BERRY STREET VICTORIA INC

ABN 24 719 196 762

FINANCIAL REPORT

FOR THE YEAR ENDED 30 June 2023

TABLE OF CONTENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR END 30 JUNE 2023

	Notes	2023 $	2022 $
Revenue			
Revenue		176,403,266	156,876,895
Other income		56,573	(13,948)
Total revenue	6	**176,459,839**	**156,862,947**
Expenses			
Program expenses		(152,864,054)	(134,294,827)
Fundraising expenses		(3,902,384)	(3,334,077)
Strategic initiative expenses		(5,273,992)	(4,086,316)
Administrative and infrastructure expenses		(18,408,387)	(15,158,780)
Civil claims and redress scheme expenses		(3,477,735)	1,989,064
Fair value gains/(losses) on financial assets and liability		1,501,443	(2,983,280)
Total expenses	7	**(182,425,109)**	**(157,868,216)**
Deficit before income tax		**(5,965,270)**	**(1,005,269)**
Income tax expense	5(e)	-	-
Deficit for the year	8	**(5,965,270)**	**(1,005,269)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gains on revaluation of land and buildings	20	-	-
Total other comprehensive income for the year		**-**	**-**
Total comprehensive deficit for the year		**(5,965,270)**	**(1,005,269)**
Deficit attributable to members of the entity		**(5,965,270)**	**(1,005,269)**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 $	2022 $
Current assets			
Cash and cash equivalents	9	16,996,401	26,010,632
Trade and other receivables	10	5,813,140	5,420,672
Other assets	11	4,046,276	2,400,018
Total current assets		**26,855,817**	**33,831,322**
Non-current assets			
Financial assets	12	46,331,829	41,003,209
Property, plant and equipment	13	16,349,730	15,000,162
Intangibles	14	982,890	903,545
Right-of-Use assets	17(b)	12,476,396	13,432,438
Total non-current assets		**76,140,845**	**70,339,354**
Total assets		**102,996,662**	**104,170,676**
Current liabilities			
Trade and other payables	15	16,687,704	17,825,451
Contract liabilities	16	13,199,180	10,135,974
Lease liabilities	17(c)	3,186,795	3,252,335
Short term provisions	18	10,860,168	9,570,405
Total current liabilities		**43,933,847**	**40,784,165**
Non-current liabilities			
Lease liabilities	17(c)	10,259,508	11,212,006
Long term provisions	18	4,356,475	2,147,796
Financial liability	19	5,083,942	4,698,549
Total non-current liabilities		**19,699,925**	**18,058,351**
Total liabilities		**63,633,772**	**58,842,516**
Net assets		**39,362,890**	**45,328,160**
Equity			
Retained earnings		34,143,162	40,108,432
Land and buildings revaluation surplus	20	5,219,728	5,219,728
Total equity		**39,362,890**	**45,328,160**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Retained Earnings	Land and Buildings Revaluation Surplus	Total
	$	$	$
Balance at 1 July 2021	41,113,701	5,219,728	46,333,429
Total comprehensive income for the year			
Deficit for the year	(1,005,269)	-	(1,005,269)
Other comprehensive income	-		-
Total comprehensive deficit for the year	**(1,005,269)**	**-**	**(1,005,269)**
Balance at 30 June 2022	**40,108,432**	**5,219,728**	**45,328,160**
Balance at 1 July 2022	40,108,432	5,219,728	45,328,160
Total comprehensive income for the year			
Deficit for the year	(5,965,270)	-	(5,965,270)
Other comprehensive income	-	-	-
Total comprehensive deficit for the year	**(5,965,270)**	**-**	**(5,965,270)**
Balance at 30 June 2023	**34,143,162**	**5,219,728**	**39,362,890**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
Cash flows from operating activities			
Receipts from operating activities		175,713,512	154,658,379
Interest received		722,056	60,221
Payments to suppliers and employees		(174,730,755)	(147,825,297)
Lease payments for short term leases		(1,002,338)	(1,049,881)
Lease payments for leases of low value assets		(1,296,926)	(949,459)
Net cash (used in)/provided by operating activities		**(594,451)**	**4,893,963**
Cash flows from investing activities			
Interest received		201,110	16,427
Dividends received		1,040,960	785,906
Proceeds from sale of property, plant and equipment	8	61,666	21,343
Payments for property, plant and equipment	13	(2,357,644)	(2,312,463)
Payments for intangible assets	14	(294,901)	(423,676)
Proceeds from sale of investments		1,600,000	3,703,760
Payments for investments		(3,841,894)	(10,370,342)
Net cash used in investing activities		**(3,590,703)**	**(8,579,045)**
Cash flows from financing activities			
Proceeds from loans and borrowings	19	-	3,500,000
Interest paid (loan)		(93,750)	(54,842)
Lease payments (principal and interest)		(4,735,327)	(4,657,949)
Net cash used in financing activities		**(4,829,077)**	**(1,212,791)**
Net decrease in cash and cash equivalents		**(9,014,231)**	**(4,897,873)**
Cash at the beginning of the financial year		26,010,632	30,908,505
Cash at the end of the financial year	9	**16,996,401**	**26,010,632**

