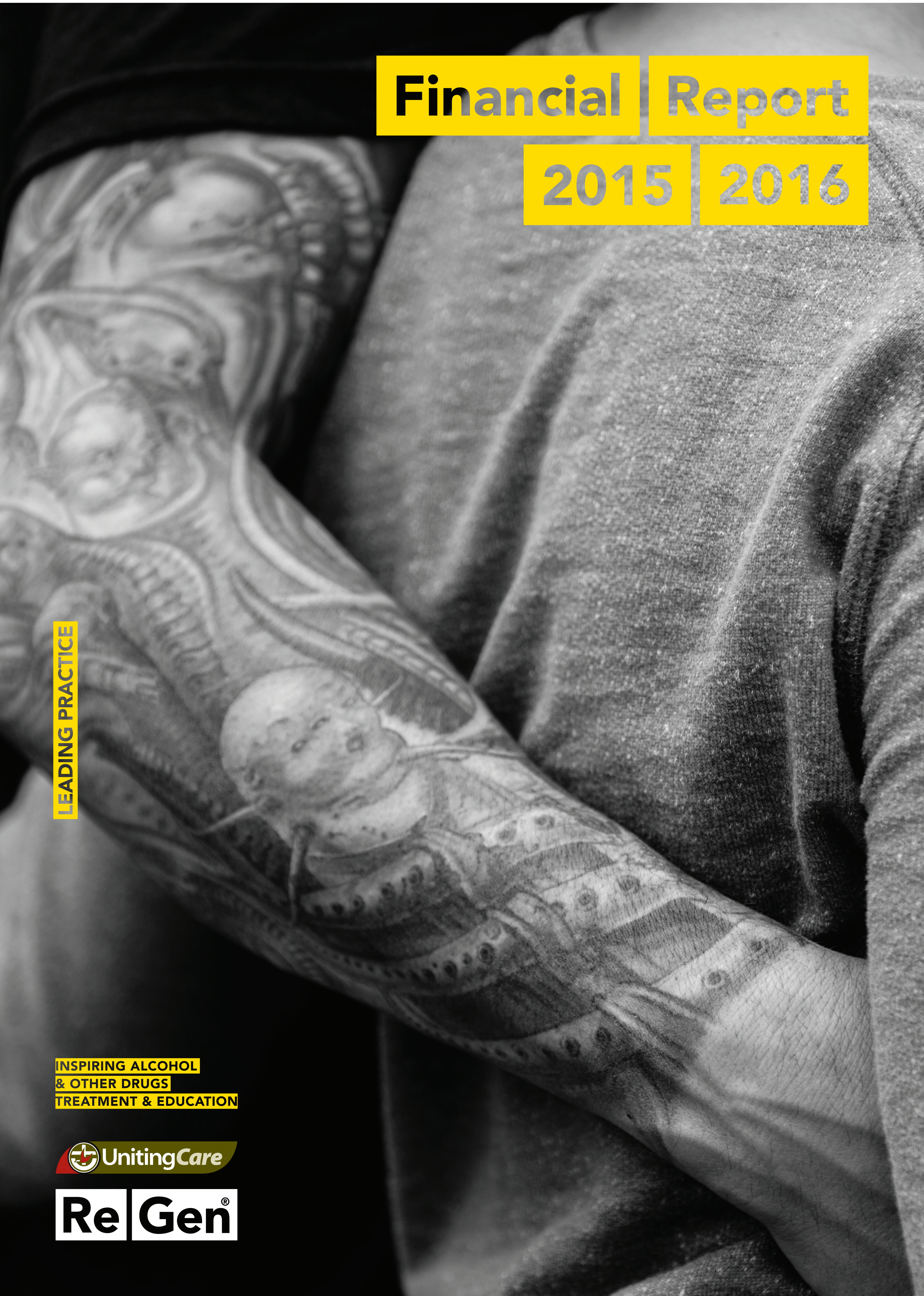
Financial Report 2015 2016



LEADING PRACTICE

INSPIRING ALCOHOL
& OTHER DRUGS
TREATMENT & EDUCATION

UnitingCare

ReGen®

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Our purpose

Our purpose is to reduce alcohol and other drug related harm, and promote health and wellbeing

Our values

Hope
Affirming the possibility of change for everyone

Social Justice
Standing up for the rights of all people to be treated equitably and with dignity

