Samaritans

Mr Mark O'Connor
Cutcher & Neale
PO Box 694
NEWCASTLE NSW 2300

Dear Mark

This representation letter is provided in connection with your audit of the financial report of Samaritans Foundation Diocese of Newcastle for the year ended 30 June 2020 for the purpose of expressing an opinion as to whether the financial report is presented fairly, in all material respects, in accordance with the Australian Accounting Standard – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Act 2012.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

<u>Financial Report</u>

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 10 June 2020, for the preparation of the financial report in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012; in particular the financial report is fairly presented in accordance therewith.

2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.

4. All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.

5. The effects of uncorrected misstatements as outlined in your management letter are considered immaterial, both individually and in aggregate, to the financial report as a whole.

6. The group has complied with all aspects of contractual agreements that could have a material effect on the financial report in the event of non-compliance.
7. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial report in the event of non-compliance.

In respect of other information included in the annual report:

We have informed you of all the documents that we expect to issue that may comprise In respect of other information included in the annual report:

10. We have informed you of all the documents that we expect to issue that may comprise other information;

11. The financial report and any other information obtained by you prior to the date of your auditor's report is consistent with one another, and the other information does not contain any material misstatements;

12. With regard to any other information that we have not provided to you prior to the date of the auditor's report, that we intend to prepare and issue such other information and that we expect to provide it to you in a timely manner to enable you to complete your required procedures.

Yours faithfully

Brad Webb

Executive Director, People Care

J. Williams

Joanne Williams

General Manager, Finance and Commercial

Samaritans Foundation and its Controlled Entities

ABN 38 574 464 524

General Purpose Financial Report
For The Year Ended 30 June 2020

Content

Statement of surplus or deficit and other comprehensive income
For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	2	69,407,323	66,152,586
Other income	3	3,006,852	3,646,791
Client and brokerage expense		(4,374,236)	(4,393,336)
Utilities expense		(1,232,198)	(1,101,234)
Contractor expense		(3,364,145)	(3,681,896)
Employee benefits expense		(59,136,617)	(55,543,352)
Depreciation expense		(2,445,390)	(1,482,674)
Interest expense on lease liabilities		(97,155)	-
Marketing expense		(169,029)	(89,270)
Motor vehicle expense		(783,960)	(788,772)
Rental expense		(981,393)	(1,569,020)
Repairs and maintenance		(926,415)	(846,579)
Stationery expense		(356,682)	(380,405)
Bad debt impairment loss		(111,525)	(148,606)
Other expenses		(2,097,816)	(1,750,544)
Surplus/(deficit) for the year		(3,662,386)	(1,976,311)
Other comprehensive income			
Items that will not be reclassified subsequently to surplus or deficit			
Fair value gains/(losses) on financial assets at fair value through other comprehensive income	8	(612,166)	146,513
Prior year adjustment – on adoption of AASB 9	8	(303,219)	-
Reversal of impairment losses on adoption of AASB 9	8	-	303,219
Total comprehensive income for the year		(4,577,771)	(1,526,579)

The statement of surplus or deficit and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 36.

Statement of financial position
As at 30 June 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	5	12,701,514	11,320,245
Trade and other receivables	6	2,721,508	2,690,286
Inventories		70,804	233,872
Other financial assets	7	14,963,144	15,167,381
Total current assets		30,456,970	29,411,784
Non-current assets			
Financial assets	8	3,042,066	3,582,360
Property, plant and equipment	9	13,601,714	13,584,663
Right of use assets	10	3,928,461	-
Total non-current assets		20,572,241	17,167,023
Total assets		51,029,211	46,578,807
Current liabilities			
Trade and other payables	11	11,836,705	9,178,347
Employee benefits		5,046,546	4,617,135
Lease liabilities		767,785	-
Total current liabilities		17,651,036	13,795,482
Non-current liabilities			
Employee benefits		1,688,074	1,549,872
Lease liabilities		3,224,587	-
Total non-current liabilities		4,912,661	1,549,872
Total liabilities		22,563,697	15,345,354
Net assets		28,465,514	31,233,453
Funds			
Reserves	12	11,103,473	11,358,078
Accumulated surplus		17,362,041	19,875,375
Total funds		28,465,514	31,233,453

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 36.

Statement of changes in funds
For the year ended 30 June 2020

	Note	Financial Assets Reserve	General Reserve	Accumulated Surplus	Total
Balance as at 30 June 2018		804,404	9,649,009	22,306,619	32,760,032
Surplus/(deficit) for the year		-	-	(1,976,311)	(1,976,311)
Unrealised gains on financial assets at fair value	8	146,513	-	-	146,513
Other transactions within equity of the year					
Transfer from reserves to accumulated surplus	12	-	(1,134,976)	1,134,976	-
Transfer from accumulated surplus to reserves	12	-	1,893,128	(1,893,128)	-
Transfer impairment losses on financial assets to accumulated surplus	8			303,219	303,219
Balance as at 30 June 2019		950,917	10,407,161	19,875,375	31,233,453
Adjustment to opening accumulated surplus 1 July 2020 on adoption of AASB 15 & 1058	1(c)	-	-	1,809,832	1,809,832
Surplus/(deficit) for the year		-	-	(3,662,386)	(3,662,386)
Changes in market value of financial assets	8	(612,166)	-	-	(612,166)
Prior year adjustment – on adoption of AASB 9	8	(303,219)	-	-	(303,219)
Other transactions within equity of the year					
Transfer from reserves to accumulated surplus	12	-	(2,308,852)	2,308,852	-
Transfer from accumulated surplus to reserves	12	-	2,913,113	(2,913,113)	-
Transfer realised losses on disposal of financial assets		56,519	-	(56,519)	-
Balance as at 30 June 2020		92,051	11,011,422	17,362,041	28,465,514

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 36.

Statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated	
		2020	**2019**
		$	**$**
Cash flows from operating activities			
Receipts from donors, government and other sources (inclusive of GST)		80,354,828	74,011,301
Payments to suppliers and employees (inclusive of GST)		(77,493,734)	(72,671,871)
Dividends received		194,449	215,950
Interest received		485,509	613,660
Interest paid		(97,155)	-
Net cash inflow/(outflow) from operating activities	14	3,443,897	2,169,040
Cash flows from investing activities			
Payments for property, plant and equipment		(1,699,840)	(2,697,923)
Payments for investments and securities		(2,839,362)	(923,330)
Proceeds from sale of property, plant and equipment		516,889	372,837
Proceeds from sale of investment and securities		2,636,174	648,300
Net cash inflow/(outflow) from investing activities		(1,386,139)	(2,600,116)
Cash flows from financing activities			
Repayments of borrowings		-	(15,000)
Repayment of lease liabilities		(676,489)	-
Net cash inflow/(outflow) from financing activities		(676,489)	(15,000)
Net increase/(decrease) in cash and cash equivalents		1,381,269	(446,076)
Cash and cash equivalents at the beginning of the financial year		11,320,245	11,766,321
Cash and cash equivalents at the end of the financial year	5	12,701,514	11,320,245

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 36.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies

The principle accounting policies which have been adopted in the preparation of this financial report are set out below. These consolidated financial statements and notes represent those of Samaritans Foundation and Controlled Entities (the 'Consolidated Group' or 'Group'). The separate financial statements of the parent entity, Samaritans Foundation Diocese of Newcastle, have been presented in note 18 and note 19.

Samaritans Foundation Diocese of Newcastle (the 'Parent Entity') is established under the *Anglican Church of Australia (Bodies Corporate) Act 1938*.

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations), authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of consolidation

Controlled entities

Controlled entities are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases. The accounting policies of controlled entities have been changed when necessary to align them with the policies adopted by the Group. Controlled entities are disclosed in note 20.

Transactions eliminated on consolidation

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Inter-entity balances resulting from transactions with or between controlled entities are eliminated in preparing the consolidated financial statements.

Notes to the financial statements
For the year ended 30 June 2020

(c) Changes in accounting policy

AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities
The Group has adopted AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-Profit Entities*, with an initial application date of 1 July 2019.

AASB 15: *Revenue from Contracts with Customers* standard introduces a single, principles based, five step model for recognising revenue and introduces the concept of recognising revenue when an obligation to a customer is satisfied. As a result, the Group has changed its revenue accounting policy when compared to the comparative year (as detailed in note 1(e)).

AASB 1058: *Income of Not-for-Profit Entities* replaces the existing requirements in AASB 1004: *Contributions* and clarifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15: *Revenue from Contracts with Customers*.

