Financial report

Overview

The financial information presented in this report has been extracted from the audited financial report of Uniting (Victoria and Tasmania) Limited for the year ended 30 June 2019. A copy of the full financial report and the auditor's report is available on request.

Employees

Uniting employed 3,701 people as at 30 June 2019 (2018: 3,835).

Volunteers and donations in kind

Uniting had 2,400 volunteers who made an invaluable contribution to our work. During the financial year under review, it is estimated that the volunteers provided approximately 1,236,698 hours of service which would equate to approximately $44.1 million. Uniting also received donations in kind valued at $3.244 million.

Results for the year

Uniting reported an operating loss for the year of $9.4 million. The total revenue for the year was $294.4 million (2018: $280.6 million).

Review of financial condition

The total equity of Uniting at 30 June 2019 was $286.2 million (2018: $289.2 million).

The net cash inflow from operating activities during the financial year was $1.3 million (2018: $15.4 million).

State Government contributions	65%
Federal Government contributions	14%
Service fees	13%
Philanthropic, bequests and donations	3%
Sale of goods	1%
Rental income	2%
Investment income	1%
Other	1%

Aged and Carer Services	9%
Alcohol and Other Drugs	7%
Business and Social Enterprise	4%
Child, Youth and Families	34%
Disability and Mental Health	20%
Early Learning	14%
Employment Services	2%
Resilient Communities	10%

Director's declaration

In accordance with a resolution of the Directors of Uniting (Victoria and Tasmania) Limited, we state that in the opinion of the Directors:

(a) the financial statements and the notes of Uniting (Victoria and Tasmania) Limited for the financial year ended 30 June 2019 are in accordance with the Australian Charities and Not-for-profit Commission Act 2012, including:

(1) Giving a true and fair view of the company and its consolidated entities' financial position as at 30 June 2019 and of their performance for the year ended on that date; and

(2) Complying with Australian Accounting Standards and Australian Charities and Not-for-profit Commission Regulation 2013; and

(b) there are reasonable grounds to believe that Uniting (Victoria and Tasmania) Limited and its consolidated entities will be able to pay their debts as and when they become due and payable.

On behalf of the Board

Rev Allan Thompson
Interim Chair of the Board of Directors

Melbourne, 2 October 2019

Director's report

Corporate Structure

Uniting (Victoria and Tasmania) Limited (Ltd) is a company limited by guarantee under the Corporations Act 2001 (Cth) and domiciled in Australia.

Nature of operations and principal activities

The principal activities during the year were to advance social welfare by providing support to people in need.

Employees

Uniting (Victoria and Tasmania) Limited employed 3,701 employees as at 30 June 2019 (2018: 3,835 employees).

Volunteers and donations in kind

The Agency has 2,400 active volunteers who make an invaluable contribution to the work of Uniting. During the financial year under review, the volunteers provided approximately 1,236,698 hours of service which would equate to approximately $44.088 million. Uniting also received donations in kind valued at approximately $3.244 million, which have not been recognised in the financial statements.

Review of results of operations

Entity overview

Uniting (Victoria and Tasmania) Limited is the principal community services organisation of the Uniting Church in Victoria and Tasmania.

Social welfare activities provided

Uniting (Victoria and Tasmania) Ltd delivers 759 (2018: 834) programs and services that enrich communities in Victoria and Tasmania.

These programs support and counsel people in crisis and include homelessness services, youth and children's services, accommodation, disability services and emergency relief and deliver such services in ways which promote human dignity. Uniting also promotes research into community needs and advocates attitudes and actions which aim to lessen disadvantage, poverty and exclusion in the community.

Operating results for the period

Uniting (Victoria and Tasmania) Ltd reported a loss for the year of $9.4 million (2018: loss $0.9 million). The total revenue of Uniting for the year was $294.4 million (2018: $280.6 million).

Dividends

Uniting (Victoria and Tasmania) Ltd is a not for profit charitable company operating under a constitution which prohibits the payment of dividends or distribution of profits.

Review of Financial Condition

Capital Structure

The total equity of Uniting at 30 June 2019 was $286.2 million (2018: $289.2 million), a decrease of $3 million compared to the prior year.