Empowerment
Building on people's strengths so that they can speak and act for themselves

Integrity
Upholding honesty, openness and responsibility in all our actions

Respect
Accepting all people as they are and acting with compassion, empathy and fairness

UnitingCare ReGen

Statement by the Board of Governance

In the opinion of the Board:

1. The financial report as set out on the following pages presents a true and fair view of the financial position of UnitingCare ReGen as at 30 June 2016 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board; the Australian Charities and Not-for-profits Commission Act 2012, and the Australian Charities and Not-for-profits Commission Regulations 2013; and

2. As at date of this statement, there are reasonable grounds to believe that UnitingCare ReGen will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Governance and is signed for and on behalf of the Board by:

Dr Sandy Ross
Chair

Laurence Alvis
Chief Executive Officer

Dated this 19th day of September 2016

Melbourne

UnitingCare ReGen

Statement of Financial Position
as at 30 June 2016

	Note	2016	2015
		$	$
CURRENT ASSETS			
Cash & Cash Equivalents	11	5,285,036	3,983,783
Receivables	9	377,351	194,520
Prepayments		128,755	102,493
Accrued Income		51,197	17,956
TOTAL CURRENT ASSETS		5,842,339	4,298,752
NON CURRENT ASSETS			
Property, Plant and Equipment	5	3,309,288	3,245,778
TOTAL NON CURRENT ASSETS		3,309,288	3,245,778
TOTAL ASSETS		9,151,627	7,544,530
CURRENT LIABILITIES			
Payables	6	920,334	966,046
Beneficial Use Loan	6a	20,000	20,000
Provision for Employee Benefits	7	1,354,756	1,225,754
TOTAL CURRENT LIABILITIES		2,295,090	2,211,800
NON CURRENT LIABILITIES			
Beneficial Use Loan	6a	40,000	60,000
Provision for Employee Benefits	7	168,519	166,277
TOTAL NON CURRENT LIABILITIES		208,519	226,277
TOTAL LIABILITIES		2,503,609	2,438,077
NET ASSETS		6,648,018	5,106,453
EQUITY			
Capital Reserve		959,769	959,769
Asset Revaluation Reserve		800,000	800,000
Retained Surplus	8	4,888,249	3,346,684
TOTAL EQUITY		6,648,018	5,106,453

UnitingCare ReGen

Statement of Changes in Equity for the year ended 30 June 2016

	Retained Surplus	Capital Reserve	Capital Profits Reserve	Asset Revaluation Reserve	Total
	$	$	$	$	$
Balance as at 1 July 2015	3,346,684	624,286	335,483	800,000	5,106,453
Net result for the year	1,541,565	-	-	-	1,541,565
Balance as at 30 June 2016	4,888,249	624,286	335,483	800,000	6,648,018
Balance as at 1 July 2014	2,128,488	624,286	335,483	800,000	3,888,257
Net result for the year	1,218,196	-	-	-	1,218,196
Balance as at 30 June 2015	3,346,684	624,286	335,483	800,000	5,106,453

UnitingCare ReGen

Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 $	2015 $
REVENUE			
Operating Revenue	2	13,878,344	12,044,395
Non Operating Revenue	2	198,837	157,061
Total Revenue		14,077,181	12,201,456
EXPENDITURE			
Employees benefits expense	3	9,235,078	7,721,446
Depreciation expenses and assets written off		206,352	175,869
Other expenses	4	3,094,186	3,085,945
Total expenditure		12,535,616	10,983,260
Operating Surplus / (Deficit) for the year		1,541,565	1,218,196
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		1,541,565	1,218,196

UnitingCare ReGen

Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
- Government Grants		13,385,105	11,613,679
- Fees		1,492,714	1,743,777
- Donations & Bequests		53,004	32,516
- Interest Received		123,591	102,078
- Other		1,975	1,964
- Employee Benefits		(9,366,322)	(7,643,744)
- GST		(1,019,365)	(862,072)
- Other Expenses		(3,099,854)	(3,347,529)
Net cash provided by / (used in) operating activities	10	1,570,848	1,640,669
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of Plant & Equipment		(297,777)	(296,665)
Proceeds from Sale of Plant & Equipment		48,182	39,843
Net Cash provided by / (used in) investing activities		(249,595)	(256,822)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(20,000)	(20,000)
Net Cash provided by / (used in) financing activities		(20,000)	(20,000)
NET INCREASE/(DECREASE) IN CASH HELD		1,301,253	1,363,847
Cash at the beginning of the financial year		3,983,783	2,619,936
Cash at the end of the financial year	11	5,285,036	3,983,783

UnitingCare ReGen

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulations 2013.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply.

