UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED

AND CONTROLLED ENTITIES

FINANCIAL REPORT

30 JUNE 2019

CONTENTS

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
BOARD MEMBERS REPORT
30 JUNE 2019

The Board members present their report on the financial statements of the economic entity and its controlled entities for the year ended 30 June 2019.

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)
Ms Cathie Brown (retired 30 March 2019)
Ms Astrid Kuivasaari (resigned 30 June 2019)
Mr John Byrne
Mr. Michael Flynn
Mr Jörg Strobel
Deborah Miller
David Caudrey (appointed 1 January 2019)

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 surplus from operations of the economic entity for the financial year amounted to $7,525,502 (2018 $3,586,579).

Total consolidated revenue for the financial year was $75,982,215 (2018 $69,029,365).

Income from Government sources towards operating expenditure was $55,642,182 equal to 73% 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.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
BOARD MEMBERS REPORT
30 JUNE 2019 (Continued)

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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

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 16, 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

Jörg Strobel 26/9/19 Date

D. A. Cawdrey Board Member

26/9/19 Date

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF BOARD MEMBERS
30 JUNE 2019

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 2019 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

Jörg Strobel 26/9/19 Date

______________________ Board Member

26/9/19 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 Association'), which comprises the Statement of Financial Position as at 30 June 2019 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 2019 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 Association, in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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 2019 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 Association 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the board members either intend to liquidate the Association, 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

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Nexia Edwards Marshall

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 Association'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

26 September 2019

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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 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 2019, 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 September 2019

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UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
REVENUE	**3**	75,982,215	69,029,365	70,074,632	66,502,408
EMPLOYEE BENEFITS EXPENSES		(49,504,186)	(46,421,133)	(49,504,186)	(46,421,133)
DEPRECIATION EXPENSES		(2,237,122)	(2,170,178)	(1,694,611)	(1,640,674)
OTHER EXPENSES	**4**	(16,715,405)	(16,851,475)	(19,197,646)	(19,200,623)
SURPLUS/(DEFICIT) FOR THE YEAR		7,525,502	3,586,579	(321,811)	(760,022)

The accompanying notes form part of these financial statements

Reported values for 2018 have been restated following the introduction of Accounting Standard AASB 9: Financial Instruments. Refer Note 1 s) for further information.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated		Parent	
	2019	2018	2019	2018
	$	$	$	$
SURPLUS/(DEFICIT) FOR THE YEAR	7,525,502	3,586,579	(321,811)	(760,022)
Other Comprehensive Income:				
Net gain/(loss) on revaluation of financial assets	2,887	13,841	2,887	13,841
Net gain/(loss) on revaluation of land and buildings	-	-	-	-
Total Other Comprehensive income	2,887	13,841	2,887	13,841
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,528,389	3,600,420	(318,924)	(746,181)
Total comprehensive income attributable to members of the entity	7,528,389	3,600,420	(318,924)	(746,181)

The accompanying notes form part of these financial statements

Reported values for 2018 have been restated following the introduction of Accounting Standard AASB 9: Financial Instruments. Refer Note 1 s) for further information.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
ASSETS					
CURRENT ASSETS					
Cash & Cash Equivalents	**5**	30,643,931	25,265,025	3,163,640	4,761,958
Trade and Other Receivables	**6**	6,529,570	8,365,743	29,809,194	29,948,499
Inventories	**7**	28,072	20,023	28,072	20,023
Other assets		599,602	462,125	592,750	462,125
Total Current Assets		37,801,175	34,112,916	33,593,656	35,192,605
NON-CURRENT ASSETS					
Financial Assets	**8**	7,993,534	13,600,734	34,791	31,904
Property, Plant & Equipment	**9**	130,080,923	82,271,820	3,933,275	3,432,016
Intangible assets	**9**	1,723,688	1,814,586	1,723,689	1,814,586
Total Non-Current Assets		139,798,145	97,687,140	5,691,755	5,278,506
TOTAL ASSETS		177,599,320	131,800,056	39,285,411	40,471,112
LIABILITIES					
CURRENT LIABILITIES					
Trade & Other Payables	**10**	34,506,137	41,400,335	34,008,406	35,509,121
Provisions	**11**	3,592,462	3,202,622	3,592,462	3,202,622
Borrowings	**12**	50,676,759	6,145,623	-	-
Total Current Liabilities		88,775,358	50,748,581	37,600,868	38,711,744
NON-CURRENT LIABILITIES					
Provisions	**11**	1,095,445	851,347	1,095,445	851,347
Total Non-Current Liabilities		1,095,445	851,347	1,095,445	851,347
TOTAL LIABILITIES		89,870,803	51,599,928	38,696,313	39,563,091
NET ASSETS		87,728,517	80,200,128	589,098	908,021
EQUITY					
Capital Donations		10	10	-	-
Reserves	**20**	5,814,912	5,812,025	3,205,454	3,202,567
Retained Profits / Accumulated Losses		81,913,595	74,388,093	(2,616,356)	(2,294,546)
TOTAL EQUITY		87,728,517	80,200,128	589,098	908,021

The accompanying notes form part of these financial statements

Reported values for 2018 have been restated following the introduction of Accounting Standard AASB 9: Financial Instruments. Refer Note 1 s) for further information.

