

Transform
Australia

2020 Annual Report
The Salvation Army
Australia

one life

at a time



Our mission

The Salvation Army is a Christian movement dedicated to sharing the love of Jesus.

We share the love of Jesus by:

CARING FOR PEOPLE

- Being there when people need us most
- We offer care and compassion as a sacred encounter with transformative potential

CREATING FAITH PATHWAYS

- Taking a holistic approach to the human condition that values spirituality
- We graciously share the Good News of Jesus and grow in faith together

BUILDING HEALTHY COMMUNITIES

- Investing ourselves in relationships that promote mutual flourishing
- We find the wholeness God intends for us in community

WORKING FOR JUSTICE

- Tackling the social systems that harm creation and strip away human dignity
- We join God's work to build a fairer world where all can thrive

Our vision

Wherever there is hardship or injustice, Salvos will live, love and fight alongside others to transform Australia one life at a time, with the love of Jesus.

Our values

Recognising that God is already at work in the world, we value:

- Integrity
- Compassion
- Respect
- Diversity
- Collaboration

We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.

Our contacts

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Contents

| | |
|-----------------------------------|----|
| Messages from Leadership. | 6 |
| Board. | 8 |
| Disasters – Bushfires | 10 |
| Disasters – Drought | 14 |
| Homelessness | 18 |
| Recovery Services | 22 |
| Moneycare | 26 |
| Aged Care | 30 |
| Salvos Stores | 32 |
| Employment Plus. | 36 |
| Red Shield Appeal | 40 |
| Thank You Australia | 42 |
| Snapshot of our Services. | 48 |
| Financial Report | 50 |



Message from the

Territorial Commander

It is with a deep sense of responsibility and faith in God that, on behalf of the Board, I present the 2019-20 Annual Report for The Salvation Army Australia Territory.

This year saw significant ongoing change for The Salvation Army as we continued to fully integrate the two former territories into one Australia Territory. The year was filled with many challenges and opportunities as we redefined our mission in contemporary Australia, focused our mission in areas where we could have the most impact, as well as continued to restructure the movement to be able to do that.

Along with ongoing change, Australia also experienced one of the most intense disaster seasons ever, with drought, bushfires and COVID-19. The pressure this placed on our personnel and finances was significant throughout the year. However, the benefits of being one territory were demonstrated in the way we responded.

During the bushfire crisis, we were able to act with one coordinated national response, underpinned by one national fundraising appeal. The ongoing recovery operations continue to be nationally coordinated, aligning with the government's National Bushfire Recovery Agency where we can speak and influence with one national voice.

I commend and thank our executive management team, under the leadership of Colonel Mark Campbell [until December 2019] and his successor, Colonel Winsome Merrett, for their dedicated service and leadership through continued change and the achievements represented by this annual report.

There are increasing levels of effective holistic and integrated mission delivery across our territory and I thank all our officers, employees and volunteers who work so hard every day to support Australians in need.

And in thanking all Salvos, I sincerely acknowledge that this is a team effort that is wider than Salvation Army personnel. The focused, dedicated support of our partners – government, business, partner service providers and donors – are integral to our continuing holistic body, mind and spirit-transforming mission and ministry. I gratefully honour and thank you all.

The Board and its committees continue to provide governance oversight to The Salvation Army Australia.

Finally, our deepest gratitude is offered to God who is our solid rock through every challenge, our wisdom within every decision and the creative innovator when we engage in every relevant opportunity.

Wherever there is hardship or injustice, Salvos will live, love and fight alongside others to transform Australia one life at a time, with the love of Jesus.

God bless you,

Robert W. Donaldson (Commissioner)
BSc LTh PGDipBusAdmin MInstD(NZ)
**Territorial Commander and Chair of the Board
Australia Territory**



Message from the

Chief Secretary

I want to thank Commissioner Robert Donaldson, Territorial Commander and Chair of the Board, for his and the Board's support over the past 12 months. I also gratefully acknowledge the leadership of Colonel Mark Campbell, who held the role of chief secretary during the first seven months of this financial year.

The past financial year was incredibly tough. With drought, bushfires and a global pandemic, The Salvation Army was challenged and stretched like never before. The stories and statistics in this annual report provide a snapshot of the magnitude of the 2019-20 financial year and the response of the Army to the need that emerged throughout.

The extra demands of COVID-19 demonstrated our ability to quickly, creatively and collaboratively adapt to a dramatically changing environment. Our Red Shield Appeal became fully digital and we moved to using online systems wherever possible for both our Christian ministry and social service provision.

During the ensuing months, our frontline staff continued to deliver services to those who were most vulnerable, serving with compassion and respect. The Salvation Army continued to effectively deliver in our areas of core focus – homelessness, family and domestic violence, drug and alcohol addiction and youth services. There was also increased activity in poverty relief and financial counselling, along with increased community engagement through our corps. Thank you so much to everyone involved in this unprecedented effort.

The tireless work of our headquarters-based 'mission enablers' in providing essential infrastructure and processes for the life-transforming local Salvation Army ministry this year must also be recognised. They have been innovative, agile

and effectively responsive amid great challenge. They continue to develop and embed systems and frameworks across The Salvation Army that ensure our people and those we serve, the processes we use and environments in which our people work and minister, are safe and missionally effective.

In a year of uncertainty and instability, our officers and employees again demonstrated their strong commitment to the mission and vision. They continued to embed the local mission delivery model throughout the nation. This model is how the different mission expressions of The Salvation Army collaborate to serve in a holistic and consistent way to fulfil The Salvation Army vision: **Wherever there is hardship or injustice, Salvos will live, love and fight alongside others to transform Australia one life at a time, with the love of Jesus.**

We could not have achieved all we have this year without the wonderful support of our corporate partners, donors and volunteers, combined with all Salvation Army personnel and other agencies who partner with us.

Your continued financial and volunteering support enables The Salvation Army to have the resources required, under God's direction and in His power, for significant positive impact in the lives of those we serve.

God bless you,

A handwritten signature in blue ink that reads "Winsome Merrett".

Winsome Merrett (Colonel)

B.Sp.Thy., MA Arts (Theological studies) A.Mus.A
**Chief Secretary and Chair of the Executive
Mission Council Australia Territory**

THE AUSTRALIA TERRITORY BOARD



Commissioner Robert Donaldson (Chair)



Colonel Geanette Seymour (Alternate Chair) (Chair, Quality and Safety Committee)



Mr Richard Grellman AM (Lead Independent) (Chair, Professional Standards Committee)



Commissioner Janine Donaldson



Colonel Mark Campbell (ceased 1 February 2020)



Colonel Winsome Merrett (commenced 1 February 2020)



Mr Greg Couttas (Chair, Audit and Risk Committee)



Mr Adrian Appo OAM



Ms Desley Hargreaves PSM



Ms Felicity Natoli



Captain Richard Parker



Captain Lydia Hong

TSA Annual Report - 2019-2020 - Board Information

The Board is responsible for providing governance oversight to the Australia Territory in accordance with Australian law, all requirements under International Headquarters Orders and Regulations, and the principles of theology, mission, integrity and compliance.

The Board is responsible for strategically positioning the territory so that it has a sustainable, major influence on Australian society, and to provide advice and assistance to the Trustees.

Although chaired by the Territorial Commander, the Board is accountable to the General for its responsibilities.

During the 2019-20 financial year, there were several changes to Board membership with Commissioners Janine and Robert Donaldson commencing their appointments as Territorial Leaders on 1 July 2019, and Colonel Winsome Merrett commencing her appointment as Chief Secretary on 1 February 2020. Board membership for this period is as listed:

1. Commissioner Robert Donaldson, Chair
2. Colonel Geanette Seymour, Alternate Chair
3. Richard Grellman AM, Lead Independent
4. Commissioner Janine Donaldson

5. Colonel Mark Campbell (ceased 1 February 2020)
Colonel Winsome Merrett (commenced 1 February 2020)
6. Greg Couttas
7. Adrian Appo OAM
8. Desley Hargreaves PSM
9. Felicity Natoli
10. Captain Richard Parker
11. Captain Lydia Hong

In August 2019, the Board visited several mission expressions in the Tasmania Division, including Doorways to Parenting South, Hobart Doorways and Barrington Lodge, providing an opportunity for members to experience a number of different mission expressions and interact directly with those whom The Salvation Army serves.

During February 2020 the Board met in person in Melbourne. Due to the COVID-19 pandemic, the Board was not able to meet in person for the remainder of the 2019-20 period, with all subsequent meetings held online.

Board Committees

Audit and Risk Committee

The purpose of this committee is to ensure the integrity of the financial statements, the risk management framework and the system of internal controls, such that these align with The Salvation Army's values and meet its legislative and regulatory obligations.

Nominations Committee

The purpose of this committee is to fairly and objectively identify and nominate suitably qualified candidates for appointment to the Board.

Pastoral Committee

The purpose of this committee is to improve the depth and breadth of the spiritual life of The Salvation Army in Australia; and to guide the movement so that it operates in accordance with its God-given mission to: "share the love of Jesus by caring for people, creating faith pathways, building healthy communities and working for justice".

Professional Standards Committee

The purpose of this committee is to define and promote within The Salvation Army a world's best-practice response to allegations of abuse and ensure The Salvation Army is actively enhancing child safety within the Australian community.

Quality and Safety Committee

The purpose of this committee is to define and promote a culture of continuous quality improvement and consumer safety that aligns with The Salvation Army's values and meets its legislative and regulatory obligations.

there *for the* longhaul



One of the temporary housing 'pods' after being delivered to a family recovering from the Black Summer bushfires



Inside one of the pods

"As a national organisation locally embedded in communities, Salvos not only understood their community – they were a part of it before, during and after the fires."

Lieutenant-Colonel Lyn Edge, Secretary for Mission



3000

personnel, including trained volunteers, worked four to eight-hour shifts on a 24-hour rotation during the 'Black Summer'

Over the summer of 2019-20, The Salvation Army conducted its largest-ever response to a disaster in Australia when bushfires raged through vast areas of New South Wales and Victoria, as well as Queensland and South Australia.

Throughout the 'Black Summer', Army teams provided services and support at almost 300 locations, including evacuation, relief and recovery centres. A network of 3000 personnel, including trained volunteers, worked four to eight-hour shifts on a 24-hour rotation.

To support the increasing number of communities significantly impacted by these fires, The Salvation Army launched a national Bushfire Disaster Appeal on 9 November 2019. The appeal raised \$46.571 million in donations by the end of the financial year, thanks to the generosity of the Australian public and our corporate partners. We also received \$19.9 million in funding from the Australian Government's Department of Social Services.

By the end of June 2020, The Salvation Army had assisted around 12,000 Australians with \$23 million in direct financial assistance and continues to journey with people through financial support including grants, as well as emotional and spiritual assistance.

Lieutenant-Colonel Lyn Edge, Secretary for Mission, said as a national organisation locally embedded in communities, Salvos not only understood their community – they were a part of

it before, during and after the fires.

