

UNITING COMMUNITIES
UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
FINANCIAL REPORT
30 JUNE 2023

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UNITING COMMUNITIES
UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
BOARD MEMBERS REPORT
30 JUNE 2023

The Board members present their report on the financial statements of the Economic Entity and its controlled entities for the year ended 30 June 2023.

Board Members

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

Kylie Heneker (from December 2022 and Chair from April 2023)

Michael Flynn

Jörg Strobel

Deborah Miller

Ruth Sims

Nigel Hall

Lynn Young

Rosalind Coleman (from 31 August 2023)

Keith Evans (from 31 August 2023)

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 surplus \$8,018,302 (2022 deficit \$4,195,612).

Total consolidated revenue for the financial year was \$105,812,774 (2022 \$88,452,705).

Income from Government sources towards operating expenditure was \$61,222,119 equal to 57% 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 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.

UNITING COMMUNITIES
UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
BOARD MEMBERS REPORT
30 JUNE 2023 (Continued)

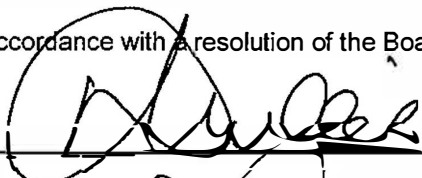
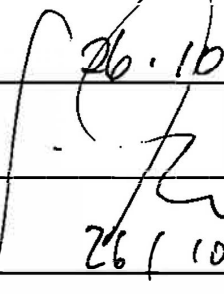
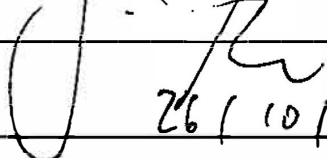
Environmental Regulation

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 18, 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.

	_____	Board Member
	_____	Date
	26.10.23	
	_____	Board Member
	_____	Date
	26/10/23	

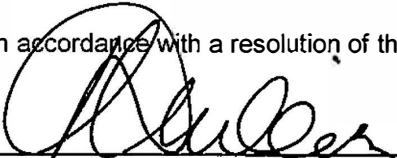
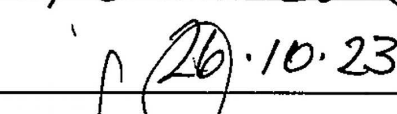
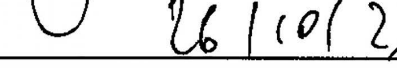
UNITING COMMUNITIES
UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF BOARD MEMBERS
30 JUNE 2023

In the opinion of the Board Members of the association the financial report:

- 1 Gives a true and fair view, the financial position of the association as at 30 June 2023 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.

	Board Member
 26.10.23	Date
	Board Member
 26/10/23	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 2023 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 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2022.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the 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 2023 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.

Advisory. Tax. Audit.

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

Other information (cont)

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.

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 – Simplified Disclosures 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.

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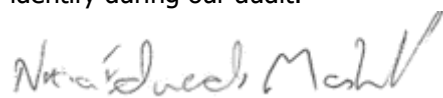
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES (CONT)

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

- Evaluate the 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.
- 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
Chartered Accountants



Jamie Dreckow
Partner

Adelaide
South Australia

26 October 2023

Advisory. Tax. Audit.

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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 2023, 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
Chartered Accountants



Jamie Dreckow
Partner

Adelaide
South Australia

26 October 2023

Advisory. Tax. Audit.

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UNITING COMMUNITIES

**UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 \$	2022 \$
REVENUE	2	105,812,774	88,452,705
EMPLOYEE BENEFITS EXPENSES		(68,690,226)	(63,880,871)
DEPRECIATION EXPENSE AND NET FAIR VALUE LOSS	3	(5,125,498)	(8,677,549)
OTHER EXPENSES	4	(23,978,748)	(20,089,896)
SURPLUS/(DEFICIT) FOR THE YEAR		<u>8,018,302</u>	<u>(4,195,611)</u>

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 2023

	2023 \$	2022 \$
SURPLUS/(DEFICIT) FOR THE YEAR	<u>8,018,302</u>	<u>(4,195,612)</u>
Other Comprehensive Income:		
Net gain/(loss) on revaluation of financial assets	-	-
Net gain/(loss) on revaluation of land and buildings	3,317,530	-
Total Other Comprehensive income	<u>3,317,530</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>11,335,832</u>	<u>(4,195,612)</u>
Total comprehensive income attributable to members of the entity	<u>11,335,832</u>	<u>(4,195,612)</u>