UNITING COMMUNITIES

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

Economic Entity

	Capital Donations $	Retained Earnings $	Specific Donations $	Consolidated Reserves $	Total $
Balance as at 1 July 2017 (restated)	**10**	**70,801,514**	**-**	**5,798,184**	**76,599,708**
Surplus/(Deficit) attributable to members	-	3,586,579	-	-	3,586,579
Total Other Comprehensive Income for the Year	-	-	-	13,841	13,841
Balance as at 30 June 2018	**10**	**74,388,093**	**-**	**5,812,025**	**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**	**81,913,595**	**-**	**5,814,912**	**87,728,517**

Parent Entity

	Capital Donations $	Retained Earnings / Accumulated Losses $	Specific Donations $	Consolidated Reserves $	Total $
Balance as at 1 July 2017	**-**	**(1,534,524)**	**-**	**3,188,726**	**1,654,202**
Surplus/(Deficit) attributable to members	-	(760,022)	-	-	(760,022)
Total Other Comprehensive Income for the Year	-	-	-	13,841	13,841
Balance as at 30 June 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**

The accompanying notes form part of these financial statements

Reported values for 2018 have been restated following the introduction of Accounting Standard AASB 9: Financial Instruments. Refer Note 1 s) for further information.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Consolidated		Parent	
		2019 $	2018 $	2019 $	2018 $
Cash Flows from Operating Activities					
Government Subsidies		60,206,598	54,186,676	54,068,598	51,150,676
Receipts from Customers		12,726,297	10,234,656	12,726,297	10,234,656
Donations received		527,778	469,943	527,778	469,943
Interest received		1,100,395	820,618	398,412	431,706
Employee expenses		(49,123,693)	(45,678,782)	(49,123,409)	(45,678,782)
Payments to Suppliers		(21,292,919)	(20,125,708)	(16,294,975)	(16,403,294)
Rent income		264,945	281,531	264,945	281,531
Interest on borrowing		(100,340)	(63,333)	(100,340)	(63,333)
Resident deposits received		6,520,196	9,062,024	6,520,196	9,062,024
Resident deposits refunded		(6,739,311)	(4,302,304)	(6,739,311)	(4,302,304)
Other Income		2,692,482	5,193,651	2,692,361	5,193,651
Net GST received/(paid)		1,625,146	(158,546)	(2,979,175)	(2,780,927)
Investment income/(loss)		989,991	1,615,527	-	-
Imputation Credits received		64,418	143,462	-	-
Net Cash Provided by/(used in) Operating Activities	**14**	**9,461,982**	**11,679,415**	**1,961,376**	**7,595,547**
Cash Flows from Investing Activities					
(Payments) for property, plant & equipment and Intangibles		(54,035,835)	(28,170,001)	(2,248,128)	(2,025,277)
Proceeds for sale of property, plant & equipment and Intangibles		544,350	575,350	544,350	575,350
Loan repayments received from other entities		-	15,625	-	-
Loans provided to other entities		-	-	-	15,625
Payments for Investments		(581,121)	-	-	-
Redemption of Investments		6,737,158	20,025,000	-	-
Net Cash Provided by/(Used in) Investing Activities		**(47,335,448)**	**(7,554,026)**	**(1,703,778)**	**(1,434,302)**
Cash Flows from Financing Activities					
Proceeds from external borrowings		50,010,371	6,145,623	-	-
Repayment of external borrowings		(6,758,000)	-	-	-
Advances to associated entities		-	-	(75,946,498)	(54,509,946)
Repayment of borrowings from associated entities		-	-	74,090,582	50,775,903
Net Cash Provided by/(Used in) Financing Activities	**14**	**43,252,371**	**6,145,623**	**(1,855,917)**	**(3,734,043)**
Net Increase/(Decrease) in cash held		**5,378,905**	**10,271,013**	**(1,598,319)**	**2,427,202**
Cash and cash equivalents at beginning of financial year		25,265,025	14,994,012	4,761,958	2,334,756
Cash and cash equivalents at end of financial year	**5**	**30,643,931**	**25,265,025**	**3,163,640**	**4,761,958**

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 association 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 association 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 association 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.

c) **Income Tax**

All Associations 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 consolidated association 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 association 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% per annum.

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) **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Association 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 Association 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 Association 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 Association’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 Association 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 Association uses the general approach to impairment, as applicable under AASB 9:
Under the general approach, at each reporting period, the Association assesses whether the financial instruments are credit impaired, and if:
- the credit risk of the financial instrument has increased significantly since initial recognition, the Association 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 Association 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 Association 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.

g) **Employee Benefits**

Short-term employee benefits

Provision is made for the association'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 association'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 association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association 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.

h) **Cash and Cash Equivalents**

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

i) **Accounts Receivable and Other Debtors**

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.

j) **Revenue and Other Income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

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 association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the association 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 association 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 and fee income is brought to account as income during the year as the service is provided. To the extent that rents and fees are paid in advance, these are recognised as liabilities as at 30th June 2019.

Donation income is recognised when received.

Investment income is recognised when the income is received.

k) **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.

l) **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.

m) **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.

n) **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.