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

(a) INCOME TAX

UnitingCare ReGen is exempt from income tax under the provisions of the Income Tax Assessment Act.

(b) RECEIVABLES

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days. The collectability of debts is assessed on an ongoing basis and a specific provision for doubtful debts is raised where doubt as to collection exists.

(c) PROPERTY, PLANT AND EQUIPMENT

Land is measured at cost. Buildings and building improvements are measured at cost less depreciation and impairment losses. Furniture, equipment and motor vehicles are measured at cost less depreciation and impairment losses. Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives to the entity using the straight-line method. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal.
The depreciation rates used for each class of depreciable assets are:

Asset Class	Rate of Depreciation 2016	Rate of Depreciation 2015
Buildings	2.5%	2.5%
Leasehold Property	14.3%	14.3%
Furniture & Equipment	10% - 33%	10% - 33%
Motor Vehicles	15% - 20%	15% - 20%

Leasehold Property improvements at Curran Place are depreciated over the length of the lease. The assets' values and useful lives are reviewed and adjusted, if appropriate, at each balance date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

(d) FINANCIAL INSTRUMENTS

Financial Instruments are contractual obligations that are settleable in cash at a date subsequent to the balance date of this Financial Statement. Statutory obligations such as GST are excluded from Financial Instruments.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the organisation commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition:
(ii) less principal repayments:
(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method:* and
(iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The organisation does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the organisation assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(e) PAYABLES

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

(f) EMPLOYMENT BENEFITS

Provision is made for the organisation's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.
In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Contributions are made by the organisation to employee superannuation funds and are charged as expenses when incurred.

(g) REVENUE

Grant revenue is recognised in the statement of comprehensive income when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services provided. Donations and bequests are recognised as revenue when received. Revenue from the rendering of a service is recognised upon the delivery of the service. Interest revenue includes interest received from investments on bank deposits and other investments. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(h) GOODS and SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. 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. Receivables and payables in the statement of financial position are shown inclusive of GST.

(i) IMPAIRMENT OF ASSETS

At the end of each reporting period, the organisation reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(j) COMPARATIVE FIGURES

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

(k) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks and other institutions.

(l) KEY ESTIMATES

The directors evaluate estimates and judgments incorporated into the financial reports based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the organisation.

Impairment

The organisation assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the organisation that may be indicative of impairment triggers. Recoverable amounts of the relevant asset are reassessed using value-in-use calculations which incorporate various key assumptions.
No impairment has been recognised in respect of assets.

(m) KEY JUDGEMENTS

Provision for impairment of receivables

Included in receivables at the end of the reporting period are amounts receivable from sundry debtors. The directors believe that all the amounts will be recoverable and therefore no provision for impairment has been made.

(n) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The organisation has decided against early adoption of these standards. The organisation has determined that the impact for future reporting periods is considered insignificant.

NOTE 2: REVENUE

	2016 $	2015 $
Operating Revenue		
Government Grants (See Note Below)		
- Department of Health	10,160,321	8,984,505
- Other Government Grants (Department of Health and Ageing, Department of Business & Innovation	401,198	424,087
- Forensic Services	1,134,108	1,067,293
Cost Recovery from Partners and Subcontractors (see Note Below)	805,814	530,707
Fees	1,376,903	1,037,803
Total Operating Revenue	**13,878,344**	**12,044,395**
Non Operating Revenue		
Interest Received	123,591	102,078
Donations and Bequests	53,004	32,516
Profit on Sale of Assets	20,267	20,503
Other	1,975	1,964
Total Non Operating Revenue	198,837	157,061
Total Revenue	**14,077,181**	**12,201,456**

NOTE 3: EMPLOYEES BENEFITS EXPENSE

	2016 $	2015 $
Salaries	8,266,462	6,668,263
Provision Adjustment	(117,856)	160,008
Superannuation	817,206	667,571
Workcover	84,699	90,709
Training	146,175	96,193
Advertising	24,062	23,589
Other	14,330	15,113
Total Employees Benefits Expense	**9,235,078**	**7,721,446**

