,894
Contract Assets	11(a)	1,170,772	1,407,662
Prepayments		4,177,889	4,406,941
Total other assets		**6,532,912**	**6,651,497**

		2024	2023
		$	$
Current		6,532,912	4,046,276
Non-current	5(e)	-	2,605,221
Total other assets		**6,532,912**	**6,651,497**

(a) Contract Assets

	2024	2023
	$	$
Opening balance	1,407,662	1,391,043
Increase in service delivered	3,707,768	3,725,024
Payment received from customers	(3,944,658)	(3,708,405)
Closing balance	**1,170,772**	**1,407,662**

These are contracts where the Association has recognised an asset for work that has been performed but for which payment has yet to be received as contract milestones have not been achieved. When invoicing takes place any amount that has previously been classified as a contract asset will be reclassified to trade receivables.

The Association has not recognised an expected credit loss allowance for contract assets, as these balances largely relate to work performed for the government which is deemed to be low risk of default. No historical credit losses have been recognised.

12. FINANCIAL ASSETS

	2024	2023
	$	$
Investment designated as at fair value through profit or loss:		
- Managed investment funds	23,978,327	21,607,486
- Listed shares	22,459,808	23,007,507
- Term deposits	-	1,000,000
- Social impact bond	770,011	716,836
Total financial assets	**47,208,146**	**46,331,829**

Fair values of managed investment funds are based on the net asset values as supplied by fund managers at the end of the reporting period. For investments in listed shares, the fair values are based on the market values at the end of the reporting period. Social Impact Bond fair value is based on the achievement of targets of the program.

Social Impact Bond

During 2020/21 and 2021/22 the Association acquired notes representing 14.1% of the Side by Side SIB Trust (the Trust) managed by Social Ventures Australia (SVA). Capital raised by the Trust from investors is on-lent to the Association to finance the delivery of the Side by Side program (Note 19). Noteholders are entitled to receive coupon payments and redemption proceeds representing their pro-rata share of the interest and principal paid under the loan agreement each March from 2022 to 2027.

Key Estimate

Financial assets at fair value through profit or loss

The fair value of the Social Impact Bond is determined based on the Association's share of future cash flows from the Side by Side loan. For managed investment funds, fair value is based on the fund's published net asset value (NAV), and for listed shares, it is derived from the market price on recognised exchanges as of the reporting date.

13. PROPERTY, PLANT AND EQUIPMENT

	2024 $	2023 $
Land and buildings		
Freehold land at fair value	6,267,500	6,202,500
Total land	**6,267,500**	**6,202,500**
Buildings at fair value	6,232,283	6,166,828
Less accumulated depreciation	(581,540)	(386,517)
Total buildings	**5,650,743**	**5,780,311**
Total land and buildings	**11,918,243**	**11,982,811**
Leasehold improvements		
At cost	9,159,807	7,815,704
Less accumulated depreciation	(5,562,125)	(4,864,514)
Total leasehold improvements	**3,597,682**	**2,951,190**
Motor vehicles		
At cost	534,704	469,832
Less accumulated depreciation	(259,472)	(248,783)
Total motor vehicles	**275,232**	**221,049**
Furniture and equipment		
At cost	4,208,829	3,946,848
Less accumulated depreciation	(3,324,360)	(2,986,855)
Total furniture and equipment	**884,469**	**959,993**
Sub-total	**16,675,626**	**16,115,043**
Capital work in progress		
At cost	**973**	**234,687**
Total property, plant and equipment	**16,676,599**	**16,349,730**

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses.