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

p) **Impairment of Assets**

At the end of each reporting period, the association 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 association 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.

q) **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.

r) **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.

s) **Initial application of AASB 9: *Financial Instruments***

The Association has adopted AASB 9: *Financial Instruments* with a date of initial application of 1 July 2018. As a result, the Association has changed its financial instruments accounting policies as detailed in the significant accounting policies note.

Considering the initial application of AASB 9 during the financial period, financial statement line items have been affected for the current and prior period. Below in this note are the adjustments made to the affected financial statement line items.

AASB 9 requires retrospective application with some exemptions and exceptions (ie when applying the effective interest method, impairment measurement requirements, and hedge accounting requirements in terms of the Standard).

Disclosure: Initial application of AASB 9

There were no financial assets/liabilities which the Association had previously designated as at fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9.

The Association applied AASB 9 (as revised in July 2014) and the related consequential amendments to other AASBs. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

The date of initial application was 1 July 2018. The Association has applied AASB 9 to instruments that have not been derecognised as at 1 July 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 July 2018 have been restated where appropriate.

The Association reviewed and assessed the existing financial assets on 1 July 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that is available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 July 2017 and 1 July 2018. The assessment was done without undue cost or effort in accordance with AASB 9.

Restatement contained within the Accounts is provided further below in this sub-note.

Measurement of impairment provisions

Trade and other receivable impairment provisions held at 1 July 2017 and 1 July 2018 were $77,010 and $34,219 respectively.

There is no change to the expected credit loss allowance that the Association recognises.

Classification and measurement of financial liabilities

AASB 9 determines that the classification and measurement of financial liabilities relates to changes in the fair value designated as at fair value through profit or loss attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained surplus when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at fair value through profit or loss to be presented

Apart from the above, the application of AASB 9 has had no impact on the classification and measurement of the Association’s financial liabilities.

General principles of AASB 9

Further information on the Association's methodology associated with AASB 9 can be found at sub-note f) of this Note.

Restatement contained within the Accounts

Adjustments made to Statements of Profit or Loss and Comprehensive Income

Consolidated	**Year ended 30 June 2019**		
	Under previous accounting $	**AASB 9 adjustments $**	**As presented $**
REVENUE	76,780,645	(798,430)	75,982,215
EMPLOYEE BENEFITS EXPENSES	(49,504,186)	-	(49,504,186)
DEPRECIATION EXPENSES	(2,237,122)	-	(2,237,122)
OTHER EXPENSES	(16,715,405)	-	(16,715,405)
SURPLUS/(DEFICIT) FOR THE YEAR	8,323,932	(798,430)	7,525,502
Other Comprehensive Income:			
Net gain/(loss) on revaluation of financial assets	(795,543)	798,430	2,887
Net gain/(loss) on revaluation of land and buildings	-	-	-
Total Other Comprehensive income	(795,543)	798,430	2,887
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,528,389	-	7,528,389
Total comprehensive income attributable to members of the entity	7,528,389	-	7,528,389

There is no impact on the Statements of Profit or Loss or Comprehensive Income for the Parent.

Consolidated	**Year ended 30 June 2018**		
	Under previous accounting policies $	**AASB 9 adjustments $**	**As presented $**
REVENUE	73,172,534	(4,143,169)	69,029,365
EMPLOYEE BENEFITS EXPENSES	(46,421,133)	-	(46,421,133)
DEPRECIATION EXPENSES	(2,170,178)	-	(2,170,178)
OTHER EXPENSES	(16,851,475)	-	(16,851,475)
SURPLUS/(DEFICIT) FOR THE YEAR	7,729,748	(4,143,169)	3,586,579
Other Comprehensive Income:			
Net gain/(loss) on revaluation of financial assets	(4,129,328)	4,143,169	13,841
Net gain/(loss) on revaluation of land and buildings	-	-	-
Total Other Comprehensive income	(4,129,328)	4,143,169	13,841
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,600,420	-	3,600,420
Total comprehensive income attributable to members of the entity	3,600,420	-	3,600,420

There is no impact on the Statements of Profit or Loss or Comprehensive Income for the Parent.

As can be seen in the restated Statements above, the transition to AASB 9 has seen the gains and losses in changes of fair value of the majority of our financial assets reflected in profit or loss instead of comprehensive income.

Adjustments made to Statements of Financial Position and Changes in Equity

Consolidated

	Year ended 30 June 2019		
	Under previous accounting policies $	**AASB 9 adjustments $**	**As presented $**
EQUITY			
Capital Donations	10	-	10
Reserves	7,611,565	(1,796,652)	5,814,912
Retained Profits / Accumulated Losses	80,116,942	1,796,652	81,913,595
TOTAL EQUITY	87,728,517	0	87,728,517

There is no impact on the net assets within the Statement of Financial Position.
There is no impact on the Statements of Financial Position and Changes in Equity for the Parent.

Consolidated

	Year ended 30 June 2018		
	Under previous accounting policies $	**AASB 9 adjustments $**	**As presented $**
EQUITY			
Capital Donations	10	-	10
Reserves	8,407,108	(2,595,083)	5,812,025
Retained Profits / Accumulated Losses	71,793,010	2,595,083	74,388,093
TOTAL EQUITY	80,200,128	-	80,200,128

There is no impact on the net assets within the Statement of Financial Position.
There is no impact on the Statements of Financial Position and Changes in Equity for the Parent.