NOTE 4: OTHER EXPENSES

	2016 $	2015 $
Purchased Services	425,077	393,418
Program Facilitation (See Note Below)	1,124,192	865,837
Agency Staff	127,927	414,305
Travel Expenses	95,791	80,221
Office Expenses	337,543	485,109
Utilities	75,568	77,520
Catering	42,857	46,645
Housekeeping/Domestic	202,220	147,107
Medical Supplies	25,505	21,087
Administration Expenses	217,993	161,284
Auditors Remuneration – Auditing Services	19,142	18,262
Auditors Remuneration – Other Services	1,341	1,341
Repairs and Maintenance	179,240	222,004

Program Expenses	134,271	122,616
Equipment Purchases/Minor Works	85,519	29,189
Total Expenses	**3,094,186**	**3,085,945**

Note for Government Grants, Cost Recover from Partners and Subcontractors and Program Facilitation

UnitingCare ReGen and Odyssey House Victoria have agreed upon a partnership to tender for Alcohol and other Drug Services taking effect from 1 September 2014.

This agreement has affected the results of ReGen for the year ending 30 June 2016 as depicted in our current financial position for the current year.

NOTE 5: PROPERTY, PLANT & EQUIPMENT

	2016	**2015**
	$	**$**
Land – 22 Jessie Street		
Land at Cost	**30,525**	30,525
Buildings – at cost – 22 Jessie Street	355,540	355,540
Less accumulated depreciation	(177,078)	(164,852)
Total	**178,462**	**190,688**
Buildings improvements - at cost - 164 Banksia Street (Leasehold Property)	97,164	97,164
Less accumulated depreciation	(67,673)	(53,929)
Total	**29,491**	**43,235**
Buildings improvements - at cost - 26 Jessie Street	1,774,169	1,774,169
Beneficial Use	1,600,000	1,600,000
Less accumulated depreciation	(755,057)	(690,359)
Total	**2,619,112**	**2,683,810**
Furniture and equipment at cost	868,147	768,848
Less accumulated depreciation	(684,959)	(616,659)
Total	**183,188**	**152,189**
Motor vehicles - at cost	336,254	291,515
Less accumulated depreciation	(67,744)	(146,184)
Total	**268,510**	**145,331**
	3,309,288	**3,245,778**

Reconciliations of the carrying amounts of each class of property plant and equipment at the beginning and end of the financial year are set out below

	Land	**Buildings & Improvements**	**Furniture & Equipment**	**Motor Vehicles**	**Total**
Carrying amount at 1 July 2015	30,525	2,917,733	152,189	145,331	3,245,778
Additions			99,299	198,478	297,777
Write-offs				(27,915)	(27,915)
Depreciation		(90,668)	(68,300)	(47,384)	(206,352)
Carrying amount at 30 June 2016	30,525	2,827,065	183,188	268,510	3,309,288

	Land	Buildings & Improvements	Furniture & Equipment	Motor Vehicles	Total
Carrying amount at	30,525	3,008,401	72,414	32,982	3,144,322
1 July 2014	-	-	138,910	157,756	296,666
Additions	-	-	-	(19,341)	(19,341)
Write-offs	-	-	-	-	-
Depreciation	-	(90,668)	(59,135)	(26,066)	(175,869)
Carrying amount at 30 June 2015	30,525	2,917,733	152,189	145,331	3,245,778

UnitingCare Regen occupies premises situated at 22 to 26 Jessie Street, Coburg. The titles to these properties are unencumbered and are held in the name of the Uniting Church in Australia Property Trust (Victoria). UnitingCare Regen has use of the properties for provision of Alcohol and Other Drug Services. During 2008/2009 Regen acquired the beneficial interest in the property at 26 Jessie Street, Coburg at a fair value of $1,600,000 based on the Memorandum of Understanding.
The land and buildings at 22 to 26 Jessie Street, Coburg were valued by independent valuers AssetVal Pty Ltd on 3 March 2014 at a fair value of $7,750,000. Fair value was in this case determined directly by reference to market-based evidence, which is the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.
UnitingCare Regen also occupies premises situated at 164 Banksia Street, Heidelberg. The title to this property is held by the Victorian Government Department of Health Services, UnitingCare Regen manages this property on behalf of the government for provision of Alcohol and Other Drug Services.