"[Our teams] are listening to local residents, businesses and local leaders about how they think the money can best be used to help their particular communities rebuild," said Lyn. "Ensuring local communities have a voice into how the money is spent is one of the critical elements in making a full recovery."

Based on our longstanding history of responding to disasters and backed by research, we recognised that not only do people's needs change over time, but they require support over months and years to come. Our response to this disaster has a three-phased approach – response, recovery and rebuild – from the start of the fires up until 2023.

Recovery and rebuild is often the longest and most expensive phase, and where the balance of funds will be spent. A Salvation Army Bushfire Recovery Team was established in early 2020 to support communities for the long haul. In addition to this, recovery workers worked closely with the Army's Moneycare and Doorways teams, to deliver holistic financial services.>



\$46.571 million

was raised in the national Bushfire Disaster Appeal launched by The Salvation Army on 9 November 2019



12,000

Australians impacted by the bushfires were assisted by The Salvation Army by the end of June 2020

The Bushfire Recovery Team continues to work with federal, state and local partners to deliver services such as:

- financial assistance and counselling
- dedicated phone line to help workers assess requests for financial support and deliver material aid
- outreach workers embedded in local communities
- case workers based in communities to deliver holistic assistance

A partnership with the Minderoo Foundation has greatly assisted The Salvation Army's recovery efforts, with the donation of a specially fitted-out Winnebago and the construction of temporary accommodation 'pods' for bushfire-affected individuals and families.

The Winnebago has enabled the Bushfire Recovery Team to be 'mobile' and access many remote regions. Fitted internally with office space, it allows two outreach workers to operate from the vehicle.

Salvation Army personnel from Moneycare and Doorways services also attend outreach visitations, with tables and chairs set up outside the parked Winnebago to connect with people in the community. Martin Boyle, who heads up The Salvation Army Bushfire Recovery Workers team, said this service highlighted The Salvation Army's presence in rural communities.

"We organise with the local council to park somewhere and set up signage," he said. "There are still people who have never had to access services before, and there are a lot of proud people out there who really don't want to ask for help."

When the Army's bushfire response finally winds down, the Winnebago will be kept within The Salvation Army Emergency Services (SAES) fleet for use in future disaster recovery work.

The Army also committed \$1.5 million to support families in NSW with temporary homes, an initiative supported by the NSW Government and the Minderoo Foundation.

Temporary accommodation 'pods', with built-in electricity, water and sewer systems, are being set up on people's properties for a period of up to two years. The pods are different sizes, depending on the needs of the property owner or size of the family being assisted. Once a pod is delivered, Salvation Army outreach workers continue to journey with individuals and families, providing wrap-around services through its Doorways and Moneycare services, referrals to other agencies for mental health and other support.

By the end of the financial year, more than 100 pods had already been allocated to families across NSW, with more being constructed.



100 +

pods had been allocated to families across NSW by the end of June 2020



\$1.5 million

was committed by The Salvation Army to support families in NSW with temporary homes

One of The Salvation Army's mobile support vehicles set up in a regional town



Inside one of the Winnebagos



accommodation pods are set up on people's properties for a period of up to

2 years

"There are still people who have never had to access services before, and there are a lot of proud people out there who really don't want to ask for help."

Martin Boyle, TSA Bushfire Recovery Team

welcome relief in the "big dry"

The Salvation Army was one of a number of organisations announced by the Federal Government in September 2019 to deliver millions of dollars in drought assistance.

The funding is part of the Australian Government Drought Community Support Initiative (DCSI), which provides up to \$3000 to eligible farming households experiencing hardship due to the drought.

Round one of the DCSI (December 2018 – June 2019) included \$12.5 million for people to access, but as the drought worsened, the government made an extra \$75 million available, as part of a second-round assistance package.

The funding was split across local government areas around Australia that are affected by drought.

Major Topher Holland, who leads the Strategic and Emergency Disaster Management Team for The Salvation Army, said the extra funding for drought-affected areas was desperately needed.

The Salvation Army has been supporting people in rural and regional Australia for more than 100 years, through its rural chaplaincy network, corps officers, employees and volunteers located in the bush. In addition to the government funded DCSI initiative, The Salvation Army contributed more than \$8 million in funds and donations, to support drought impact communities since 2011.

"So, when the 'big dry' hit, we were already on the ground and able to increase support to those in need as assistance arrived," said Topher. "But we were thrilled when the government pledged this money."

Denise Thomas, The Salvation Army DCSI Program Coordinator, said when the second round of funding became available in November 2019, her team received around 6500 applications for assistance in the first two weeks. By the end of June 2020, The Salvation Army had distributed nearly \$50 million to more than 17,000 households.

This second round of funding also extended the reach of drought assistance to an extra 52 local government areas. Although severely affected by drought, Scenic Rim in Queensland missed out on first-round of funding, but thanks to the advocacy of local Salvo Wes Bust of Fassifern Corps, this changed.

"Wes consistently advocated for his community, stating they were in severe drought and in desperate need of drought assistance," said Denise.

"Due to Wes' advocacy and highlighting the issues in his 'patch', the DCSI team was able to advocate



successfully to the government to include Scenic Rim as an eligible Local Government Area.”

Thirty-one employees, 18 chaplains and a crew of dedicated retired officers and volunteers have been working full-time to stand alongside individuals and families across Australia, affected by the drought. Corps officers in drought-affected areas remain on the front-line supporting individuals, families and communities that are hurting.

Despite good rainfall in some areas throughout winter, much of the country is still drought-affected, Denise said. “The rain has made people more positive, but what people forget is that while some areas are green now, and it looks wonderful, farmers and people living in our rural and regional communities have a long road ahead to recover, and still desperately need our prayers and support.”

The Salvation Army has been supporting people in rural and regional Australia for more than 100 years.



nearly
\$50 million
distributed to more than
17,000 households by the
end of June 2020



31 employees, **18**
chaplains plus volunteers and
officers worked alongside
individuals and families
affected by the drought



Tamworth community rallies for farmers

One of the more novel drought-relief initiatives of the past financial year was The House That Drought Built, a fundraising project in the northern NSW city of Tamworth.

The Salvation Army was part of the project, which also included G.J. Gardner Homes, the McCloy Group, Tamworth Regional Council and PRDnation-wide, to build and auction off a family home.

The four-bedroom home sold for \$560,000, with a large portion of the funds going towards The Salvation Army Rural Drought Relief Program in NSW.

Natalie and Daniel Urquhart, owners of G.J. Gardner Homes, Tamworth, came up with the initiative after recognising the devastating impact the drought was having on their community.

A sod-turning ceremony was held on the lot at Lampada Estate in early 2020 with the community rallying around the project. To keep building costs to a minimum as well as overheads of the land, local trades, building suppliers and businesses contributed their time and materials to the construction of the luxurious Hamptons-style, family home.

A YouTube channel and Facebook page provided regular updates on the progress of the build, as well

as showcasing the generosity of the trades and suppliers involved.

"It's heartening to see this resilience and optimism throughout the community ... projects like The House That Drought Built play an important role in keeping farmers' spirits high," said Major Kelvin Stace, a Salvation Army rural chaplain for north-west NSW.

"Many farmers are living with the weight of considerable financial and emotional strain, seeing their community pull together to support them through this challenging time is undoubtedly uplifting."



Captain Brad McIver (far right) joins (from left) Amy Hughes (PRD Tamworth), Dean Cummins (PRD Tamworth), and Daniel and Natalie Urquhart (G.J. Gardner Homes Tamworth), in congratulating buyers Cathy and Brian Crowe on their new home after the auction

The 'drought house' that was built in Tamworth to raise funds for drought relief in the area



“It’s heartening to see this resilience and optimism throughout the community ... projects like The House That Drought Built play an important role in keeping farmers’ spirits high.”

Major Kelvin Stace, a Salvation Army rural chaplain

adapting to meet

the challenge

The Salvation Army is the largest provider of homelessness services in Australia. As the COVID-19 pandemic hit in early 2020, the Army quickly responded to adapt and help meet the growing and constantly changing needs of people experiencing homelessness, especially those for the first time.

As Melbourne experienced a second lockdown and coronavirus cases in other parts of Australia rose, this flexible response continued.

Long term, the pandemic has brought changes to the way the Army's Homelessness Stream interacts with clients and community members, with many of these new ways of operating expected to remain into the future.

"We were watching what was happening overseas early this year and knew that Australia would not be exempt from the pandemic," says Livia Carusi, the Army's General Manager for Homelessness. "We also knew that vulnerable people were at greater risk of coronavirus and would be hardest hit."

The Salvation Army swung into action. Major Jenny Begent, Head of Social Mission, had daily meetings with Livia and the general managers of the three other social services areas – Alcohol and Other Drugs, Family Violence, and Youth – as well as state managers and a range of team leaders, to work on managing service response at different phases of the pandemic, and keeping the business continuity plan current.

"The Salvation Army around the country also liaised with external authorities around expectations of our organisation and collaboration," says Livia. "Our teams continue to meet regularly to focus on the recovery process.

"We are adhering to all government guidelines, which include an increased level of cleaning at all sites, rostering staff to ensure our ability to be agile and mobile, increased consultation with other streams, and moving people between streams to continue services and connections.

"We have also moved to increased contact via email, phone and use of technologies where possible, which is working well and will probably continue going forward. This also applies to services such as transition housing and support."

Livia says that stimulating and expanding social housing is critical to solving homelessness and giving people dignity and a permanent home. This includes using the private rental market where appropriate, as well as the increased use of serviced apartments taken 'offline' and used as a private rental.

"These ideas are becoming more established and are also more appropriate for other vulnerable people, such as women leaving situations of domestic violence, or First Nations peoples," she says.

"The ideas are out there, and homelessness can be eliminated. There has to be a strong political will, a collective desire to end street-sleeping, a drive to building the necessary societal structures, and stimulating the economy in a way that allows for social and affordable housing, especially as we work through the pandemic and beyond."



"The ideas are out there, and homelessness can be eliminated."

Livia Carusi, General Manager for Homelessness

calm before the storm in

Top End



Community and Fundraising Manager Kevin Wrigley says the Northern Territory has one per cent of the Australian population but 15 per cent of the country's people experiencing homelessness

The Salvation Army's support network for people experiencing homelessness in the Northern Territory is gearing up for a possible exponential growth in demand for its services in the coming months when Australian Government COVID-19 handouts are scaled back.

Northern Territory Community and Fundraising Manager Kevin Wrigley said the Sunrise Centre at Berrimah and the Red Shield Hostel in Darwin had not experienced their usual volume of requests for help in the first half of 2020, due to the pandemic, because increased government money may have reduced the reliance on such services.

Kevin said that could change when payments "go back to normal". He said the Northern Territory had the highest percentage of people experiencing homelessness in Australia, which was reflected in the number of people usually calling on The Salvation Army for support in the way of food, clothing and accommodation.

He pointed out that the Northern Territory had one per cent of the Australian population but 15 per cent of the country's homeless. Public housing waiting lists were exceptionally long and families are waiting several years before permanent accommodation becomes available.

With the outbreak of COVID-19, Kevin said the wait would only get longer, with homeless and

rehabilitation centres having limited capacity. "In the best of times, there are a lot of people struggling in the NT but, obviously, with COVID-19, that has gone to another level."