Adjustments made to Statement of Cash Flows

There is no impact on the Statement of Cash Flows.

t) **New Accounting Standards for Application in Future Periods**

An assessment of Accounting Standards issued by the AASB that are not yet mandatorily applicable and their potential impact on the association when adopted in future periods is discussed below:

– AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

At the consolidated level, initial estimates of the impact of this change at 1 July 2019 are for the creation an opposing asset and liability both in the range of $4m to $5m. At the Parent level, due to the existence of several long term leases between Group entities, the impact will be considerably more substantial with initial estimate of opposing asset and liability to be in the range of $90m to $105m.

– AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: Contributions.

The Board anticipates, based on initial estimates, that the adoption of AASB 1058 will not have a material impact.

– AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019 as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards* – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The Board anticipates, based on initial estimates, that the adoption of AASB 15 will not have a material impact.

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 analysed.

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 Association's Board members are aware of the need to ensure adequate liquid assets are available to fund the ongoing operations of the Association. Board members review the liquidity situation on a regular basis.
The ability of the Association to continue as a going concern is dependent upon refinancing the borrowings it presently has with CBA. The CBA borrowings mature on the 28 June 2020, and hence are classified as current. The Association is in discussion with CBA and the Board members expect refinancing of the borrowing facility to occur prior to the date of maturity.
The Association 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 Group's financial instruments and maturity profile are detailed below.

		Maturity					
		Within 1 year		1 to 5 years		Over 5 years	
		2019	2018	2019	2018	2019	2018
	Note	$	$	$	$	$	$
Financial Assets							
Cash & Cash Equivalents	5	30,643,931	25,265,025	-	-	-	-
Trade and Other Receivables	6	6,529,570	8,365,743	-	-	-	-
Financial Assets(1)	8	7,993,534	13,600,734	-	-	-	-
Total Financial Assets		45,167,034	47,231,502	-	-	-	-
Financial Liabilities							
Trade & Other Payables(2)	10	27,143,299	34,832,862	-	-	-	-
Borrowings(3)	12	50,676,759	6,145,623	-	-	-	-
Total Financial Liabilities		77,820,058	40,978,486	-	-	-	-
Net Financial Assets and Liabilities		(32,653,024)	6,253,016	-	-	-	-

(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, income received in advance and subsidies received in advance which are excluded from form the definition of financial liabilities.
Accommodation Bonds along with RACF RADs/RACs, 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 $57m CBA facility agreement which is repayable at the termination of the facility on 28 June 2020. Refinancing will be sourced prior to this date. It is expected that a between $10m and $20m of this loan will be repaid prior to termination through the receipts of Retirement Village apartment sales, as required by that financing agreement.

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 $6,529,570 (2018 $8,365,743).

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 2019 (Continued)

		Consolidated		Parent	
		2019	2018	2019	2018
		$	$	$	$
NOTE 3	**REVENUE**				
	Operating Activities				
	Government Subsidies	55,642,182	50,471,426	49,412,182	47,730,571
	Sale of Goods	938,745	854,027	938,745	854,027
	Fees Received	14,129,462	10,214,703	14,129,462	10,214,703
	Donations	527,778	469,943	1,277,778	1,219,943
	Other Income	2,493,211	4,145,397	2,493,100	4,776,252
	Total Operating Activities	73,731,378	66,155,496	68,251,267	64,795,496
	Non-Operating Activities				
	Imputation Credits Received	45,203	64,371	-	-
	Interest Received	1,100,395	824,474	1,379,256	1,272,338
	Investment Income	332,261	1,043,565	-	-
	Profit (loss) on asset disposal	444,109	434,574	444,109	434,574
	Fair Value movements on investments	328,870	506,885	-	-
	Total Non-Operating Activities	2,250,838	2,873,868	1,823,365	1,706,912
		75,982,215	69,029,365	70,074,632	66,502,408
NOTE 4	**OTHER EXPENSES**				
	Profit has been determined after:				
	Advertising	698,957	1,113,443	698,957	1,113,443
	Audit Fees	41,000	40,000	36,000	35,000
	Bank Charges	23,472	15,739	23,472	15,739
	Borrowing Costs	91,536	63,814	91,536	63,814
	Brokerage & Client Costs	1,235,943	905,784	1,235,943	905,784
	Contractors & Consultants	4,997,922	4,909,812	4,975,579	4,895,242
	Cost of Sales	18,099	18,706	18,099	18,706
	Doubtful Debts	5,355	3,304	5,355	3,304
	Energy	625,033	594,396	625,033	594,396
	Freight & Motor Vehicle Costs	1,223,924	1,150,333	1,223,924	1,150,333
	Fund Raising & Special Events	140,153	130,136	140,153	130,136
	Lease payments for premises	1,544,951	1,526,437	4,310,062	4,095,939
	Legal Expenses	140,063	39,014	137,159	39,014
	Other Operating expenses	656,506	738,648	440,291	539,530
	Materials, Equipment & Medical Supplies	981,206	1,006,302	981,206	1,006,302
	Meal Costs	503,298	519,848	503,298	519,796
	Office, Computer & Insurance	2,177,849	2,235,810	2,164,911	2,234,104
	Project Costs	225,189	396,922	225,189	396,922
	Rates & Taxes	221,705	166,660	199,568	161,750
	Repairs and Maintenance	560,911	653,245	559,575	653,245
	Staff training	602,333	623,122	602,333	623,122
		16,715,405	16,851,475	19,197,646	19,195,623