NOTE 6:PAYABLES

	2016 $	2015 $
Trade Creditors	608,132	508,419
Statutory	242,202	228,991
Sub-total	850,334	737,410
Other income in advance	70,000	228,636
Total	**920,334**	**966,046**

NOTE 6a:OTHER LIABILITIES

	2016 $	2015 $
CURRENT		
Beneficial Use Loan	20,000	20,000
Total	**20,000**	**20,000**
NON-CURRENT		
Beneficial Use Loan	40,000	60,000
Total	**40,000**	**60,000**

The interest free loan from the Uniting Church in Australia, relates to the resolution of Beneficial Ownership of 26 Jessie Street, Coburg.
In 2009 UCR paid $600,000, UCA paid $1,000,000 ($800,000 from UCA and $200,000 on behalf of UCR), with UCR to repay the $200,000 over a ten year period, $20,000 per annum on 1st December as an interest free loan.

NOTE 7:PROVISION FOR EMPLOYEE BENEFITS

	2016	2015
	$	$
CURRENT		
Annual Leave	609,693	587,729
Long Service Leave	745,063	638,025
Total	**1,354,756**	**1,225,754**
NON-CURRENT		
Long Service Leave	168,519	166,277
Total	**168,519**	**166,277**
Total Employee Benefits	**1,523,275**	**1,392,031**

In 2011, Regen commenced a Collective Agreement with its staff, included in this Agreement were the following changes with regards to Long Service Leave:

Entitlements for existing Employees prior to 2011 agreement:

A full time Employee who commenced employment prior to the date this Agreement comes into operation, shall be entitled to the following Long Service Leave:

(a) on the completion by the Employee of 10 years continuous service, 13 weeks Long Service Leave;

(b) a further 13 weeks Long Service Leave on the completion of an additional 5 years continuous service after the period referred to in paragraph (a) above; and

(c) a further 8 weeks Long Service Leave on the completion of each additional 5 years continuous service after the period referred to in paragraph (b) above.

Entitlements for existing Employees after 2011 agreement:

A full time Employee who commenced employment after the date this Agreement comes into operation, shall be entitled to the following Long Service Leave:

(a) (1) on the completion by the Employee of 15 years continuous service, 13 weeks Long Service Leave; and

(2) a further 4.3 weeks Long Service Leave after each subsequent 5 years continuous employment.

(b) Employees are entitled to take pro-rata Long Service Leave after 10 years.

Where an employee leaves their employment between 7 and 9 years of service, the accrued and unpaid Long Service Leave pro rata amount will be paid.

NOTE 8: RETAINED SURPLUS

	2016	2015
	$	$
Balance at beginning of year	3,346,684	2,128,488
Net Surplus/(Deficit) for year	1,541,565	1,218,196
	4,888,249	**3,346,684**

NOTE 9: RECEIVABLES

	2016	2015
	$	$
Trade Debtors	377,351	194,520
Net Debtors	**377,351**	**194,520**

NOTE 10: RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING RESULT

	2016	2015
	$	$
Operating Surplus/(Deficit) for the year	1,541,565	1,218,196
Operating Surplus/(Deficit) prior to capital items	**1,541,565**	**1,218,196**
NON-CASH MOVEMENTS		
Depreciation and Amortisation	206,352	175,869
Assets written off		-
(Profit)/Loss on Sale of Fixed Assets	(20,267)	(20,503)
Increase/(Decrease) in Payables	112,924	89,701
Increase/(Decrease) in Employee Benefits	131,244	77,702
Decrease/(Increase) in Receivables	(182,831)	124,360
Increase/(Decrease) in Income in Advance	(158,636)	6,812
Increase/(Decrease) in Other Assets	(59,503)	(31,468)
Net Cash Provided by Operating Activities	**1,507,848**	**1,640,669**

NOTE 11: RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, the organisation considers cash to include notes and coins held, deposits held at call with financial institutions.
Cash at the end of the reporting period as shown in the Statement of Cash Flow is reconciled to the related items in the Statement of Financial Position as follows:

	2016	2015
CASH AND CASH EQUIVALENTS	$	$
Bank Accounts	1,019,724	633,824
Interest Bearing Investments	4,265,312	3,349,958
Cash and Cash Equivalents at 30 June	5,285,036	3,983,782