Salvation Army support services, including Doorways, had experienced a significantly quieter period in the early months of 2020, according to Kevin.

"I'm not too sure about those experiencing homelessness seeking support but, in terms of seeking financial support, the people we normally see on a day-to-day basis has been quite dramatically less," he said. "We were expecting a big demand on Doorways services with mass unemployment happening when a lot of people got stood down, but we probably haven't really seen that materialise."

"It could be the case that it's still a few months away when these support payments go back to their normal levels, but we'll just have to see what comes back. I do think the government support that's been offered has kind of kept people or let people survive for the time being without having to go to services such as what the Army provides."

"In the best of times, there are a lot of people struggling in the NT but, obviously, with COVID-19, that has gone to another level."

Kevin Wrigley, NT Community and Fundraising Manager

widening the road

to recovery

The Salvation Army has changed its Alcohol and Other Drugs (AOD) services to allow more participants to recover within their own communities, strengthening connections with local Salvation Army expressions and increasing participants' long-term wellbeing.

"As we all know, the recovery journey is different for everyone," says Lieut-Colonel Lyn Edge, Secretary for Mission for The Salvation Army. "By diversifying our services, we can support even more people in their long-term recovery."

Lyn said The Salvation Army looked at a range of research before making the decision to embrace more community-based models of AOD care.

"Evidence has shown us how effective treatment choice and community-based care are for long-term recovery," she said. "The benefits of this model can be seen in the stories of countless people who have accessed Salvation Army community-based AOD services and shared their experiences of pursuing recovery within their own homes and suburbs while being fully supported by The Salvation Army."

One of the big winners in the community-based AOD model is families. The majority of people coming to intensive day-programs are mothers or fathers who have care responsibilities that would make residential recovery impossible. Others are still in the workforce and are able to be flexible in their choice about what days they attend group therapy and other meetings.

Debbie (not her real name) is a single mother of three children. She described her life as "a mess" when she first began working with The Salvation Army after leaving an abusive relationship, which resulted in her children being removed from her care.

"The [Salvation Army] Bridge Program offered me a day program that was flexible and meant that I could attend groups and meetings at times that suited me," she said. "This meant I could continue to work with the parenting programs, child safety and my psychologist while still doing the program."

With all levels of care on offer – part-time, full-time, residential and aftercare – the result is a holistic support service. Being based in the community, rather than in a residential setting, the service is also able to offer programs for family members and loved ones who are supporting people experiencing issues with addiction.

Kathryn Wright, the Army's AOD National General Manager, said in many locations a Salvation Army community care recovery service is located within Salvation Army church buildings, which will give clients the opportunity to connect with activities such as playgroups, volunteering, support groups and Sunday services.

"The changes we are making to open up more places for community-based recovery within The Salvation Army will create opportunities for participants to develop a more organic, sustainable and longer-term relationship with The Salvation Army. We are excited to partner with corps as we develop more diverse ways that we can support people on their recovery journey."



HOPE
THE SALVATION ARMY
WHERE IT'S NEEDED MOST

L&P LAKE LAB
2672

building bridges to recovery

Jason* spent 16 years of his life in prison and was addicted to heroin. After completing two cycles of The Salvation Army Building Bridges recovery program he is rebuilding his life and has been clean for a significant period. Jason is currently studying for Alcohol and Other Drugs (AOD) Counsellor certification.

Kate* completed two cycles of Building Bridges – the second through telephone delivery under COVID-19 restrictions. She spoke about being treated with respect throughout the program and having her dignity upheld by the way she was encouraged, but also held accountable.

The Salvation Army's 'Project Hope' at Dandenong, Victoria, runs Building Bridges to assist those in the local area battling drug and alcohol addictions. It's an evidence-based day therapeutic recovery program, based on helping participants work towards recovery and optimal health physically, mentally, emotionally and spiritually.

The eight-week program is run under the auspices of the Dandenong Corps and in partnership with The Salvation Army National AOD services, led by Kathryn Wright.

"The concept behind it is that most people who are misusing substances don't want to be but haven't had the skills to make a better choice in life," explained Program Manager Major John Farquharson. "So, we look at helping them develop skills to make wiser choices.

"Most importantly, we believe that every person is a human being created in the image of God and deserves to be treated with dignity and respect."

A day model for the program, rather than residential services, was chosen for Building Bridges.

"Residential suits a lot of people, but not everyone," said John. "In a local day program, people can get on with their daily lives and responsibilities and learn to cope in the situation they are living in."

Being based at a local corps but having strong links with The Salvation Army AOD stream also allows consistent standards of practice to be maintained and developed.

Participants come from all walks of life and are referred by the Magistrates' Court across the road, the Drug Court, solicitors and the participants themselves.

The Salvation Army has a strong relationship with the Drug Court. By attending a course like Building Bridges, clients get credits that will help them in avoiding potential prison sentences, and in the rehabilitation and recovery supervised by the Drug Court.

The Victorian Drug Court, based at the Dandenong Magistrates' Court, recently recognised staff from the Building Bridges program for the impact they are consistently having in the lives of the program's participants – people such as Jason and Kate.

* names have been changed for privacy reasons

Chief Magistrate Gerard Bryant (second left) presents Major John Farquharson with a certificate of special appreciation for the work of The Salvation Army's Building Bridges program. Mike McKenzie (left) and Terry McNab (right), program counsellors, also attended the presentation



“Most importantly, we believe that every person is a human being created in the image of God and deserves to be treated with dignity and respect.”

Major John Farquharson, Program Manager

financial literacy a Skill for life

Statistics reveal that 35 per cent of Australians find dealing with their finances overwhelming, and more than 66 per cent feel financially insecure.

Despite this, many people leave it until they are at crisis point before they do anything about it. They think that financial literacy and counselling programs are needed only by those who find themselves in a debt crisis.

However, the services offered by The Salvation Army Moneycare program are helpful for all because everyone has to deal with money on a daily basis.

Moneycare has been part of Australia's financial counselling landscape for more than 30 years and its flagship program, You're the Boss, has been running for 10 years.

This financial-capability resource was born out of the Army's desire to create a learning space that was vastly different to the heavy, 'schoolroom' learning, which often focused more on the theoretical side of dealing with money.

"We discovered that this kind of learning had little or no impact on people's dealing with their finances," says Tony Devlin, National Manager of Moneycare. "So, we began to develop a simpler, practical program, which honed in on the key areas people need to know. It has been having a real impact on people's lives."

Kristen Hartnett is a regional manager for Moneycare and the creator of You're the Boss. "The Salvation Army is in the unique position of seeing where things often go wrong with money and so we are able to see what good preventative measures should be put into place to help people, and this is where You're The Boss comes in," says Kristen.

"Whether you are 18 or 80, money is something we are all managing. Financial literacy and understanding money is relevant for all people and it is our desire to work collaboratively with all faith and social services across The Salvation Army to help people in this area."

"We want people to realise that The Salvation Army is there for people who are struggling, but also can be there for people before they get into a crisis situation."

Tony Devlin, National Manager of Moneycare



35%

of Australians find dealing with their finances overwhelming

You're the Boss is delivered by over 130 trained facilitators across the country and Kristen and her team ensure the program is constantly evolving to fit the landscape.

The program has a holistic approach towards managing money, moving beyond talking only about technical things like budgets, to using behavioural science and helping people to understand their often unspoken relationship with money and how to be a good steward of it, in line with their value systems. Kristen says the program is for everyone.

"Moneycare has been able to help thousands of people find finances less overwhelming," says Tony. "We want people to realise that The Salvation Army is there for people who are struggling, but also can be there for people before they get into a crisis situation."



66%
of Australians feel
financially insecure



130 +
trained facilitators across
Australia deliver the money man-
agement program You're the Boss

Joseph finds a

community connection

Joseph laughs when he says that his grandkids used to call him 'Grumpy Grandad!' But the pensioner in his late 60s admits that anger has been a big issue for him over the past eight years since he was injured.

A single father of four, Joseph is proud of the fact that he chose to work his whole life to support his family, rather than receive government assistance. He drove taxis in Brisbane until he was shot. Not once but twice.

As well as the physical injuries, which took time to heal, Joseph was left with Post Traumatic Stress Disorder and unable to work. Still paying off his mortgage, it wasn't long before bills started to pile up. As the mailbox filled with letters from creditors, Joseph says his anger built.

His daughter made him an appointment to see a Salvation Army Moneycare financial counsellor. Jenny Marsh was handed the case and immediately began working with Joseph to ease his financial burden – gaining 'hardship provision' for his loan and working on payment plans for his expenses. "Jenny has really helped me out so much," he said.

Instead of getting angry when bills came in the mail, Jenny told Joseph to set them aside and bring them in for

her to have a look at during their next appointment. Through that process, she has been able to advocate with creditors on Joseph's behalf and help him to learn how to advocate for himself, without his anger rising sky-high.

Joseph has since linked with The Salvation Army at Caboolture (Queensland), after reluctantly receiving financial assistance for groceries from Corps Officer Major Bruce Ellicott. He structures his fortnightly Moneycare meeting with Jenny on a Wednesday so that he can attend Men's Group afterwards. "I wander in and help them cook sausages," he said.

Jenny said it's been beautiful to watch the changes in Joseph's demeanour and outlook on life. "We have gotten to know each other quite well. He has calmed down a lot now; he's not as angry."

Joseph said that even his children have noticed the change in him, that he's not such a 'Grumpy Grandad' after all!

Moneycare financial counsellor Jenny Marsh with Joseph Wells, whose demeanour has changed since encountering The Salvation Army



creating an environment of belonging



The Salvation Army Aged Care promotes a unique experience of choice, lifestyle and belonging for all people as they age. Its services span across Australia in 21 residential aged care centres, seven retirement villages, one respite centre, and community homecare services.

In addition, its National Disability Insurance Scheme (NDIS) team assists more than 60 aged care residents who are participants in the scheme. The lives of these residents are enhanced through this team, which provides care and support that assists them with participating in and engaging with their communities.

Kubirri Aged Care Centre

The final stages of construction to this centre in Mossman, Queensland, took place in the reporting year, and accepted its first residents on 25 August 2020.

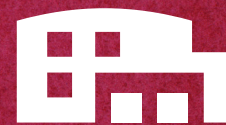
The project had been initiated by the local community more than 20 years ago with the idea that it would provide much-needed support for the region.

During all phases of the building and hiring process, the local community was consulted with more than 40 jobs created.



2442

people cared for in residential aged care facilities



21

residential aged care facilities

The Douglas Shire Council and the Queensland Government were also instrumental in bringing the project to completion. The council waived \$248,000 in infrastructure charges and the government provided \$544,000 – and an additional \$3.4 million towards infrastructure.

The official opening event was postponed due to COVID-19 restrictions, but a Welcome to Country, an Indigenous smoking ceremony and a prayer of dedication were given on-site by representatives from The Salvation Army and the local Indigenous community.