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 not yet adopted by the Association

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 in 2023/24. The amendment is not expected to have a material impact on the financial statements once adopted.

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 plans on adopting the amendment in 2023/24. The impact of the initial application is not yet known.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards. AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Account Standards as set out in Schedules 1 and 2 to the Standard. The Association plans on adopting the amendments in 2023/24. The amendment is not expected to have a material impact on the financial statements once adopted.

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:

- investment in the modernisation of information technology platforms is due to finish in 2023/24;
- costs reduction plan implemented from 2023/24 totalling $3 million of savings per year;
- investments portfolio of $46.3 million, majority redeemable within one month.

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. SIGNIFICANT GENERAL ACCOUNTING POLICIES

a) Financial Instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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.

Classification

On initial recognition, the Association classifies its financial instruments into the following categories, those measured at:

- Amortised cost
- Fair value through profit or loss

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial instruments. Financial liabilities cannot be reclassified.

Amortised cost - Assets

Assets measured at amortised cost are financial assets where:

- the business model is to hold the asset to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows which are solely payments of principal and interest on the principal amount outstanding.

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

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Amortised cost – Liabilities

The effective interest method is applied for liabilities measured at amortised cost. The effective interest method is a method of calculating the amortised cost of debt instrument and of allocating interest expense in profit and loss over the relevant period.

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

Fair value through profit or loss

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.

Derecognition - Assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Derecognition - Liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment of financial assets

The Association recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. Loss allowances are not recognised for financial assets at fair value through profit or loss.

b) Fair Value of Assets and Liabilities

The Association measures some of its assets at fair value on a recurring basis, consistent with the requirements of the applicable accounting standard.

'Fair value' is the price the Association would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset (i.e., the market with the greatest volume and level of activity for the asset). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at reporting date (i.e., the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

c) Impairment of Non-Financial Assets

At the end of each reporting period, the Association 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 expensed to profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Association would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the current replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the Association estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

d) 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 Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

e) 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*.

f) 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.

g) Comparative Figures

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

6. REVENUE

	Note	2023	2022
		$	$
Commonwealth Government grants			
Department of Education and Training		9,386,764	9,515,353
Department of Social Services		1,278,942	1,156,167
Attorney General's Department		985,209	903,245
Other		137,631	-
Total Grants from Commonwealth Government		**11,788,546**	**11,574,765**
State Government grants			
Department of Families, Fairness and Housing		132,173,610	117,409,067
Department of Education and Training		6,477,173	6,001,745
Others		401,441	810,551
Total Grants from State Government		**139,052,224**	**124,221,363**
Local Governments Grants			
City of Greater Shepparton		339,423	236,888
Others		120,378	201,413
Total Grants from Local Governments		**459,801**	**438,301**
Total Government Grants		**151,300,571**	**136,234,429**
Non-Government grants		3,340,488	2,860,565
Total grants		**154,641,059**	**139,094,994**
Other revenue			
Training and events income		6,047,843	4,937,998
Other (miscellaneous program)		4,493,944	2,843,627
Total other revenue		**10,541,787**	**7,781,625**
Fundraising			
Charitable and fundraising		5,175,485	6,693,910
Bequests received		1,294,345	15,755
Philanthropy		1,586,574	1,822,533
Total fundraising		**8,056,404**	**8,532,198**
Investment income			
Interest received		923,166	76,648
Dividends received		2,227,631	1,383,697
Bond coupon		13,219	7,733
Total investment income		**3,164,016**	**1,468,078**
Revenue		**176,403,266**	**156,876,895**
Other income			
Gain/(loss) on disposal of non-current assets	8	56,573	(13,948)
Total other income		**56,573**	**(13,948)**
Total Revenue		**176,459,839**	**156,862,947**