The organisation's financial instruments consist mainly of deposits with banks, investments with the Uniting Church in Australia (UCA), receivables and payables.
The organisation does not have any derivative instruments at 30 June 2016.
The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2016	2015
		$	$
FINANCIAL ASSETS			
Cash and Cash Equivalents	11	5,285,036	3,983,782
Receivables	9	377,351	194,520
Total Financial Assets		**5,662,387**	**4,178,302**
FINANCIAL LIABILITIES			
Financial liabilities at amortised costs:			
- Payables	6	608,132	508,419
- Borrowings	6a	60,000	80,000
Total Financial Liabilities		**668,132**	**588,419**

Financial Risk Management Policies

An Audit Committee consisting of Board of Governance members meet on a monthly basis to analyse financial risk exposure and to confirm that the organisation is complying with UCA Financial Risk Management Policies.
The committee's overall risk management strategy seeks to assist the organisation in meeting its financial targets, whilst minimising potential adverse effects on financial performance.
The Audit Committee operates under policies approved by the Board and the UCA.
Risk management policies are approved and reviewed by the Committee on a regular basis. These include the future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the organisation is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

(a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the organisation.
Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, specific close monitoring of higher risk entities, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.
Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the UCA has otherwise cleared as being financially sound.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets as the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. There is no collateral held by the organisation securing trade and other receivables at 30 June 2016. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.
Aggregates of such amounts are as detailed at Note 9.
The organisation has no significant concentration of credit risk with any single counterparty or group of counterparties.
Credit risk is managed and reviewed regularly by the Audit Committee. It arises from exposure to customers and deposits with financial institutions.
The Audit Committee monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

- only banks and financial institutions with an "A" rating are utilised;
- all potential members are rated for credit worthiness taking into account their particular circumstances and financial standing; and
- customers that do not meet the organisation's strict credit policies may only purchase in cash or using bank cheques or money orders.

At year end the organisation does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the organisation.

(b) Liquidity Risk

Liquidity risk arises from the possibility that the organisation might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The organisation manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with Uniting Church Funds Management.

Borrowings are to be approved by the UCA Property Trust Board.
The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		Total	
	2016	**2015**	**2016**	**2015**
Financial Liabilities Due for Payment	**$**	**$**	**$**	**$**
Trade and Other Payables (excluding annual leave and grants received in advance)	608,132	508,419	608,132	508,419
Beneficial Use Loan	20,000	20,000	60,000	80,000
Total Contractual Outflows	628,132	528,419	668,132	588,419
Total Expected Outflows	**628,132**	**528,419**	**668,132**	**588,419**
Financial Assets – Cash Flows Realisable				
Cash and Cash Equivalents	5,285,036	3,983,782	5,285,036	3,983,782
Trade and Other Receivables	377,351	194,520	377,351	194,520
Total Anticipated Inflows	5,662,387	4,178,302	5,662,387	4,178,302
Net Financial Instruments	**5,034,255**	**3,649,883**	**4,494,255**	**3,589,883**

(b) Market Risk

(i) Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows. At 30 June 2016, 100% of the organisation's debt is fixed.
All investments of UnitingCare ReGen are with UCA Funds Management - as an agency of the Uniting Church in Australia, ReGen is only permitted to invest with UCA Funds Management.

(ii) Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

The organisation is not exposed to any material commodity price risk. The trade receivables as at 30 June 2016 do not include any counterparties with external credit ratings. Customers are currently purchasing in cash, bank cheques or money orders - no credit is given.

Sensitivity analysis
The following table illustrates sensitivities to the organisation's exposures to changes in interest rates and equity prices.
The table indicates the impact on how profit and equity values reporting at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year Ended 30 June 2016	**$**	**$**
+/- 0.5% in interest rates	+/- 7,708	+/- 7,708
Year Ended 30 June 2015		
+/- 2% in interest rates	+/- 79,675	+/- 79,675

No sensitivity analysis has been performed on foreign exchange risk, as the organisation is not exposed to foreign currency fluctuations.

Net Fair Values

The organisation has no listed investments at 30 June 2016.
The net fair value for other assets and liabilities approximates their carrying value.
No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.
The organisation holds no financial assets where the carrying amount exceeds net fair values.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Fair values are materially in line with carrying values.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.
The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either
- directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs (Level 3).