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 2023

	Notes	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	5	11,446,361	11,063,851
Trade & Other Receivables	6	12,510,487	6,285,371
Inventories	7	17,484	12,027
Other Assets		1,215,531	964,874
Total Current Assets		25,189,863	18,326,123
NON-CURRENT ASSETS			
Financial Assets	8	41,374,812	37,911,077
Property, Plant & Equipment	9	72,571,280	75,273,333
Intangible assets	9	791,299	1,005,917
Investment Property	10	70,940,741	58,893,744
Right of Use Asset	11	7,048,400	7,457,252
Total Non-Current Assets		192,726,532	180,541,323
TOTAL ASSETS		217,916,396	198,867,446
LIABILITIES			
CURRENT LIABILITIES			
Trade & Other Payables	12	71,783,072	63,713,534
Contract Liabilities	13	7,840,777	5,644,904
Lease Liabilities	11	1,030,724	789,247
Provisions	14	4,508,235	3,874,765
Borrowings	15	1,460,000	2,600,000
Total Current Liabilities		86,622,808	76,622,450
NON-CURRENT LIABILITIES			
Lease Liabilities	11	6,997,046	7,599,140
Provisions	14	1,087,848	1,312,994
Borrowings	15	32,405,000	33,865,000
Total Non-Current Liabilities		40,489,894	42,777,134
TOTAL LIABILITIES		127,112,702	119,399,584
NET ASSETS		90,803,693	79,467,862
EQUITY			
Capital Donations		10	10
Reserves	21	6,523,134	3,205,605
Retained Profits / Accumulated Losses		84,280,549	76,262,248
TOTAL EQUITY		90,803,693	79,467,862

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 2023

Consolidated

	Capital Donations \$	Retained Earnings \$	Specific Donations \$	Consolidated Reserves \$	Total \$
Balance as at 1 July 2021	10	80,457,859 -		3,205,605	83,663,474
Surplus/(Deficit) attributable to members	-	(4,195,612)	-	-	(4,195,612)
Total Other Comprehensive Income for the Year	-	-	-	-	-
Balance as at 30 June 2022	10	76,262,247	-	3,205,605	79,467,862
Surplus/(Deficit) attributable to members	-	8,018,302	-	-	8,018,302
Total Other Comprehensive Income for the Year	-	-	-	3,317,530	3,317,530
Balance as at 30 June 2023	10	84,280,549	-	6,523,135	90,803,693

The accompanying notes form part of these financial statements

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
Cash Flows from Operating Activities		
Government Subsidies	66,580,245	59,697,706
Receipts from Customers	21,383,772	20,686,908
Donations received	930,905	424,027
Interest received	947,188	615,059
Employee expenses	(67,975,433)	(63,536,612)
Payments to Suppliers	(22,819,547)	(20,683,713)
Rent income	3,680,016	3,406,619
Interest on borrowing	(887,601)	(482,882)
Interest on Lease Liabilities	(304,976)	(313,656)
Accommodation deposits received	14,977,411	11,637,155
Accommodation deposits refunded	(8,985,729)	(6,014,570)
Other Income	2,746,394	2,561,560
Net GST received/(paid)	(2,847,601)	(2,509,825)
Imputation Credits received	97,554	25,874
Net Cash Provided by/(used in) Operating Activities	7,522,598	5,513,651
Cash Flows from Investing Activities		
Payments for PP&E, Intangibles and Investment Property	(3,203,805)	(3,904,904)
Proceeds from the sale of PP&E, Intangibles and Investment Property	168,649	830,905
Payments for purchase on other intangibles	(32,593)	(190,596)
Payments for Investments	(56,921)	(25,700,000)
Net Cash Provided by/(Used in) Investing Activities	(3,124,670)	(28,964,595)
Cash Flows from Financing Activities		
Repayment of external borrowings	(2,600,000)	(2,600,000)
Proceeds from Social Investment Bond	-	3,900,000
Repayment of Lease Liabilities	(1,415,418)	(1,393,234)
Net Cash Provided by/(Used in) Financing Activities	(4,015,418)	(93,234)
Net Increase/(Decrease) in cash held	382,510	(23,544,177)
Cash and cash equivalents at beginning of financial year	11,063,851	34,608,028
Cash and cash equivalents at end of financial year	11,446,361	11,063,851

The accompanying notes form part of these financial statements

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

This financial report includes the consolidated financial statements and notes of Uniting Communities Incorporated and Controlled Entities ('Economic 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 Australian Accounting Standards Simplified Disclosures issued by the Australia Accounting Standards Board Associations Incorporation Act (SA) 1985, the Australian Charities and Not-for-profits Commission Act 2012. 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.