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

2023	Grants	Training and Events income	Other income	Total
	$	$	$	$
Services transferred to customers:				
- over time	154,641,059	-	231,843	154,872,902
- at a point in time	-	6,047,843	4,318,674	10,366,517
	154,641,059	**6,047,843**	**4,550,517**	**165,239,419**
Fundraising income recognised under AASB 1058				8,056,404
Investment income under AASB 9				3,164,016
Total revenue				**176,459,839**

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

	2023	2022
	$	$
Residential care	48,497,916	49,129,192
Youth	12,680,227	11,108,005
Education	25,380,097	23,246,553
Community	3,649,872	1,792,000
Family Services - including Family Violence	34,443,793	28,074,806
Home-Based Care (Foster & Kinship)	13,136,609	12,946,331
Targeted Care Packages	7,086,765	4,141,589
Therapeutic	20,765,862	17,927,174
Other	10,818,698	8,497,297
Total Revenue	**176,459,839**	**156,862,947**

Recognition

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

When the Association receives income, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15. When both these conditions are satisfied, the Association uses the following 5-step process to determine when revenue is recognised, in line with *AASB 15 Revenue from contracts with customers:*

1. Identifying the contracts with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Association satisfies performance obligations by transferring the promised goods or services to its customer.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Association recognises income immediately in profit or loss.

(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 2023 and are recognised over time upon the results of each measurement.

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

	2023 $	2022 $
Employee benefits expenses		
Salaries and wages	119,694,189	105,136,811
Superannuation	11,434,584	9,677,524
Workcover	5,759,897	6,595,137
Total employee benefits expenses	**136,888,670**	**121,409,472**
Non salary expenses		
Depreciation and amortisation	5,261,642	4,813,847
Interest expense on lease liabilities	723,979	683,543
Fundraising expenses	2,154,578	1,902,325
Vehicle running expenses	2,874,176	2,053,658
Occupancy expenses	3,098,014	2,756,057
Clients' expenses	10,312,202	8,069,261
Civil claims and Redress Scheme expenses	3,477,735	(1,989,064)
Fair value (gains)/losses on financial assets and liability	(1,501,443)	2,983,280
Training expenses	2,294,349	1,151,742
Audit, legal and consultancy expenses	2,039,025	1,162,910
Administration expenses	8,439,556	6,694,921
Other expenses	6,362,626	6,176,264
Total non-salary expenses	**45,536,439**	**36,458,744**
Total Expenditure	**182,425,109**	**157,868,216**

8. DEFICIT FOR THE YEAR

	2023	2022
Deficit has been determined after:	$	$
Auditor remuneration		
Audit Services		
- Current year	126,000	85,500
- Prior years	(4,089)	158
Other services	6,250	9,000
Total audit remuneration	**128,161**	**94,658**
Significant revenue and expenses		
Net gain/(loss) on disposal of non-current assets		
Property, plant and equipment		
Proceeds on disposal	61,666	21,343
Disposals at written down value	(5,093)	(35,291)
Net gain/(loss) on disposals	**56,573**	**(13,948)**

9. CASH AND CASH EQUIVALENTS

	2023	2022
	$	$
Cash at bank	9,728,401	24,743,632
Cash on hand	18,000	17,000
Short Term Deposits	7,250,000	1,250,000
Total cash and cash equivalents	**16,996,401**	**26,010,632**

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

	2023	2022
	$	$
Trade receivables	2,728,903	3,199,059
Allowance for expected credit losses	(177,046)	(108,287)
	2,551,857	3,090,772
Reimbursement receivable from PLSA	2,441,655	1,807,216
Other receivables	819,628	522,684
Total current trade and other receivables	**5,813,140**	**5,420,672**

Reimbursement receivable from PLSA

The Victorian Long Service Benefits Portability Act 2018 came into effect on 1 July 2019 with the purpose of ensuring eligible workers in community service, contract cleaning and security industries can build up long service benefits based on the service rendered to the industry rather than service to a single employer. Consequently, the Portable Long Service Authority ("PLSA") was created to administer the scheme. The Association falls under the definition of community service and thus a group of its employees are eligible and included in the scheme. Participant employers are required to pay a quarterly levy to the PLSA. Under the scheme rules, participant employers remain legally responsible for long service leave obligations (note 18) and PLSA has an obligation to pay them benefits as a reimbursement for leave paid to their employees.