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

		Consolidated		Parent	
		2019	2018	2019	2018
		$	$	$	$
NOTE 5	**CASH AND CASH EQUIVALENTS**				
	Cash at Bank	3,417,500	7,579,254	3,130,921	4,726,239
	Cash on Deposit	27,193,711	17,650,052	-	-
	Cash in Transit	-	-	-	-
	Cash on Hand	32,719	35,719	32,719	35,719
		30,643,931	25,265,025	3,163,640	4,761,958

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:

	2019	2018	2019	2018
Cash on hand	30,643,931	25,265,025	3,163,640	4,761,958

NOTE 6	**TRADE AND OTHER RECEIVABLES**				
	Trade & Other Receivables	6,454,570	8,253,243	6,399,395	7,341,379
	Sundry Debtor	75,000	112,500	75,000	112,500
	Loan - Erwin Vogt Foundation	-	-	23,334,799	22,494,620
		6,529,570	8,365,743	29,809,194	29,948,499

$							
	Gross Amount	Past due and impaired	Past due but not impaired (Days since invoiced)				Within initial trade terms
2018			<30	31-60	61-90	>90	
Receivables	8,399,962	34,219	166,396	31,228	7,918	119,045	8,041,156
	Gross Amount	Past due and impaired	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

Financial assets classified as loans and receivables

	2019	2018	2019	2018
Trade and other receivables:	6,529,570	8,365,743	29,809,194	29,948,499

NOTE 7	**INVENTORIES**				
	Finished Goods	28,072	20,023	28,072	20,023
		28,072	20,023	28,072	20,023
NOTE 8	**FINANCIAL ASSETS**				
	Non-Current				
	Funds under Management (at fair value)	7,993,534	13,600,734	34,791	31,904
	Total Financial Assets	**7,993,534**	**13,600,734**	**34,791**	**31,904**

Financial assets consist of investments in unlisted distributing trusts, and therefore have no fixed maturity date.
During 2018/19, $6.2m financial assets were sold to release funds towards meeting the Association's equity commitment for the Franklin Street social services and accommodation hub (U City) development.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

	Consolidated		Parent	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**

NOTE 8 FINANCIAL ASSETS cont

FINANCIAL RISK

1) Price Risk

Sensitivity analysis - other price risk

Investments are in unlisted distributing trusts.

The Group'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 group and parent entity's investments) would have increased consolidated profit by $397,937 (2018 $678,441), and an equal change in the opposite direction would have decreased consolidated profit by $397,937 (2018 $678,441). There have been no changes in any of the assumptions used to prepare this sensitivity analysis from the prior year.

The group's investment portfolio as at end of June 2019 is represented by the following asset allocation:

Asset Allocation	Market $M	Current Mix %	Benchmark %
Australian Equities	2.62	32.9%	31.0%
International Equities	2.06	25.8%	21.0%
Global Fixed Interest	1.31	16.4%	23.0%
Australian Direct Property	1.41	17.7%	15.0%
UCInvest Share Fund	0.56	7.1%	n/a
Natural Resources	-	-	10.0%
Total Asset allocation	7.96	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.

Financial Assets	Weighted Average Effective Interest Rate 2019 %	2018 %	2019 $	2018 $
Cash on hand	0.00%	0.00%	32,719	35,719
Cash at bank	0.00%	0.00%	3,417,501	7,579,254
Deposits at call	2.23%	2.25%	14,892,867	5,649,838
Deposits fixed term	2.47%	2.54%	12,300,844	12,000,214
Total Cash Assets			30,643,931	25,265,025

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 association 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 2019 (Continued)

