UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES

FINANCIAL REPORT

30 JUNE 2020

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UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES

BOARD MEMBERS REPORT

30 JUNE 2020

The Board members present their report on the financial statements of the Economic Entity and its controlled entities for the year ended 30 June 2020.

Board Members

The names of the board members in office at any time during or since the end of the year are:

Dr Sue King (Chair)
Mr John Byrne
Mr. Michael Flynn
Mr Jörg Strobel
Deborah Miller
David Caudrey
Ruth Sims (appointed January 2020)
Nicolle Rantanen-Reynolds (appointed August 2020)
Kurt Towers (appointed August 2020)
Nigel Hall (appointed August 2020)

Board members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Activities

The principal continuing activities of the Economic Entity during the financial year were the provision of counselling, residential care and other community services.
The Economic Entity's principal purpose is to contribute to building strong and supporting communities, helping people realise their potential and live the best life they can.

Operating Results

The consolidated result from operations of the Economic Entity for the financial year amounted to a deficit $4,177,334 (2019 surplus $7,525,502).

Total consolidated revenue for the financial year was $77,027,583 (2019 $75,982,215).

Income from Government sources towards operating expenditure was $47,694,516 equal to 62% of total consolidated revenue.

State of Affairs

There have been no significant changes in the state of affairs of the Economic Entity during the financial year.

Events after Balance Sheet Date

No matters or circumstances beyond those reported within these accounts at Note 28 have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in future financial years.

Coronavirus COVID-19 impact on operations

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Economic Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Economic Entity operates.

The impact of the COVID-19 pandemic on the Economic Entity includes additional funding received to operate or support new or existing specialised services, additional expenses relating to delivering services and support provided to employees and stakeholders.

To address and mitigate the negative effects on the Economic Entity, a range of measures were implemented to reduce risk to customers, clients and staff. These included working from home arrangements and additional training for staff and access restrictions across our residential services and customer centres. Services were maintained through online or telephone channels wherever possible.

Other than as addressed in above, there does not currently appear to be any other significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Economic Entity unfavourably as at the reporting date as a result of the Coronavirus (COVID-19) pandemic. As the pandemic is ongoing it is not practical to estimate the potential future impacts on the Economic Entity.

Environmental Regulation

The Economic Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a state or territory.

Board Members Benefits

Other than as disclosed in Note 20, no officer of the Economic Entity or firm in which an officer was a member or body corporate in which an officer has a substantial financial interest, has, during or since the end of the financial year, received or become entitled to receive a benefit as a result of a contract between the officer, a firm or a body corporate associated with an officer and the Economic Entity, and no officer has received directly or indirectly from the Economic Entity any payment or other benefit of a pecuniary value.

Signed at Adelaide in accordance with a resolution of the Board members.

Susan J King ____________________ Board Member

24/9/20 ____________________ Date

____________________ Board Member

24/9/20 ____________________ Date

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES

STATEMENT OF BOARD MEMBERS

30 JUNE 2020

In the opinion of the Board Members of the Economic Entity the financial report:

1. Gives a true and fair view, the financial position of the Economic Entity as at 30 June 2020 and its performance for the year ended on that date in accordance with Australian Accounting Standards and the Association Incorporation Act (SA) 1985 and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012.
2. At the date of this statement, there are reasonable grounds to believe that the Economic Entity will be able to pay its debts as and when they fall due.

This declaration is made in accordance with a resolution of the Board Members.

Signed at Adelaide in accordance with a resolution of the Board Members.

Susan J King ______ Board Member

24/9/20 ______ Date

M. C. Flynn ______ Board Member

24/9/20 ______ Date

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNITING COMMUNITIES INCORPORATED
AND CONTROLLED ENTITIES

Opinion

We have audited the financial report of Uniting Communities Incorporated and Controlled Entities ('the Group'), which comprises the Statement of Financial Position as at 30 June 2020 the Statement of Profit or Loss, Statement of 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 statement of the board members.

In our opinion, the accompanying financial report of Uniting Communities Incorporated and Controlled Entities, is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012;* including:

(i) giving a true and fair view of Uniting Communities Incorporated and Controlled Entities financial position as at 30 June 2020 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and Division 60 of 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 Group, in accordance with 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.

Other information

The board members are responsible for the other information. The other information comprises of the information in the board members report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the other information we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNITING COMMUNITIES INCORPORATED
AND CONTROLLED ENTITIES (CONT)

Board Members' responsibility for the financial report

The board members of the Group 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 board members 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 board members are responsible for assessing the Group'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 the board members either intend to liquidate the Group, or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the board members' 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 Group'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 Group to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNITING COMMUNITIES INCORPORATED
AND CONTROLLED ENTITIES (CONT)

Auditor's responsibility for the audit of the financial report (Cont)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group's or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board members 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.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Partner

Adelaide
South Australia

24 September 2020

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE BOARD MEMBERS OF UNITING COMMUNITIES INCORPORATED AND ITS CONTROLLED ENTITIES

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Board Members of Uniting Communities Incorporated and its Controlled Entities.

As lead audit partner for the audit of the financial statements of Uniting Communities Incorporated and its Controlled Entities for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Partner

Adelaide
South Australia

24 September 2020

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UNITING COMMUNITIES
UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
REVENUE	**3**	77,027,583	75,982,215	81,931,150	70,074,632
EMPLOYEE BENEFITS EXPENSES		(53,954,999)	(49,504,186)	(53,954,999)	(49,504,187)
DEPRECIATION EXPENSE AND NET FAIR VALUE LOSS	**4**	(8,407,781)	(2,237,122)	(5,762,302)	(1,694,611)
OTHER EXPENSES	**5**	(18,842,137)	(16,715,405)	(22,213,849)	(19,197,646)
SURPLUS/(DEFICIT) FOR THE YEAR		(4,177,334)	7,525,502	-	(321,811)

The accompanying notes form part of these financial statements

UNITING COMMUNITIES
UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated		Parent	
	2020	2019	2020	2019
	$	$	$	$
SURPLUS/(DEFICIT) FOR THE YEAR	(4,177,334)	7,525,502	-	(321,810)
Other Comprehensive Income:				
Net gain/(loss) on revaluation of financial assets	-	2,887	-	2,887
Net gain/(loss) on revaluation of land and buildings	(2,609,458)	-	-	-
Total Other Comprehensive income	(2,609,458)	2,887	-	2,887
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(6,786,792)	7,528,388	-	(318,924)
Total comprehensive income attributable to members of the entity	(6,786,792)	7,528,388	-	(318,924)