AASB 15 and AASB 1058 have been adopted using the modified retrospective approach. Under this approach, the cumulative effect of initial application is recognised as an adjustment to the opening balance of accumulated funds at 1 July 2019 and comparatives are not restated. In accordance with the transition guidance, AASB 1058 has only been applied to contracts that are incomplete as at 1 July 2019.

The adjustment to opening retained surplus on 1 July 2019 was an increase of $1,809,832 with a corresponding decrease in contract liabilities. A classification change occurred which resulted in the unexpended funds now being classified as a contract liability in line with wording used in AASB 15.

The table below provides details of the significant changes and quantitative impact of these changes on initial date of application 1 July 2019.

	As presented on 30 June 2019	**Application impact of AASB 15 and AASB 1058**	**As at 1 July 2019**
Statement of financial position			
CURRENT LIABILITIES			
Unexpended funds	856,277	(856,277)	-
Funds in advance	5,588,441	(5,588,441)	-
Contract liabilities		4,634,886	4,634,886
FUNDS			
Accumulated surplus	19,875,375	1,809,832	21,685,207

There were no significant changes to the income statement in the current year as the adjustment reported in the statement of financial position was in relation to historical funding where performance obligations had been satisfied.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(c) Changes in accounting policy (continued)

AASB 16: Leases

The Group has adopted AASB 16: *Leases*, with an initial application date of 1 July 2019. As a result, the Group has changed its lease accounting policy as detailed below when compared to the comparative year (as detailed in note 1(l)).

The Group has adopted AASB 16: *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2019 reporting period have not been restated.

The Group has recognised a lease liability and right of use asset for all leases (with the exception of short term and low value leases) recognised as operating leases under AASB 117: *Leases* where the Group is lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments. The lease liabilities were discounted using an incremental borrowing rate of 2.71%.

Upon adoption of AASB 16, right-of-use assets of $2,604,552 and a corresponding lease liability of $2,604,552 was recognised at 1 July 2019. These adjustments are derived from the calculation of the present value of non-cancellable lease payments remaining at 1 July 2019 on leases of property.

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of assets that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases; and
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made when applying AASB 117 and *Interpretation 4: Determining whether an Arrangement contains a lease.*

	$
Operating lease commitments disclosed at 30 June 2019	1,290,129
Less: short term leases not recognised as a liability	(295,563)
Add: Option period on leases	1,800,466
Discounted using the Lessee's incremental borrowing rate of 2.71% at the date of initial application	(190,480)
Total	2,604,552

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(c) Changes in accounting policy (continued)

Of which are:	
Current lease liabilities	459,198
Non-current lease liabilities	2,145,354
Total	2,604,552

Measurement of right-of-use assets (ROU)
The associated right-of-use assets recognised for the first time with the adoption of AASB 16 were measured at the amount equal to the lease liability, adjusted by the amount of any period of accrued lease payments relating to the lease recognised in the balance sheet as at 30 June 2019.

Adjustments recognised in the balance sheet on 1 July 2019

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:
- ROU assets - increase $2,604,552
- Lease liabilities - increase by $2,604,552

Peppercorn leases
For leases that have significantly below-market terms and conditions principally to enable the Group to further its objectives (commonly known as peppercorn or concessionary leases), the Group has adopted the temporary relief under AASB 2018-8 and measures the right-of-use asset at cost on initial recognition.

(d) Income tax

The Group is exempt from Income Tax under Div 50-5 of the Income Tax Assessment Act 1997.

(e) Revenue and other income

Revenue is measured at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

i) Current year

The Group has applied AASB 15: *Revenue from Contracts with Customers* (AASB 15) and AASB 1058: *Income of Not-for-Profit Entities* (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions*. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in Note 1 (c).

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(e) Revenue and other income (continued)

Operating grants, fee for service, donations and bequests

When the Group receives operating grant revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Group:

- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Group:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in surplus or deficit as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Group recognises income in statement of surplus or deficit when or as it satisfies its obligations under the contract.

The Group receives assets from the Government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards.

On initial recognition of an asset, the Group recognises related amounts and recognises income immediately in surplus or deficit as the difference between the initial carrying amount of the asset and the related amount.

Capital grants

When the Group receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being a lease liability, financial instruments, provisions, revenue or a contract liability arising from a contract with a customer) recognised under the Australian Accounting Standards.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(e) Revenue and other income (continued)

The Group recognises income in surplus or deficit when or as the Group satisfies its obligations under the term of the grant.

Interest income

Interest income is recognised using the effective interest rate method.

Sale of non-current assets

The net gain/loss on non-current asset sales is included as other income/expense at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Dividends and distributions

Revenue from dividends and distributions from other investments are recognised when the dividends are receivable.

Services donated by volunteers

The Group has a duty of care to those who donate their time to our cause. As members of Volunteering Australia, we adhere to this body's national standards for involving volunteers in not for profit organisations. In 2019-20 we worked to improve the way we induct volunteers, in order to ensure their time with us is as fulfilling as possible, our Volunteering team is developing a skills-set database to match volunteers' talents and interests with available opportunities.

Services donated by volunteers are not recognised in the financial statements.

ii) Prior year

Grant income

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the entity will comply with the attached conditions.

Interest revenue

Interest revenue is recognised as it accrues.

Notes to the financial statements
For the year ended 30 June 2019

1 Statement of significant accounting policies (continued)

(e) Revenue and other income (continued)

Sale of non-current assets

The net gain/loss on non-current asset sales is included as other income/expense at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Dividends and distributions

Revenue from dividends and distributions from other investments are recognised when the dividends are receivable.

Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Donations

The Group receives part of its income from donations and bequests. The Group is reliant on fundraising from the community, parishes and companies to fund various projects. The Group has a duty of care to ensure that the trust invested in it and confidence given by federal, state and local government, community bodies and most importantly the public is maintained. The Group adheres to best practice guidelines as published by the Fundraising Institute of Australia and adhere to the principles and standards of fundraising practice, the charity code of conduct guiding ethical, accountable and transparent fundraising and to determine the best operational practices wherever practicable.

Amounts are recognised as revenue when the Group gains control, economic benefits are probable and the amounts can be measured reliably. The Group has established procedures and internal controls to ensure donations are properly and accurately recorded in the financial statements.

In Kind – donations

Non-reciprocal contributions of assets from the governments and other parties for zero or a nominal value are recognised at fair value on the date of acquisition in the statement of financial position with a corresponding amount of income recognised in the statement of comprehensive income.

Notes to the financial statements
For the year ended 30 June 2019

1 Statement of significant accounting policies (continued)

(e) Revenue and other income (continued)

Services donated by Volunteers

The Group has a duty of care to those who donate their time to our cause. As members of Volunteering Australia, we adhere to this body's national standards for involving volunteers in not for profit organisations. In 2018-19 we worked to improve the way we induct volunteers, in order to ensure their time with us is as fulfilling as possible, our Volunteering team is developing a skills-set database to match volunteers' talents and interests with available opportunities.

Services donated by volunteers are not recognised in the financial statements.

Recycling sale of goods

Amounts can be recognised as revenue only when the Group gains control, economic benefits are probable and the amounts can be measured reliably. The Group has established procedures for cash sales, purchases by staff members, daily banking and reconciliation. Internal controls and documented procedures have been established to ensure recycling sale of goods are properly recorded in the financial statements. However at times it is impractical to maintain effective controls over the collection of such revenue prior to its initial entry into the financial records. Therefore, recycling sale of goods are recognised as revenue when they are recorded in the books and records of the Group.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Trade receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the balance sheet.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Term deposits held with the Anglican Savings and Development Fund Anglican Diocese of Newcastle with an original investment term of 6 months or more are classified as other financial assets.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(h) Trade and other receivables

Trade and other receivables are due in 7-30 days depending on type of service and customers. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less an expected credit loss allowance.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An expected credit loss allowance is established on an expected credit loss (ECL) – forward looking – basis for all trade receivables at amortised cost. The amount of the allowance is the difference between the asset's carrying value amount and the nominal value of estimated future cash flows. The amount of the allowance is recognised in the statement of surplus or deficit and other comprehensive income.

(i) Inventories

Stock on hand is stated at the lower of cost and net realisable value.

(j) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(k) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets purchased with a value less than $1,000 are expensed in the period acquired.

Land and buildings

Land and buildings are measured using the cost model.

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

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(k) Property, Plant and Equipment (continued)

Plant and equipment

Plant and equipment are measured using the cost model.