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 entities are detailed in the respective note to the financial statements.

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 measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset 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.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 nature 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.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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) Trade and Other Receivable

Trade and other receivables 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.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 economic 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.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

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

- AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities* (applies for annual reporting periods beginning on or after 1 July 2021)

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023 \$	2022 \$
NOTE 2 REVENUE		
<u>Revenue from Contracts with Customers</u>		
Government subsidies	61,222,120	55,305,083
Sale of goods	882,363	783,362
Fees received	25,671,745	25,195,488
	<u>87,776,227</u>	<u>81,283,933</u>
<u>Other Revenue</u>		
Rent received	958,540	701,493
Donations	930,905	424,027
Imputation credits received	108,238	25,874
Interest received	947,188	615,059
Investment income	914,525	737,860
Profit on asset disposal	154,319	456,799
Change in fair value - financial assets	2,790,779	-
Change in fair value - investment property	6,574,781	-
Rent from investment property	2,386,929	2,395,433
Other income	2,270,343	1,812,227
	<u>18,036,547</u>	<u>7,168,772</u>
	<u>105,812,774</u>	<u>88,452,705</u>
Disaggregation of Revenue		
The disaggregation of revenue from contracts with customers is as follows:		
<u>Government Subsidies</u>		
Community Services including Drug and Alcohol, Out of Home Care, Mental Health, Disability, Homelessness and other Counselling	39,607,179	35,745,486
Aged Care	21,419,587	19,374,616
Other	195,354	184,981
	<u>61,222,119</u>	<u>55,305,083</u>
<u>Sale of Goods</u>		
Clothing	501,991	506,808
Furniture	330,682	241,267
Other	49,690	35,287
	<u>882,362</u>	<u>783,362</u>
<u>Fees Received</u>		
Community Services predominantly relating to the National Disability Insurance Scheme (NDIS)	8,347,257	9,828,236
Aged Care	16,739,990	14,863,176
Other	584,498	504,075
	<u>25,671,746</u>	<u>25,195,488</u>

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023 \$	2022 \$
NOTE 3 DEPRECIATION EXPENSE AND NET FAIR VALUE LOSS		
Depreciation of Property, Plant and Equipment	3,650,653	3,330,458
Amortisation of Intangibles	305,868	311,224
Change in fair value - Financial assets	-	3,868,220
Depreciation of Right of use assets	1,168,977	1,167,647
	5,125,498	8,677,549
NOTE 4 OTHER EXPENSES		
Advertising	336,351	313,006
Audit fees	60,910	43,112
Bank charges	69,447	28,543
Borrowing costs	1,382,510	841,985
Brokerage & client costs	2,600,228	1,378,483
Contractors & consultants	6,113,440	6,654,602
Cost of sales	19,594	10,176
Doubtful debts	14,500	47,012
Energy	802,297	763,639
Freight & motor vehicle costs	1,425,040	1,284,761
Fundraising & special events	121,579	121,779
Lease payments for premises	714,468	661,368
Legal Expenses	320,850	74,409
Management fees	499,259	275,424
Materials, Equipment & Medical Supplies	1,548,761	1,703,948
Meal Costs	788,873	575,317
Office, Computer & Insurance	2,969,148	2,144,620
Project Costs	628,536	220,990
Rates & Taxes	452,594	392,874
Repairs and Maintenance	1,344,711	1,138,875
Staff training	1,154,416	1,056,959
Other Operating expenses	611,237	358,014
	23,978,749	20,089,896

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023 \$	2022 \$
NOTE 5 CASH AND CASH EQUIVALENTS		
Cash at Bank	5,508,030	1,826,480
Cash on Deposit	5,911,104	9,209,201
Cash in Transit	(0)	(0)
Cash on Hand	27,227	28,169
	11,446,361	11,063,851

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:

Cash on hand	11,446,361	11,063,851
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NOTE 6 TRADE & OTHER RECEIVABLES		
Retirement Village income	3,557,486	2,416,121
Subsidies receivable	2,735,847	854,656
Other trade receivables	6,217,154	3,014,594
	12,510,487	6,285,371