The accompanying notes form part of these financial statements

UNITING COMMUNITIES
UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
ASSETS					
CURRENT ASSETS					
Cash & Cash Equivalents	**6**	31,329,982	30,643,931	3,128,608	3,163,640
Trade and Other Receivables	**7**	5,693,698	6,529,570	54,138,403	29,809,194
Inventories	**8**	10,450	28,072	10,450	28,072
Other Assets		851,015	599,602	824,809	592,750
Total Current Assets		37,885,145	37,801,175	58,102,270	33,593,656
NON-CURRENT ASSETS					
Financial Assets	**9**	7,974,920	7,993,534	34,791	34,791
Property, Plant & Equipment	**10**	73,689,326	130,080,923	4,954,993	3,933,275
Intangible Assets	**10**	1,446,634	1,723,689	1,446,635	1,723,689
Investment Property	**11**	58,893,744	-	-	-
Right of Use Asset	**12**	4,088,668	-	125,824,515	-
Total Non-Current Assets		146,093,292	139,798,145	132,260,934	5,691,755
TOTAL ASSETS		183,978,437	177,599,320	190,363,204	39,285,411
LIABILITIES					
CURRENT LIABILITIES					
Trade & Other Payables	**13**	52,320,365	31,485,373	52,185,693	30,987,643
Contract Liabilities	**14**	4,734,483	3,020,764	4,734,483	3,020,764
Lease Liability	**12**	865,632	-	2,197,174	-
Provisions	**15**	3,894,037	3,592,462	3,894,037	3,592,462
Borrowings	**16**	36,208,744	50,676,759	-	-
Total Current Liabilities		98,023,261	88,775,359	63,011,387	37,600,868
NON-CURRENT LIABILITIES					
Lease Liability	**12**	3,674,339	-	125,423,606	-
Provisions	**15**	1,339,113	1,095,445	1,339,113	1,095,445
Total Non-Current Liabilities		5,013,452	1,095,445	126,762,719	1,095,445
TOTAL LIABILITIES		103,036,713	89,870,804	189,774,106	38,696,313
NET ASSETS		80,941,724	87,728,517	589,098	589,098
EQUITY					
Capital Donations		10	10	-	-
Reserves	**24**	3,205,454	5,814,912	3,205,454	3,205,454
Retained Profits / Accumulated Losses		77,736,260	81,913,594	(2,616,356)	(2,616,356)
TOTAL EQUITY		80,941,724	87,728,517	589,098	589,098

The accompanying notes form part of these financial statements

UNITING COMMUNITIES
UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated

	Capital Donations $	Retained Earnings $	Specific Donations $	Consolidated Reserves $	Total $
Balance as at 1 July 2018	**10**	**74,388,093**	**-**	**5,812,024**	**80,200,128**
Surplus/(Deficit) attributable to members	-	7,525,502	-	-	7,525,502
Total Other Comprehensive Income for the Year	-	-	-	2,887	2,887
Balance as at 30 June 2019	**10**	**81,913,594**	**-**	**5,814,912**	**87,728,517**
Surplus/(Deficit) attributable to members	-	(4,177,334)	-	-	(4,177,334)
Total Other Comprehensive Income for the Year	-	-	-	(2,609,458)	(2,609,458)
Balance as at 30 June 2020	**10**	**77,736,260**	**-**	**3,205,454**	**80,941,724**

Parent Entity

	Capital Donations $	Retained Earnings / Accumulated Losses $	Specific Donations $	Consolidated Reserves $	Total $
Balance as at 1 July 2018	**-**	**(2,294,546)**	**-**	**3,202,567**	**908,021**
Surplus/(Deficit) attributable to members	-	(321,811)	-	-	(321,811)
Total Other Comprehensive Income for the Year	-	-	-	2,887	2,887
Balance as at 30 June 2019	**-**	**(2,616,356)**	**-**	**3,205,454**	**589,098**
Surplus/(Deficit) attributable to members	-	-	-	-	-
Total Other Comprehensive Income for the Year	-	-	-	-	-
Balance as at 30 June 2020	**-**	**(2,616,356)**	**-**	**3,205,454**	**589,098**

The accompanying notes form part of these financial statements

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Cash Flows from Operating Activities					
Government Subsidies		53,209,720	60,206,598	53,209,720	54,068,598
Receipts from Customers		28,016,866	12,726,297	28,032,388	12,726,297
Donations received		1,377,662	527,778	1,377,662	527,778
Interest received		1,152,093	1,100,395	522,694	398,412
Employee expenses		(52,549,140)	(49,123,693)	(52,545,767)	(49,123,409)
Payments to Suppliers		(20,348,227)	(21,292,919)	(18,254,303)	(16,294,975)
Rent income		439,800	264,945	261,925	264,945
Interest on borrowing		(845,097)	(100,340)	(64,395)	(100,340)
Interest on Lease Liabilities		(105,875)	-	(105,875)	-
Accommodation deposits received		23,992,185	6,520,196	23,992,185	6,520,196
Accommodation deposits refunded		(5,723,289)	(6,739,311)	(5,723,289)	(6,739,311)
Other Income		928,834	2,692,482	772,637	2,692,361
Net GST received/(paid)		(2,090,950)	1,625,146	(3,068,789)	(2,979,175)
Investment income/(loss)		5,203	989,991	-	-
Imputation Credits received		36,478	64,418	-	-
Net Cash Provided by/(used in) Operating Activities	**18**	**27,496,263**	**9,461,982**	**28,406,793**	**1,961,376**
Cash Flows from Investing Activities					
Payments for PP&E, Intangibles and Investment Property		(11,654,125)	(53,865,723)	(2,684,915)	(2,248,128)
Proceeds from the sale of PP&E, Intangibles and Investment Property		560,817	544,350	560,817	544,350
Payments for purchase on other intangibles		(63,046)	(170,111)	(63,046)	-
Payments for Investments		-	(581,121)	-	-
Redemption of Investments		-	6,737,158	-	-
Net Cash Provided by/(Used in) Investing Activities		**(11,156,354)**	**(47,335,447)**	**(2,187,145)**	**(1,703,778)**
Cash Flows from Financing Activities					
Proceeds from external borrowings		3,285,730	50,010,371	-	-
Repayment of external borrowings		(18,293,163)	(6,758,000)	-	-
Repayment of Lease Liabilities		(646,423)	-	(634,661)	-
Advances to associated entities		-	-	(40,672,172)	(75,946,498)
Repayment of borrowings from associated entities		-	-	15,052,154	74,090,582
Net Cash Provided by/(Used in) Financing Activities	**18**	**(15,653,857)**	**43,252,371**	**(26,254,680)**	**(1,855,916)**
Net Increase/(Decrease) in cash held		**686,052**	**5,378,906**	**(35,031)**	**(1,598,318)**
Cash and cash equivalents at beginning of financial year		30,643,931	25,265,025	3,163,640	4,761,958
Cash and cash equivalents at end of financial year	**6**	**31,329,982**	**30,643,931**	**3,128,608**	**3,163,640**

The accompanying notes form part of these financial statements

This financial report includes the consolidated financial statements and notes of Uniting Communities Incorporated and Controlled Entities ('Economic Entity') and the separated financial statements and notes of Uniting Communities Incorporated as an individual parent entity ('Parent Entity').
The financial statements were authorised for issue by the Board.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These financial statements are general purpose financial statements that have been prepared in accordance with the Associations Incorporation Act (SA) 1985, Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards and Interpretations of the Australia Accounting Standards Board. The Economic Entity is a not for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.
Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply.
The financial statements, except for the cash flow information, have been prepared on 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.