Movements in Carrying Amounts

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

	Land and buildings	Leasehold improvements	Motor vehicles	Furniture and equipment	Sub-Total	Capital work in progress	Total
	$	$	$	$	$	$	$
Year ended 30 June 2024							
Balance at the beginning of the year	11,982,811	2,951,190	221,049	959,993	16,115,043	234,687	16,349,730
Additions	135,105	48,570	120,846	261,980	566,502	1,522,503	2,089,005
Revaluations	484,666	-	-	-	484,666	-	484,666
Transfers	460,684	1,295,533	-	-	1,756,217	(1,756,217)	-
Disposals	(942,888)	-	(1,073)	-	(943,961)	-	(943,961)
Depreciation expenses	(202,137)	(697,611)	(65,590)	(337,504)	(1,302,842)	-	(1,302,842)
Carrying amount at end of year	**11,918,243**	**3,597,682**	**275,232**	**884,469**	**16,675,626**	**973**	**16,676,599**

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, management has undertaken a valuation review, approved by the Board of Directors, ensuring the carrying amount for the land and buildings is not materially different to the fair value.

Plant and Equipment

Leasehold improvements, motor vehicles and furniture and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Classes of Fixed Assets	**Depreciation Rate**
Buildings	3.3%
Leasehold improvements	Unexpired period of lease
Motor vehicles	15.0% - 33.3%
Furniture and equipment	15.0% - 33.3%

Key estimate

Fair value of Land and Buildings

The freehold land and buildings were independently valued in March 2024 by Charter Keck Cramer Pty Ltd. Valuers were instructed to determine fair market values for the properties and these were based on the direct comparison approach, using recent sales of properties in the neighbourhood, adjusting for quality and condition of improvements, aspects of the land as well as redevelopment potential. The critical assumptions adopted in determining the valuation included the location of the land and buildings and recent sales data for similar properties. In periods when the freehold land and buildings are not subject to an independent valuation, management has undertaken a valuation review by obtaining the median sale price for the suburbs in which the Association own properties from property agents and online services, analysing the sale trend and prices, applying the same trend to the Association's property portfolio to ensure the carrying amount for the land and buildings portfolio is not materially different to the fair value.

Key Judgment

Equitable interest of residential properties

Two residential properties were purchased in prior years with grants from the Department of Health and Human Services (now Department of Family, Fairness and Housing). The Association has historically recognised only 50% of the fair value of these properties in the books as the Department has an equitable interest of 50%. One of these properties, located in 2 Murchison Street St Kilda, has been sold during 2023/24 and the corresponding 50% of the sales proceeds $836,471 have been accounted for in the books of the Association, while the remaining 50% is to be returned to the Department and disclosed in Other Current Payables.

14. INTANGIBLE ASSETS

	2024	2023
	$	$
Computer software at cost	1,902,686	1,660,686
Less accumulated depreciation	(1,121,377)	(871,215)
Total computer software	**781,309**	**789,471**
Capital works in progress at cost	-	193,419
Total Intangible Assets	**781,309**	**982,890**

Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year:

	Computer Software	Capital Work in Progress	Total
	$	$	$
Year ended 30 June 2024			
Balance at the beginning of the year	789,471	193,419	982,890
Additions	-	48,581	48,581
Transfers	242,000	(242,000)	-
Amortisation expenses	(250,162)	-	(250,162)
Carrying amount at end of year	**781,309**	**-**	**781,309**

In 2020/21, the Association commenced a technology transformation process designed to modernise the servers, network and software platforms. As at June 2024 the majority of the projects have finalised and the corresponding capital costs incurred have been capitalised. Remaining works are expected to finalise during 2024/25.

All the intangible assets are measured on the cost basis less depreciation and impairment losses.

Amortisation

The amortisable amount of all intangible assets is amortised on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Association's management determined an annual amortisation rate of 20% based on the period over which it is expected intangible assets will generate economic benefits for the Association.

15. TRADE AND OTHER PAYABLES

	Note	2024	2023
		$	$
Trade payables		700,011	2,594,338
Client funds		1,747,293	2,203,409
Other current payables		9,232,562	4,368,553
Employee entitlements		7,640,190	7,521,404
Total trade and other payables	15(a)	**19,320,057**	**16,687,704**

(a) Financial liabilities at amortised cost classified as trade payables

	Note	2024	2023
		$	$
Trade and other payables			
- Total current		19,320,057	16,687,704
Less client funds		(1,747,293)	(2,203,409)
Less employee entitlements		(7,640,190)	(7,521,404)
Financial liabilities as trade and other payables	21	**9,932,574**	**6,962,891**

16. CONTRACT LIABILITIES

The Association has recognised the following contract liabilities from contracts with customers. This relates to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 30 June 2024. The vast majority of deferred revenue is expected to be recognised in 2024/25.