NOTE 9 PROPERTY, PLANT & EQUIPMENT & INTANGIBLES

	Consolidated		Parent	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
PROPERTY, PLANT & EQUIPMENT				
Freehold land at valuation	22,030,000	22,030,000	-	-
	22,030,000	22,030,000	-	-
Buildings at valuation	14,690,000	14,690,000	-	-
Less: Accumulated depreciation	(1,163,980)	(649,580)	-	-
	13,526,020	14,040,420	-	-
Building improvements at cost	808,412	605,361	-	-
Less: Accumulated depreciation	(50,738)	(22,627)	-	-
	757,674	582,734	-	-
Leasehold improvements at cost	239,942	242,422	239,942	242,422
Less: Accumulated depreciation	(228,838)	(241,871)	(228,838)	(241,871)
	11,104	551	11,104	551
Plant and equipment at cost	10,529,077	9,869,017	10,529,077	9,869,017
Less: Accumulated depreciation	(9,347,446)	(9,072,490)	(9,347,446)	(9,072,490)
	1,181,632	796,527	1,181,632	796,527
Motor vehicles at cost	3,876,337	3,792,267	3,876,337	3,792,267
Less: Accumulated depreciation	(1,867,400)	(1,698,904)	(1,867,400)	(1,698,904)
	2,008,937	2,093,363	2,008,937	2,093,363
Leasehold Improvements at cost - funded	498,753	500,607	498,753	500,607
Less: Accumulated depreciation	(498,753)	(500,607)	(498,753)	(500,607)
	-	-	-	-
Plant & Equipment at cost - funded	4,247,564	4,262,935	4,247,564	4,262,935
Less: Accumulated depreciation	(3,906,737)	(3,750,775)	(3,906,737)	(3,750,775)
	340,828	512,160	340,828	512,160
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	89,833,954	42,186,650	-	-
Work in Progress - Plant & Equipment	390,774	29,415	390,774	29,415
Total	**147,292,863**	**98,356,722**	**19,930,497**	**18,844,711**
Less: Accumulated depreciation	(17,211,941)	(16,084,902)	(15,997,222)	(15,412,695)
Property, Plant & Equipment	**130,080,923**	**82,271,820**	**3,933,275**	**3,432,016**
INTANGIBLES				
Software and Licenses	3,069,636	2,682,082	3,069,637	2,682,082
Less: Accumulated amortisation	(1,414,329)	(1,085,906)	(1,414,329)	(1,085,906)
	1,655,308	1,596,176	1,655,308	1,596,176
Work In Progress	68,381	218,410	68,381	218,410
Total	**3,138,017**	**2,900,492**	**3,138,017**	**2,900,492**
Less: Accumulated amortisation	(1,414,329)	(1,085,906)	(1,414,329)	(1,085,906)
Intangibles	**1,723,688**	**1,814,586**	**1,723,689**	**1,814,586**

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

	Consolidated		Parent	
	2019	2018	2019	2018
	$	$	$	$
The following finance costs have been capitalised and are included in Work in Progress - building				
Borrowing costs incurred	1,875,362	606,116	-	-
Capitalisation rate used	3.93%	3.91%		

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.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

NOTE 9 Cont. **MOVEMENTS IN CARRYING AMOUNTS**

PROPERTY, PLANT & EQUIPMENT

Consolidated

	Balance at beginning of Year	Revaluation	Transfers	Additions	Disposals	Depreciation	Carrying Amount at end of Year
Land at valuation	22,030,000	-	-	-	-	-	22,030,000
Buildings at valuation	14,040,420	-	-	-	-	(514,400)	13,526,020
Building improvements at cost	582,734	-	-	203,051	-	(28,112)	757,674
Leasehold improvements at cost	551	-	-	12,360	-	(1,807)	11,104
Plant and equipment at cost	796,527	-	20,142	667,675	-	(302,713)	1,181,632
Motor vehicles at cost	2,093,363	-	-	937,326	(143,156)	(878,596)	2,008,937
Plant & Equip at cost - funded	512,161	-	9,273	1,500	-	(182,105)	340,830
Work in Progress - Plant & Equip	29,415	-	(29,415)	390,774	-	-	390,774
Work in Progress - Building	42,186,650	-	-	47,647,304	-	-	89,833,954
	82,271,820	-	-	49,859,991	(143,156)	(1,907,733)	130,080,923

Parent

	Balance at beginning of Year	Revaluation	Transfers	Additions	Disposals	Depreciation	Carrying Amount at end of Year
Leasehold improvements at cost	551	-	-	12,360	-	(1,807)	11,104
Plant and equipment at cost	796,527	-	20,142	667,675	-	(302,713)	1,181,632
Motor vehicles at cost	2,093,363	-	-	937,326	(143,156)	(878,596)	2,008,937
Plant & Equip at cost - funded	512,160	-	9,273	1,500	-	(182,105)	340,828
Work In Progress - Plant & Equip	29,415	-	(29,415)	390,774	-	-	390,774
	3,432,016	-	-	2,009,635	(143,156)	(1,365,221)	3,933,275

INTANGIBLES

Consolidated	Balance at beginning of Year	Revaluation	Transfers	Additions	Disposals	Amortisation	Carrying Amount at end of Year
Software and Licenses	1,596,176	-	210,410	189,313	(11,201)	(329,390)	1,655,308
Work In Progress Intangibles	218,410	-	(210,410)	60,381	-	-	68,381
	1,814,586	-	-	249,693	(11,201)	(329,390)	1,723,688

Work in Progress - building additions represent expenditure associated with the U City development project. The cost of the U City project is being financed through a combination of equity and external financing.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

NOTE 10 TRADE & OTHER PAYABLES

	Consolidated		Parent	
	2019	2018	2019	2018
	$	$	$	$
Current				
Funds Held on behalf of Residents/Client	2,476,252	1,786,862	2,476,252	1,786,862
Loan Non-Interest Bearing	14,050	14,050	14,050	14,050
Creditors	1,357,219	1,519,759	1,352,155	1,517,269
Accruals	246,314	7,117,714	234,807	1,894,672
Income in Advance	710,412	467,898	423,828	372,339
Subsidies	3,020,764	2,833,521	3,020,764	2,183,521
Accommodation Bonds Held	1,118,180	2,209,163	1,118,180	2,209,163
RACF RADs/RACs Held	19,917,501	22,110,719	19,917,501	22,110,719
Annual Leave	3,631,663	3,266,054	3,628,289	3,264,520
Other Liabilities	2,013,783	74,596	1,822,581	156,006
	34,506,137	41,400,335	34,008,406	35,509,121
Financial liabilities at amortised cost classified as trade and other payables				
Trade and Other Payables:				
Total current	34,506,137	41,400,335	34,008,406	35,509,121
	34,506,137	41,400,335	34,008,406	35,509,121
Less employee benefits	3,631,663	3,266,054	3,628,289	3,264,520
Less non interest bearing loan	14,050	14,050	14,050	14,050
Less prepaid subsidies and grants	3,020,764	2,833,521	3,020,764	2,183,521
Financial liabilities as trade and other payables	**27,839,660**	**35,286,710**	**27,345,303**	**30,047,030**