COVID-19 response

The Salvation Army Aged Care's response to COVID-19 continues to be rapid and thorough, based on the vulnerability of those in its care. Representatives across the mission enterprise meet weekly to discuss any state or federal changes in legislation, mental health support for clients, needs of residents and staff, updates to collateral (such as posters) and mandatory Infection Prevention and Control training that needs to take place.

Daily updates based on positive cases in aged and health care settings are posted to this working group to ensure that risks posed to our residents, clients and staff members are minimised. Legislation changes are communicated to clients, residents and their families as required.

In the minimal instances of positive or suspected cases relating to sites and services, The Salvation Army Aged Care has enacted rapid responses with a coordinated team assisting from all over the country. Programs have also been developed and implemented to help facilitate connection with residents and their loved ones. Two of these programs include WindowConnect, for physically-distanced but emotionally-connected visiting via video, and GrandPals, a pen pals program with local schools.

International Year of the Nurse and Midwife

In celebration of the World Health Organisation International Year of the Nurse and Midwife, The Salvation Army Aged Care leadership nominated a number of nursing staff for its own 2020 Nurse of the Year Award.

A winner was chosen in May, with three more nurses being selected as runners-up as a means of highlighting all the important work that nurses do.

The Salvation Army Aged Care continues to celebrate its nurses with articles shared on its website and other social media channels every month, highlighting an exemplary nursing staff member, as a means to inspire those working with The Salvation Army Aged Care and the wider community.



1600

people who received in-home care



123

low-cost accommodation
units provided to older
Australians in need

actively involved in the community

Salvos Stores' contribution to The Salvation Army's mission and vision is unique. As one of the most recognisable expressions of The Salvation Army in Australia, Salvos Stores is dedicated to providing communities with experiences that enable social and environmental impact.

The most immediate impact of this contribution in 2019-20 was the \$26.877 million of funding Salvos Stores generated for The Salvation Army's social welfare programs across Australia. In addition, more than \$2.3 million worth of goods were provided to welfare clients at no cost.

Graeme Hallett, Community Engagement Manager, said each store is an integral part of its local community, providing employment and training for local people and a value-for-money shopping experience for customers. "One of Salvos Stores' strategic goals is to be actively engaged with 100 per cent of our communities. In just six months, over 70 per cent of stores have met this goal. Our teams are great, and they've brought this to life in a huge variety of ways. They've hosted music recitals, book author signings, community guitar lessons, fashion shows and more."

To extend this impact further, in the past year more than 30 new stores have been opened. This growth allows The Salvation Army to join more communities and create new relationships with donors, customers and volunteers.

Steve Cassar, Volunteer Workforce Manager, said Salvos Stores is particularly proud of its engagement with volunteers. "Over 10,000 volunteers helped in stores during the past financial year, providing an astonishing 2.7 million hours of much-needed assistance. It is no exaggeration to say our 'vollies' are the key that enables Salvos Stores to create the difference we do."

Sustainability is the foundation of the op-shop model and Salvos Stores is working hard to ensure that new generations and industries are considering reuse as an integral component of each product's life cycle.

In 2020, Salvos Stores led a consumer behaviour-change campaign called 'Moving the Needle', bringing Australia's three largest charity retailers together to raise awareness about the problem of waste in fashion. This campaign encourages consumers to donate textiles to the Charity Retail Sector where teams like Salvos Stores can divert the maximum number of items away from landfills.

Sustainability is the foundation of the op-shop model and Salvos Stores is working hard to ensure that new generations and industries are considering reuse as an integral component of each product's life cycle.



10,954
volunteers



2.7 million
volunteer hours



10 million +
individual transactions



30 million
items diverted from landfill

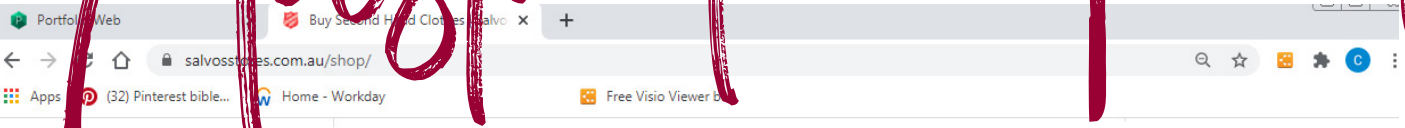


\$2.3 million
in welfare support

online op-shop

an

Australia-first



 All donations listed online are safely quarantined and packaged direct to your door in line with [Salvos Stores COVID-19 guidelines](#).



Latest Items



CC Collection
Womens Soft Shirt
Size 22 Black and
White
Yamanto



Martina Vera Pelle
Women's Leather
Boots size 42 Brown
Castlemaine



Autograph Women's
Lace Print Mesh Top
Size 14
Yamanto



RALPH LAUREN
Vintage/Retro
Womens Pants Size
34 Waist Green Blue
Plaid Wool



TOMMY HFIGER
Womens Knit
Jumper Size S Pink
Baldivis

Salvos Stores online op-shop

In a year when online shopping became a necessity for more people than ever, Salvos Stores successfully launched the first true online op-shop experience for customers all over Australia.

The Salvos eCommerce team has been offering unique items and collectables via eBay for a while; however, the team's true challenge was to build an online platform that would allow items to be listed directly from hundreds of individual stores.

Lucas Ferrier, Salvos Stores eCommerce Manager, said the online store was "already planned and due to be delivered in July 2020".

"Due to the impact of COVID-19, we quickly accelerated the project to deliver a streamlined system that would allow our stores to begin listing sooner," Lucas said.

A custom listing tool was developed for the online store, allowing clothes, accessories and books to be sold online from over 100 of their 330 physical Salvos Stores. This is a true innovation and a first for the charity retail sector in Australia.

The online store has allowed Salvos Stores to reach new customers and more areas all over Australia, while also ensuring it continues to generate vital funds for The Salvation Army.

Lorena Hutchings, Area Manager in Southern Victoria, said the internal benefits during the current climate had "been a blessing".

"The online store has allowed our teams to operate online behind closed doors during the forced COVID-19 retail closures," Lorena said. "Without this it would have been difficult to maintain meaningful engagement with as many of our team members as possible."

Store teams have found new ways to reach customers and many have taken the opportunity to write personal notes inviting customers to visit their store where possible. This innovation is demonstrating that The Salvation Army is still moving forward, focused on the future and committed to providing our team members with modern retail skills.

And because Salvos Stores can involve its volunteers in this process, as it does with the eBay store, it is also helping build new skills for job seekers who may be able to use this experience to gain ongoing paid employment.

The online store has allowed Salvos Stores to reach new customers and more areas all over Australia, while also ensuring it continues to generate vital funds for The Salvation Army.

a huge job at *hand*



The second half of the 2019-20 financial year has seen Employment Plus, like all industries, respond to uncertain and unforeseen challenges.

The ongoing repercussions of drought across Australia continue to devastate the rural sector, with considerable impacts on family farming businesses and their communities. This in turn has led to widespread job losses and a reduction in the number of job vacancies in agriculture and other local industries. Employment Plus teams operating in drought-affected areas continue to provide support to these communities and those who have experienced job losses and financial hardship as a result of the drought.

Employment Plus teams began 2020 with heavy hearts, as devastating bushfires blazed across the country. Several Employment Plus offices in the impacted areas were forced to close, either due to the immediate threat from fires or from smoke and poor air quality.

Employment Plus teams were called upon to exhibit the Salvos' spirit of empathy and compassion to support job seekers and local communities, with many team members volunteering to either fight fires or support the essential relief work of The Salvation Army.

The loss of life and property, the forced closure and loss of businesses and the resultant impact on people's livelihoods was felt far and wide. The bushfires crippled many businesses that are reliant on summer tourism, leaving thousands without work.



34,000

unemployed people, every day during 2019 to March 2020 were supported by Employment Plus



51,000

job seekers were being supported every day by Employment Plus by June 2020

The government implemented contingency arrangements for job seekers in impacted communities, temporarily halting any requirements for them to attend appointments and carry out job searches. However, Employment Plus teams provided ongoing support to those who were eager to continue their search for work.

This ability of Employment Plus to adapt to changing situations at a moment's notice was called upon again far sooner than anyone could have predicted, as the COVID-19 pandemic took hold from March. All teams were directed to hold appointments with job seekers and participants online or over the phone, with face-to-face appointments reserved for exceptional circumstances only.

Training Plus and Allied Health teams quickly adapted their services, delivering training and counselling sessions remotely to more participants than ever before with unprecedented demand and engagement.

With many businesses forced to close their doors all over the country, and a staggering number of people facing unemployment, many for the first time, the importance of the services and support offered by Employment Plus and The Salvation Army was clear. By the end of the financial year, almost one million Australians were unemployed, with 1.6 million receiving the JobKeeper payment.

As the volume of job seekers referred to Employment

Plus sites grew rapidly, and the number of job vacancies dwindled at a similarly rapid rate, the challenges were significant. As well as making counselling and training more accessible to participants, Employment Plus utilised wage subsidies, internships, post-placement support and funding for work-related expenses to better support job seekers and employers during the pandemic.

During 2019-20, Employment Plus was supporting up to 34,000 unemployed people every day through to March 2020. This number increased to 51,000 job seekers by June 2020, as a result of the pandemic and the associated business restrictions. Throughout the year, 12,136 people were placed into employment.

In the third quarter, Employment Plus delivered its best results yet for its jobactive program. In the March 2020 results (January-March 2020), Employment Plus improved performance in nine of its 10 regions, with one region maintaining its score from the December results. This performance took in the catastrophic bushfires, which placed many Employment Plus teams and the communities they work in, under a considerable amount of stress.

Employment Plus teams have much work ahead in the coming year, as they continue to support job seekers and employers impacted by the pandemic. But with that comes endless opportunities to make a genuine difference to these people and their families, and to the communities they work in.



12,136

people supported by
Employment Plus during 2019-20
were placed into employment



9 out of 10

Employment Plus regions
improved performance during
January to March 2020

Clive taking back

control of his

Pushing through the dark times and taking a chance on a new career has certainly worked for 59-year-old Clive, who has suffered with crippling anxiety and depression over the past decade.

In 2010, Clive's life spiralled down after his businesses failed. Nearing bankruptcy, an extremely stressed Clive was diagnosed with severe anxiety and depression.

He struggled for years as the pressure mounted, and he became suicidal after contracting prostate cancer. He desperately needed hope in his life, a way out of the dark tunnel.

Clive was referred to Employment Plus earlier this year and began working with Disability Employment Services (DES) job coach Paul Moss. Paul decided a physical job might be best for Clive, to help him regain some independence and potentially alleviate some of his mental health challenges.

Through further discussions and meeting with a secondary job coach, Stacey Belsham, Clive was referred and accepted for traffic-control training. On the cusp of entering his 60s, digging deep to push himself to learn new skills, Clive began his journey to find the light at the end of the tunnel.

It wasn't easy, and nagging doubts

nearly caused him to pull out of the course, but with the encouragement of his job coach he completed the course, which delivered a range of benefits far beyond a qualification.

Not only does he have a new career to look forward to, but the course has given him motivation to keep going in life and to focus on improving his prospects. One of the best things to come from the course for Clive was meeting others and fostering new friendships.