Cash from operations

Uniting's net cash outflow/inflow from operating activities during the financial year was an Inflow $1.3 million (2018: Inflow $15.4 million).

Liquidity and funding

Uniting has sufficient liquid resources to fund its operating activities with $74.7 million of cash and cash equivalents (2018: $79.0 million).

Non-Audit Services Provided By Ernst & Young

During the financial year Ernst & Young provided additional accounting advisory services to Uniting management. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Australian Charities and Not-for-profit Commission Act 2012. The nature and scope of the non-audit service provided means that auditor independence was not compromised.

Events After Reporting Date

There were no significant events reported by Uniting after balance date.

Environmental Regulations

There have been no significant known breaches by Uniting of the environmental regulations to which it is subject.

Likely Developments and Expected Results

Uniting's future operating results are expected to be consistent with its past performance.

Indemnification and Insurance of Directors and Officers

During the financial year Uniting provided insurance cover to directors and officers. This insurance policy provided indemnity to directors and officers against liability at law for damages or claims made against them by reason of wrongful acts committed by them in their capacity as directors or officers of the entity. The policy also provides provisions to reimburse the entity for payments of legal costs and damages incurred by directors or officers of the entity where permitted by law. The amount of annual premium paid for the insurance cover was $71,053.

Directors and Other Officers Remuneration

The Uniting constitution provides for Directors to be paid reasonable remuneration for undertaking the ordinary duties of a Director.

The Board examines and assesses the remuneration of the Executive Team by referring to the relevant employment market.

Directors' Meetings and Board Committees held 1 July 2018 - 30 June 2019

Meetings	Board Meetings	Audit & Risk	Governance & Key Relationships	Finance Investment & Property	Quality & Clinical Governance	Disability & Mental Health	Church & Community Engagement*(d)
Meetings held:	8	5	4	11	5	2	3
Meetings attended:							
Bronwyn Pike (Chair)	8	–	4	8	–	–	–
Sue Norman (Deputy Chair)	3	–	–	4	–	–	–
Robyn Batten	8	5	–	–	–	2	–
Heather Watson	7	–	4	–	–	–	–
Mark Heintz	6	2	–	9	–	–	–
Linda McCrorey	8	–	–	–	5	–	–
Allan Thompson	7	–	4	–	3	–	3
Philip Morris (b)	2	–	–	–	1	–	2
Peter Prasser	7	5	–	6	–	–	–
John Preston (a)	5	–	–	5	–	–	–
Grant Mitchell (a)	5	2	–	–	–	–	–
Luke Bo'sher (a)	5	–	–	–	–	1	–
Paul Linossier (c)	8	4	4	10	3	2	2

(a) Appointed December 2018

(b) Ceased Board Appointment at AGM - 14 November 2018

(c) Executive Director

(d) Church & community Engagement ceased in September 2018

Corporate Governance Statement

Background

In mid-2016 the Synod Standing Committee approved the joining together of 21 existing UnitingCare agencies in Victoria and Tasmania, Wesley Mission Victoria, Synod led Early Childhood Services (ECS) and the Share Team to create Uniting (Victoria and Tasmania) Limited.

On 3 October 2016 the constitution of the former Wesley Mission Victoria was amended to establish Uniting and the new Uniting Board was formally appointed. At the same time the Boards of the 21 UnitingCare agencies concluded their appointment and the directors of Uniting were each appointed as the directors of each of the 21 unincorporated UnitingCare boards.

During the 2016/17 year when the Board of Directors met it did so as the Board of Uniting (Victoria and Tasmania) Ltd and as the Board of each of the 21 unincorporated entities. The first set of consolidated annual financial statements were prepared for the 2016/17 financial year.

On 1 July 2017, following both external and internal legal advice, the operations and assets and liabilities of the 21 UnitingCare agencies were transferred to Uniting, enabling the new organisation to have a formal and legal basis in which to act in accordance with legislative requirements, related Church entities and legal frameworks, ASIC and ACNC requirements. This approach also followed for a bona fide structure for government and non government funding arrangements to be transferred to the Uniting (Victoria and Tasmania) Ltd entity.

Preparations for the cancellation of the 21 unincorporated UnitingCare agency ABN's is progressing. This will coincide with the dissolution of the 21 unincorporated entity Boards.