NOTE 7 INVENTORIES		
Finished Goods	17,484	12,027
	17,484	12,027

NOTE 8 FINANCIAL ASSETS		
Non-Current		
Funds under Management (at fair value through profit and loss)	41,374,812	37,911,077
Total Financial Assets	41,374,812	37,911,077

Financial assets at fair value through profit and loss consist of investments in unlisted distributing trusts, and therefore have no fixed maturity date.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023 \$	2022 \$
NOTE 9 PROPERTY, PLANT & EQUIPMENT & INTANGIBLES		
PROPERTY, PLANT & EQUIPMENT		
Freehold land at valuation	21,739,271	21,808,787
	<u>21,739,271</u>	<u>21,808,787</u>
Buildings at valuation	45,260,500	46,447,469
Less: Accumulated Depreciation	(127,645)	(2,630,786)
	<u>45,132,855</u>	<u>43,816,684</u>
Building improvements at Cost	-	951,002
Less: Accumulated Depreciation	-	(52,765)
	<u>-</u>	<u>898,237</u>
Leasehold improvements at cost	331,044	1,539,498
Less: Accumulated Depreciation	(266,844)	(321,386)
	<u>64,199</u>	<u>1,218,112</u>
Plant and Equipment at Cost	15,118,778	13,968,494
Less: Accumulated Depreciation	(12,433,904)	(11,404,621)
	<u>2,684,874</u>	<u>2,563,874</u>
Motor vehicles at Cost	5,039,628	4,266,817
Less: Accumulated Depreciation	(3,221,013)	(2,551,353)
	<u>1,818,615</u>	<u>1,715,463</u>
Leasehold Improvements at cost - funded	545,183	498,753
Less: Accumulated Depreciation	(502,531)	(498,753)
	<u>42,652</u>	<u>-</u>
Plant & Equipment at cost - funded	4,882,464	4,804,908
Less: Accumulated Depreciation	(4,341,317)	(4,176,554)
	<u>541,147</u>	<u>628,354</u>
Motor Vehicles at cost - funded	17,631	17,631
Less: Accumulated Depreciation	(17,631)	(17,631)
	<u>-</u>	<u>-</u>
Work in Progress - Building	<u>240,206</u>	<u>340,736</u>
Work in Progress - Plant & Equipment	<u>307,461</u>	<u>2,283,087</u>
Total	93,482,165	96,927,181
Less: Accumulated Depreciation	(20,910,885)	(21,653,848)
Property, Plant & Equipment	<u>72,571,280</u>	<u>75,273,333</u>

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023 \$	2022 \$
NOTE 9 INTANGIBLES		
Cont. Software and Licenses	3,497,628	3,406,378
Less: Accumulated Amortisation	(2,706,329)	(2,400,461)
	<u>791,299</u>	<u>1,005,917</u>
Work In Progress	<u>-</u>	<u>-</u>
Total	3,497,628	3,406,378
Less: Accumulated Amortisation	(2,706,329)	(2,400,461)
Intangibles	<u>791,299</u>	<u>1,005,917</u>

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. This heritage listing may impact the maintenance costs of this building, the valuation of the building and depreciation rate in the future.

UNITING COMMUNITIES

**UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)**

NOTE 9 PROPERTY, PLANT & EQUIPMENT & INTANGIBLES

Cont.

MOVEMENT IN CARRYING VALUES

PROPERTY, PLANT & EQUIPMENT

Consolidated	Balance at beginning of Year	Revaluation⁽¹⁾	Transfers	Additions	Disposals	Depreciation	Carrying amount at end of Year
Land at Valuation	21,808,787	4,880,484	(4,950,000)		-	-	21,739,271
Buildings at Valuation	43,828,684	(1,562,954)	4,181,707			(1,314,581)	45,132,855
Building Improvements at Cost	886,237		(838,143)	16,548		(64,642)	-
Leasehold Improvements at Cost	1,218,112	-	(1,532,837)	655,836	-	(234,259)	106,851
Plant & Equipment at Cost	2,563,874	-	99,820	1,050,337	-	(1,029,157)	2,684,874
Motor vehicles at Cost	1,715,463	-	-	990,146	(42,893)	(844,101)	1,818,615
Plant & Equip at Cost - Funded	628,354	-	-	76,705	-	(163,913)	541,147
Work in Progress - Building	340,736	-	(340,736)	240,206	-	-	240,206
Work in Progress - Plant & Equip	2,283,087	-	(2,150,683)	175,057	-	-	307,461
	75,273,333	3,317,530	(5,530,872)	3,204,835	(42,893)	(3,650,653)	72,571,280