With his training finished and his placement hours completed, Clive has now started work. He is excited to be entering a new career and says his confidence has returned.

The positive changes have not only impacted Clive, but also his wife who has stood by him through his struggles. She said she feels "incredibly lucky to have my husband back".

Both are appreciative of all the support and encouragement he has received from Employment Plus and very grateful for a fresh start.



virtually a new way of collecting

There is no doubt that 2020 has been a year like no other, and that is also true for the Red Shield Appeal. For more than 50 years, the Salvos have been out on the streets every May collecting for the appeal. But for the first time ever, due to the COVID-19 crisis, we were not able to connect with the community in this way. Major state events - a significant part of our appeal - were also not able to proceed. In many ways, the face of the Red Shield Appeal for 2020 had to change quickly.

As the COVID-19 crisis began to unfold, it was clear that thousands of people were going to be experiencing hardship through unemployment. And, perhaps for the first time ever, they would find themselves at a Salvos centre or contacting us online or over the phone seeking support. In the face of this economic adversity, The Salvation Army had to rally like never before to ensure we could meet the growing need in our community.

Decisions were made quickly to take much of our fundraising activity online. Our community collections were converted into online fundraising, with hundreds of Australians signing up to virtually collect for the appeal. We hosted online events to bring our supporters together, so that people had a better appreciation of the challenge ahead for The Salvation Army, but also as a community.

Considering the uncertainty, it was hard to predict whether our generous and long-term supporters would have the capacity to support the Red Shield Appeal this year. However, as we rallied our efforts to take the appeal in new directions, our supporters responded with overwhelming generosity – demonstrating the collective compassion our community has for people in need and their passion for the mission of The Salvation Army.

This year, the Red Shield Appeal raised \$131.2 million, which will directly support front line work in the areas of most need, such as homelessness, financial

crisis, family and domestic violence and addiction. Our online community fundraising efforts raised \$4 million towards this total, and we are immensely thankful to the hundreds of volunteers who took their collection efforts online. I'd also like to take this opportunity to thank our national corporate partners Chemist Warehouse, REIWA and Bunnings, who have continued their support of our services and programs across Australia.

As speculation continues regarding our economic future, we are bracing for an ongoing increase in demand for our services across all areas of our work. We have already seen a significant rise in the number of people needing support across sectors including homelessness, family and domestic violence and emergency relief. As the economic crisis draws out, we anticipate these trends will continue.

This will mean many more new people will be coming to us for support, as well as increased hardship for people already finding it hard to make ends meet. Your support of the Red Shield Appeal this year means we can continue to be responsive to changing and developing needs. It also means that for people like Bill – who was already experiencing disadvantage and who, over the winter, was making the heartbreaking choice between heating his humble home or having a warm meal – we can help bridge the gaps and ensure people have the basics they need to survive.

As the COVID-19 crisis began to unfold our community collections were converted into online fundraising, with hundreds of Australians signing up to virtually collect for the appeal

On behalf of The Salvation Army, I want to express my sincere appreciation and gratitude to every individual, family, small business, trust and corporate partner who has supported the Red Shield Appeal this year. While the future may be uncertain, with such amazing supporters behind us, we are equipped and ready to do what we can to give people hope and ensure those experiencing hardship or injustice are not walking alone.



Lieut-Colonel Neil Venables
Secretary for Communications
The Salvation Army Australia



Thank you Australia

Thank you for helping us to give hope where it's needed most. We are empowered by the generous support of the Australian community and a large number of corporate, government, community, family and individual supporters.

Government partners

ACT Government Health Directorate

ACT Government, Community Services Directorate

Federal Attorney-General's Department

Federal Department of Foreign Affairs and Trade

Federal Department of Health

Federal Department of Home Affairs

Federal Department of Human Services (Centrelink)

Federal Department of Industry, Innovation and Science

Federal Department of Social Services

Federal Department of the Prime Minister and Cabinet

Federal Department of Veterans' Affairs

Federal NDIS Quality and Safeguards Commission

NSW Department of Education

NSW Department of Health and Human Services

NSW Commissioner for Fair Trading and Customer Services

NSW Department of Communities and Justice

NSW Department of Planning and Environment

NSW Department of Premier & Cabinet

NSW Department of Transport, Roads and Maritime Services

NSW Department of Industry

NSW Health, Health Administration Corporation

NSW Health, Mid North Coast Local Health District

NSW Health, South Eastern Sydney Local Health District

NSW Multicultural NSW

NSW Resilience NSW

NSW Campbelltown City Council

NSW Central & Eastern Sydney PHN

NSW City of Sydney

NSW Health South Western Sydney PHN

NSW Liverpool City Council

NSW Port Stephens Council

NSW Singleton Council

NSW Snowy Monaro Regional Council

NSW Went West

NT Department of Chief Minister Executive Officer

NT Department of Children and Families

NT Department of Health

NT Department of Infrastructure, Planning and Logistics

NT Department of Local Government, Housing and Community Development

NT Health Network Northern Territory PHN

NT Territory Families

QLD Department of Child Safety, Youth and Women

QLD Department of Communities, Disability Services and Seniors

QLD Department of Corrective Services

QLD Department of Education and Training

QLD Department of Employment, Small Business and Training

QLD Department of Fire and Emergency Services (Queensland Government)

QLD Department of Health

| | |
|--|---|
| QLD Department of Housing and Public Works | VIC Department of Health and Human Services |
| QLD Department of Justice and Attorney General | VIC Department of Justice and Regulation |
| QLD Department of Transport and Main Roads | VIC Department of Premier and Cabinet |
| QLD Office of Liquor and Gaming Regulation | VIC Family Safety Victoria |
| QLD Brisbane City Council | VIC Fines Victoria |
| QLD Bundaberg Regional Council | VIC Responsible Gambling Foundation |
| QLD Gladstone City Council | VIC South Eastern Melbourne Primary Health Network |
| QLD Hinchinbrook Shire Council | VIC Roads Corporation (VicRoads) |
| QLD Moreton Bay Regional Council | VIC Cardinia Shire Council |
| QLD Noosa Shire Council | VIC City of Casey |
| QLD North Queensland PHN | VIC City of Greater Geelong |
| QLD Queensland Independent Schools | VIC City of Port Phillip |
| QLD Toowoomba Regional Council | VIC LOCAL Frankston City Council |
| QLD Townsville City Council | VIC Glen Eira Council |
| QLD Western Queensland Primary Care Collaborative | VIC Goulburn Valley Health |
| SA Department for Communities and Social Inclusion | VIC Hume City Council |
| SA Department of Education | VIC Knox City Council |
| SA Department of Health and Wellbeing | VIC Melbourne City Council |
| SA Department of Premier and Cabinet | VIC Melton City Council |
| SA Department for Child Protection | WA Department for Child Protection and Family Support |
| SA Housing Authority | WA Department of Communities |
| SA Department of Human Services | WA Department of Fire and Emergency Services |
| TAS Department of Communities | WA Department of Health |
| TAS Department of Mental Health and Wellbeing | WA Mental Health Commission |
| TAS Department of Premier and Cabinet | WA Housing Authority |
| TAS Primary Health Tasmania Limited | WA Primary Health Alliance (WAPHA) |
| TAS Tasmania Community Fund Board (Crown in Right of Tasmania) | WA City of Gosnells |
| TAS Health Organisation South | WA City of Rockingham |
| VIC Department of Education and Training | |

Companies and organisations

7-Eleven Pty Ltd
AA Holdings Pty Ltd
ADCO Constructions Pty Ltd
Adina Apartments
Advertising Federation Of Australia
Alinta Energy
All Churches Trust (ATL)
Amazon Web Services Australia Pty Ltd
Amgen Australia Pty Ltd
Apple
Aurora Energy
Australian Leisure & Hospitality Group
Australian Pacific Airports Corporation Ltd
Big W
Bondi Sands Australia Pty Ltd
BP Australia Pty Ltd
Bunnings Group Ltd
BWS
CAF America
Chemist Warehouse Retail Group
Coca-Cola South Pacific Pty Ltd
Collingwood Football Club
CSR Ltd
Dan Murphy
Department of Communities,
Disability Services & Seniors
Dolarac Pty Ltd
doTERRA Healing Hands Foundation
DXC Technology
Electel Resources Pty Ltd
EVENT Hospitality & Entertainment Ltd
Expedia
FM Global
General Motors Holden Pty Ltd
Hillsong Church
HopgoodGanim Lawyers
Idemitsu Australia Resources
Infinite Light
JAFCAR Pty Ltd
Keolis Downer Pty Ltd
Kmart Australia Ltd
La Trobe Financial Services
Latitude Financial Services
Lesday Pty Ltd
Lite n' Easy
Lotterywest
Lowe's
Lumo Energy Australia Pty Ltd
Mainfreight
Melbourne Airport Management Services
Melco Resorts & Entertainment
Metricon Homes Pty Ltd
MINTCLUB Realty Pty Ltd
Mitsubishi Electric Australia Pty Ltd
Motion Picture Distributors Association of Australia
MSN CI Portal
MUFG Bank Ltd
Myer Community Fund Ltd
Myer Pty Ltd
Nationwide News Pty Ltd
Northrop Grumman
NRL (National Rugby League)
NSW Government – Department
of Premier and Cabinet
Paypal Giving Fund Australia
Pepsico Australia Pty Ltd
Planetshakers Empower Ltd
Portland Aluminium Smelter
Prezzie

PSA Products Pty Ltd
PwC Australia
Queensland Department of the Premier and Cabinet
Quilton
Real Estate Institute of WA
Reece Ltd
Ritchies Stores Pty Ltd
Roche Group Pty Ltd
Sarah's Day Pty Ltd
Scenic Tours Pty Ltd
Scentre Group
Specsavers
State Government of Victoria
STAUFF
Steadfast Group Ltd
STFT Investment Holdings Pty Ltd
Sussan Corporation Pty Ltd
Technology One Ltd
The Daily Edited
The Warehouse Group (NZ)
Tickets.com Pty Ltd
Toyota Material Handling Australia
Toyota Motor Corporation Australia
Tradelink
Transurban
Vicinity
Village Glen
Virgin Australia
Vodafone Hutchison Australia
Westpac
Woodside Energy Ltd
Woolworths Ltd w
Wythenshawe Pty Ltd

Individuals and families

Alec Pring
Alexander Gusbeth
Barbara Maidment
Dick & Pip Smith
Dorothy Hancock OAM
Dr Varoe Legge
Frank & Rosie O'Halloran
Geoff & Louise
Heather Crouch
Herbert Elliott
JiePing Tan
Jill Tilly
Jillian Lees
John & Penelope McBain
John A. Uhrig
Kerr Neilson
Lady Primrose Potter
Lina Shlager
Michael Burgess
Michael McLean
Patricia D. New
Phillipa Warner
Robert Farr
Roger Massy-Greene AM & Belinda Hutchinson AC
Samantha & Baillieu Myer
Tim Fairfax AC & Gina Fairfax