Board Composition

Members of the Uniting Board are appointed by the Synod Standing Committee in accordance with the requirements of the Victorian and Tasmanian Synod, Uniting Constitution and By-Laws. The Board is currently made up of eleven members including the Chair, Deputy Chair and Chief Executive Officer (CEO).

The following Directors were appointed during the reporting period in accordance with the Constitution:

John Preston – appointed for a one-year term, concluding no later than the 2019 Annual General Meeting.

Grant Mitchell – appointed for a three-year term, concluding no later than the 2021 Annual General Meeting.

Luke Bo'sher – appointed for a three-year term, concluding no later than the 2021 Annual General Meeting.

Sue Norman – Deputy Chair – ceased board appointment at the 2018 Annual General Meeting.

Philip Morris – ceased board appointment at the 2018 Annual General Meeting.

The above appointments were approved by the Uniting Church of Australia Synod of Victoria and Tasmania Standing Committee in accordance with Section 7 of the Uniting Constitution.

There were no other changes to Directors during the reporting period.

Board Procedures and Policies

The Board's Governance Charter was developed in accordance with the ACNC Governance Standards. The Charter outlines the roles, responsibilities and terms of reference of the Board and each of its Committees. It also includes Uniting's Code of Conduct; which all new Board members are required to sign. The Charter requires that the performance of the Board and CEO be reviewed on an annual basis.

The CEO is a voting member of the Board. Uniting maintains a register of Director's interests and any potential conflicts of interest are recorded annually and reviewed monthly as part of normal Board meeting procedures.

The Board receives regular reports and presentations from senior executives on strategic, financial and operational performance, enterprise risk management, key policy decisions, social justice, research activities and Church policy and relations.

Board Sub-Committees

The Board has established committees to assist the Board in fulfilling its responsibilities. Each committee has its own terms of reference or Charter, which set out the authority delegated to it by the Board and details the manner in which the committee is to operate. Each of the Board committees review and monitor relevant performance data against established key performance indicators.

During 2018/19 the Board approved committees were:

- Audit and Risk Committee
- Church and Community Engagement Committee
- Finance, Investment and Property Committee
- Governance Committee and Key Relationships
- Quality and Clinical Governance Committee
- Disability and Mental Health Committee

Audit and Risk Committee

The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its statutory, fiduciary and regulatory responsibilities relating to enterprise risk management and compliance as well as fostering ethical practice and risk-informed decision making. The Committee oversees the development and maintenance of risk management systems, internal control systems, compliance with applicable laws and the appointment of the external auditor. The Committee also reviews the Annual Financial Statements jointly with the Finance, Investment and Property Committee.

Church and Community Engagement Committee (ceased September 2018)

The purpose of the Church and Community Engagement Committee is to ensure that adequate policies, plans and processes are effective in maintaining constructive and mutually beneficial relationships across the Church at congregational, Presbytery, Synod and Assembly levels; provide appropriate opportunities for community input to programs and foster strong and mutually beneficial partnerships with a broad range of groups, networks and organisations. This committee ceased in September 2018 and its role absorbed by the Governance and Key Relationships Committee.

Finance, Investment and Property Committee

The purpose of the Finance, Investment and Property Committee is to assist the Board in ensuring that adequate policies and procedures, systems and processes are in place and that they adequately support the organisation to i) meet its financial and accounting obligations, ii) manage and monitor financial performance of its investments and iii) meet its obligations in relation to the development, ownership, maintenance and use of property. This Committee also annually reviews the Uniting Budget Policy.

Governance and Key Relationships Committee

The Governance and Key Relationships Committee assists the Board to discharge its governance responsibilities under the constitution for Uniting (Victoria and Tasmania) Ltd including reviewing periodically the Governance Charter and related policies to be adopted by the Board and oversees the Board's reporting and accountability framework. This includes facilitating the Board's consideration of the CEO annual performance plan and review of performance against that plan and monitors the processes for setting Board and Executive remuneration. From September 2018, this Committee also ensures that policies, plans and processes are effective in maintaining constructive and mutually beneficial relationships across the Church at congregational, Presbytery, Synod and Assembly levels; as well as appropriate opportunities for community input to programs and mutually beneficial partnerships with a broad range of groups, networks and organisations.