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

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Buildings	2.5%
Plant and equipment	10.0-33.33%
Motor vehicles	18.75%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(l) Leases

i) Current year

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right of use asset and a corresponding lease liability is recognised by the Group where the Group is the lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index rate, initially measured using the index or rate at the commencement date;
- the amount expended to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(l) Leases (continued)

- lease payments under tension options if lessee is reasonably certain to exercise these options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use asset is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term of useful life of the underlying asset whichever is shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

For leases that have significantly below-market terms and conditions principally to enable the Group to further its objectives (commonly known as peppercorn/concessionary leases), the Group has adopted the temporary relief under AASB 2018-8[14] and measures the right of use assets at cost on initial recognition.

The Group receives rental income from participants under service delivery contracts specific to the program or service the income relates to.

ii) Prior year

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

(m) Employee benefits

Wages and salaries, annual leave and current long service leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in employee benefits in respect of employees’ service up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(m) Employee benefits (continued)

Employee leave entitlements are accrued annually in accordance with statutory or award entitlement, as follows:

- Long service leave – all employees on a pro-rata basis as at the balance date.
- Annual leave – all employees on a pro-rata basis as at the balance date.

Long service leave

The long service leave liability is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees. Consideration is given to employee wage increases and the probability that the employer may satisfy vesting requirements. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(n) Funding liabilities

i) Current year

Contract liabilities

Liabilities are recognised for funding where performance obligations have not been satisfied at balance date. The Group recognises income in surplus or deficit when or as it satisfies its obligations under the contract.

Project liabilities

Project liabilities reflect grant monies unspent at balance dates which are transferred to the subsequent funding period as allowed under the funding agreement.

Amounts recognised as project liabilities are held specifically for property development works at Goodwins Road Morisset and have a restricted use as prescribed by Department of Family and Services – Ageing, Disability and Home Care (DFACS – ADHC).

ii) Prior year

Funds in advance

Liabilities are recognised for grant funds received prior to the period to which they relate. The carrying amount of funds in advance equals net fair value.

Unexpended funds

Liabilities are recognised for surplus funding that may be repayable to the funding body. Subject to the approval of the funding body the amounts are transferred to income in the subsequent period or repaid.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(n) Funding liabilities (continued)

Project liabilities

Project liabilities reflect grant monies unspent at balance dates which are transferred to the subsequent funding period as allowed under the funding agreement.

(o) General reserves

Reserves represent carried forward project surpluses that are not subject to retention approval from a third party. Reserves are maintained in the applicable cost centre until the project is wound up and any remaining balances are transferred to retained surplus.

(p) Investments and other financial assets

Financial instruments are classified into two broad measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.

The classification depends on the contractual cash flow characteristics of the instrument.

i) Classification and measurement

All financial instruments (assets and liabilities) are initially recognised at fair value plus, in the case of financial assets and liabilities not classified as at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial instruments are then classified into one of the following categories, which in turn determines the subsequent accounting measurement of the instrument. The categories and measurement treatments are:

Debt Securities – at amortised cost

A debt security is classified as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective to collect the contractual cash flows, and,
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The nature of any derivatives embedded in the debt security are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

A gain or loss on a debt security that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in surplus or deficit when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(p) Investments and other financial assets (continued)

At balance date all debt securities in the form of Term Deposits or Floating Rate Notes were measured at amortised cost.

Listed shares, hybrid securities and other equity instruments - at fair value

These types of financial assets are not held for speculative or trading purposes and are disclosed as Financial Assets - at fair value in Note 8 of the financial statements.

Listed shares, hybrid securities and other equity instruments are re-valued based on quoted market values monthly. Changes in market value of financial assets are recognised within other comprehensive income. Dividends are recognised as income on the date they are considered ex-entitlement.

ii) Impairment

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Loans and receivables

Impairment of financial assets is recognised on an expected credit loss – forward looking – basis for all financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Management consider reasonable and supportable information that is relevant and available, including both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(q) Financial liabilities

i) Classification

The Group is using the measured at amortised cost method for all its financial liabilities. The financial liabilities of the Group comprise trade payables.

Liabilities measured at amortised cost are financial liabilities where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Recognition and derecognition

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in surplus or deficit.

(r) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and other data, obtained both externally and within the Group. It also requires management to exercise its judgement in the process of applying the Group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the financial statements as required.

i) Useful lives of property, plant and equipment

As described in note 1 (k), the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

ii) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(r) Critical accounting estimates and judgements (continued)

iii) Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised are a key management judgement that the Group will make. The Group determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the Group.

iv) Employee benefits

For the purpose of AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The Group expects most employees will take their annual lease entitlements withing 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

(s) New accounting standards and interpretations

Accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such Pronouncements on the Group when adopted in future periods, are discussed below.

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

AASB 1060 is a new, self-contained standard that sets out all the disclosure requirements relevant to a Tier 2 General Purpose Financial Statement (GPFS) preparer. The new disclosures have been simplified when compared to either those required by a Tier 1 entity or those required under the AASB's existing Tier 2 Reduced Disclosure Framework (RDR), especially in the areas of revenue, leases, impairment and financial instruments.

The new standard applies to all entities preparing GPFS-Tier 2 and replaces the current Reduced Disclosure Requirements (RDR) Framework.

While entities that comply with this Standard need to apply the recognition and measurement requirements in other Standards, they are exempt from the disclosure requirements in specified paragraphs in other Standards.

Notes to the financial statements
For the year ended 30 June 2020

	2020	2019
2 Revenue and other income	**$**	**$**
Revenue		
Fee for service	35,173,856	32,643,659
Government grants	34,233,467	33,508,927
	69,407,323	66,152,586

3 Other income		
Appeals, bequests and donations	627,645	873,231
Rental income	1,272,334	1,222,656
Interest income	573,509	813,077
Net gain on disposal of property, plant and equipment	324,382	218,646
Foreign currency transactions	(32,334)	-
Sundry income	241,316	519,181
	3,006,852	3,646,791

4 Auditor's remuneration		
Cutcher & Neale		
Audits of Samaritans and controlled entities		
- audit of financial reports	62,000	62,000
- audit of acquittal statements	12,500	10,000
Investments services	15,000	10,000
	89,500	82,000

All acquittal fees are shared throughout the Group.

5 Cash and cash equivalents		
Cash on hand	24,210	24,552
Cash at bank	1,276,200	911,503
Cash on deposit	11,401,104	10,384,190
	12,701,514	11,320,245

Notes to the financial statements
For the year ended 30 June 2020

		2020 $	2019 $
6	**Trade and other receivables**		
	Trade receivables	2,064,245	2,342,224
	Expected credit loss allowance	(105,398)	(364,785)
	Other receivables	281,765	333,082
	Bonds held	124,843	77,745
	Prepayments	356,053	302,020
		2,721,508	2,690,286
7	**Other financial assets**		
	Term deposits	14,963,144	15,167,381
8	**Financial assets**		
	Non-current		
	At beginning of year	3,582,360	3,586,973
	Additions	3,043,600	171,759
	Disposals	(2,668,509)	(626,104)
	Impairment adjustment	-	303,219
	Revaluation surplus transfer to equity	(612,166)	146,513
	Prior year adjustment – on adoption of AASB 9	(303,219)	-
	At end of year	3,042,066	3,582,360

Notes to the financial statements
For the year ended 30 June 2020

		2020	2019
		$	**$**
9 Property, plant and equipment			
Freehold Land			
Land – at cost	9(b)	3,747,451	3,747,451
Buildings			
Buildings – at cost		7,608,956	7,435,043
Accumulated depreciation		(2,050,224)	(1,862,253)
	9(b)	5,558,732	5,572,790
Leasehold improvements – at cost		2,220,601	1,786,953
Accumulated depreciation		(1,475,208)	(1,295,921)
		745,393	491,032
Plant and equipment – at cost		4,303,204	4,023,115
Accumulated depreciation		(3,218,045)	(2,821,623)
		1,085,159	1,201,492
Motor vehicles – at cost		4,336,933	4,593,257
Accumulated depreciation		(2,558,880)	(2,665,381)
		1,778,053	1,927,876
Property, plant and equipment		12,914,788	12,940,641
Capital work in progress		686,926	644,022
Total property, plant and equipment		13,601,714	13,584,663

Notes to the financial statements
For the year ended 30 June 2020

9 (a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2020	Capital Works $	Freehold Land $	Building $	Leasehold $	Plant & Equipment $	Motor Vehicles $	Total $
Balance at the beginning of year	644,022	3,747,451	5,572,790	491,032	1,201,492	1,927,876	13,584,663
Additions	561,648	-	71,449	32,606	497,457	536,680	1,699,840
Disposals	-	-	-	-	(99,045)	(93,462)	(192,507)
Transfers	(518,744)	-	102,501	401,043	15,200	-	-
Depreciation	-	-	(188,008)	(179,288)	(529,945)	(593,041)	(1,490,282)
Balance at 30 June 2020	686,926	3,747,451	5,558,732	745,393	1,085,159	1,778,053	13,601,714

9 (b) Valuations

An independent valuation of the Group's land and buildings was carried out by Skelton Valuers at 30 June 2018 on the basis of combination of market value and depreciated replacement value. The individual registered valuer was Mr Nick Cesta: Certificate No. 3324.