Trusts and foundations

A N Carmichael Memorial Fund
Alcoa Foundation
Alison Margaret Clark Charitable Trust
– the Warren Clark Bequest
Amy Irene Christina Ostberg Estate
Anchorfield Pty Ltd as T/F Brazil Family Foundation
Australian Chinese Charity Foundation Inc
Coca-Cola Foundation
Colin Bisdee Trust
Collier Charitable Fund
Community Enterprise Foundation
Eleanor Reeve Dailey Charitable Trust
Equity Trustees ATF Estate Jean
Florence MacDonald
Estate of the Late Gladys Essie Snodgrass
Frasers Property Foundation
Gandel Foundation
George W Vowell Foundation Ltd
Goldburg Family Foundation
Hector Waldron Pride Charitable Trust
Johnston Foundation
Leonard Christian Joseph Miller Charitable Trust
Lord Mayor's Charitable Foundation
Macquarie Group Foundation
MAST Foundation
Matana Foundation for Young People
Minderoo Foundation Trust
Path of Hope Foundation
Perpetual Foundation – The Merrett Endowment
Phyllis Connor Memorial Trust
Queensland Community Foundation
RACQ Foundation
Ragdoll Foundation Pty Ltd
Stan and Maureen Duke Foundation Ltd
Tasmanian Community Fund
The Beryl and Lloyd Collins
Perpetual Charitable Trust
The Cory Charitable Foundation
The Donald & Joan Wilson Foundation
The Dulverton Trust
The Ernest Heine Family Foundation
The Haggarty Foundation
The Harold Guyse Kinsman Trust Fund
The Hugh D. T. Williamson Foundation
The Irene Patricia Hunt Memorial Trust
The John & Margaret Schneider Charitable Trust
The Lewis Foundation
The Manildra Foundation
The McVay Foundation
The Mutual Trust Foundation ATF
Eureka Benevolent Foundation
The Orloff Family Charitable Trust
The Phyllis Connor Memorial Trust
The Profield Foundation
The Select Foundation
The Sun Foundation Pty Ltd
The Theodore & Isabella Wearne Charitable Trust
The Werdiger Foundation
The William Mansel Higgins and
Dorothy Higgins Charitable Trust
Twin Towns Services Community Foundation Ltd
Viertel Charitable Foundation
Vietnamese Charity Group Western Australia
William Angliss (Victoria) Charitable Fund
Wood Family Foundation



2019-2020 snapshot of our *services*



1596
corps-run
community
support activities



53,902
sessions of
support for people
experiencing
financial difficulty



\$97,915,376
total amount of
financial assistance
provided
(cash, gift cards,
vouchers etc.)



13,356
number of people
provided financial
counselling



1,048,725
sessions of care
across all social
programs



262,659
number of
emergency
relief and case
management
sessions or
assessments



362,922
total number of
food vouchers
provided to
people accessing
The Salvation
Army services

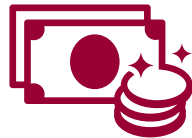


10,952
number of people
assisted with
addiction to alcohol
and other drugs,
gambling
and rehabilitation
services



352

number of
Salvos Stores



\$26,877,000

amount of profit
generated back
into The Salvation
Army programs
from Salvos Stores



41,033

number of people
who were homeless
or at risk of
homelessness



1,594,912

number of meals
provided to people
who accessed
homelessness
services



2442

number of people
cared for in
residential Aged
Care facilities



43,524

number of sessions
of care provided to
people
experiencing
family domestic
violence



5700

number of women
and children
supported who
experience family/
domestic violence



1182

number of
transitional
and long-term
tenancies provided
by Salvation
Army Housing

Aggregated Financial Report The Salvation Army Australia Social Fund

for the year ended 30 June 2020

Contents

| | |
|--|-------|
| Trustees' Report | 52-54 |
| Aggregated Statement of Profit or Loss and Other Comprehensive Income..... | 55 |
| Aggregated Statement of Financial Position..... | 56 |
| Aggregated Statement of Cash Flows | 57 |
| Aggregated Statement of Changes in Capital Funds | 58 |
| Notes to the Financial Statements | 59-84 |
| Trustees' Declaration | 85 |
| Auditor's Independence Declaration | 86 |
| Independent Auditor's Report | 87-89 |

The Salvation Army Australia

William Booth - Founder

Brian Peddle - General

Robert Donaldson - Territorial Commander

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Trustees' Report

The Trustees of The Salvation Army Australia Social Fund ("Social Fund") submit the following report, together with the financial statements, on the operations of the Social Fund for the financial year ended 30 June 2020 and the independent auditor's report thereon.

Principal Activities

During the year, the principal continuing activities of the Social Fund comprised of:

- Aged care
- Employment, education and training services
- Legal representation/services
- Housing and homelessness programmes
- Family and domestic violence programmes
- Community support services
- Humanitarian services
- Overseas aid
- Chaplaincy programmes
- Addiction, alcohol and other drugs programmes
- Salvos stores

No changes in the nature of these activities occurred during the financial year.

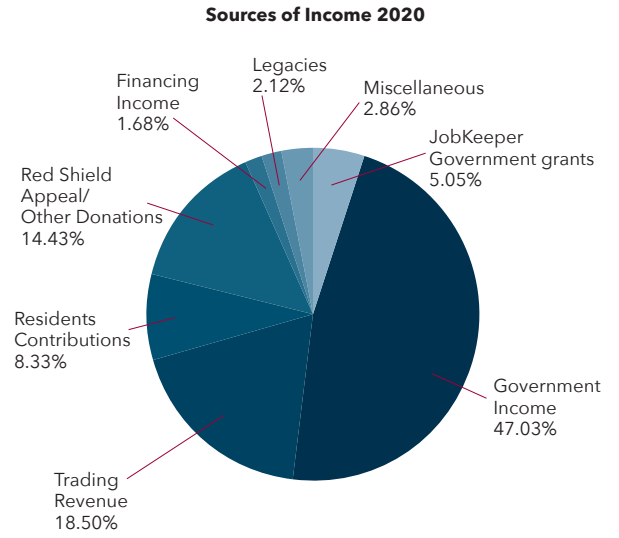
Review of Operations

The Social Fund's operating result was a net expenditure after allocations and before net change in fair value of financial assets of \$27Mn (2019: \$6.4Mn net income) whilst total operating expenses were \$979.2Mn (2019: \$866.1Mn). In line with The Salvation Army Australia Territory's policies and compliance with donors' restrictions on the use of certain funds, net transfers of \$54.9Mn (\$2019: \$19.6Mn) were made to various reserves for specific purposes.

| | 2020 |
|---|--------------|
| | \$000 |
| Revenue | 1,007,117 |
| Expenditure | (979,218) |
| Net income before Allocations (before net change in fair value of financial assets) | 27,899 |
| Allocations to Capital Funds | (54,904) |
| Net expenditure after Allocations (before net change in fair value of financial assets) | (27,005) |
| Net Change in Fair Value of Financial Assets | 580 |
| Total Comprehensive Loss after Allocations | (26,425) |

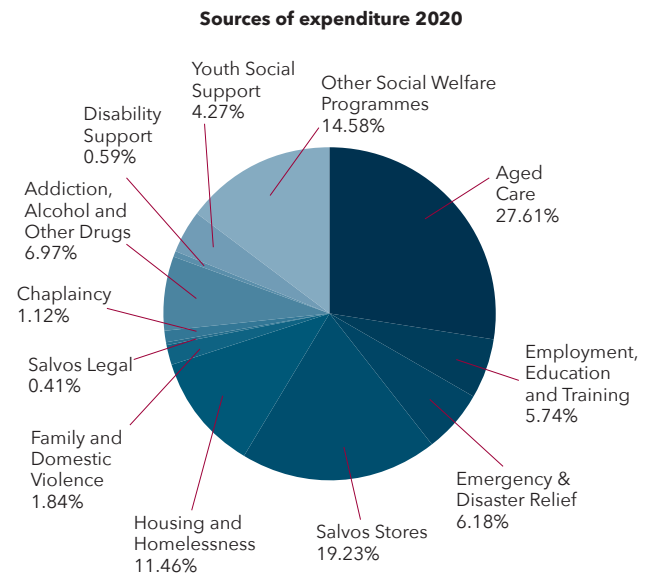
The following is a summary of the main sources of income for the Social Fund in 2020.

| | 2020 \$000 | 2019 \$000 |
|---------------------------------------|-----------------------|-----------------------|
| Government and Capital Income | 473,646 | 441,230 |
| JobKeeper Government grants | 50,912 | - |
| Trading Revenue (incl. Salvos Stores) | 186,277 | 208,936 |
| Residents Contributions | 83,856 | 87,378 |
| Red Shield Appeal/Other Donations | 145,365 | 87,068 |
| Financing Income | 16,922 | 26,659 |
| Legacies | 21,377 | 12,335 |
| Miscellaneous | 28,762 | 28,507 |
| Total income | 1,007,117 | 892,113 |



The following is a summary of the areas of expenditure within social programme category, in relation to social services provided by the various centres operating within the Social Fund in 2020.

| | 2020 \$000 | 2019 \$000 |
|------------------------------------|-----------------------|-----------------------|
| Aged Care | 270,362 | 223,658 |
| Employment, Education and Training | 56,207 | 59,645 |
| Emergency and Disaster Relief | 60,516 | - |
| Salvos Stores | 188,304 | 206,246 |
| Housing and Homelessness | 112,218 | 110,815 |
| Family and Domestic Violence | 18,018 | 19,526 |
| Salvos Legal | 4,014 | 10,905 |
| Chaplaincy | 10,967 | 12,680 |
| Addiction, Alcohol and Other Drugs | 68,252 | 68,517 |
| Disability Support | 5,777 | 13,364 |
| Youth Social Support | 41,813 | 41,221 |
| Other Social Welfare Programmes | 142,770 | 99,485 |
| Total expenditure | 979,218 | 866,062 |



Trustees' Report

The 2020 result included the following:

- The Red Shield Appeal recorded income of \$131.2Mn (2019: \$78Mn) before expenses for the year ended 30 June 2020. This result included \$45.7Mn of bushfire donations. Underlying Red Shield Appeal results are marginally higher than prior years.
- Legacy income \$21.4Mn (2019: \$12.3Mn) was received during the year. Legacy income received from one year to the next can fluctuate considerably, given the uncertain nature of this type of income. Apart from those bequests that specified particular programmes or activities for which the funds have been set aside in reserves until able to be used, additional funding was able to be allocated towards the operational costs of the Social Fund, as well as further funds being set aside for future capital expenditure requirements.
- Salvos Stores' performance was impacted by COVID-19 however, has made significant improvements where they have been able to reopen.

Developments

During the year, The Salvation Army was impacted by COVID-19 in a number of ways. Like most organisations, we adopted a working remotely policy where possible. Our retail services were forced to close for periods as COVID-19 spread. Our aged care facilities and in-house services adapted to new disease control standards to prevent the spread of COVID-19. Demand for services for homelessness, financial difficulty and family violence increased. Our ability to hold services and run community events was reduced due to restrictions on gatherings.