	2024	2023
	$	$
Contract liability comprised of deferred revenue		
Opening balance	13,199,180	10,135,974
Recognition of revenue from contract liabilities	(51,350,654)	(55,681,082)
Revenue received in advance	48,636,058	58,744,288
Closing balance	**10,484,584**	**13,199,180**

The liability for deferred income is the unspent amounts of grants received on the condition that specified services are delivered or conditions are fulfilled.

17. LEASES

The Association has leases over buildings, vehicles and office equipment. Information relating to leases in place and associated balances and transactions are provided below.

(a) Terms and conditions of leases

i) Buildings

The Association leases corporate office buildings in Melbourne and regional premises in Gippsland, Hume, Southern, Northern and Western Victoria. These leases are between 2 and 10 years.

The Association includes options in some of the leases to provide flexibility and certainty to its operations and reduce costs of moving premises.

At commencement date and at least each subsequent reporting date, the Association assesses where it is reasonably certain that the extension options will be exercised.

The corporate and regional premises leases contain annual CPI pricing where the lease payments are adjusted at each anniversary date and undergo a market rent review on renewal of an option.

ii) Vehicles

The Association leases vehicles that are used by staff to visit clients and other offices in regional and metropolitan areas, the lease terms vary from 2 – 4 years and the lease payments are fixed during the lease term.

The Association leases IT equipment which have been classified as leases of low value items. The Association has elected not to recognise right-of-use assets and lease liabilities for these.

iii) Office equipment

The Association leases photocopiers which have a lease term of between 3 and 5 years and have fixed lease payments.

(b) Right of use assets

	2024	2023
	$	$
Buildings		
At cost	25,778,757	20,853,835
Less accumulated depreciation	(12,840,423)	(10,521,143)
Total buildings	**12,938,334**	**10,332,692**
Motor vehicles		
At cost	9,885,934	7,786,866
Less accumulated depreciation	(7,539,323)	(5,888,633)
Total motor vehicles	**2,346,611**	**1,898,233**
Office equipment		
At cost	520,667	527,988
Less accumulated depreciation	(347,487)	(282,517)
Total furniture and equipment	**173,180**	**245,471**
Total right of use assets	**15,458,125**	**12,476,396**

Movements in Carrying Amounts

Movement in the carrying amounts for each class of right of use assets between the beginning and the end of the current financial year:

	Buildings	Vehicles	Office equipment	Total
	$	$	$	$
Year ended 30 June 2024				
Balance at beginning of the year	10,332,692	1,898,233	245,471	12,476,396
Additions	4,924,922	2,099,068	(7,321)	7,016,669
Depreciation expenses	(2,319,280)	(1,650,690)	(64,970)	(4,034,940)
Carrying amount at end of year	**12,938,334**	**2,346,611**	**173,180**	**15,458,125**

The right-of-use asset is measured using the cost model and is depreciated over the lease term on a straight-line basis or useful life of the underlying asset whichever is the shortest.

(c) Lease liabilities

Future lease payments

2024	Buildings $	Vehicles $	Office Equipment $	Total $
Not later than 1 year	2,203,087	1,306,384	61,762	3,571,232
Total current	2,203,087	1,306,384	61,762	3,571,232
Later than 1 year but not later than 5 years	10,209,676	1,114,905	119,184	11,443,765
Later than 5 years	1,306,043	-	-	1,306,043
Total non-current	**11,515,719**	**1,114,905**	**119,184**	**12,749,809**
Total Lease Liabilities	**13,718,806**	**2,421,289**	**180,946**	**16,321,041**

(d) Short-term and low value leases

	2024 $	2023 $
Expense relating to short-term leases not included in the measurement of lease liabilities	1,456,812	1,002,338
Expense relating to leases of low-value assets	978,100	1,296,926

Key Judgments

Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also, periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgment that the Association will make. The Association determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic, and which are key to future strategy of the Association.