The market value of these assets on hand at 30 June 2018 was assessed at $11,355,001. Valuations were not performed on 32 Brunker Road Broadmeadow, 4A Pacific Highway Gateshead and Lot 373 Collinson Street Tenambit. The Broadmeadow property, with a written down value of $17,891 at 30 June 2020, was not valued due to its unique nature and possible inability to replicate the existing improvements. The Gateshead property, with a written down value of $125,535 at 30 June 2020, was not valued as the property is not owned by the Group and it is on Crown Reserve where the Group has long term access. The Tenambit property was purchased on the 10th of April 2015 and was valued at that time at $950,000. The market valuations have not been booked.

The Wickham Park School property was acquired on 28 February 2014 from Newcastle City Council. An independent valuation was obtained from Skelton Valuers, which valued the property at $1. The valuation considered the contract restrictions on the use and disposal of the property for a 10 year period, as well as the cost of service provision. At the end of the 10 year period the Group will have unrestricted legal title to the property.

An independent valuation of 36 Warabrook Boulevard, Warabrook was carried out by Colliers International at 8 Nov 2017. The individual registered valuer was Peter Macadam. The market value of this asset on hand as at 8 Nov 2017 was assessed at $2,500,000 and the written down as at 30 June 2020 is $1,678,554. 3a Closebourne Way Raymond Terrace was acquired on 27 March 2019.

Notes to the financial statements
For the year ended 30 June 2020

10 Right of Use Asset

The group's lease portfolio includes property leases. These leases have an average of five years as their lease term.

AASB 16 related amounts recognised in the statement of financial position

	2020 $	2019 $
Leased buildings	4,668,861	-
Accumulated depreciation	(740,400)	-
	3,928,461	-

AASB 16 related amounts recognised in the statement of surplus or deficit and other comprehensive income

	2020 $	2019 $
Depreciation charge related to right of use asset	740,400	-
Interest expense on lease liabilities	97,155	-
Short term leases expense	555,951	-
	1,393,506	-

(a) Options to extend or terminate

The option to extend or terminate are contained in several of the property leases of the Group. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All the extension and termination options are only exercisable by the Group. The extension options or termination options which were probable to be exercised have been included in the calculation of the right of use asset.

(b) Concessionary lease

The Group has concessionary leases with various external organisations for the exclusive use of the Group. The Group may not use this property for any other purpose during the lease term without prior consent. The lease payments are nominal.

11 Trade and other payables

		2020 $	2019 $
Trade creditors		506,624	743,359
Sundry creditors		1,812,491	1,449,156
Income in advance		2,466,011	33,313
Contract liability		6,553,627	-
Funds in advance	1(c)	-	5,588,441
Project liabilities		497,952	497,952
Capital asset sale funding liability		-	9,849
Unexpended funds	1(c)	-	856,277
		11,836,705	9,178,347

Notes to the financial statements
For the year ended 30 June 2020

		2020 $	2019 $
12	**Reserves**		
	Financial assets revaluation reserve	92,051	950,917
	General reserves	11,011,422	10,407,161
		11,103,473	11,358,078
	Financial assets revaluation reserve		
	Movements during the year		
	Opening balance	950,917	804,404
	Revaluation to fair value	(555,647)	146,513
	Prior year adjustment – on adoption of AASB 9	(303,219)	-
	Closing balance	92,051	950,917
	General reserves		
	Movements during the year:		
	Opening balance	10,407,161	9,649,009
	Transfer from reserves	(2,308,852)	(1,134,976)
	Transfer to reserves	2,913,113	1,893,128
	Closing balance	11,011,422	10,407,161

Nature and purpose of reserves

(a) Financial assets revaluation reserve

Changes in the fair value arising on translation of investments classified as financial assets at fair value through other comprehensive income are taken to the financial asset revaluation reserve.

Amounts are transferred to accumulated surplus when the associated assets are sold.

(b) General reserve

The general reserve records project surpluses which are unencumbered by a contractual obligation to repay funding bodies. These funds are utilised in subsequent financial reporting periods to assist in meeting project needs which are unfunded by the funding bodies.

Notes to the financial statements
For the year ended 30 June 2020

13 Contingent liability

Capital funding has previously been provided by the Department of Family and Services – Ageing, Disability and Home Care (DFACS – ADHC) for the purpose of purchasing property. Guidelines from DFACS – ADHC provide that the capital funding will only be repaid to DOHS – ADHC upon disposal of the properties, in proportion to the purchase funded by DFACS – ADHC.

In the 2003 financial year the property liability was written back to retained surplus as there was no current intention to sell the properties. A property liability will only be recognised in future periods should the sale of a property occur and the funds are to be returned to DFACS – ADHC. The proportional written down value of the properties funded by DFACS – ADHC for the Group at 30 June 2020 is $5,456,940 (2019 - $5,534,178). Community Services Hunter Mid North Coast, Enhanced Living Options Central Coast, Enhanced Living Options Hunter Mid North Coast, Enhanced Living Options Newcastle and Lake Macquarie and Samaritans Foundation (Parent Entity) have no liability.

14 Reconciliation of cash flows from operating activities

	Notes	2020 $	2019 $
Net surplus/(deficit)		(3,662,386)	(1,976,311)
Depreciation of non-current assets	9	1,490,282	1,482,674
Depreciation of right of use assets	10	740,400	-
Impairment of financial assets (receivables)		(259,387)	325,119
Net surplus on disposal of property, plant & equipment		(324,382)	(218,646)
Net surplus on disposal of available for sale financial assets		-	(22,196)
Net foreign currency losses		32,334	-
Interest free loan waiver		-	(85,000)
Change in operating assets and liabilities			
(Increase)/decrease in trade & other receivables		228,165	565,619
Increase/(decrease) in grant funding liabilities		4,341,590	907,207
Increase/(decrease) in trade & other payables		126,600	669,925
Increase/(decrease) in employee benefits		567,613	753,489
Decrease/(increase) in inventory		163,068	(232,840)
Net cash inflow/(outflow) from operating activities		3,443,897	2,169,040

Notes to the financial statements
For the year ended 30 June 2020

15 Capital and leasing commitments

(a) Operating lease commitments

Operating leases have been taken out for properties. The property lease commitments are non-cancellable operating leases with an average term of five years. Effective from the 1 July 2019 right of use assets have been capitalised as per note 1(c). In the prior year, leases were contracted for but not capitalised in the financial statements with a term between 1 to 10 years.

Payable – minimum lease payments:

	2020 $	**2019 $**
Particulars		
No later than 1 year	-	503,446
Between 1 year and 5 years	-	684,500
Greater than 5 years	-	102,182
Total	-	1,290,129

(b) Operating lease receivable

Under the National Registration System as a Community Housing Provider all tenants are required to have a periodic lease agreement in place. These lease agreements do not have an end date but they are subject to a 90 days clause, whereby a tenant must give their landlord 90 days' notice when they are vacating a property.

(c) Capital expenditure commitments

	2020 $	**2019 $**
Leasehold improvements	80,879	-

16 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are liquidity risk and market risk consisting of interest rate risk and price volatility risk. The Group's financial instruments consist of cash deposits, investments in equities, accounts receivable, and payables.

Notes to the financial statements
For the year ended 30 June 2020

16 Financial Risk Management (continued)

The totals for each category of financial instruments are as follows:

	2020 $	2019 $
Financial Assets		
Cash and cash equivalents	12,701,514	11,320,245
Trade and other receivables	2,721,508	2,690,286
Financial assets	18,005,210	18,749,941
Total financial assets	**33,428,232**	**32,760,472**
Financial liabilities		
Trade and other payables	11,836,705	9,178,347
Lease liability	3,992,372	-
Total financial liabilities	**15,829,077**	**9,178,347**

Market Risk

i) Interest rate risk

The Group is exposed to interest rate fluctuations on its cash holdings.

ii) Price volatility risk

The Group, in consultation with their investment advisors, invest in a range of investment products. The Group is exposed to fair value movements in the market prices of those investments.

iii) Net fair values

Carrying amounts of financial assets and liabilities recorded in the financial statements represent their net fair values, as determined in accordance with the accounting policies described in Note 1 to the financial statements.