The potential financial impacts of COVID-19 are unclear at this stage. The future impacts on the Social Fund will depend on evolution of the pandemic, the impacts to the economy, Government policy and community response.

Even with these restrictions The Salvation Army continued to provide community services, supported bushfire and drought victims and provided support to the community and its members.

Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustees of the Social Fund, to affect significantly the operations of the Social Fund, the results of those operations, or the state of affairs of the Social Fund, in future financial years.

As indicated impacts of COVID-19 are uncertain, while current trends indicate no significant impact to the operation of the Social Fund, any dramatic change in the

situation, Government Policy or economic position could have an impact into the future

Environmental Issues

The Social Fund is subject to environmental regulations under the law of the Commonwealth and of a State. However, the governing body of the Social Fund believes that adequate systems are in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Social Fund.

Insurance of Officers

The Social Fund has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Trustees and Officers of the Social Fund. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be indemnified by The Salvation Army Australia Territory under Section 199 of the *Corporations Act 2001 (Cth)*. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

Rounding of Amounts

Amounts in this report have been rounded off to the nearest thousand dollars except where otherwise indicated.

Auditor

KPMG continues as the Social Fund's auditor at the date of this report.

Lead Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 86 and forms part of the Trustees' report for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Trustees:



Lieutenant-Colonel Winsome Mason

Secretary for Business Support
TRUSTEE



Colonel Winsome Merrett

Chief Secretary
TRUSTEE

Dated at Melbourne this 4th day of November 2020

Aggregated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

| | Note | 2020 \$000 | 2019 \$000 |
|---|--------|------------------|------------------|
| REVENUES AND OTHER INCOME | | | |
| Revenue from rendering of services | 2 | 536,703 | 502,084 |
| Other revenues from ordinary activities | 2 | 200,430 | 218,005 |
| JobKeeper Government grants | | 50,912 | - |
| Financing income | | 16,922 | 26,659 |
| Legacies income | | 21,377 | 12,335 |
| Red Shield Appeal donations | 5 | 131,212 | 78,000 |
| Total operating revenue | | 957,556 | 837,083 |
| Capital revenue: | | | |
| Government grants | | 9,917 | 917 |
| Fair value adjustment - Community Housing | | 1,455 | 12,838 |
| Other income | | 9,427 | 12,768 |
| Total capital revenue | | 20,799 | 26,523 |
| Other income | | 28,762 | 28,507 |
| Total revenue and other income | | 1,007,117 | 892,113 |
| Employee expenses | | (535,952) | (487,473) |
| Depreciation expenses | 10, 12 | (56,823) | (29,872) |
| Computer expenses | | (11,389) | (8,673) |
| Welfare/Jobseeker expenses | | (114,644) | (66,452) |
| Building/Occupancy expenses | | (113,471) | (120,493) |
| Motor Vehicle expenses | | (11,969) | (15,139) |
| Contribution - General/Property Funds | | - | (15,164) |
| Rollover accommodation bond credits | | (72) | 932 |
| Amenities and supplies | | (50,057) | (44,901) |
| Professional fees expenses | | (22,595) | (16,178) |
| Financing expenses | | (6,278) | (2,661) |
| Other expenses from ordinary activities | | (55,968) | (59,988) |
| Total operating expenses | | (979,218) | (866,062) |
| Operating net income | 18 | 27,899 | 26,051 |
| OTHER COMPREHENSIVE INCOME | | | |
| Net change in fair value of financial assets | | 580 | 58 |
| Total comprehensive income for the year | | 28,479 | 26,109 |
| Allocations to capital funds | 3 | (54,904) | (19,603) |
| Total comprehensive (loss)/income for the year after allocations | | (26,425) | 6,506 |

The Aggregated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 59 to 84.

The Social Fund initially applied AASB 16, AASB 15 and AASB 1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.

Aggregated statement of financial position

As at 30 June 2020

| | Note | 2020 \$000 | Adjusted* 2019 \$000 |
|--------------------------------------|------|------------------|----------------------------|
| CURRENT ASSETS | | | |
| Cash | 6 | 29,577 | 37,231 |
| Receivables and other assets | 7 | 50,894 | 294,388 |
| Other financial assets | 8 | 38,642 | 15,641 |
| Inventories | 9 | 3,995 | 3,239 |
| Land & buildings held for sale | 10 | 3,000 | - |
| TOTAL CURRENT ASSETS | | 126,108 | 350,499 |
| NON-CURRENT ASSETS | | | |
| Receivables and other assets | 7 | 34,451 | 32,917 |
| Other financial assets | 8 | 588,135 | 336,963 |
| Property, plant and equipment | 10 | 681,099 | 663,836 |
| Community Housing property | 11 | 103,106 | 94,599 |
| Right of use assets | 12 | 108,328 | - |
| TOTAL NON-CURRENT ASSETS | | 1,515,119 | 1,128,316 |
| TOTAL ASSETS | | 1,641,227 | 1,478,815 |
| CURRENT LIABILITIES | | | |
| Lease liabilities | 17 | 33,939 | 868 |
| Payables | 13 | 120,424 | 74,636 |
| Employee benefits | 14 | 40,623 | 45,023 |
| Provisions | 15 | 30,125 | 23,811 |
| Interest free loans | 16 | 214,354 | 216,830 |
| TOTAL CURRENT LIABILITIES | | 439,465 | 361,168 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 17 | 130,673 | 53,863 |
| Employee benefits | 14 | 7,373 | 6,987 |
| Provisions | 15 | 11,090 | 26,908 |
| Interest free loans | 16 | 8,272 | 8,472 |
| Other liabilities | | 511 | 6,052 |
| TOTAL NON-CURRENT LIABILITIES | | 157,919 | 102,282 |
| TOTAL LIABILITIES | | 597,384 | 463,450 |
| NET ASSETS | | 1,043,843 | 1,015,364 |
| CAPITAL FUNDS | | | |
| Working capital fund | 18 | 13,848 | 40,853 |
| Property contribution fund | 18 | 597,981 | 577,875 |
| Reserves | 18 | 248,422 | 243,018 |
| Trusts and special purpose funds | 18 | 111,822 | 91,136 |
| Legacies | 18 | 71,770 | 62,482 |
| TOTAL CAPITAL FUNDS | | 1,043,843 | 1,015,364 |

* 'Reserves', 'Trusts and special purpose funds' and 'Legacies' with respect to 2019 have been adjusted for a Territorial amalgamational line item re-classification of Capital Funds with respect to the former Eastern Territory and Legacies funding. Refer to Note 1(r).

The Aggregated Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 59 to 84.

The Social Fund initially applied AASB 16, AASB 15 and AASB 1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.

Aggregated statement of cash flows

For the year ended 30 June 2020

| | Note | 2020 \$000 | 2019 \$000 |
|--|------|-----------------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts in the course of operations* | | 1,009,899 | 899,728 |
| Cash payments in the course of operations | | (969,456) | (910,337) |
| Lease interest payments | | (5,154) | - |
| Investment revenue received | | 16,922 | 26,659 |
| Capital revenue received | | 19,345 | 13,685 |
| Net cash provided by operating activities | | 71,556 | 29,735 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for investments | | (55,766) | (28,489) |
| Receipts from redemption of investments | | 53,773 | 24,732 |
| Payments for property, plant and equipment | | (51,391) | (44,256) |
| Proceeds from sale of property, plant and equipment | | 10,052 | 4,326 |
| Net cash used in investing activities | | (43,332) | (43,687) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | (200) | (200) |
| Repayment of lease liabilities | | (33,202) | (879) |
| Proceeds from residents' accommodation bonds and other deposits received | | 59,474 | 61,802 |
| Repayment of residents' accommodation bonds and other deposits | | (61,950) | (45,991) |
| Net cash used in financing activities | | (35,878) | 14,732 |
| Net decrease in cash held | | (7,654) | 780 |
| Cash at the beginning of the financial year | | 37,231 | 36,451 |
| Cash at the end of the financial year | 20 | 29,577 | 37,231 |

*Cash receipts in the course of operations includes \$33,132k in relation to the Federal Government JobKeeper Program

The Aggregated Statement of Cash flows is to be read in conjunction with the notes to the financial statements set out on pages 59 to 84.

Aggregated statement of changes in capital funds

For the year ended 30 June 2020

| | Working Capital Fund | Property Contribution Fund | Reserves | Trusts and Special Purpose Funds | Legacies | Total |
|---|----------------------------|----------------------------------|----------------|---|---------------|------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| At 1 July 2018 | 34,405 | 545,198 | 281,328 | 93,956 | 34,368 | 989,255 |
| Operating net income before allocations | 26,051 | - | - | - | - | 26,051 |
| Other comprehensive income | - | - | 58 | - | - | 58 |
| | 60,456 | 545,198 | 281,386 | 93,956 | 34,368 | 1,015,364 |
| Net transfers and allocations within other capital funds* | (19,603) | 32,677 | (38,368) | (2,820) | 28,114 | - |
| At 30 June 2019* | 40,853 | 577,875 | 243,018 | 91,136 | 62,482 | 1,015,364 |
| At 1 July 2019 | 40,853 | 577,875 | 243,018 | 91,136 | 62,482 | 1,015,364 |
| Operating net income before allocations | 27,899 | - | - | - | - | 27,899 |
| Other comprehensive income | - | - | 580 | - | - | 580 |
| | 68,752 | 577,875 | 243,598 | 91,136 | 62,482 | 1,043,843 |
| Net transfers and allocations within other capital funds | (54,904) | 20,106 | 4,824 | 20,686 | 9,288 | - |
| At 30 June 2020 | 13,848 | 597,981 | 248,422 | 111,822 | 71,770 | 1,043,843 |

* 'Reserves', 'Trusts and special purpose funds' and 'Legacies' with respect to 2019 have been adjusted for a Territorial amalgamational line item re-classification of Capital Funds with respect to the former Eastern Territory and Legacies funding. Refer to Note 1(r).

The Aggregated Statement of Changes in Capital Funds is to be read in conjunction with the notes to the financial statements set out on pages 59 to 84.

The Social Fund initially applied AASB 16, AASB 15 and AASB 1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.

Notes to the financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Salvation Army is a not-for-profit organisation and has been operating in Australia since 1880.