Impairment of trade and other receivables

Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in Impairment on trade receivables under administration and infrastructure expenses category. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

11. OTHER ASSETS

	Note	2023	2022
		$	$
Accrued Income		836,894	91,358
Contract Assets		1,407,662	1,391,043
Prepayments		1,801,720	917,617
Total other assets	11(a)	**4,046,276**	**2,400,018**

(a) Contract Assets

	2023	2022
	$	$
Opening balance	1,391,043	1,106,969
Increase in service delivered	3,725,024	3,729,577
Payment received from customers	(3,708,405)	(3,445,503)
Closing balance	**1,407,662**	**1,391,043**

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

	2023	2022
	$	$
Investment designated as at fair value through profit or loss:		
- Managed investment funds	21,607,486	21,211,935
- Listed shares	23,007,507	19,128,779
- Term deposits	1,000,000	-
- Social impact bond	716,836	662,495
Total financial assets	**46,331,829**	**41,003,209**

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 with reference to the Association's share of the future cash flows from the Side by Side loan.

13. PROPERTY, PLANT AND EQUIPMENT

	2023 $	2022 $
Land and buildings		
Freehold land at fair value	6,202,500	6,202,500
Total land	**6,202,500**	**6,202,500**
Buildings at fair value	6,166,828	5,266,084
Less accumulated depreciation	(386,517)	(193,501)
Total buildings	**5,780,311**	**5,072,583**
Total land and buildings	**11,982,811**	**11,275,083**
Leasehold improvements		
At cost	7,815,704	7,116,245
Less accumulated depreciation	(4,864,514)	(4,241,959)
Total leasehold improvements	**2,951,190**	**2,874,286**
Motor vehicles		
At cost	469,832	567,432
Less accumulated depreciation	(248,783)	(285,794)
Total motor vehicles	**221,049**	**281,638**
Furniture and equipment		
At cost	3,946,848	3,275,578
Less accumulated depreciation	(2,986,855)	(2,854,939)
Total furniture and equipment	**959,993**	**420,639**
Sub-total	**16,115,043**	**14,851,646**
Capital work in progress		
At cost	**234,687**	**148,516**
Total property, plant and equipment	**16,349,730**	**15,000,162**

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 2023							
Balance at the beginning of the year	11,275,083	2,874,286	281,638	420,639	14,851,646	148,516	15,000,162
Additions	178,705	203,085	-	115,236	497,026	1,860,618	2,357,644
Transfers	722,039	496,374	-	556,034	1,774,447	(1,774,447)	-
Disposals	-	-	(5,092)	-	(5,092)	-	(5,092)
Depreciation expenses	(193,016)	(622,555)	(55,497)	(131,916)	(1,002,984)	-	(1,002,984)
Carrying amount at end of year	**11,982,811**	**2,951,190**	**221,049**	**959,993**	**16,115,043**	**234,687**	**16,349,730**

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.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that has been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and Equipment

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

Plant and equipment that has been contributed at no cost, or for nominal cost is valued and recognised at the fair value of the asset at the date it is acquired.

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%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Key estimate

Fair value of Land and Buildings

The freehold land and buildings were independently valued in February 2021 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

For the two residential properties which were purchased in prior years with grants from the Department of Health and Human Services, the Association has only recognised 50% of the fair value of these properties in the books as the Department has an equitable interest of 50%.

14. INTANGIBLE ASSETS

	2023 $	2022 $
Computer software at cost	1,660,686	1,534,864
Less accumulated depreciation	(871,215)	(655,659)
Total computer software	**789,471**	**879,205**
Capital works in progress at cost	193,419	24,340
Total Intangible Assets	**982,890**	**903,545**

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 2023			
Balance at the beginning of the year	879,205	24,340	903,545
Additions	69,006	225,895	294,901
Transfers	56,816	(56,816)	-
Amortisation expenses	(215,556)	-	(215,556)
Carrying amount at end of year	**789,471**	**193,419**	**982,890**

In 2020/21, the Association commenced a technology transformation process designed to modernise the servers, network and software platforms. As at June 2023, several projects remain in progress and the capital costs incurred were capitalised in capital work in progress. Works related to this transformation process are expected to finalise during 2023/24.