Accounting Policies

a) **Principles of Consolidation**

A controlled entity is any entity controlled by Uniting Communities Incorporated. Control exists where Uniting Communities Incorporated is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Details of the controlled entitles are contained in Note 15.
All inter-entity balances and transactions between entities in the Economic Entity, including any unrealised profits or losses, have been eliminated on consolidation.
Where a controlled entity has entered or left the Economic Entity during the year its operating results have been included from the date control was obtained or until the date control ceased.

b) **Fair Value of Assets and Liabilities**

The Economic Entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.
Fair value is the price the Economic Entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the
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 or liability. The fair values of assets and liabilities 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 or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the Economic Entity at the reporting date (ie the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, 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.
The fair value of liabilities and the Economic Entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of an identical or similar financial instrument, by reference to observable market information where identical or similar instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

c) **Income Tax**
All entities comprised in the Economic Entity have been endorsed as Income Tax Exempt Charities by the Australian Taxation Office and Board Members are therefore of the opinion that there is no liability for the payment of income tax.

d) **Inventories**
Inventories are measured at the lower of cost and net realisable value.

e) **Property, Plant and Equipment and Intangibles**
Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

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

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The cost of fixed assets constructed within the Economic Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Economic Entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life, 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 asset are:

All buildings are depreciated at 2.5% to 4.0% per annum depending on natire of asset.

Leasehold improvements are depreciated at 20% per annum.

Motor vehicles are depreciated at 25% per annum.

Plant and equipment are depreciated at a rate between 7.5% - 33.3% per annum.

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s 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 and losses are included in the statement of comprehensive income. Gains and losses are recognised in the profit or loss when the item is derecognised.

Intangibles

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and ten years. It is assessed annually for impairment.

f) **Investment properties**

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Economic Entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

g) **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Economic Entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Economic Entity commits itself to either the purchase or the sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

The Economic Entity initially designates a financial instrument as measured at fair value through profit and loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the Economic Entity was documented appropriately, so as the performance of the financial liability that was part of an Economic Entity’s financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liability is subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- it is part of a portfolio where there is an actual pattern of short-term profit taking; or
- it is a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Economic Entity made an irrevocable election to measure the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Economic Entity’s accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial 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 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 Economic Entity no longer controls the asset (ie 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 of financial liabilities

A liability is derecognised when it is extinguished (ie 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

The Economic Entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Economic Entity uses the general approach to impairment, as applicable under AASB 9:

Under the general approach, at each reporting period, the Economic Entity assesses whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Economic Entity measures the loss allowance of the financial instrument at an amount equal to the lifetime expected credit losses; and
- there is no significant increase in credit risk since initial recognition, the Economic Entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Recognition of expected credit losses in financial statements

At each reporting date, the Economic Entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

h) **Employee Benefits**

Short-term employee benefits

Provision is made for the Economic Entity’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Economic Entity’s obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees’ annual leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to end-of-reporting-period market yields on government bonds that have maturity dates approximating the terms of the obligations. Any remeasurements of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Economic Entity’s obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Economic Entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

i) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and deposits held at-call with banks.

j) **Accounts and Other Receivable**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

k) **Revenue and Other Income**

The Economic Entity recognises revenue as follows:

Revenue from contracts with customers.

Revenue is recognised at an amount that reflects the consideration to which the Economic Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the econimc entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Government subsidies are brought to account as income during the year. To the extent that subsidies remain unspent at the end of the year, these have been carried forward to the following year in accordance with the conditions of the subsidy.

Non-reciprocal grant revenue is recognised in the statement of profit or loss when the Economic Entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Economic Entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the Economic Entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when

Donation income is recognised when right to receive payment is established.

Investment income is recognised when the right to receive payment is established.

l) **Comparative Figures**

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

Where the Economic Entity has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

m) **Accommodation Bonds and Refundable Accommodation Deposits/Contributions**

Accommodation bonds are non-interest bearing deposits made by aged care facility residents to the Economic Entity upon their admission to low care and extra service accommodation. The liability for accommodation is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident less deductions for fees and retentions pursuant to the Aged Care Act 1997.

Refundable Accommodation Deposits and Contributions are non-interest bearing deposits made by aged care facility residents to the Economic Entity upon their admission to accommodation. The liability for accommodation is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident less deductions for fees pursuant to the Aged Care Act 1997.

Accommodation bonds, Refundable Accommodation Deposits and Contributions are classified as current liabilities as the Economic Entity does not have an unconditional right to defer settlement of the liability beyond 12 months after the reporting date. The obligation to settle could occur at any time. These amounts have been included in trade payables.

Once a refunding event occurs the payable becomes interest bearing. The interest rate applied is the prevailing interest rate at the time as prescribed by the Department of Social Services.

n) **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Economic Entity during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o) **Provisions**

Provisions are recognised when the Economic Entity 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.

p) **Key Estimates**

The Board Members evaluate estimates incorporated into the financial report 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 Economic Entity.

The Economic Entity assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Economic Entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Economic Entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Economic Entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Economic Entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Estimation of useful lives of assets

The Economic Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

q) **Impairment of Assets**

At the end of each reporting period, the Economic Entity assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in 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 Economic Entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Economic Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 class of asset.

r) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

s) **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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable, to the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

t) **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Economic Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

u) **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Economic Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

u) **Lease liabilities (cont.)**

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

v) **Contract liabilities**

Contract liabilities represent the Economic Entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Economic Entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Economic Entity has transferred the goods or services to the customer.

w) **New or amended Accounting Standards and Interpretations adopted**

The Economic Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Economic Entity:

AASB 15 Revenue from Contracts with Customers

The Economic Entity has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019. There was no impact when compared with the previous Accounting Standards on the current reporting period.

AASB 1058 Income of Not-for-Profit Entities

The Economic Entity has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

AASB 1058 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019. There was no impact when compared with the previous Accounting Standards on the current reporting period.

AASB 16 Leases

The Economic Entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, the surplus/(deficit) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	01-Jul-19
	$
Assets	
Right-of-use assets	6,147,594
Liabilities	
Lease liabilities	6,147,594

When adopting AASB 16 from 1 July 2019, the Economic Entity has applied the following practical expedients:
- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

	01-Jul-19
	$
Operating lease commitments at 30 June 2019	**3,096,373**
Change in determination of lease term	-
Items not previously classified as a lease	2,477,750
Change in measurement of lease payments	2,806,720
Gross lease liability at 1 July 2019	**8,380,843**
Weighted average incremental borrowing rate as at 1 July 2019	5.53%
Discounted lease liability at 1 July 2019	**6,147,595**

x) **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Economic Entity for the annual reporting period ended 30 June 2020. The Economic Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Economic Entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Economic Entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Economic Entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Economic Entity's financial statements.

NOTE 2 FINANCIAL RISK MANAGEMENT

The Economic Entity’s activities expose it primarily to the financial risks of liquidity, changes in interest rates and changes in market prices of listed equities and securities. The Board Members are responsible for the financial risks of the Economic Entity. They monitor these risks through regular meetings where monthly management accounts are presented and

Financial Statements have been prepared and presented on a going concern basis.