INTANGIBLES

Consolidated	Balance at beginning of Year	Revaluation	Transfers	Additions	Disposals	Amortisation	Carrying amount at end of Year
Software and Licenses	1,005,917	-	58,656	32,594	-	(305,868)	791,299
Work In Progress Intangibles	-	-	-		-	-	-
	1,005,917	-	58,656	32,594	-	305,868	791,299

NOTE 10 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	4,335,263	522,216	-	-	-	58,540,010
Land at Valuation - Investment	5,211,213	2,239,518	4,950,000	-	-	-	12,400,731
	58,893,744	6,574,781	5,472,216	-	-	-	70,940,741

Investment property is recorded at fair value based on valuation by an Adelaide based Certified Practising Valuer.

Valuations are undertaken on a three year cycle, unless the Board considers there to be potential impairment indicators, in which case an interim valuation would be commissioned.

The last valuation for all properties was undertaken at June 2023.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 11 RIGHT OF USE ASSET AND LEASE LIABILITY

MOVEMENT IN CARRYING VALUES

Consolidated	Balance at beginning of Year	Lease modification	New leases	Depreciation	Rent payments less incentives	Interest	Carrying Amount at end of Year
Right of use asset	7,457,252	480,038	280,087	(1,168,977)	-	-	7,048,400
Lease Liability	8,388,387	469,739	280,087	-	(1,415,418)	304,976	8,027,770
Lease Liability classification							
Current							1,030,724
Non Current							<u>6,997,046</u>
							<u>8,027,770</u>

All leases reported here relate to property. Lease terms range between 2 to 7 years with the majority of those leases having renewal options which range between 1 to 10 years. In addition, The Economic Entity has in place several short term leases for residential housing. While these annual leases may from time to time be extended for a further year, they have not been recognised here due to inherent uncertainty in that renewal. The overall liability related to these short term leases is circa \$700,000.

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 \$56,024 (2022 \$56,199), and an equal change in the opposite direction would have increased consolidated profit by \$56,024 (2022 \$56,199). There have been no changes in any of the assumptions used to prepare this sensitivity analysis from the prior year.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023 \$	2022 \$
NOTE 12 TRADE & OTHER PAYABLES		
Current		
Funds Held on behalf of Residents/Clients	362,590	1,458,758
Loan Non-Interest Bearing	14,050	14,050
Creditors	1,673,985	737,882
Accruals	3,374,627	2,071,619
Other Income in Advance	303,008	594,981
Accommodation Bonds Held	176,070	274,300
Accommodation Deposits held	31,439,684	25,055,306
Ingoing Contributions held	27,156,475	26,470,475
Annual Leave	4,956,453	4,945,891
Workcover	2,161,000	1,723,266
Other Liabilities	165,130	367,006
	71,783,072	63,713,534

Based on past experience, the Economic Entity does not expect the full amount annual leave, accommodation bonds & deposits, and ingoing contributions to be settled wholly within the next 12 months. However, these amounts must be classified as a current liability because the Economic Entity does not have an unconditional right to defer settlement.

Collateral pledged

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

NOTE 13 CONTRACT LIABILITIES

Current		
Subsidies	7,840,777	5,644,904

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

NOTE 14 PROVISIONS

Current		
Employee entitlements	4,508,235	3,874,765
Non-Current		
Employee entitlements	1,087,848	1,312,994
Number of employees at year end provided for	1,089	1,062

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023 \$	2022 \$
NOTE 15 BORROWINGS		
Current		
Borrowings	<u>1,460,000</u>	<u>2,600,000</u>
Non-Current		
Borrowings	25,905,000	27,365,000
Social Investment Bonds	6,500,000	6,500,000
	<u>32,405,000</u>	<u>33,865,000</u>
Total Borrowings	<u>33,865,000</u>	<u>36,465,000</u>

Financing facilities consist:

- \$27.4m ANZ facility with both fixed (until 30 June 2023) and variable interest rate components. ANZ have mortgages over the Franklin Street and Pitt Street sites, and the Residential Aged Care facility at Glenelg.
- \$6.5m social investment bond relating to the Newpin agreement which is a partnership with the SA Government and Social Ventures Australia Limited. The agreement involves operating a Newpin program under license from Uniting Church in Australia Property Trust (NSW).

The Economic Entity's borrowings investments 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 \$286,650 (2022 \$149,650), and an equal change in the opposite direction would have increased consolidated profit by \$286,650 (2022 \$149,650). There have been no changes in any of the assumptions used to prepare this sensitivity analysis from the prior year.