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.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

15. TRADE AND OTHER PAYABLES

	Note	2023 $	2022 $
Trade payables		2,594,338	1,207,223
Client funds		2,203,409	2,402,398
Other current payables		4,368,553	6,153,117
Employee entitlements		7,521,404	8,062,713
Total trade and other payables	15(a)	**16,687,704**	**17,825,451**

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

	Note	2023 $	2022 $
Trade and other payables			
- Total current		16,687,704	17,825,451
Less client funds		(2,203,409)	(2,402,398)
Less employee entitlements		(7,521,404)	(8,062,713)
Financial liabilities as trade and other payables	21	**6,962,891**	**7,360,340**

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 2023. All deferred revenue is expected to be recognised in 2023/24.

	2023 $	2022 $
Contract liability comprised of deferred revenue		
Opening balance	10,135,974	9,210,253
Recognition of revenue from contract liabilities	(55,681,082)	(48,314,805)
Revenue received in advance	58,744,288	49,240,526
Closing balance	**13,199,180**	**10,135,974**

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 – 3 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

	2023 $	2022 $
Buildings		
At cost	20,853,835	19,784,565
Less accumulated depreciation	(10,521,143)	(7,993,269)
Total buildings	**10,332,692**	**11,791,296**
Motor vehicles		
At cost	7,786,866	6,030,912
Less accumulated depreciation	(5,888,633)	(4,395,031)
Total motor vehicles	**1,898,233**	**1,635,881**
Office equipment		
At cost	527,988	266,152
Less accumulated depreciation	(282,517)	(260,891)
Total furniture and equipment	**245,471**	**5,261**
Total right of use assets	**12,476,396**	**13,432,438**

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 2023				
Balance at beginning of the year	11,791,296	1,635,881	5,261	13,432,438
Additions	1,069,270	1,755,954	261,836	3,087,060
Depreciation expenses	(2,527,874)	(1,493,602)	(21,626)	(4,043,102)
Carrying amount at end of year	**10,332,692**	**1,898,233**	**245,471**	**12,476,396**

At inception of a contract, the Association assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

1. The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
2. The Association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
3. The Association has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised.

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. These assets are assessed for impairment in accordance with the impairment of non-financial assets accounting policy.

(c) Lease liabilities

Future lease payments

	Buildings	Vehicles	Office Equipment	Total
2023	$	$	$	$
Not later than 1 year	2,024,474	1,102,531	59,790	3,186,795
Total current	2,024,474	1,102,531	59,790	3,186,795
Later than 1 year but not later than 5 years	7,979,755	837,527	187,824	9,005,106
Later than 5 years	1,254,402	-	-	1,254,402
Total non-current	**9,234,157**	**837,527**	**187,824**	**10,259,508**
Total Lease Liabilities	**11,258,631**	**1,940,058**	**247,614**	**13,446,303**

The lease liability is initially measured at the present value of the remaining lease payments at the commencement date. Lease payments include fixed lease payments net of any lease incentive, variable lease payments based on an index or rate and payments under extension options when it is reasonably certain that the Association will exercise the option. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(d) Short-term and low value leases

	2023 $	2022 $
Expense relating to short-term leases not included in the measurement of lease liabilities	1,002,338	1,049,880
Expense relating to leases of low-value assets	1,296,926	949,459

The Association has elected to apply the exemption to lease accounting for leases of short-term and low-value assets. For these leases, the Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

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

2023	Employee Benefits $	Provision for Civil Claims and National Redress Scheme $	Provision for Make good $	Total $
Opening balance	8,793,305	2,683,205	241,691	11,718,201
Additional provisions raised during the year	3,047,208	3,520,383	118,738	6,686,329
Amounts utilised	(1,868,298)	(1,212,511)	(64,430)	(3,145,239)
Re-estimation of provision	-	(42,648)	-	(42,648)
Closing balance	**9,972,215**	**4,948,429**	**295,999**	**15,216,643**

	2023 $	2022 $
Current	10,860,168	9,570,405
Non-current	4,356,475	2,147,796
Total provisions	**15,216,643**	**11,718,201**

Provisions are recognised when the Association 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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.