Based on past experience, the Association 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 Association 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 11 PROVISIONS

	Consolidated		Parent	
	2019	2018	2019	2018
Current				
Employee entitlements	3,592,462	3,202,622	3,592,462	3,202,622
	3,592,462	3,202,622	3,592,462	3,202,622
Non-Current				
Employee entitlements	1,095,445	851,347	1,095,445	851,347
	1,095,445	851,347	1,095,445	851,347
Number of employees at year end provided for	959	957	959	957

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
NOTE 12 BORROWINGS				
Current				
Borrowings - CBA	50,676,759	6,145,623	-	-
	50,676,759	6,145,623	-	-

The Group's borrowings are subject to interest rate risk due to movements in interest rates. A 1% increase over the reporting period decreased consolidated profit by $284,112 (2018 $30,728), and an equal change in the opposite direction would have increased consolidated profit by $284,112 (2018 $30,728). There have been no changes in any of the assumptions used to prepare this sensitivity analysis from the prior year.

A $57.0m three year financing facility agreement to partly finance the U City development project is in place with the Commonwealth Bank. The balance at reporting date represents the drawdowns made from the facility agreement as at 30 June 2019 and are classified as current as under the terms of the facility agreement these are repayable at the termination of the facility on 28 June 2020. Refinancing will be sourced prior to this date.

As accordance with the terms of the financing agreement, CBA presently hold a general security charge over business operations, as well as a mortgage over the project site, the Pitt Street site, and the Residential Aged Care facilities at Felixstow and Glenelg. The financing agreement incorporates a series of covenants for the Organisation, all of which are presently satisfied.

NOTE 13 COMMITMENTS FOR EXPENDITURE

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Operating Leases - Land and Buildings				
Minimum Lease payments payable				
Not later than 1 year	1,141,597	1,289,996	1,141,597	1,289,996
Later than 1 year and not later than 5 years	1,481,088	654,618	1,481,088	654,618
Later than 5 years	473,688	-	473,688	-
	3,096,373	1,944,614	3,096,373	1,944,614

At 30 June 2019, the Group had remaining commitments of approximately $2.5m (2018: $51.6m) relating to its construction contract with Built Pty Ltd for the U City development project.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
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FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

NOTE 14 RECONCILIATION OF CASH FLOWS

Reconciliation of Profit/(Loss) for the period to net cash provided by/(used in) operating activities

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Profit/(Loss) for the period	7,525,502	3,586,579	(321,811)	(760,021)
Depreciation	2,237,122	2,169,528	1,694,611	1,640,022
Investment Management Fee	1,380	8,714	-	-
Dividend Reinvestments	(218,460)	-	-	-
(Profit)/Loss on sale of assets	(401,194)	(434,794)	(401,194)	(434,794)
Fair Value movement	(328,870)	(506,885)	-	-
Decrease/(Increase) in receivables	(2,075,553)	(235,997)	(2,036,837)	(887,050)
Decrease/(Increase) in other assets	(124,433)	31,805	(117,581)	31,805
Decrease/(Increase) in inventory	(8,050)	1,137	(8,050)	1,137
(Increase)/Decrease in related assoc loan	-	-	1,015,735	1,870,575
(Decrease)/Increase in employee entitlements	633,938	600,668	633,938	600,668
Increase/(Decrease) in trade payables	(162,540)	(269,288)	(165,114)	(271,686)
Increase/(Decrease) in accrued liabilities	2,468,684	1,365,193	1,103,220	1,092,134
Increase/(Decrease) in grants in advance	187,243	1,261,443	837,243	611,443
Increase/(Decrease) in accommodation bonds	(280,925)	4,097,323	(280,925)	4,097,323
Increase/(Decrease) in funds held on behalf of residents	8,138	3,990	8,138	3,990
Net Cash Provided by/(Used in) Operating Activities	**9,461,982**	**11,679,415**	**1,961,376**	**7,595,547**

Reconciliation of liabilities arising from financing activities

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Borrowings				
Balance at beginning of Year	6,145,623	-	-	-
Cash flows	43,252,371	6,145,623	-	-
Capitalised borrowing costs	1,278,765	-	-	-
Balance end of Year	50,676,759	6,145,623	-	-
Loan - Erwin Vogt Foundation				
Balance at beginning of Year	-	-	22,494,620	20,631,152
Cash flows	-	-	1,855,916	3,734,043
Non cash transfers	-	-	(1,015,738)	(1,870,575)
Balance end of Year	-	-	23,334,799	22,494,620