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
2016				
Financial Assets		4,265,312		4,265,312
Available-for-sale Financial Assets		4,265,312		4,265,312
2015				
Financial Assets	-	3,349,958	-	3,349,958
Available-for-sale Financial Assets	-	3,349,958	-	3,349,958

NOTE 13: CAPITAL COMMITMENTS

	2016	**2015**
	$	**$**
Capital Commitments	-	-
Building Improvements	-	-
Total	-	-

NOTE 13a: COMMITMENT FOR EXPENDITURE

	2016 $	2015 $
UnitingCare ReGen has the following Lease Commitments		
- Not later than 1 year	184,069	-
- Later than 1 year but less than 5 years	66,746	-
Total Commitments	**250,815**	-

NOTE 14: RELATED PARTY TRANSACTIONS

The members of the Board of governance during the year were:

Dr Sandy Ross (Appointed November 2008, Deputy Chairperson from February 2012, Chairperson from November 2013)
Rev Robert Renton (Appointed November 2009)
Ms Kirsty Bennett (Appointed November 2009)
Ms Susan McWhirter (Appointed November 2011, resigned 21 September 2015)
Ms Draga Jevtic (Appointed November 2011)
Ms Christine Robertson (Appointed November 2011, resigned 31 August 2015)
Dr Joanna Wriedt (Appointed November 2011, Deputy Chairperson from November 2013)
Ms Margaret Paterson (Appointed November 2012, resigned 16 November 2015)
Mr Rod Szigeter (Appointed June 2013)
Ms Natalie McKenna (Appointed June 2013)
Ms Laura Collister (Appointed November 2014)
Mr John Rogerson (Appointed November 2014)

Key Management Personnel Compensation

The key management personnel are the CEO and the staff who report directly to the CEO.

The key management personnel compensation included in "Employee benefits expense" in the Operating Statement are as follows:

	2016 $	2015 $
Short-term Employee Benefits	547,792	428,798
Post-employee Benefits	49,729	44,706
Total	**597,521**	**527,504**
Number of Annualised Equivalent Employees	4	4

NOTE 15: CONTINGENT LIABILITIES AND ASSETS

At the date of signing these accounts the members of the Board of Governance are not aware of any contingent liabilities and assets of UnitingCare Regen.

NOTE 16: SUPERANNUATION

Superannuation contributions to defined contributions funds are treated as expenses as they occur. UnitingCare Regen has no contributions to defined benefits Superannuation funds.

	2016 $	2015 $
NGS (previously Uniting Church Superannuation)	281,201	227,151
HESTA	232,260	191,423
First State (previously Health Super)	99,884	95,474
Australian Super	45,722	33,670

Rest Superannuation	13,939	10,827
Uni Super	30,584	20,517
VIC Super	21,732	19,396
AMP	16,534	10,197
Hostplus	4,044	9,596
Vision Super	7,395	9,393
CBUS	6,478	6,079
Asgard Ewrap	6,308	6,123
OnePath	5,703	5,184
ING	6,464	5,166
Intrust	6,017	4,838
Care Super	8,781	-
Other Super funds including SMSF	24,235	12,537
Total	817,281	**667,571**

There are no Superannuation amounts payable but not yet paid as at 30 June 2016.

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

There have been no significant events which have occurred subsequent to 30 June 2016.

In June 2015, the Uniting Church in Australia Synod of Victoria and Tasmania Standing Committee passed a resolution that the Uniting Care Agencies (including UnitingCare ReGen), governed by independent boards, would come together under a single governance structure. It is intended that the governance restructure will become effective in the later part of the 2016 year and will be effected by the amalgamation of the Uniting Care Agencies to form one new entity with a single governance structure. The new entity will be responsible for the provision of the community services of the Uniting Church Synod of Victoria and Tasmania. All existing services of the Uniting Care Agencies will continue under this new governance structure.

NOTE 18: ENTITY DETAILS

The registered office and principal place of business is:
26 Jessie Street, Coburg VIC 3058

McLean Delmo Bentleys
THINKING AHEAD

McLean Delmo Bentleys Audit Pty Ltd

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BOARD OF GOVERNANCE OF UNITINGCARE REGEN

We have audited the accompanying financial report of UnitingCare ReGen which comprises the Statement of Financial Position as at 30 June 2016, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Directors of the Board of Governance.

The Board of Governance's Responsibility for the Financial Report

The directors of the organisation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organisation's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012* provided to the directors of UnitingCare ReGen would be in the same terms if provided to the directors as at the date of this auditor's report.