Liquidity Risk

Liquidity risk is the risk that the Economic Entity will not be able to meet its financial obligations as they fall due.
The Economic Entity's Board members are aware of the need to ensure adequate liquid assets are available to fund the ongoing operations of the Economic Entity. Board members review the liquidity situation on a regular basis.
The $44.5m CBA facility agreement in place at 30 June was repaid on 7 August 2020. A three year $35m refinancing facility with the ANZ is now in place. The borrowings balance is classified as current as it was repaid at the conclusion of the facility agreement on 7 August 2020.
The Economic Entity has both short term and long term facilities which enable sufficient cash to be available to settle obligations as they fall due. The cash position of the Economic Entity is continually monitored.

The Economic Entity's financial instruments and maturity profile are detailed below.

		Maturity					
		Within 1 year		1 to 5 years		Over 5 years	
		2020	2019	2020	2019	2020	2019
	Note	$	$	$	$	$	$
Financial Assets							
Cash & Cash Equivalents	6	31,329,982	30,643,931	-	-	-	-
Trade and Other Receivables	7	5,693,698	6,529,570	-	-	-	-
Financial Assets(1)	9	7,974,920	7,993,534	-	-	-	-
Total Financial Assets		44,998,600	45,167,034	-	-	-	-
Financial Liabilities							
Trade & Other Payables(2)	13	48,175,849	27,839,660	-	-	-	-
Lease Liabilities	12	4,539,971	-				
Contract Liabilities	14	4,734,483	3,020,764				
Borrowings(3)	16	36,208,744	50,676,759	-	-	-	-
Total Financial Liabilities		93,659,048	81,537,183	-	-	-	-
Net Financial Assets and Liabilities		(48,660,447)	(36,370,149)	-	-	-	-

(1) Financial Assets held, while classified as non current, are held in managed funds and readily convertible to cash should this be required.

(2) Excludes annual leave and income received in advance which are excluded from the definition of financial liabilities. Accommodation Deposits, while classified as current, in the normal course are relatively stable year on year and hence will not result in a material net cash outflow.

(3) Relates to the $44.5m CBA facility agreement which was repaid 7 August 2020. A three year $35m refinancing facility with the ANZ is now in place.

Credit Risk

Credit risk is the risk of financial loss to the Economic Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Economic Entity has exposure to credit risk through its receivables. Total credit risk for the Economic Entity is $5,693,698 (2019 $6,529,570).

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and the notes to the financial statements. The Economic Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Economic Entity.

The Economic Entity does not hold any financial assets whose terms have been renegotiated, but for which would otherwise be past due or impaired.

Market Risk

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Economic Entity's income or the value of its obligations, and arises on floating rate debt.

The financial assets subject to floating interest rate risk are cash at bank and deposits.

Other Market Risk

Equity price risk arises from investments held by the Economic Entity in the form of investments in unlisted distributing trusts. The portfolio of investments is managed by external portfolio managers, who buy and sell equities based on their own analyses of returns. The funds are subject to risks of fluctuation in earnings and market values as a result of changes in the domestic and international markets. The asset position and returns are reported to the Board Members on a regular basis at the monthly board meeting. The Board Members monitor the effective returns, and instruct the fund managers to make any changes as required.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

NOTE 3 REVENUE

	Consolidated		Parent	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Revenue from Contracts with Customers				
Government Subsidies	47,694,516	49,412,182	47,694,516	49,412,182
Sale of Goods	799,611	938,745	799,611	938,745
Fees Received	24,097,171	14,129,462	23,856,754	14,129,462
	72,591,299	64,480,389	72,350,882	64,480,388
Other Revenue				
Capital Grants	-	6,230,000	-	-
Donations	1,377,662	527,778	6,716,015	1,277,777
Imputation Credits Received	25,222	45,203	-	-
Interest Received	1,152,093	1,100,395	1,681,205	1,379,256
Investment Income	393,500	332,261	-	-
Profit on asset disposal	437,135	444,109	437,135	444,109
Profit on Investment	-	328,870	-	-
Rent from Investment property	161,704	-	-	-
Other Income	888,969	2,493,211	745,913	2,493,101
	4,436,285	11,501,826	9,580,269	5,594,244
	77,027,583	**75,982,215**	**81,931,150**	**70,074,632**

Disaggregation of Revenue from Contracts with Customers

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2020	Consolidated 2019	Parent 2020	Parent 2019
Government Subsidies				
Community Services including Drug and Alcohol, Out of Home Care, Mental Health, Disability, Homelessness and other Counselling	29,463,362	31,216,790	29,463,361	31,216,790
Aged Care	17,834,674	17,992,418	17,834,674	17,992,418
Other	396,481	202,974	396,481	202,974
	47,694,517	49,412,182	47,694,516	49,412,182
Sale of Goods				
Clothing	424,995	552,377	424,995	552,377
Furniture	335,255	346,864	335,255	346,864
Other	39,361	39,504	39,361	39,504
	799,611	938,745	799,611	938,745
Fees Received				
Community Services predominantly relating to the National Disability Insurane Scheme (NDIS)	12,051,088	4,176,115	11,913,436	4,176,115
Aged Care	11,279,698	9,842,446	11,279,699	9,842,445
Other	766,385	110,901	663,619	110,902
	24,097,171	14,129,462	23,856,754	14,129,462
	72,591,299	**64,480,389**	**72,350,881**	**64,480,389**

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

NOTE 4 DEPRECIATION EXPENSE AND NET FAIR VALUE LOSS

	Consolidated		Parent	
	2020	2019	2020	2019
	$	$	$	$
Depreciation of Property, Plant and Equipment	2,841,230	1,907,733	1,503,267	1,365,221
Amortisation of Intangibles	351,515	329,390	351,515	329,390
Change in fair value - Investment properties	3,886,024	-	-	-
Change in fair value other Property, Plant and Equipment	195,043	-		-
Change in fair value - Financial assets	427,698	-	-	-
Depreciation of Right of use assets	706,271	-	3,907,520	-
	8,407,781	**2,237,122**	**5,762,302**	**1,694,611**

NOTE 5 OTHER EXPENSES

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Advertising	489,652	698,957	489,652	698,957
Audit Fees	44,023	35,287	33,781	32,507
Bank Charges	11,244	23,472	11,244	23,472
Borrowing Costs	945,737	91,536	5,202,314	91,536
Brokerage & Client Costs	1,321,358	1,245,560	1,321,358	1,245,560
Contractors & Consultants	6,793,420	4,997,922	6,757,791	4,975,579
Cost of Sales	17,623	18,099	17,623	18,099
Doubtful Debts	4,183	(4,317)	4,183	(4,317)
Energy	938,299	625,033	717,099	625,033
Freight & Motor Vehicle Costs	1,159,588	1,223,924	1,159,588	1,223,924
Fund Raising & Special Events	124,496	140,153	124,496	140,153
Short Term Lease Payments for Premises	580,821	1,544,951	219,757	4,310,062
Legal Expenses	71,104	140,063	63,457	137,159
Other Operating expenses	451,018	662,274	213,283	443,839
Materials, Equipment & Medical Supplies	1,109,286	981,206	1,109,286	981,206
Meal Costs	591,235	503,298	591,235	503,298
Office, Computer & Insurance	2,036,460	2,072,348	2,035,156	2,059,411
Short Term Lease Payments for Computers	143,721	105,501	143,721	105,501
Project Costs	104,713	225,189	104,713	225,189
Rates & Taxes	373,711	221,705	373,711	199,568
Repairs and Maintenance	781,136	560,911	777,946	559,575
Staff training	749,307	602,333	742,456	602,333
	18,842,137	16,715,405	22,213,849	19,197,646