Estimating the incremental borrowing rate under AASB 16

The Association cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Association would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Association 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Association estimates the IBR using observable inputs when available.

18. PROVISIONS

2024	Employee Benefits $	Restructure $	Past Abuse Claims $	Make Good $	Total $
Opening balance	9,972,215	-	4,948,429	295,999	15,216,643
Additional provisions raised during the year	2,845,976	796,972	2,135,757	120,621	5,899,326
Amounts utilised	(1,777,669)	-	(2,217,457)	-	(3,995,126)
Re-estimation of provision	(60,096)	-	(503,228)	104,166	(459,158)
Closing balance	**10,980,426**	**796,972**	**4,363,501**	**520,787**	**16,661,685**

	2024 $	2023 $
Current	7,711,143	10,860,168
Non-current	8,950,542	4,356,475
Total provisions	**16,661,685**	**15,216,643**

Employee Benefits

The provision for employee benefits relates to employees' long service leave entitlements.

Current

Short-term employee benefits are provisions (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 service, including wages and salaries. Short-term provisions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Association's obligations for short-term employee benefits are recognised as part of current trade and other payables in the statement of financial position.

Non-current

Long-term employee benefits not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for these obligations 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 reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the subsequent measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefit expenses.

Past Abuse Claims

This provision relates to an estimate of settlement costs for past abuse claims. A total of $4,363,501 has been provided for at the end of the reporting period for expected claims.

Key Estimate

Civil Claims

The Association has historically adopted the approach of providing for uninsured open civil claims at the end of the financial year.

National Redress Scheme ("NRS")

The NRS commenced operation on 1 July 2018 and will run for 10 years. The Association joined the scheme in October 2019 which has resulted in a requirement to provide for expected future claims. The Association utilised recent settlements history to provide for expected future claims through the scheme.

Make Good

The provision for make good cost relates to future costs to return certain leased premises to their original condition and are based on the Association's past experience with similar premises and estimates of likely restoration costs determined by the facilities manager.

Restructure

In FY24 some structural changes were announced to streamline the Association's operations in response to increased costs of service delivery and decreased government funding. The changes affected a total of 16 positions across several teams. The provision for restructure includes all the costs related to the retrenchment of affected staff which were paid in July 2024.

19. FINANCIAL LIABILITY

	2024	2023
	$	$
Interest bearing loan classified as fair value through profit or loss	5,461,071	5,083,942
Total financial liability	**5,461,071**	**5,083,942**

During 2020/21 the Association entered into an agreement with the Side by Side SIB Trust (the Trust) under which capital raised by the Trust from investors will be on-lent to the Association to finance the delivery of the Side by Side program. The Trust is managed by Social Ventures Australia (SVA). The loan is for a total of $5 million drawn down in two tranches. The first tranche of $1.5 million was received by the Association in December 2020 and the remaining $3.5 million in September 2021. The maturity date of the loan is 31 March 2027.

Payment of services

The first five payments of interest (payable each March from 2022 to 2026) are at a fixed effective rate of 1.5% per annum. A performance interest payment will be payable at loan maturity date. The performance interest rate will be between 0% and 60% depending on the performance of the Side by Side Program.

Repayment of principal

Principal repayment is dependent upon the outcomes achieved by the Side by Side Program. The minimal proportion of the outstanding principal repayment is 70%.

Key Estimate

Financial liability at fair value through profit or loss

The fair value of the interest bearing loan is determined by the performance of the Side by Side program, measured at each reporting date.

Key Judgment

Future performance of Side by Side program

The Overall Attendance Improvement for calendar year 2023 resulted at 19.89%. In the absence of any contrary indications the Association has assumed that the targets of 22% will be met for the remainder of the program in the fair value calculation.