Notes to the financial statements
For the year ended 30 June 2020

16 Financial Risk Management (continued)

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Samaritans Board, with advice from the Audit and Risk Committee, manages this risk through the following budgeting and financial planning activities:

- Development of annual operating budgets;
- Monitoring financial performance and working capital requirements;
- Development of long-range financial goals along with funding strategies to achieve them and;
- Development of multi-year operating budgets that integrate strategic plan objectives and initiatives.

Credit risk

Credit risk is limited to trade and other receivables and is managed through a collection policy based on the amount, ageing and circumstances related to the outstanding amounts.

The Group does not have any material credit risk exposure to any single receivable or group or receivables under financial instruments entered into apart from investments managed by related parties.

17 Related parties

(a) Key management personnel

The totals of remuneration paid to the key management personnel of the Group:

	2020 **$**	**2019** **$**
Employee benefits total	1,278,843	1,069,869

Notes to the financial statements
For the year ended 30 June 2020

(b) Related party transactions

All transactions with related parties were made on normal commercial terms and conditions and all at market rates.

Purchase of services	**2020** **$**	**2019** **$**
Payment for insurance from other related parties	529,221	328,096
Payment for chaplain's long service leave from other related parties	7,113	4,553
Payment for chaplain's retreats and conferences from other related parties	9,387	1,980
Payment for redress contribution from other related parties	90,000	120,000
Payment for reimbursement of legal expenses from other related parties	1,268	-
An entity, controlled by Rob Buck, a Director, provided IT services during the year	37,581	25,292
Sale of services		
Contribution to chaplain's expense by related party	-	23,980
Contribution to chaplain's LSL	10,289	24,918
Sale of ICT services to Anglican Diocese of Newcastle	94,590	68,641
Lease of motor vehicles to Anglican Diocese of Newcastle	5,542	-
Investment		
Total funds deposited with the Anglican Savings and Development Fund Diocese of Newcastle	23,182,318	23,282,318
Interest earned on funds deposited with the Anglican Savings and Development Fund Diocese of Newcastle	364,000	543,470

Notes to the financial statements
For the year ended 30 June 2020

18 Notes of Parent entity statement of surplus or deficit and other comprehensive income ended for the year ended 30 June 2020

	2020 $	2019 $
Revenue	31,152,485	31,238,116
Other income	1,918,675	2,501,899
Client and brokerage expense	(3,494,813)	(3,558,032)
Utilities	(649,873)	(650,498)
Contractor expense	(2,362,823)	(2,716,437)
Employee benefit expense	(23,145,985)	(22,332,130)
Depreciation expense	(2,002,214)	(1,183,686)
Interest expense on lease liabilities	(160,067)	-
Marketing expense	(159,713)	(81,526)
Motor vehicle expense	(486,004)	(472,876)
Rental expense	(831,356)	(1,410,436)
Repairs and maintenance	(220,315)	(413,018)
Stationery expense	(217,472)	(259,279)
Other expenses	(2,186,840)	(2,073,816)
Surplus/(deficit) for the year before income tax	(2,846,315)	(1,411,719)
Surplus/(deficit) for the year	(2,846,315)	(1,411,719)
Other comprehensive income		
Changes in fair value of financial assets	(555,647)	146,513
Prior year adjustment – on adoption of AASB 9	(303,219)	-
Reversal – impairment losses	-	303,219
Total comprehensive income for the year	(3,705,181)	(961,987)

Notes to the financial statements
For the year ended 30 June 2020

19 Notes of Parent entity statement of financial position as at 30 June 2020

	2020	2019
	$	$
Current assets		
Cash and cash equivalents	12,688,334	11,306,923
Trade and other receivables	1,385,891	1,216,911
Inventories	70,804	233,872
Other financial assets	14,963,144	15,167,381
Total current assets	29,108,173	27,925,087
Non-current assets		
Other financial assets	7	7
Financial assets	3,042,066	3,582,360
Property, plant and equipment	7,693,928	7,524,881
Right of use assets	3,523,063	-
Total non-current assets	14,259,064	11,107,248
Total assets	43,367,237	39,032,335
Current liabilities		
Trade and other payables	18,373,233	13,740,711
Borrowings	-	-
Employee benefits	2,376,858	2,659,891
Lease liabilities	725,618	-
Total current liabilities	21,475,709	16,400,602
Non-current liabilities		
Employee benefits	671,963	745,248
Lease liabilities	2,857,986	-
Total non-current liabilities	3,529,949	745,248
Total liabilities	25,005,658	17,145,850
Net assets	18,361,579	21,886,485
Equity		
Reserves	1,891,710	3,016,741
Retained surplus	16,469,869	18,869,744
Total equity	18,361,579	21,886,485

Notes to the financial statements
For the year ended 30 June 2020

20 Disclosure of the composition of the group

These consolidated financial statements and notes represent those of Samaritans Foundation and Controlled Entities (the 'Consolidated Group' or 'Group'). The Controlled Entities are 100% owned. The Consolidated Group consists of –

Samaritans Foundation (Parent Entity) (Deductable gift recipients – DGR)
ABN – 38 574 464 524

Enhanced Living Options Central Coast Pty Limited (DGR)
ABN – 34 098 658 836

Enhanced Living Options Hunter Mid North Coast Pty Limited (DGR)
ABN – 23 098 658 792

Community Services Hunter Mid North Coast Pty Limited (DGR)
ABN – 30 098 658 818

Enhanced Living Options Newcastle Lake Macquarie Pty Limited (DGR)
ABN – 41 131 340 111

Samaritans Housing (DGR)
ABN – 70 614 051 641

21 Significant impact on current operations and subsequent events

Impact of COVID-19 on operations

In March 2020 the World Health Organisation ("WHO") declared the Coronavirus disease 2019 ("COVID-19") a pandemic. In response to this, the Australian Government together with State and Territory Premiers announced a series of measures aimed at preventing the spread of COVID-19, which had the effect of impacting the state of the Australian economy (i.e. impact on supply chain, customers, availability of finance, consumer confidence, etc.).

These measures had an impact on the Group's ability to operate all services as usual.

Services where face to face supports could not be conducted due to restrictions were reviewed and strategies were implemented to provide the services in a new format including tele-health. At the end of March 2020 retail shops and disability group programs closed. Individual disability supports were reduced to supports that were considered essential only and disability supported independent living participants ceased accessing external support providers.

From mid-March, staffing was reduced to minimum requirements in Early Learning Centres, as many parents made the decision to not send their children. Staff who were not required were stood down. Parents were requested to keep their children enrolled due to funding requirements. Activity hours were reintroduced in September with staffing also returning to normal levels. Supplementary funding was received to assist with growing enrolments and relief funding was received as the Group was not eligible for Jobkeeper.

Notes to the financial statements
For the year ended 30 June 2020

21 Significant impact on current operations and subsequent events (continued)

From June 2020 operations started returning to traditional service provision, however all are not yet completely back to pre-pandemic levels.

COVID-19 specific funding has been received from the Department of Social Services to provide additional financial crisis emergency relief and problem gambling counselling services.

The Board and Management implemented a range of operational and financial strategies in order to minimise the impact of the enforced closure / downturn in operations including, but not limited to:

- strict COVID-safe protocols have been implemented to ensure the health and safety of all staff and people receiving services including access to personal protective equipment for staff ensuring compliance with Government regulations;
- review of Government subsidies offered, noting that the Group did not meet the eligibility criteria for the Government's Jobkeeper scheme;
- review and renegotiation of rent relief for properties where possible to ensure the continuing viability of services.

Board members' declaration

In the opinion of the Board Members' of the Samaritans Foundation:

(a) the financial statements and notes there to, set out on pages 2 to 36, are in accordance with the basis of accounting described in Note 1(a), so as to present fairly the financial position of the Samaritans Foundation and the Consolidated Entity as at 30 June 2020 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Samaritans Foundation will be able to pay its debts as and when they become due and payable.

Dated at Newcastle this 16th day of December 2020.