Portable long service leave scheme

From 1 July 2019 the Association commenced making contributions for certain eligible employees to Victoria's new portable long service leave scheme, pursuant to the Long Service Benefits Portability Act 2018. A levy of 1.65% of eligible salaries is paid to the Portable Long Service Leave Authority (PLSA). Under the scheme rules, participant employers remain legally responsible for long service leave obligations and PLSA has an obligation to pay them benefits as a reimbursement for leave paid to their employees (note 10).

Civil Claims and National Redress Scheme

This provision relates to an estimate of settlement costs for civil claims and estimated cost for future claims under the National Redress Scheme. The provision amount was based on the number of uninsured open civil claims and estimated number of claims from the National Redress Scheme based on recorded incidents that meet the eligibility criteria.

Key Estimate

Civil Claims and National Redress Scheme

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

The National Redress Scheme commenced operation on 1 July 2018 and will run for 10 years. The Association joined the National Redress Scheme in October 2019 which has resulted in a requirement to include a provision for future claims. A total of $4,948,429 has been provided for at the end of the reporting period based on the number of uninsured open civil claims and estimated number of claims from the National Redress Scheme based on recorded incidents that meet the eligibility criteria. This estimation has led to an adjustment in 2022/23 to recognise this provision balance.

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.

19. FINANCIAL LIABILITY

	2023 $	2022 $
Interest bearing loan classified as fair value through profit or loss	5,083,942	4,698,549
Total financial liability	**5,083,942**	**4,698,549**

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

Due to the significant disruptions to attendance caused by Covid-19 pandemic, in December 2021 the funder of the program (Victorian Department of Education and Training (DET)) deemed that the Association met all performance benchmarks (being a 22% attendance improvement) in 2021 and 2022. In the absence of any contrary indications the Association has assumed that targets will be met at this deemed level 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. Last triennial revaluation was performed in 2020/21 and resulted in a gain of $1,567,189 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 $5,219,728 as of 2022/23.

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	2023 $	2022 $
Financial assets			
Cash and cash equivalents at amortised cost	9	17,996,401	26,010,632
Trade and other receivables measured at amortised cost	10	5,813,140	3,613,456
Investments designated as at fair value through profit or loss	12	45,331,829	41,003,209
		69,141,370	**70,627,297**
Financial liabilities			
Trade and other payables at amortised cost	15(a)	6,962,891	7,360,340
Lease liabilities at amortised cost	17(c)	13,446,303	14,464,341
Financial liability at fair value through profit or loss	19	5,083,942	4,698,549
		25,493,136	**26,523,230**

22. KEY MANAGEMENT PERSONNEL COMPENSATION

	2023 $	2022 $
Total Compensation	**2,167,944**	**1,925,097**

A total of 7 (2022: 7) positions are considered key management including CEO and Executive Directors.

23. CONTINGENT LIABILITIES

Guarantees

As at 30 June 2023, the Association has arranged for bank guarantees of $528,420 (2022: $387,146) for leases of office properties.

Civil Claims and National Redress Scheme

Estimation of the provisions for civil claims and national redress scheme is based on the number of uninsured open civil claims and estimated number of claims from the National Redress Scheme based on the recorded incidents that meet the eligibility criteria. 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 $59,978. This software and implementation partner was selected by a competitive tender process run by management.

Board members donated to the Association a total of $2,540 during 2022/23.

25. COMMITMENTS

There were no other material contractual commitments at 30 June 2023.

26. EVENTS AFTER REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affair in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Board of Directors the financial report as set out on pages 3 to 28:

(a) Presents a true and fair view of the financial position of Berry Street Victoria Inc. as at 30 June 2023 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

Paul Mann

Chair of the Finance and Investment Committee

Dated at Melbourne this 3 day of October 2023

Accountants & Advisors

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF

BERRY STREET VICTORIA INC

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 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

SW Audit
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 3 October 2023

SW Accountants & Advisors

Take the lead

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BERRY STREET VICTORIA INC.

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 2023, 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 a summary of significant accounting policies, 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 2023 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 Regulation 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.

Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Regulation 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 Audit
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 3 October 2023