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

		Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
NOTE 6	**CASH AND CASH EQUIVALENTS**				
	Cash at Bank	3,210,137	3,417,500	3,098,939	3,130,921
	Cash on Deposit	28,090,176	27,193,711	-	-
	Cash in Transit	-	-	-	-
	Cash on Hand	29,669	32,719	29,669	32,719
		31,329,982	30,643,931	3,128,608	3,163,640

Reconciliation of cash

Cash on hand at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Cash on hand	31,329,982	30,643,931	3,128,608	3,163,640

		Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
NOTE 7	**TRADE AND OTHER RECEIVABLES**				
	Trade & Other Receivables	5,656,198	6,454,570	5,598,973	6,399,395
	Sundry Debtor	37,500	75,000	37,500	75,000
	Loan - Erwin Vogt Foundation	-	-	48,501,930	23,334,799
		5,693,698	6,529,570	54,138,403	29,809,194

$							
	Gross Amount	**Expected credit losses**	**Past due but not impaired (Days since invoiced)**				**Within initial trade terms**
2019			**<30**	**31-60**	**61-90**	**>90**	
Receivables	6,548,796	19,225	322,816	47,897	18,038	49,160	6,091,659
	Gross Amount	**Expected credit losses**	**Past due but not impaired (Days since invoiced)**				**Within initial trade terms**
2020			**<30**	**31-60**	**61-90**	**>90**	
Receivables	5,710,386	16,688	16,380	12,122	8,582	100,941	5,555,673

Financial assets classified as loans and receivables

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Trade and other receivables:	5,693,698	6,529,570	54,138,403	29,809,194

		Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
NOTE 8	**INVENTORIES**				
	Finished Goods	10,450	28,072	10,450	28,072
		10,450	28,072	10,450	28,072

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
NOTE 9 FINANCIAL ASSETS				
Non-Current				
Funds under Management (at fair value)	7,974,920	7,993,534	34,791	34,791
Total Financial Assets	**7,974,920**	**7,993,534**	**34,791**	**34,791**

Financial assets consist of investments in unlisted distributing trusts, and therefore have no fixed maturity date.

FINANCIAL RISK

1) Price Risk

Sensitivity analysis - other price risk

Investments are in unlisted distributing trusts.

The Economic Entity's investments are subject to price risk due to movements in the prices of the investment markets. A 5% increase at the reporting date in the All Ordinaries Index (which includes the majority of the Economic Entity and parent entity's investments) would have increased consolidated profit by $397,006 (2019 $397,937), and an equal change in the opposite direction would have decreased consolidated profit by $397,006 (2019 $397,937). There have been no changes in any of the assumptions used to prepare this sensitivity analysis from the prior year.

The Economic Entity's investment portfolio as at end of June 2020 is represented by the following asset allocation:

Asset Allocation	Market $M	Current Mix %	Benchmark %
Australian Equities	2.52	32%	33.0%
International Equities	2.08	26%	26.0%
Global Fixed Interest	1.38	17%	21.0%
Australian Direct Property	1.48	19%	20.0%
UCInvest Share Fund	0.53	7%	n/a
Total Asset allocation	7.97	100%	100%

2) Interest Rate Risk

Sensitivity analysis - interest rate risk

Price risk for fixed interest securities arises from changes in fixed interest rates in Australia. This sensitivity analysis has assumed that the issuers credit risk rating has remained the same and movements in fair value recognised in equity have only arisen from changes in interest rates.

Cash and cash equivalents are subject to interest rate risk as they earn interest at floating rates.

	Weighted Average Effective Interest Rate			
Financial Assets	2020 %	2019 %	2020 $	2019 $
Cash on hand	0.00%	0.00%	29,669	32,719
Cash at bank	0.00%	0.00%	3,210,137	3,417,501
Deposits at call	1.66%	2.23%	15,545,109	14,892,867
Deposits fixed term	1.85%	2.47%	12,545,068	12,300,844
Total Cash Assets			31,329,982	30,643,931

3) Fair Value

The net fair values of unlisted distributing trusts has been valued at the quoted market bid price at balance date. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Economic Entity intends to hold these assets to maturity, unless the assets are considered impaired. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements. The carrying amounts for the financial assets are the same as their fair values.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

NOTE 10 PROPERTY, PLANT & EQUIPMENT & INTANGIBLES

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
PROPERTY, PLANT & EQUIPMENT				
Freehold land at valuation	22,048,786	22,030,000	-	-
	22,048,786	22,030,000	-	-
Buildings at Valuation	46,527,470	14,690,000	-	-
Less: Accumulated Depreciation	-	(1,163,980)	-	-
	46,527,470	13,526,020	-	-
Building Improvements at Cost	100,000	808,412	-	-
Less: Accumulated Depreciation	(12,000)	(50,738)	-	-
	88,000	757,674	-	-
Leasehold Improvements at Cost	252,515	239,942	252,515	239,942
Less: Accumulated Depreciation	(236,519)	(228,838)	(236,519)	(228,838)
	15,995	11,104	15,995	11,104
Plant and Equipment at Cost	12,202,134	10,529,077	12,202,134	10,529,077
Less: Accumulated Depreciation	(9,860,447)	(9,347,446)	(9,860,447)	(9,347,446)
	2,341,687	1,181,632	2,341,687	1,181,632
Motor vehicles at Cost	3,851,932	3,876,337	3,851,932	3,876,337
Less: Accumulated Depreciation	(2,085,952)	(1,867,400)	(2,085,952)	(1,867,400)
	1,765,980	2,008,937	1,765,980	2,008,937
Leasehold Improvements at Cost - Funded	498,753	498,753	498,753	498,753
Less: Accumulated Depreciation	(498,753)	(498,753)	(498,753)	(498,753)
	-	-	-	-
Plant & Equipment at Cost - Funded	4,571,600	4,247,564	4,571,600	4,247,564
Less: Accumulated Depreciation	(4,010,246)	(3,906,737)	(4,010,246)	(3,906,737)
	561,354	340,828	561,354	340,828
Motor Vehicles at Cost - Funded	148,049	148,049	148,049	148,049
Less: Accumulated Depreciation	(148,049)	(148,049)	(148,049)	(148,049)
	-	-	-	-
Work in Progress - Building	70,076	89,833,954	-	-
Work in Progress - Plant & Equipment	269,977	390,774	269,977	390,774
Total	**90,541,292**	**147,292,863**	**21,794,960**	**19,930,497**
Less: Accumulated Depreciation	(16,851,967)	(17,211,941)	(16,839,967)	(15,997,222)
Property, Plant & Equipment	**73,689,326**	**130,080,923**	**4,954,993**	**3,933,275**
INTANGIBLES				
Software and Licenses	3,132,683	3,069,637	3,132,683	3,069,637
Less: Accumulated Amortisation	(1,765,843)	(1,414,329)	(1,765,843)	(1,414,329)
	1,366,839	1,655,308	1,366,839	1,655,308
Work In Progress	79,795	68,381	79,795	68,381
Total	**3,212,477**	**3,138,017**	**3,212,477**	**3,138,017**
Less: Accumulated Amortisation	(1,765,843)	(1,414,329)	(1,765,843)	(1,414,329)
Intangibles	**1,446,634**	**1,723,689**	**1,446,635**	**1,723,689**

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

	Consolidated		Parent	
	2020	2019	2020	2019
	$	$	$	$

The following finance costs have been capitalised and are included in Work in Progress - building

Borrowing costs incurred	539,418	1,875,362	-	-
Capitalisation rate used	3.11%	3.93%		

Under the terms of the agreements with some funding bodies, should funding for the relevant programs cease, the assets, or the proceeds from the sale of the funded assets recorded above may need to be returned to the funding bodies.