20. RESERVES

Asset Revaluation Surplus

The asset revaluation surplus records the revaluation of land and buildings to fair value. Latest triennial revaluation was performed in 2023/24 and resulted in a gain of $484,666 classified in Other Comprehensive Income. The accumulated result of revaluations to Land and Buildings is classified in a reserve in the Association's equity totalling $4,769,145 as of 2023/24.

21. FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, investments, social impact bonds, loan facilities, accounts receivable and payable and leases.

The total for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2024	2023
		$	$
Financial assets			
Cash and cash equivalents at amortised cost	9	7,848,258	16,996,401
Trade and other receivables measured at amortised cost	10	4,130,012	3,371,485
Investments designated as at fair value through profit or loss	12	47,208,146	46,331,829
		59,186,416	**66,699,715**
Financial liabilities			
Trade and other payables at amortised cost	15(a)	9,932,574	6,962,891
Lease liabilities at amortised cost	17(c)	16,321,041	13,446,303
Financial liability at fair value through profit or loss	19	5,461,071	5,083,942
		31,714,686	**25,493,136**

22. KEY MANAGEMENT PERSONNEL COMPENSATION

	2024	2023
	$	$
Total Compensation before PAYG	**2,291,012**	**2,167,944**

A total of 7 (2023: 7) positions are considered key management including CEO and Executive Directors.

23. CONTINGENT LIABILITIES

Guarantees

As at 30 June 2024, the Association has arranged for bank guarantees of $613,907 (2023: $528,420) for leases of office properties.

Past Abuse Claims

Estimation of the provisions for past abuse claims is based on the number of uninsured open civil claims and the historical number of claims made via the national redress scheme. These estimates may vary from the actual costs incurred due to the inherent difficulty in estimating the liability.

24. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Board member Susie Quirk is a partner of KPMG whose firm provided system implementation and support services in relation to the Finance and Contract Management software to the value of $19,512 and implementation of BSEM CRM system uplift project to the value of $452,871. The software and implementation partners were selected by a competitive tender process run by management.

Board members donated to the Association a total of $3,900 during 2023/24 (2022/23: $2,540).

25. COMMITMENTS

There were no other material contractual commitments at 30 June 2024.

26. EVENTS AFTER REPORTING PERIOD

On 18 October 2024, the Board of Directors of the association signed a Merger Implementation Deed with Yooralla, an organisation that provides a whole range of tailored, flexible and quality services for people with disability of all ages and needs.

DIRECTORS' DECLARATION

In the opinion of the Board of Directors the financial report as set out on pages 3 to 26:

(a) Presents a true and fair view of the financial position of Berry Street Victoria Inc. as at 30 June 2024 and its performance for the year ended on that date in accordance with Australian Accounting Standards - Simplified Disclosures of the Australian Accounting Standards Board, the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

(b) At the date of this statement, there are reasonable grounds to believe that Berry Street Victoria Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board of Directors by:

Dr Joanna Flynn

President

Mark Tucker

Chair of the Finance and Investment Committee

Dated at Melbourne this 23 day of October 2024

Accountants & Advisors

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF

BERRY STREET VICTORIA INCORPORATED.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been:

i. No contraventions of 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. No contraventions of any applicable code of professional conduct in relation to the audit.

SW Audit
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 23 October 2024

Accountants & Advisors

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BERRY STREET VICTORIA INCORPORATED

Opinion

We have audited the financial report of Berry Street Victoria Inc. (the Association) which comprises the statement of financial position as at 30 June 2024, 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, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of Berry Street Victoria Inc. is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a. giving a true and fair view of the Association's financial position as at 30 June 2024 and of its financial performance for the year then ended, and

b. complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2022.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards – Simplified Disclosures, the *Australian Charities and Not-for-profits Commission Act 2012,* Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2022 and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SW

SW Audit
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 23 October 2024