Signed in accordance with a resolution of the Board members:

Bishop Peter Stuart
Chairperson

Michelle Jarvie
Board Member

AUDITORS INDEPENDENCE DECLARATION
TO THE BOARD MEMBERS OF
SAMARITANS FOUNDATION AND CONTROLLED ENTITIES
ABN 38 574 464 524

In accordance with subdivision 60-C 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 Samaritans Foundation.

As the lead auditor of the financial statements of Samaritans Foundation for the year ended 30 June 2020, there have been no contraventions of:

i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

ii) any applicable code of professional conduct in relation to the audit.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)

Mark O'Connor
Director

3 December 2020

NEWCASTLE

Newcastle 25 Bolton Street (PO Box 694) Newcastle NSW 2300 **T** 02 4928 8500 **F** 02 4926 1971 **E** cnmail@cutcher.com.au
Sydney Suite 1102, Level 11, 20 Berry Street (PO Box 281) North Sydney NSW 2059 **T** 02 9923 1817

Independent Audit Report

Opinion

We have audited the financial report of the Samaritans Foundation and Controlled Entities (the Group), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Board Members' declaration.

In our opinion, the accompanying financial report of Samaritans Foundation 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 the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on the date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Regulations 2013,* and the reporting requirements of the Synod of the Anglican Diocese of Newcastle.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and 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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Board Members, would be in the same terms if given to the Board Members as at the time of this auditor's report.

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

Newcastle 25 Bolton Street (PO Box 694) Newcastle NSW 2300 **T** 02 4928 8500 **F** 02 4926 1971 **E** cnmail@cutcher.com.au
Sydney Suite 1102, Level 11, 20 Berry Street (PO Box 281) North Sydney NSW 2059 **T** 02 9923 1817

Emphasis of Matter

We draw attention to Note 1(d) in the financial statements which describes the revenue recognition policy of Samaritans Foundation, including the limitations that exist in relation to the recording of cash receipts through the operation of Retail stores. Revenue from this source does not represent a significant proportion of Samaritans Foundation revenue. Our opinion is unmodified in respect of this matter.

Other Information

The Board Members are responsible for the other information. The other information obtained at the date of this auditor's report was limited to the Board Members Report.

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

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

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

Responsibilities of Board Members for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Cutcher & Neale Assurance Pty Ltd
(an Authorised Audit Company)

M. J. O'Connor
Director

17 December 2020

NEWCASTLE

Statement by the Chief Executive Officer of Samaritans Foundation and its Controlled Entities

The accounting records have been properly maintained, and in my opinion, the financial statements as presented give a true and fair view of the operations of Samaritans Foundation for the Diocese of Newcastle for the year ended 30 June 2020 and of the state of its affairs at that date, in compliance with applicable Australian Accounting Standards and other mandatory professional requirements as set out in Note 1(a) of the financial statements.

Coralie Nichols 16th December 2020

Samaritans Housing

ABN: 70 614 051 641

Special Purpose Financial Report
For the Year Ended 30 June 2020

Contents

Statement of surplus or deficit and other comprehensive income
For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	2	155,390	109,229
Other Income	3	985,663	1,294,335
Employee benefit expenses		(384,367)	(467,961)
Depreciation expense	4	(156,833)	(156,049)
Administration expenses		(15,650)	(9,736)
Motor vehicle expenses		(10,533)	(2,599)
Client and brokerage expenses		(769)	(437)
Contractors expenses		(3,715)	(2,346)
Rental expenses		(71,701)	(78,265)
Repairs and maintenance expenses		(265,538)	(247,906)
Utilities expenses		(183,238)	(174,938)
Other expenses from ordinary activities		(209,335)	(121,019)
Surplus/(Deficit) for the year		(160,626)	142,308
Total comprehensive income for the year		(160,626)	142,308

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 20.

Statement of financial position
As at 30 June 2020

	Note	2020 $	2019 $
Current assets			
Trade and other receivables	5	2,093,903	2,170,556
Total current assets		2,093,903	2,170,556
Non-current assets			
Property, plant and equipment	6	5,591,255	5,676,508
Total non-current assets		5,591,255	5,676,508
Total assets		7,685,158	7,847,064
Current liabilities			
Trade and other payables	7	527,430	531,640
Employee benefits		17,205	14,389
Total current liabilities		544,635	546,029
Non-current liabilities			
Employee benefits		1,335	1,221
Total non-current liabilities		1,335	1,221
Total liabilities		545,970	547,250
Net assets		7,139,188	7,299,814
Funds			
Reserves	8	1,150,529	1,092,541
Retained surplus		5,988,659	6,207,273
Total funds		7,139,188	7,299,814

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 20.

Statement of changes in equity
For the year ended 30 June 2020

	Note	General Reserve	Retained funds	Total
Balance as at 01 July 2018		962,703	6,194,803	7,157,506
Surplus/(Deficit) for the year		-	142,308	142,308
Other transactions within equity of the year				
Transfer from reserves to retained surplus	8	(148,112)	148,112	-
Transfer from retained surplus to reserves	8	277,950	(277,950)	-
Balance as at 30 June 2019		1,092,541	6,207,273	7,299,814
Surplus/(Deficit) for the year		-	(160,626)	(160,626)
Other transactions within equity of the year				
Transfer from reserves to retained surplus	8	(90,367)	90,367	-
Transfer from retained surplus to reserves	8	148,355	(148,355)	-
Balance as at 30 June 2020		1,150,529	5,988,659	7,139,188

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 20.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies

The principle accounting policies which have been adopted in the preparation of this financial report are set out below:

(a) Basis of preparation

In the opinion of the Board Members, Samaritans Housing is not a reporting entity. The financial report has been drawn up as a special purpose financial report for the purpose of fulfilling the reporting requirements of the Synod of the Diocese of Newcastle.

The financial report has been prepared on the accrual basis of accounting as defined in AASB 108 *Accounting Policies* using the historical cost convention and a going concern assumption. Except where stated, it does not take into account changing money values or current valuations of non-current assets. The accounting policies have been consistently applied and are consistent with those of the previous year.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report does not include the disclosure requirements of the following pronouncements:

AASB 7	-	Financial Instruments: Disclosures
AASB 9	-	Financial Instruments
AASB 101	-	Presentation of financial statements
AASB 107	-	Statement of Cash flows
AASB 124	-	Related Party Disclosures
AASB 132	-	Financial Instruments: Presentation

(b) Changes in accounting policy

AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities
Samaritans Housing has adopted AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-Profit Entities*, with an initial application date of 1 July 2019.

AASB 15: *Revenue from Contracts with Customers* standard introduces a single, principles based, five step model for recognising revenue and introduces the concept of recognising revenue when an obligation to a customer is satisfied. As a result, Samaritans Housing has changed its revenue accounting policy when compared to the comparative year (as detailed in note 1(d)).

AASB 1058: *Income of Not-for-Profit Entities* replaces the existing requirements in AASB 1004: *Contributions* and clarifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15: *Revenue from Contracts with Customers*.

AASB 15 and AASB 1058 have been adopted using the modified retrospective approach. Under this approach, the cumulative effect of initial application is recognised as an adjustment to the opening balance

1 Statement of significant accounting policies (continued)

(b) Changes in accounting policy (continued)

of accumulated funds at 1 July 2019 and comparatives are not restated. In accordance with the transition guidance, AASB 1058 has only been applied to contracts that are incomplete as at 1 July 2019.

Samaritans Housing has assessed that the application of AASB 15 and AASB 1058 has not materially impacted the measurement or timing of recognition of revenue.

AASB 16: Leases

Samaritans Housing has adopted AASB 16: *Leases*, with an initial application date of 1 July 2019. As a result, Samaritans Housing has changed its lease accounting policy as detailed below when compared to the comparative year (as detailed in note 1(j)).

The following practical expedients have been used by Samaritans Housing in applying AASB 16 for the first time:

- for a portfolio of assets that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases; and
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate.

Samaritans Housing has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date Samaritans Housing relied on its assessment made when applying AASB 117 and *Interpretation 4: Determining whether an Arrangement contains a lease.*

Samaritans Housing has determined that any lease commitments are either for a term of less than 12 months or for low value assets.

(c) Income tax

Samaritans Housing is exempt from Income Tax under Div 50-5 of the Income Tax Assessment Act 1997.

(d) Revenue recognition

Revenue is recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

1 Statement of significant accounting policies (continued)

(d) Revenue recognition (continued)

i) Current Year

Samaritans Housing has applied AASB 15: *Revenue from Contracts with Customers* (AASB 15) and AASB 1058: *Income of Not-for-Profit Entities* (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions*. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in Note 1 (b).