Quality and Clinical Governance Committee

The purpose of the Quality and Clinical Governance Committee is to ensure that appropriate and effective clinical governance systems are in place across the organisation specifically in relation to clinical safety, clinical risk, quality and scope of practice. The Committee promotes forward planning that minimises risk and identifies opportunities and alternate ways to achieve better results for our community.

Disability and Mental Health Committee

The purpose of the Disability and Mental Health Committee is to assist the Board in achieving its strategic priorities for Uniting's disability and mental health services, including implementation of the Uniting NDIS service offerings. The Committee recommends to the Board the business plan, including the NDIS operating model, policies and practices, compliance with applicable laws, regulations, standards and best practice guidelines and assists in fostering a culture of consumer directed care with a view to ensure Uniting is a relevant and significant service provider of NDIS programs and services. The Committee similarly fosters the development of Community Mental Health Services.

Uniting (Victoria and Tasmania) Ltd engaged independent firm, Ernst and Young, as external auditor for the reporting period to June 2019.

The Board of Uniting (Victoria and Tasmania) Ltd is proud to present the organisation's third set of Annual Financial Statements.

Signed in accordance with a resolution of the Directors.

Rev Allan Thompson
Interim Chair of the Board of Directors

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Auditor's Independence Declaration to the Directors of Uniting (Victoria and Tasmania) Limited

In relation to our audit of the financial report of Uniting (Victoria and Tasmania) Limited for the financial year ended 30 June 2019, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Paul Gower

Paul Gower
Partner
2 October 2019

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Building a better working world

Independent Auditor's Report to the Members of Uniting (Victoria and Tasmania) Limited

Report on the Financial Report

Opinion

We have audited the financial report of Uniting (Victoria and Tasmania) Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the financial position of the Company as at 30 June 2019 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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 Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Building a better working world

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 the 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Company'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 Company 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.

Building a better working world

We communicate with the directors 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.

Ernst & Young

Ernst & Young

Paul Gower

Paul Gower
Partner
Melbourne
2 October 2019

Statement of income

	2019 $,000	2018 $,000
Government contributions	232,869	224,033
Fees for service	38,452	32,783
Donations, bequests and other philanthropic income	9,327	8,680
Sale of goods	3,864	4,116
Other income	9,871	10,951
Total revenue	**294,383**	**280,563**
Employee expenses	213,881	203,447
Client expenses	39,229	29,703
Occupancy expenses	18,398	18,555
Administration expenses	19,355	20,040
Depreciation and amortisation	6,059	5,608
Other expenses	6,862	4,123
Total expenditure	**303,784**	**281,476**
Net surplus / (deficit) for the year from continuing operations	**(9,401)**	**(913)**
Other comprehensive income		
Net gain on equity instruments designated at fair value through other comprehensive income	2,147	2,928
Revaluation of Property, Plant and Equipment for Disposed Properties	(747)	(315)
Transfer of Beneficial Right of Use of Property to Uniting	4,253	–
Total comprehensive income for the year	**(3,748)**	**1,700**

This Statement should be read in conjunction with the accompanying notes.

Financial statement

	2019 $,000	2018 $,000
Current assets		
Cash and cash equivalents	74,663	79,007
Receivables	11,096	6,958
Other current assets	3,288	2,230
Assets held for sale	8,335	2,982
Total current assets	**97,382**	**91,177**
Non-current assets		
Property, plant and equipment	218,016	220,958
Intangible assets	10,968	10,968
Financial assets	37,647	34,932
Other non-current assets	25	10
Total non-current assets	**266,656**	**266,868**
Total assets	**364,038**	**358,045**
Current liabilities		
Payables	42,485	37,544
Provisions	17,978	17,337
Total current liabilities	**60,463**	**54,881**
Non-current liabilities		
Payables	4,102	4,440
Provisions	13,236	9,486
Total non-current liabilities	**17,338**	**13,926**
Total liabilities	**77,801**	**68,807**
Net assets	**286,237**	**289,238**
Equity		
Contributed equity	12,623	12,623
Reserves	288,592	285,154
Accumulated surplus / (deficit)	(14,978)	(8,539)
Total equity	**286,237**	**289,238**