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

NOTE 15 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	

NOTE 16 RELATED PARTY DISCLOSURES - KEY MANAGEMENT PERSONNEL

Remuneration and Retirement Benefits

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

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
a) Short term employee benefits	1,272,628	1,033,264	1,272,628	1,033,264
b) Retirement and Superannuation Benefits	120,900	107,305	120,900	107,305

NOTE 17 RELATED PARTY TRANSACTIONS

Transactions between this Association and a related Association were as follows:

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Donations paid	42,106	37,326	42,106	37,326
Donations received	-	-	750,000	750,000
Rent paid	-	-	(2,765,111)	(2,569,502)
Interest received	-	-	980,844	826,703
Operating charges (recoveries)	-	-	(182,572)	(151,834)
Advances to related Association	-	-	75,946,498	54,509,946
Advances repaid by related Association	-	-	(74,090,582)	(50,775,903)
Amount owing by Erwin Vogt Foundation	-	-	23,334,799	22,494,620

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 2019 (Continued)

NOTE 18 CAPITAL MANAGEMENT

The Entity controls the capital in order to maintain a good debt to equity ratio and to ensure that the Entity can fund its operations and continue as a going concern.

The Entity's debt and capital includes financial liabilities, supported by financial assets.

The Entity effectively manages the capital by assessing the 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 Entity since the prior

The gearing ratios are as follows:

	Consolidated		Parent	
	2019	2018	2019	2018
	$	$	$	$
Trade and Other Payables	34,506,137	41,400,335	34,008,406	35,509,121
Borrowings	50,676,759	6,145,623	-	-
Less Cash and Cash Equivalents	(30,643,931)	(25,265,025)	(3,163,640)	(4,761,958)
Net Debt	54,538,966	22,280,934	30,844,767	30,747,163
Total Equity	87,728,517	80,200,128	589,098	908,021
Total Capital	142,267,483	102,481,062	31,433,865	31,655,184
Gearing Ratio	38.3%	21.7%	98.1%	97.1%

NOTE 19 ASSOCIATION DETAILS

The registered office and principal place of business of the Association is:

43 Franklin St
Adelaide, South Australia 5000

NOTE 20 RESERVES

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
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
Direct Equity Investments Reserve				
The direct equity investments reserve records market revaluation of direct equity investments.				
	(151)	(3,038)	(151)	(3,038)
Land & Buildings Reserve				
The land and buildings reserve records revaluations of land and buildings carried out every three years.				
	2,609,458	2,609,458	-	-
TOTAL RESERVES	5,814,912	5,812,025	3,205,454	3,202,567

Movements in Reserves

	Consolidated Association 2019 $	2018 $
Revaluation surplus		
Net gain on revaluation of land and buildings:		
– net gain/(loss) on revaluation of land	-	-
– net gain/(loss) on revaluation of buildings	-	-
Movement in revaluation surplus	-	-
Direct Equity Investments Reserve		
Net fair value gains/(losses) on direct equity investments:		
– fair value gain/(loss) on remeasurement	2,887	13,841
– fair value (gain)/loss reclassified into profit or loss on disposal	-	-
Movement in direct equity investments reserve	2,887	13,841
Total other comprehensive income for the year	**2,887**	**13,841**

NOTE 21 FAIR VALUE MEASUREMENTS

The association 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 association 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

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 association selects valuation techniques that are appropriate in the circumstances and for which sufficient data

- 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 association 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.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

NOTE 21 FAIR VALUE MEASUREMENTS (CONT.)

The following tables provide the fair values of the association'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 $
2019					
Recurring fair value measurements					
Financial assets					
Funds under Management	8	7,993,534	-	-	7,993,534
Total financial assets recognised at fair value		7,993,534			7,993,534
Non-financial assets					
Freehold land	9	-	22,030,000	-	22,030,000
Freehold buildings	9	-	13,526,020	-	13,526,020
Total non-financial assets recognised at fair value		-	35,556,020	-	35,556,020
2018					
Recurring fair value measurements					
Financial assets					
Funds under Management	8	13,600,734	-	-	13,600,734
Total financial assets recognised at fair value		13,600,734			13,600,734
Non-financial assets					
Freehold land	9	-	22,030,000	-	22,030,000
Freehold buildings	9	-	14,040,420	-	14,040,420
Total non-financial assets recognised at fair value		-	36,070,420	-	36,070,420

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 21 FAIR VALUE MEASUREMENTS (CONT.)

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

Description	Fair Value at 30 June 2019 $	Valuation Technique(s)	Inputs Used
Non-financial assets			
Freehold land (i)	22,030,000	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)	13,526,020	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate
	35,556,020		

(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 association to determine Level 2 fair values.

UNITING COMMUNITIES INCORPORATED AND CONTROLLED ENTITIES
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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 $750,000 was made this year from Erwin Vogt Foundation to Uniting Communities Inc.

NOTE 24 FINANCIAL COMMITMENTS

At 30 June 2019, Uniting Communities Inc. has a $2,347,233 bond with the ANZ bank as a financial guarantee for its participation in Return to WorkSA's Retro-paid loss scheme.

NOTE 25 EVENTS AFTER REPORTING PERIOD

There are no events after balance day that require disclosure.