Rental income
Rental income from Samaritans Housing properties is recognised upon receipt from tenants.

Operating grants, fee for service, donations and bequests

When Samaritans Housing receives operating grant revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, Samaritans Housing:

- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, Samaritans Housing:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in surplus or deficit as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, Samaritans Housing recognises income in statement of surplus or deficit when or as it satisfies its obligations under the contract.

Samaritans Housing receives assets from the Government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(d) Revenue recognition (continued)

On initial recognition of an asset, Samaritans Housing recognises related amounts and recognises income immediately in surplus or deficit as the difference between the initial carrying amount of the asset and the related amount.

Capital grants

When Samaritans Housing receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being a lease liability, financial instruments, provisions, revenue or a contract liability arising from a contract with a customer) recognised under the Australian Accounting Standards.

Samaritans Housing recognises income in surplus or deficit when or as Samaritans Housing satisfies its obligations under the term of the grant.

Interest income

Interest income is recognised using the effective interest rate method.

Sale of non-current assets

The net gain/loss on non-current asset sales is included as other income/expense at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Services donated by volunteers

Samaritans Housing has a duty of care to those who donate their time to our cause. As members of Volunteering Australia, we adhere to this body’s national standards for involving volunteers in not for profit organisations. In 2019-20 we worked to improve the way we induct volunteers, in order to ensure their time with us is as fulfilling as possible, our Volunteering team is developing a skills-set database to match volunteers’ talents and interests with available opportunities.

Services donated by volunteers are not recognised in the financial statements.

ii) Prior Year

Rental income
Rental income from Samaritans Housing properties is recognised upon receipt from tenants.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(d) Revenue recognition (continued)

Grant income

When Samaritans Housing receives operating grant revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, Samaritans Housing:

- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, Samaritans Housing:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

Interest revenue

Interest revenue is recognised as it accrues.

Sale of non-current assets

The net gain/loss on non-current asset sales is included as other income/expense at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Sale of goods

Amounts can be recognised as revenue only when Samaritans gains control, economic benefits are probable and the amounts can be measured reliably. Samaritans has established procedures for cash sales, purchases by staff members, daily banking and reconciliation. Internal controls and documented procedures have been established to ensure sale of goods are properly recorded in the financial statements. However at times it is impractical to maintain effective controls over the collection of such revenue prior to its initial entry into the financial records. Therefore, sale of goods are recognised as revenue when they are recorded in the books and records of the foundation.

Rendering of services

Revenue from the rending of a service is recognised upon the delivery of the service to the customers.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(d) Revenue recognition (continued)

Donations

Samaritans receives part of its income from donations and bequests. Samaritans is reliant on fundraising from the community, parishes and companies to fund various projects. Samaritans has a duty of care to ensure that the trust invested in it and confidence given by Federal, State and Local Government, community bodies and most importantly the public is maintained. Samaritans adhere to best practice guidelines as published by the Fundraising Institute of Australia and adhere to the principles and standards of fundraising practice, the charity code of conduct guiding ethical, accountable and transparent fundraising and determine best operational practices wherever practicable.

Amounts are recognised as revenue only when Samaritans gains control, economic benefits are probable and the amounts can be measured reliably. The Foundation has established procedures and internal controls to ensure donations are properly and accurately recorded in the financial statements.

In kind – donations

Non-reciprocal contributions of assets from the governments and other parties for zero or a nominal value are recognised at fair value on the date of acquisition in the statement of financial position with a corresponding amount of income recognised in the statement of surplus or deficit and other comprehensive income.

Services donated by volunteers

Samaritans Housing has a duty of care to those who donate their time to our cause. As members of Volunteering Australia, we adhere to this body’s national standards for involving volunteers in not for profit organisations. In 2019-20 we worked to improve the way we induct volunteers, in order to ensure their time with us is as fulfilling as possible, our volunteering team is developing a skills-set database to match volunteers’ talents and interests with available opportunities.

Services donated by volunteers are not recognised in the financial statements.

(e) Good and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Trade receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

The collectability of debts is assessed at year-end and specific provision is made for any doubtful accounts. A provision for impairment is established where there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables. Trade receivables are due in 7-30 days depending on type of service and customers.

(h) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(i) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets purchased with a value less than $1,000 are expensed in the period acquired.

Land and buildings

Land and buildings are measured using the cost model.

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

Plant and equipment

Plant and equipment are measured using the cost model.

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

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(i) Property, Plant and Equipment (continued)

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to Samaritans Housing, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Buildings	2.5%
Plant and equipment	10.0-33.33%
Motor vehicles	18.75%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(j) Leases

i) Current year

At inception of a contract, Samaritans Housing assesses if the contract contains or is a lease. If there is a lease present, a right of use asset and a corresponding lease liability is recognised by Samaritans Housing where Samaritans Housing is the lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Samaritans Housing receives rental income from participants under service delivery contracts specific to the program or service the income relates to.

Samaritans Housing has determined that any lease commitments are either for a term of less than 12 months or for low value assets.

ii) Prior year

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where Samaritans Housing is a lessor is recognised in income on a straight-line basis over the lease term.

Notes to the financial statements
For the year ended 30 June 2020

1 Statement of significant accounting policies (continued)

(k) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days. The carrying amount of accounts payable approximates net fair value.

(l) Employee benefits

Wages and salaries, annual leave and current long service leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in employee benefits in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Employee leave entitlements are accrued annually in accordance with statutory or award entitlement, as follows:

- Long service leave – all employees on a pro-rata basis as at the balance date.
- Annual leave – all employees on a pro-rata basis as at the balance date.

Long service leave
The long service leave liability is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees. Consideration is given to employee wage increases and the probability that the employer may satisfy vesting requirements. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(m) Reserves

Reserves represent carried forward project surpluses that are not subject to retention approval from a third party. Reserves are maintained in the applicable cost centre until the project is wound up and any remaining balances are transferred to retained surplus.

(n) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and other data, obtained both externally and within Samaritans Housing. It also requires management to exercise its judgement in the process of applying Samaritans Housing's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the financial statements as required.

1 Statement of significant accounting policies (continued)

(n) Critical accounting estimates and judgements (continued)

i) Useful lives of property, plant and equipment

As described in note 1 (i), Samaritans Housing reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

ii) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

iii) Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised are a key management judgement that Samaritans Housing will make. Samaritans Housing determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of Samaritans Housing.

iv) Employee benefits

For the purpose of AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Samaritans Housing expects most employees will take their annual lease entitlements withing 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

Notes to the financial statements
For the year ended 30 June 2020

		2020	2019
		$	$
2	**Revenue**		
	Fee for service	111,618	77,865
	Government grants	43,772	31,364
		155,390	109,229
3	**Other Income**		
	Rental income	800,994	775,462
	Sundry income	184,669	518,873
		985,663	1,294,335
4	**Expenses**		
	Surplus includes the following specific expenses:		
	Depreciation of:		
	Buildings	123,602	122,857
	Plant and equipment	16,578	14,252
	Motor vehicles	3,603	3,302
	Leasehold improvements	13,050	15,638
		156,833	156,049
5	**Trade and other receivables**		
	Current		
	Amount receivable from parent entity		
	- Samaritans Foundation	2,079,162	2,156,947
	Prepayments	13,875	13,200
	Other receivables	866	409
		2,093,903	2,170,556

Notes to the financial statements
For the year ended 30 June 2020

		Note	2020 $	2019 $
6	**Property, plant and equipment**			
	Freehold land			
	Land – at cost	6(a)	1,779,724	1,779,724
	Buildings			
	Buildings – at cost		5,011,477	4,965,113
	Accumulated depreciation		(1,300,100)	(1,176,498)
		6(a)	3,711,377	3,788,615
	Plant and equipment – at cost		108,505	89,100
	Accumulated depreciation		(67,729)	(52,253)
			40,776	36,847
	Motor vehicles – at cost		19,214	19,214
	Accumulated depreciation		(6,905)	(3,302)
			12,309	15,912
	Leasehold improvements – at cost		275,853	271,144
	Accumulated depreciation		(228,784)	(215,734)
			47,069	55,410
	Total property, plant and equipment		5,591,255	5,676,508

Notes to the financial statements
For the year ended 30 June 2020

6 (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2020	Freehold Land	Building	Leasehold	Plant & Equipment	Motor Vehicles	Total
	$	$	$	$	$	$
Balance at the beginning of year	1,779,724	3,788,615	55,410	36,847	15,912	5,676,508
Additions	-	46,364	4,709	20,804	-	71,877
Disposals	-	-	-	(297)	-	(297)
Transfers	-	-	-	-	-	-
Depreciation	-	(123,602)	(13,050)	(16,578)	(3,603)	(156,833)
Balance at 30 June 2020	1,779,724	3,711,377	47,069	40,776	12,309	5,591,255

2019	Freehold Land	Building	Leasehold	Plant & Equipment	Motor Vehicles	Total
	$	$	$	$	$	$
Balance at the beginning of year	1,779,724	3,911,472	71,048	28,181	-	5,790,425
Additions	-	-	-	22,918	19,214	42,132
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Depreciation	-	(122,857)	(15,638)	(14,252)	(3,302)	(156,049)
Balance at 30 June 2019	1,779,724	3,788,615	55,410	36,847	15,912	5,676,508

(i) Valuations

An independent valuation of the entity's land and buildings was carried out by Skelton Valuers at 30 June 2018 on the basis of market value. The individual registered valuer was Mr Nick Cesta: Certificate No. 3324. The market value of these assets on hand at 30 June 2018 was assessed at $8,650,000.
The market valuation has not been booked.