The following building was Heritage listed:
Forsyth House in Felixstow is listed under the Heritage Places Act 1993. Maturin House in Glenelg is listed under a Local Heritage order. These heritages listing may impact the maintenance costs of these buildings, the valuation of the buildings and depreciation rates in the future.

NOTE 10 Cont. PROPERTY, PLANT & EQUIPMENT & INTANGIBLES

MOVEMENT IN CARRYING VALUES

PROPERTY, PLANT & EQUIPMENT

Consolidated	Balance at beginning of Year	Revaluation[1]	Transfers[2]	Additions	Disposals	Depreciation	Carrying Amount at end of Year
Land at Valuation	22,030,000	5,230,000	(5,211,213)	-	-	-	22,048,786
Buildings at Valuation	13,526,020	(12,020,525)	45,524,940	-	-	(502,966)	46,527,470
Building Improvements at Cost	757,674	-	(9,373,518)	9,538,551	-	(834,707)	88,000
Leasehold Improvements at Cost	11,104	-	(23,027)	35,599	-	(7,681)	15,995
Plant & Equipment at Cost	1,181,632	-	469,252	1,203,803	-	(513,000)	2,341,687
Motor vehicles at Cost	2,008,937	-	-	781,630	(148,516)	(876,072)	1,765,980
Plant & Equip at Cost - Funded	340,830	-	(55,451)	382,493	-	(106,514)	561,354
Work in Progress - Building	89,833,954	-	(89,833,954)	70,076	-	-	70,076
Work in Progress - Plant & Equip	390,774	-	(390,774)	269,977	-	-	269,977
	130,080,924	(6,790,525)	(58,893,744)	12,282,129	(148,516)	(2,840,940)	73,689,326

Parent	Balance at beginning of Year	Revaluation	Transfers	Additions	Disposals	Depreciation	Carrying Amount at end of Year
Leasehold Improvements at Cost	11,104	-	(23,027)	35,599	-	(7,681)	15,995
Plant & Equipment at Cost	1,181,632	-	469,252	1,203,803	-	(513,000)	2,341,687
Motor Vehicles at Cost	2,008,937	-	-	781,630	(148,516)	(876,072)	1,765,980
Plant & Equip at Cost - Funded	340,828	-	(55,451)	382,493	-	(106,514)	561,354
Work In Progress - Plant & Equip	390,774	-	(390,774)	269,977	-	-	269,977
	3,933,275	-	-	2,673,503	(148,516)	(1,503,267)	4,954,993

INTANGIBLES

Consolidated	Balance at beginning of Year	Revaluation	Transfers	Additions	Disposals	Amortisation	Carrying Amount at end of Year
Software and Licenses	1,655,308	-	53,675	9,371	-	(351,515)	1,366,839
Work In Progress Intangibles	68,381	-	(53,675)	65,089	-	-	79,795
	1,723,688	-	-	74,460	-	(351,515)	1,446,635

[1] Part ($2,609,458) revaluation reduction absorbed by reserve held at beginning of year - refer Note 24. Balance recognised to profit and loss - refer Note 4.
[2] Investment property classification recognised and transferred following completion of construction.

NOTE 11 INVESTMENT PROPERTY

Consolidated	Balance at beginning of Year	Revaluation	Transfers	Additions	Disposals	Amortisation	Carrying Amount at end of Year
Building at Valuation - Investment	-	-	53,682,531	-	-	-	53,682,531
Land at Valuation - Investment	-	-	5,211,213	-	-	-	5,211,213
	-	-	58,893,744	-	-	-	58,893,744

The Parent Entity holds no investment property.

NOTE 12 RIGHT OF USE ASSET AND LEASE LIABILITY

MOVEMENT IN CARRYING VALUES

Consolidated	Balance at beginning of Year	Adoption of opening balance under AASB16	New leases	Depreciation	Rent payments less incentives	Interest	Carrying Amount at end of Year
Right of use asset	-	2,913,161	1,881,778	(706,270)	-	-	4,088,668
Lease Liability	-	2,913,161	1,881,778	-	(368,377)	113,410	4,539,971
Lease Liability classification							
Current							865,632
Non Current							3,674,339
							4,539,971

Parent	Balance at beginning of Year	Adoption of opening balance under AASB16	New leases	Depreciation	Rent payments less incentives	Interest	Carrying Amount at end of Year
Right of use asset	-	2,913,161	126,818,874	(3,907,519)	-	-	125,824,515
Lease Liability	-	2,913,161	126,818,874	-	(7,261,942)	5,150,689	127,620,780
Lease Liability classification							
Current							2,197,174
Non Current							125,423,606
							127,620,780

The Economic Entity's borrowings are subject to interest rate risk due to movements in interest rates. A 1% increase over the reporting period would have decreased consolidated profit by $28,352 (2019 not applicable), and an equal change in the opposite direction would have increased consolidated profit by $28,352 (2019 not applicable). There have been no changes in any of the assumptions used to prepare this sensitivity analysis from the prior year.

All leases reported here relate to property. At a consolidated level, lease terms range between 2 to 5 years with the majority of those leases having renewal options which range between 1 to 6 years. At a parent level, internal leases are in place with terms between 10 to 40 years with the those leases having renewal options which range between 20 to 40 years.

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NOTE 13 TRADE & OTHER PAYABLES

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Current				
Funds Held on behalf of Residents/Client	4,104,718	2,476,252	4,104,718	2,476,252
Loan Non-Interest Bearing	14,050	14,050	14,050	14,050
Creditors	1,618,563	1,357,219	1,613,498	1,352,155
Accruals	902,159	246,314	869,512	234,807
Other Income in Advance	714,712	710,412	482,099	423,828
Accommodation Deposits held	39,113,986	21,035,681	39,113,986	21,035,681
Annual Leave	4,130,465	3,631,663	4,130,465	3,628,289
Other Liabilities	1,721,712	2,013,783	1,857,364	1,822,581
	52,320,365	**31,485,373**	**52,185,692**	**30,987,643**
Financial liabilities at amortised cost classified as trade and other payables				
Trade and Other Payables:				
Total current	52,320,365	31,485,373	52,185,692	30,987,643
	52,320,365	31,485,373	52,185,692	30,987,643
Less employee benefits	4,130,465	3,631,663	4,130,465	3,628,289
Less non interest bearing loan	14,050	14,050	14,050	14,050
Financial liabilities as trade and other payables	48,175,849	27,839,660	48,041,177	27,345,303

Based on past experience, the Economic Entity does not expect the full amount of annual leave to be settled wholly within the next 12 months. However, the amount must be classified as a current liability because the Economic Entity does not have an unconditional right to defer the settlement of the amount in the event employees wish to use their leave entitlements.