NOTE 16 COMMITMENTS FOR EXPENDITURE

Building works

Minimum contract payments payable:

Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>-</u>

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023	2022
	\$	\$
NOTE 17 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 1 July 2000.		
NOTE 18 RELATED PARTY DISCLOSURES - KEY MANAGEMENT PERSONNEL		
<u>Remuneration and Retirement Benefits</u>		
All Board members act in a voluntary capacity and are not remunerated.		
a) Short term employee benefits	1,443,262	1,227,768
b) Retirement and Superannuation Benefits	141,353	110,941
NOTE 19 RELATED PARTY TRANSACTIONS		
Transactions between this Economic Entity and related Associations were as follows:		
Donations paid	(45,465)	(42,849)
Transactions between this Economic Entity and Board members were as follows:		
Board Chair Honorarium	30,000	-
Investment in Social Investment Bonds	-	30,000
Interest paid on Social Investment Bonds	(1,000)	(400)
Board members hold investments totalling \$50,000 in social investment bonds to which the Economic Entity is a party. There were interest income received from the same bonds in 2023.		

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2023 \$	2022 \$
NOTE 20 ECONOMIC ENTITY DETAILS		
The registered office and principal place of business of the Economic Entity is: 43 Franklin St, Adelaide, South Australia 5000		
NOTE 21 RESERVES		
General Reserve		
The general reserve records funds set aside for future expansion of the Economic Entity.		
	3,205,605	3,205,605
Financial Assets Reserve		
The financial assets reserve records market revaluation of financial assets.		
	-	-
Land & Buildings Reserve		
The land and buildings reserve records revaluations of land and buildings carried out every three years.		
	3,317,530	-
TOTAL RESERVES	6,523,135	3,205,605
Movements in Reserves		
Revaluation surplus		
Net gain on revaluation of land and buildings:		
– net gain/(loss) on revaluation of land and buildings	3,317,530	-
Share of associate's increase in revaluation surplus		
Movement in revaluation surplus	3,317,530	-
Direct Equity Investments Reserve		
Net fair value gains on:		
– fair value gain/(loss) on remeasurement		
– fair value (gain)/loss reclassified into profit or loss on disposal	-	-
Movement in financial assets reserve	-	-
Total other comprehensive income for the year	3,317,530	-

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 22 CONTINGENT LIABILITY

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

NOTE 23 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 \$4,956,051 was made this year from Erwin Vogt Foundation to Uniting Communities Inc.

NOTE 24 EVENTS AFTER REPORTING PERIOD

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

NOTE 25 PROPERTY LEASES

The Economic Entity predominantly holds its property assets to derive rental income. The parent entity is the primary lessee, occupying approximately 66% of that property by value. Property not deriving rental income is presently held for future development.

The Economic Entity mitigates the risk associated with its property holdings through its joint management with the parent, along with lease agreements with appropriate termination clauses.

The following table provides lease payment maturity profile for material leases.

Minimum lease receipts	3rd Party leases
Not later than 1 year	771,605
Later than 1 year and not later than 2 years	1,402,959
Later than 2 year and not later than 3 years	1,402,959
Later than 3 year and not later than 4 years	1,402,959
Later than 4 year and not later than 5 years	1,402,959
Later than 5 years	2,968,286
	<u>9,351,726</u>

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

NOTE 26 PARENT ENTITY INFORMATION

FINANCIAL POSITION

	2023	2022
	\$	\$
ASSETS		
Total Current Assets	93,382,334	77,320,729
Total Non-Current Assets	153,102,757	144,507,129
TOTAL ASSETS	246,485,091	221,827,858
LIABILITIES		
Total Current Liabilities	86,754,804	75,003,236
Total Non-Current Liabilities	159,141,039	146,235,374
TOTAL LIABILITIES	245,895,843	221,238,610
NET ASSETS	589,248	589,248
EQUITY		
Capital Donations	-	-
Reserves	3,205,605	3,205,605
Retained Profits / Accumulated Losses	(2,616,357)	(2,616,357)
TOTAL EQUITY	589,248	589,248

	2023	2022
	\$	\$
SURPLUS/(DEFICIT) FOR THE YEAR	-	-
Other Comprehensive Income:		
Net gain/(loss) on revaluation of financial assets	-	-
Net gain/(loss) on revaluation of land and buildings	-	-
Total Other Comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-