Notes to the financial statements
For the year ended 30 June 2020

(ii) Transfers

As of the 1st of July 2015 Samaritans Housing was registered as a new subsidiary company of Samaritans Foundation and is a Community Housing Provider. In accordance with community housing legislative requirements, title in assisted property, plant and equipment, being those assets where a Government Department has provided funding as a contribution to the acquisition of the assets and has also registered an equitable interest in the property, was transferred to Samaritans Housing on the 1st of July 2015.

		2020	2019
		$	$
7	**Trade and other payables**		
	Current		
	Project liabilities	497,952	497,952
	Sundry creditors	29,478	13,871
	Funds in advance	-	19,818
		527,430	531,641
8	**Reserves**		
	General reserves	1,150,529	1,092,541
	Movement in Reserves		
	Opening balance	1,092,541	962,703
	Transfers in	148,355	277,950
	Transfers out	(90,367)	(148,112)
	Closing balance	1,150,529	1,092,541

Nature and purpose of reserves

General reserve

The general reserve records project surpluses which are unencumbered by a contractual obligation to repay funding bodies. These funds are utilised in subsequent financial reporting periods to assist in meeting project needs which are unfunded by the funding bodies.

9 Contingent liability

Capital funding has previously been provided by the Department of Community Services - Ageing, Disability and Home Care (DOHS - ADHC) for the purpose of purchasing property. Guidelines from DOHS - ADHC provide that the capital funding will only be repaid to DOHS - ADHC upon disposal of the property, in proportion to the purchase funded by DOHS - ADHC.

A property liability will only be recognised in future periods should the sale of a property occur and the funds not yet be returned to DOHS - ADHC. The proportional written down value of the property funded by DOHS - ADHC at 30 June 2020 is $5,456,940.

Notes to the financial statements
For the year ended 30 June 2020

10 Entity details

Samaritans Housing is a subsidiary of Samaritans Foundation – Diocese of Newcastle. Samaritans Foundation - Diocese of Newcastle is a not-for-profit entity, incorporated under the Anglican Church of Australia (Bodies Corporate) Act 1938**.**

The registered office of the entity is:

Samaritans Housing

36 Warabrook Boulevard

WARABROOK NSW 2304

11 Significant impact on current operations and subsequent events

Impact of COVID-19 on operations

In March 2020 the World Health Organisation ("WHO") declared the Coronavirus disease 2019 ("COVID-19") a pandemic. In response to this, the Australian Government together with State and Territory Premiers announced a series of measures aimed at preventing the spread of COVID-19, which had the effect of impacting the state of the Australian economy (i.e. impact on supply chain, customers, availability of finance, consumer confidence, etc.).

These measures had an impact on Samaritans Housing's ability to operate all services as usual.

Services where face to face supports could not be conducted due to restrictions were reviewed and strategies were implemented to provide the services in a new format including tele-health. At the end of March 2020 retail shops and disability group programs closed. Individual disability supports were reduced to supports that were considered essential only and disability supported independent living participants ceased accessing external support providers.

From mid-March, staffing was reduced to minimum requirements in Early Learning Centres, as many parents made the decision to not send their children. Staff who were not required were stood down. Parents were requested to keep their children enrolled due to funding requirements. Activity hours were reintroduced in September with staffing also returning to normal levels. Supplementary funding was received to assist with growing enrolments and relief funding was received as Samaritans Housing was not eligible for Jobkeeper.

From June 2020 operations started returning to traditional service provision, however all are not yet completely back to pre-pandemic levels.

COVID-19 specific funding has been received from the Department of Social Services to provide additional financial crisis emergency relief and problem gambling counselling services.

Notes to the financial statements
For the year ended 30 June 2020

12 Significant impact on current operations and subsequent events (continued)

The Board and Management implemented a range of operational and financial strategies in order to minimise the impact of the enforced closure / downturn in operations including, but not limited to:

- strict COVID-safe protocols have been implemented to ensure the health and safety of all staff and people receiving services including access to personal protective equipment for staff ensuring compliance with Government regulations;
- review of Government subsidies offered, noting that Samaritans Housing did not meet the eligibility criteria for the Government's Jobkeeper scheme;
- review and renegotiation of rent relief for properties where possible to ensure the continuing viability of services.

Board Members' Declaration

In the opinion of Board Members' of Samaritans Housing:

(a) Samaritans Housing Limited is not a reporting entity;

(b) the financial statements and notes thereto, set out on pages 2 to 14 are in accordance with the basis of accounting described in Note 1(a), so as to present fairly the financial position of Samaritans Housing as at 30 June 2020 and of its performance for the financial year ended on that date; and

(c) there are reasonable grounds to believe that Samaritans Housing will be able to pay its debts as and when they become due and payable.

Dated at Newcastle this 16th of December 2020

Signed in accordance with a resolution of the board members:

Bishop Peter Stuart
Chairperson

Michelle Jarvie
Board Member

Cutcher&Neale
ASSURANCE

AUDITORS INDEPENDENCE DECLARATION
TO THE BOARD MEMBERS OF
SAMARITANS HOUSING PTY LIMITED
ABN 23 098 658 792

In accordance with subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Samaritans Housing Pty Limited.

As the lead auditor of the financial statements of Samaritans Housing Pty Limited for the year ended 30 June 2020, there have been no contraventions of:

i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

ii) any applicable code of professional conduct in relation to the audit.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)

Mark O'Connor
Director
Newcastle

3 December 2020

Newcastle 25 Bolton Street (PO Box 694) Newcastle NSW 2300 **T** 02 4928 8500 **F** 02 4926 1971 **E** cnmail@cutcher.com.au
Sydney Suite 1102, Level 11, 20 Berry Street (PO Box 281) North Sydney NSW 2059 **T** 02 9923 1817

Cutcher&Neale
ASSURANCE

Independent Audit Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Samaritans Housing Pty Limited, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income and statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Members' declaration.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Samaritans Housing Pty Limited as at 30 June 2020, and its financial performance for the year then ended in accordance with the accounting policies described in note 1 of the financial statements.

Basis for Opinion

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

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the Samaritans Housing Pty Limited to meet its financial reporting responsibilities under the ordinances of the Anglican Diocese of Newcastle. As a result, the financial statements may not be suitable for another purpose.

Newcastle 25 Bolton Street (PO Box 694) Newcastle NSW 2300 **T** 02 4928 8500 **F** 02 4926 1971 **E** cnmail@cutcher.com.au
Sydney Suite 1102, Level 11, 20 Berry Street (PO Box 281) North Sydney NSW 2059 **T** 02 9923 1817

Independent Audit Report

Board Members' Responsibility for the Financial Report

The Board Members are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and ensuring they are appropriate to meet the needs to the Synod of the Anglican Diocese of Newcastle. The Board Members' responsibility also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Cutcher & Neale Assurance Pty Ltd
(an Authorised Audit Company)

M.J. O'Connor
Director

17 December 2020

NEWCASTLE

Statement by the Chief Executive Officer
Samaritans Housing

The accounting records have been properly maintained, and in my opinion, the financial statements present fairly the operations of Samaritans Housing for the year ended 30 June 2020, and of the state of its affairs at that date, in compliance with applicable Australian Accounting Standards and other mandatory professional requirements as set out in Note 1(a) of the financial statements.

Coralie Nichols 16th December 2020