Collateral pledged
No collateral has been pledged for any of the trade and other payable balances

NOTE 14 CONTRACT LIABILITIES

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Current				
Subsidies	4,734,483	3,020,764	4,734,483	3,020,764

Change duirng financial year 2020 reflects growth in subsidy funding that remained unspent at reporting date. Under the terms of funding agreements, unspent funds will either be returned or approved for carry forward.

All performance obligations are expected to be completed within 12 months from reporting date.

NOTE 15 PROVISIONS

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Current				
Employee entitlements	3,894,037	3,592,462	3,894,037	3,592,462
	3,894,037	3,592,462	3,894,037	3,592,462
Non-Current				
Employee entitlements	1,339,113	1,095,445	1,339,113	1,095,445
	1,339,113	1,095,445	1,339,113	1,095,445
Number of employees at year end provided for	**936**	**959**	**936**	**959**

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

NOTE 16 BORROWINGS

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Current				
Borrowings - CBA	36,208,744	50,676,759	-	-
	36,208,744	**50,676,759**	**-**	**-**

The Economic Entity’s borrowings are subject to interest rate risk due to movements in interest rates. A 1% increase over the reporting period would have decreased consolidated profit by $417,297 (2019 $284,112), and an equal change in the opposite direction would have increased consolidated profit by $417,297 (2019 $284,112). There have been no changes in any of the assumptions used to prepare this sensitivity analysis from the prior year.

The $44.5m CBA facility agreement which was repaid 7 August 2020. A $35m refinancing facility with the ANZ is now in place. A $35.0m three year financing facility agreement to partly finance the U City development project is in place with the Commonwealth Bank. The balance is classified as current as it was repaid at the conclusion of the facility agreement on 7 August 2020.

As accordance with the terms of the financing agreement, at reporting date CBA held a general security charge over business operations, as well as a mortgage over the Franklin Street site, the Pitt Street site, and the Residential Aged Care facilities at Felixstow and Glenelg. Following refinancing on 7 August, CBA released all mortgages. ANZ now have in place mortgages over the Franklin Street site, and the Residential Aged Care facility at Glenelg.

NOTE 17 COMMITMENTS FOR EXPENDITURE

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Operating Leases - Land and Buildings				
Minimum Lease payments payable				
Not later than 1 year	1,350,168	1,141,597	1,350,168	1,141,597
Later than 1 year and not later than 5 years	-	1,481,088		1,481,088
Later than 5 years	-	473,688		473,688
	1,350,168	**3,096,373**	**1,350,168**	**3,096,373**

AASB16 *Leases* applies from 2020 - refer Note 12.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

NOTE 18 RECONCILIATION OF CASH FLOWS

	Consolidated		Parent	
	2020 $	2019 $	2020 $	2019 $
Reconciliation of Profit/(Loss) for the period to net cash provided by/(used in) operating activities				
Profit/(Loss) for the period	(4,177,334)	7,525,502	-	(321,811)
Depreciation Expense & Net Fair Value Loss	8,407,781	1,908,252	5,762,589	1,694,611
Investment Management Fee	-	1,380	-	
Dividend Reinvestments	(409,084)	(218,460)	-	-
(Profit)/Loss on Sale of Assets	(412,590)	(401,194)	(412,590)	(401,194)
Decrease/(Increase) in Receivables	1,239,125	(2,075,553)	1,257,634	(2,036,837)
Decrease/(Increase) in Other Assets	(405,674)	(124,433)	(232,059)	(117,581)
Decrease/(Increase) in Inventory	17,623	(8,050)	17,623	(8,050)
(Increase)/Decrease in Related Assoc Loan	-	-	44,825	1,015,735
(Decrease)/Increase in Employee Entitlements	545,243	633,938	545,243	633,938
Increase/(Decrease) in Trade Payables	261,343	(162,540)	261,343	(165,114)
Increase/(Decrease) in Accrued Liabilities	2,567,555	2,468,684	1,299,909	1,103,220
Increase/(Decrease) in Grants in Advance	1,713,719	187,243	1,713,719	837,243
Increase/(Decrease) in Accommodation Deposits	18,138,590	(280,925)	18,138,590	(280,925)
Increase/(Decrease) in Funds Held on Behalf of Residents	9,965	8,138	9,965	8,138
Net Cash Provided by/(Used in) Operating Activities	**27,496,263**	**9,461,982**	**28,406,793**	**1,961,376**

Reconciliation of liabilities arising from financing activities

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Borrowings				
Balance at beginning of Year	50,676,759	6,145,623	-	-
Cash flows	(15,007,433)	43,252,371	-	-
Non cash movement	539,418	1,278,765	-	-
Balance end of Year	36,208,744	50,676,759	-	-
Leases				
Balance at beginning of Year	-	-	-	-
Cash flows	(646,423)	-	(634,661)	-
Non cash movement	5,186,394	-	2,890,153	-
Balance end of Year	4,539,971	-	2,255,492	-
Loan - Erwin Vogt Foundation				
Balance at beginning of Year	-	-	23,334,798	22,494,620
Cash flows	-	-	25,620,019	1,855,916
Non cash movement	-	-	(452,887)	(1,015,738)
Balance end of Year	-	-	48,501,930	23,334,799

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

	Consolidated		Parent	
	2020	2019	2020	2019
	$	$	$	$

NOTE 19 CONTROLLED ENTITIES

Subsidiaries:	Erwin Vogt Foundation Incorporated Erwin Vogt Foundation
Country of incorporation: Australia	
Dormant Entities:	Lifeline and Youthline Incorporated Kuitpo Colony Incorporated Kate Cocks Memorial Family Services Incorporated The Kate Cocks Memorial Girls Home Incorporated Goodwill Stores of South Australia Incorporated Goodwill Industries of South Australia Incorporated Central Mission Homes for Children Incorporated Central Mission Homes for the Aged Incorporated Forsyth Foundation Incorporated
Country of incorporation: Australia	

Uniting Communities Incorporated is endorsed as a Deductible Gift Recipient (DGR) from 01 Jul 2000.

NOTE 20 RELATED PARTY DISCLOSURES - KEY MANAGEMENT PERSONNEL

Remuneration and Retirement Benefits

All Board members act in a voluntary capacity and are not remunerated.