McLean Delmo Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BOARD OF GOVERNANCE OF UNITINGCARE REGEN

Opinion

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

(a) giving a true and fair view of UnitingCare ReGen's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulations 2013*.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd

Hawthorn

Adam Roberts
Partner
Dated: 28/9/16

AUDITOR'S INDEPENDENCE DECLARATION

To the Board of Governance of UnitingCare Regen:

I declare that, to the best of my knowledge and belief, there have been:

i. No contraventions of the independence requirements of the Australian Charities and Not-for-profit Commission Act 2012 in relation to the audit; and

ii. No contraventions of any applicable code of professional conduct in relation to the audit.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd

Hawthorn

Adam Roberts
Partner
Dated: 19/9/16

About us

Our approach

UnitingCare ReGen is the leading AOD treatment and education agency of UnitingCare Victoria and Tasmania. We are a not-for-profit agency with over 40 years' experience delivering a comprehensive range of AOD services to the community.

ReGen's services are consistent with the harm minimisation framework that has underpinned national and state drug strategies for more than 25 years. In keeping with these strategies we are committed to minimising the health, social and economic harm to individuals, families and communities resulting from problematic alcohol and other drug use.

Harm minimisation is not about moral judgements regarding AOD use. It is about working with people in a respectful way, whether their goal is ceasing or reducing their use, or minimising the harm associated with substance use.

The comprehensive range of ReGen's services enable us to provide early education or treatment interventions where people are at risk of, or are experiencing, early stage AOD-related harm. We also provide more intensive services for adults or young people who require greater levels of support or medical care.

ReGen is committed to leading practice. This means that all our activities are supported by research evidence, and that we continually monitor, evaluate and strive to improve our services.

Our nationally recognised Registered Training Organisation provides workforce development training, consultancy and mentoring for AOD workers and other allied health professionals.

All ReGen services reflect our values: hope, empowerment, respect, social justice and integrity.

Working with different needs

ReGen provides services that reduce harm and support people to achieve long term goals regarding their AOD use, which often occur together with mental health issues and other challenges. We understand that people have different needs and goals, and that these may change as they progress through treatment and post treatment support. We work in partnership with individuals and families to achieve realistic goals that keep them safe and improve their quality of life.

Our person-centred approach ensures that our staff consider how people's background and life experience may influence their AOD use, as well as their understanding and expectations of treatment services. We have extensive experience working with groups with different needs. Regardless of someone's background and life experience, we believe that our role is to instil hope that sustainable change is achievable and provide people who use our services with the support and practical skills necessary to make it happen.

Families can play a critical role in preventing AOD harm and supporting their loved ones to address their substance use. However, problematic substance use within the family can have a negative impact on all family members' health, safety and wellbeing. ReGen recognises the right of every child to a safe and stable childhood and is committed to building a society that values and cares for its children, as demonstrated by our Intensive Playgroups for parents and children. We provide a range of targeted services and practical resources for family members at all stages of the change process. This may involve an information session to help a family member understand the treatment and support options available, family counselling during treatment, or attendance at a support group for family members.

Working collaboratively

ReGen's harm minimisation approach acknowledges that treatment is only one phase in the change process. We work collaboratively with a range of complementary services designed to support lifestyle changes over the long-term, including self-help programs and services providing specialist support in areas such as mental health, medical services, children and family services, employment, education, welfare and housing.

We continually improve our services by monitoring and evaluating them against best-practice benchmarks including evidenced based research, external quality accreditation standards and relevant legislation. We also listen to people who use our services, staff and peers and take into account what has (and hasn't) worked for them.

Our stakeholders

ReGen's stakeholders are people who use AOD, their families and the wider community; our staff and Board of Governance; our funders including state and federal government and corporate partners; our partners and allies, including the UnitingCare network; our donors; policy makers; non-government organisations and researchers working in the AOD sector, mental health and allied fields; and the media.

Relationship to the Uniting Church

ReGen is an agency of the Uniting Church in Australia and is part of the UnitingCare network. The UnitingCare network is one of the largest non-government providers of community services in Australia. We are guided by the strategies and priorities developed by UnitingCare Victoria and Tasmania, and the Uniting Church Synod of Victoria and Tasmania.

Our strategic direction

Our 2014-2017 strategic plan guides ReGen's work and directs our energies to ensure that the needs of individuals, families and communities affected by problematic AOD use are at the heart of everything we do.

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