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
a) Short term employee benefits	1,131,079	1,272,628	1,131,079	1,272,628
b) Retirement and Superannuation Benefits	107,453	120,900	107,453	120,900

NOTE 21 RELATED PARTY TRANSACTIONS

Transactions between this Economic Entity and related Foundation and Association were as follows:

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Donations paid	(41,276)	(42,106)	(41,276)	(42,106)
Donations received	-	-	5,338,354	750,000
Repayment of Lease Liabilities	-	-	(7,261,975)	(2,765,111)
Interest received	-	-	1,158,511	980,844
Operating charges (recoveries)	-	-	(190,000)	(182,572)
Advances to related Foundation	-	-	40,672,172	75,946,498
Advances repaid by related Foundation	-	-	(15,052,154)	(74,090,582)
Amount owing by related Foundation	-	-	48,501,930	23,334,799

There were no Board member related transactions during the period.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 (Continued)

NOTE 22 CAPITAL MANAGEMENT

The Economic Entity controls the capital in order to maintain a good debt to equity ratio and to ensure that the Economic Entity can fund its operations and continue as a going concern.
The Economic Entity's debt and capital includes financial liabilities, supported by financial assets.
The Economic Entity effectively manages the capital by assessing the Economic Entity's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of debt levels.
There have been no changes in the strategy adopted by management to control the capital of the Economic Entity since the prior year. This strategy is to ensure that there is sufficient cash to meet trade and sundry payables and borrowings.
The gearing ratios are as follows:

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
Trade and Other Payables	52,320,365	31,485,373	52,185,692	30,987,643
Contract Liabilities	4,734,483	3,020,764	4,734,483	3,020,764
Lease Liabilities	4,539,971	-	127,620,780	-
Borrowings	36,208,744	50,676,759	-	-
Less Cash and Cash Equivalents	(31,329,982)	(30,643,931)	(3,128,608)	(3,163,640)
Net Debt	66,473,580	54,538,966	181,412,347	30,844,767
Total Equity	80,941,724	87,728,517	589,098	589,098
Total Capital	**147,415,304**	**142,267,483**	**182,001,445**	**31,433,865**
Gearing Ratio	**45.1%**	**38.3%**	**99.7%**	**98.1%**

NOTE 23 ECONOMIC ENTITY DETAILS

The registered office and principal place of business of the Economic Entity is:
43 Franklin St, Adelaide, South Australia 5000

NOTE 24 RESERVES

	Consolidated 2020 $	Consolidated 2019 $	Parent 2020 $	Parent 2019 $
General Reserve				
The general reserve records funds set aside for future expansion of the Economic Entity.				
	3,205,605	3,205,605	3,205,605	3,205,605
Financial Assets Reserve				
The financial assets reserve records market revaluation of financial assets.				
	(151)	(151)	(151)	(151)
Land & Buildings Reserve				
The land and buildings reserve records revaluations of land and buildings carried out every three years.				
	-	2,609,458	-	-
TOTAL RESERVES	3,205,454	5,814,912	3,205,454	3,205,454

Movements in Reserves

	Consolidated 2020 $	Consolidated 2019 $
Revaluation surplus		
Net gain on revaluation of land and buildings:		
– net gain/(loss) on revaluation of land and buildings	(2,609,458)	-
Movement in revaluation surplus	(2,609,458)	-
Direct Equity Investments Reserve		
Net fair value gains on:		
– fair value gain/(loss) on remeasurement		2,887
– fair value (gain)/loss reclassified into profit or loss on disposal	.	
Movement in financial assets reserve	-	2,887
Total other comprehensive income for the year	**(2,609,458)**	**2,887**

NOTE 25 FAIR VALUE MEASUREMENTS

The Economic Entity measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- funds under management; and
- freehold land and buildings.

The Economic Entity does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Economic Entity selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Economic Entity are consistent with one or more of the following valuation approaches:

- Market approach: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- Income approach: converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- Cost approach: reflects the current replacement cost of an asset at its current service capacity.
  Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Economic Entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

NOTE 25 FAIR VALUE MEASUREMENTS (CONT.)

The following tables provide the fair values of the Economic Entity's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Note	Level 1 $	Level 2 $	Level 3 $	Total $
2020					
Recurring fair value measurements					
Financial assets					
Funds under Management	9	7,974,920	-	-	7,974,920
Total financial assets recognised at fair value		7,974,920			7,974,920
Non-financial assets					
Freehold land	10	-	22,048,786	-	22,048,786
Freehold buildings	10	-	46,527,470	-	46,527,470
Investment property	11	-	58,893,744	-	58,893,744
Total non-financial assets recognised at fair value		-	127,470,000	-	127,470,000
2019					
Recurring fair value measurements					
Financial assets					
Funds under Management	9	7,993,534	-	-	7,993,534
Total financial assets recognised at fair value		7,993,534			7,993,534
Non-financial assets					
Freehold land	10	-	22,030,000	-	22,030,000
Freehold buildings	10	-	13,526,020	-	13,526,020
Total non-financial assets recognised at fair value		-	35,556,020	-	35,556,020

There were no transfers between Levels 1 and 2 for assets measured at fair value on a recurring basis during the reporting period (2018 no transfers).

NOTE 25 FAIR VALUE MEASUREMENTS (CONT.)

b) Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 30 June 2020 $	Valuation Technique(s)	Inputs Used
Non-financial assets			
Freehold land (i)	22,048,786	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate
Freehold buildings (i)	46,527,470	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate
Investment property	58,893,744	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate
	127,470,000		

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the board review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the Economic Entity to determine Level 2 fair values.

NOTE 26 CONTINGENT LIABILITY

There are no contingent liabilities at balance day that require disclosure.

NOTE 27 ECONOMIC DEPENDENCY

The parent entity of the consolidated entity, Uniting Communities Inc., current operations are supported by its subsidiary Erwin Vogt Foundation, through contributing surpluses and positive cash flows.
A donation of $5,338,354 was made this year from Erwin Vogt Foundation to Uniting Communities Inc.

NOTE 28 EVENTS AFTER REPORTING PERIOD

The $44.5m CBA facility agreement in place at 30 June was repaid on 7 August 2020. A three year $35m refinancing facility with the ANZ is now in place.

There are no other events after reporting date that require disclosure.

NOTE 29 CORONAVIRUS COVID-19 IMPACT ON OPERATIONS

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Economic Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Economic Entity operates.

The impact of the COVID-19 pandemic on the Economic Entity includes additional funding received to operate or support new or existing specialised services, additional expenses relating to delivering services and support provided to employees and stakeholders.

To address and mitigate the negative effects on the Economic Entity, a range of measures were implemented to reduce risk to customers, clients and staff. These included working from home arrangements and additional training for staff and access restrictions across our residential services and customer centres. Services were maintained through online or telephone channels wherever possible.

Other than as addressed in above, there does not currently appear to be either any other significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Economic Entity unfavourably as at the reporting date as a result of the Coronavirus (COVID-19) pandemic. As the pandemic is ongoing it is not practical to estimate the potential future impacts on the Economic Entity.

NOTE 30 PROPERTY LEASES

The Economic Entity predominantly holds its property assets to derive rental income. The parent entity is the primary lessee, occupying approximately 67% of that property by value. The remaining property is leased to third party tenants or presently held for redevelopment.

The dconomic entity mitigates the risk associated with it's property holdings through its joint management with the parent, along with lease agreements with approriate termination clauses.

The following table provides lease payment maturity profile.

Minimum lease receipts	**3rd Party leases**
Not later than 1 year	1,075,354
Later than 1 year and not later than 2 years	1,075,354
Later than 2 year and not later than 3 years	1,075,354
Later than 3 year and not later than 4 years	1,075,354
Later than 4 year and not later than 5 years	1,075,354
Later than 5 years	5,500,177
	10,876,947

The Parent Entity has no material property leases.