The Salvation Army Australia is domiciled in Australia and the address of the organisation's registered office is:

The Salvation Army Australia
95-97 Railway Rd,
Blackburn VIC 3130

The Salvation Army Australia Social Fund ('Social Fund') includes the following operations:

- The Salvation Army (Victoria) Property Trust (ABN 64 472 238 844) established pursuant to *The Salvation Army (Victoria) Property Trust Act 1930*;
- The Salvation Army (Tasmania) Property Trust (ABN 94 917 169 560) established pursuant to *The Salvation Army (Tasmania) Property Trust Act 1930*;
- The Salvation Army (South Australia) Property Trust (ABN 13 320 346 330) established pursuant to *The Salvation Army (South Australia) Property Trust Act 1931*;
- The Salvation Army (Western Australia) Property Trust (ABN 25 878 329 270) established pursuant to *The Salvation Army (Western Australia) Property Trust Act 1931*;
- The Salvation Army (Northern Territory) Property Trust (ABN 65 906 613 779) established pursuant to *The Salvation Army (Northern Territory) Property Trust Act 1976*;
- The Salvation Army (New South Wales) Property Trust (ABN 57 507 607 457) established pursuant to *The Salvation Army (New South Wales) Property Trust Act 1929*;
- The Salvation Army (Queensland) Property Trust (ABN 32 234 126 186) established pursuant to *The Salvation Army (Queensland) Property Trust Act 1930*;
- The Salvation Army (Victoria) Property Trust atf The Salvation Army (VIC) Social Work (ABN 18 730 899 453);
- The Salvation Army (Tasmania) Property Trust atf The Salvation Army (TAS) Social Work (ABN 23 860 168 024);
- The Salvation Army (South Australia) Property Trust atf The Salvation Army (SA) Social Work (ABN 45 781 882 681);
- The Salvation Army (Western Australia) Property Trust atf The Salvation Army (WA) Social Work (ABN 92 646 174 644);
- The Salvation Army (Northern Territory) Property Trust atf The Salvation Army (NT) Social Work (ABN 34 413 960 392);
- The Salvation Army (New South Wales) Property Trust atf The Salvation Army (NSW) Social Work (ABN 46 891 896 885);
- The Salvation Army (Queensland) Property Trust atf The Salvation Army (QLD) Social Work (ABN 22 035 976 360);
- The Salvation Army (Australia) Redress Limited (ABN 94 628 594 294);
- Salvos Legal Limited (ABN 14 147 213 214);
- Salvos Legal (Humanitarian) Limited (ABN 36 147 212 940);
- The Salvation Army (Australia) Self Denial Fund (For Overseas Aid) (ABN 52 609 689 893);
- The Salvation Army Aust Self Denial Fund (For Overseas Aid) (ABN 15 562 601 404);
- The Salvation Army Community Housing Service (ABN 47 152 257 728);
- Salvation Army Housing (ABN 59 608 346 934); and
- Salvation Army Housing (Victoria) (ABN 85 133 724 651).

The Social Fund aggregates the results of all Social Programmes, Salvos Stores, Salvation Army Housing, Salvos Legal and The Salvation Army Employment Plus Programme.

In the opinion of the Trustees, having regard to the not-for-profit nature of The Salvation Army, the terms used in the prescribed format of the aggregated statement of profit or loss and other comprehensive income are not appropriate. The words 'net income/(expenditure)' have been substituted for the term 'profit' or 'loss'.

The financial report was authorised for issue by the governing body of the Social Fund on 4th November 2020.

Notes to the financial statements

(a) Statement of compliance

These special purpose aggregated financial statements comply with all of the recognition and measurement principles of Australian Accounting Standards except that the aggregated operations that comprise the Social Fund do not constitute a group for the purpose of AASB 10. The financial statement disclosures comply with the requirements of Tier 2 in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB), the Australian Charities and Not-for-Profit Commission Act (ACNC) 2012 (Cth) and the Australian Charities and Not-for-Profit Commission Regulations 2013 (Cth).

This is the first set of financial statements in which AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 16 Leases have been applied. Changes to significant accounting policies are described in Note 1(v).

(b) Basis of preparation

The operations of the Social Fund during the year ended 30 June 2020 have been carried out in accordance with all relevant trust deeds.

The financial report is presented in Australian dollars which is the functional currency of all operations. The financial statements have been prepared on the historical cost basis except for Community Housing Properties, financial instruments and loans receivable which are measured at fair value.

All amounts in the financial report have been rounded to the nearest thousand dollars except where otherwise indicated.

Basis of aggregation

(i) Aggregation of operations and activities

The financial statements aggregate Social Fund management entities.

(ii) Loss of control

When the Social Fund loses control of an entity, it derecognises the assets and liabilities and any related Non-Controlling Interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained is measured at fair value when control is lost.

(iii) Transactions eliminated on aggregation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the aggregated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Going concern

Notwithstanding a negative 'current asset versus current liabilities' deficiency of \$313,357k, the financial statements have been prepared on a going concern basis. The deficiency is primarily caused by the requirement under Australian Accounting Standards to classify all accommodation bonds (\$214,354k) as current liabilities, as there is no unconditional right to defer payment for 12 months if residents were to depart an aged care centre. Based on past experience, the Social Fund believes that not all accommodation bonds will need to be refunded within the next 12 months. The Social Fund's major investment asset (unlisted units in managed investment funds of \$567,566k) is disclosed as a non-current asset in accordance with Australian Accounting Standards. However, these funds continue to remain available to the Social Fund as required to support cash flow requirements.

The potential financial impacts of COVID-19 are unclear at this stage. The future impacts on the Social Fund will depend on evolution of the pandemic, the impacts to the economy, Government policy and community response. Despite the uncertainty presented by COVID-19 the Social Fund expects to be able to continue satisfactory operations. Accordingly the financial statements have been prepared on a going concern basis.

(c) Red Shield Appeal donations

The Salvation Army Red Shield Appeal is an annual appeal. The amounts received and corresponding fundraising expenses are reflected in the financial report in the same year as the appeal.

(d) Property, plant and equipment

(i) Controlled assets

Items of property, plant and equipment are stated at cost, or if donated, at appraised value at date of gift, less accumulated depreciation (Note 1(d)(ii)) and impairment losses. Assets acquired for \$10,000 or above are capitalised. Capital gifts are shown as revenue and an allocation is made to the property contributions fund.

Property that is being constructed for future use is classified as 'building schemes in progress' and stated

at cost until construction is complete, at which time it is reclassified as 'freehold buildings' or 'leasehold property' or 'investment property' (being Community Housing property).

Upon disposal of freehold properties, the profit or loss on disposal is recorded as income or expenses, then allocated to reserve to provide funding for future property acquisitions. Independent valuations are obtained as to the market value of any property before it is sold.

(ii) Depreciation

With the exception of freehold land, depreciation is charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation commences from the date of acquisition or, in respect of constructed assets, from the time an asset is completed and ready for use.

The estimated useful lives in the current and comparative periods are as follows:

- Buildings 50 years
- Plant and Equipment (excluding motor vehicles) 3 years
- Motor Vehicles/Trucks/Airplanes/Helicopters Deemed useful life, to a maximum of 7 years
- Leasehold Improvements Term of the lease

The residual value, the useful life and the depreciation method applied to an asset are reassessed annually.

(iii) Property Contributions Fund Reserve

Under International Salvation Army accounting policies and procedures, funds that have been utilised to finance the acquisition of freehold properties must be transferred to the Property Contributions Fund Reserve. These contributions are transferred to meet building depreciation costs, thus relieving the impact on the working capital fund.

(iv) Land and Buildings Held for Sale

Current assets classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The sale of the asset is expected to be completed within one year from the date of classification.

(e) Financial instruments

The Social Fund classifies its financial assets as either amortised cost or at fair value through profit or loss or fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets include managed funds recognised at fair value through profit or loss and cash and cash equivalents, short-term deposits, trade receivables and sundry receivables are recognised at amortised cost.

Loan receivables include refundable loans from 99 year leases that The Salvation Army purchased from independent living units to accommodate residents from one of its Independent Living Units to make way for an aged care development. The loan receivables are recognised at fair value net of a management fee payable over a maximum of 10 years and incorporate any fair value adjustment in relation to a terminal value. The terminal value results in The Salvation Army sharing in any capital gain or loss.

(i) Financial assets and financial liabilities

-Recognition and derecognition

The Social Fund initially recognises loans and receivables and debt securities on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date at which the Social Fund becomes a party to the contractual provisions of the instrument.

The Social Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Social Fund is recognised as a separate asset or liability.

The Social Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Social Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements

(ii) Financial assets – Measurement

Financial assets at fair value through profit or loss (FVTPL)

Investments in managed funds are initially measured at fair value plus transaction costs. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets measured at amortised cost

A financial asset is classified and subsequently measured at amortised cost if:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are initially valued at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Liabilities classified as financial liabilities at amortised cost include trade and other payables.

Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Social Fund can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity and hybrid instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity and hybrid instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income.

(f) Measurement of fair values

In preparing these aggregated financial statements, management has made judgements, estimates and assumptions that affect the application of the Social Fund's accounting policies and reported amounts of

assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A number of the Social Fund's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Social Fund has an established control framework with respect to the measurement of fair values. This includes management that has overall responsibilities for all significant fair value measurements, including Level 3 fair values, and reports directly to the Trustees.

Fair value hierarchy

The carrying amounts and fair value of the Social Fund financial assets, measured or disclosed at fair value are determined using a 3-level hierarchy, being:

Level 1: Quoted prices (unadjusted) in active markets for identical markets that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets either directly or indirectly

Level 3: Unobservable inputs for the assets

The unlisted units in managed investment funds and hybrid and fixed interest securities, and Community Housing property (being Investment Property) are level 2 financial assets and their carrying value approximates their fair market value.

Residential aged care bed licences were granted by the Department of Health in the past at no cost. Acquisitions are recorded at fair value as at the date of acquisition, as determined by independent valuation.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and cash in transit balances with an original maturity of 3 months or less from the acquisition date that are subject to an insignificant risk of change in their fair value.

(h) Accommodation bonds and resident loans

(i) Rollovers

Prior to 1 August 2002, the practice of the Social Fund was to 'rollover' an independent living unit (ILU) resident's ingoing refundable accommodation deposit when that resident moved from an ILU into low care/hostel accommodation on the same site. As part of the sale of various aged care centres on 1 July 2005, the Social Fund retained responsibility, under certain conditions, to fund part/all of any future accommodation bonds charged to ILU residents who had resided at such centres prior to 1 August 2002, when they moved into low care/hostel accommodation on the same site. The majority of any funds released under this 'rollover' policy will be repaid to the Social Fund when the residents vacate the aged care centre.

An assessment was made at balance date by the Social Fund as to the present value of estimated future payments under this rollover policy, and estimated receivables representing funds to be returned to the Social Fund, when the residents vacate the aged care centre, with any adjustment recorded through the Statement of Profit or Loss and Other Comprehensive Income.

Various assumptions have been included in the calculation of the present value of these estimated receivable and payable balances, including 10-year government bond rate of 0.87%pa (2019: 1.32%) decrement rate assumption of 20%pa (2019: 20%), refundable accommodation deposit percentage increase rate of 3%pa (2019: 3%) refundable accommodation deposit levels and the estimated inflows and outflows for residents eligible for assistance.

(ii) Refundable/Amortisable Accommodation Bonds

Many residents of aged care centres pay a refundable and amortisable accommodation bond to the Social Fund. The refundable portion is in the form of an interest free loan repayable in full, whilst the amortisable amount is recognised as revenue.

(iii) ILUs and Resident Loans

Resident loans are non-interest bearing liabilities to residents of independent living units (ILUs). The loans represent the initial payments made by residents to The Salvation Army to gain entry to an independent living unit net of the accrued deferred management fee. The loans are payable to a resident on the termination of the resident's occupation rights to the independent living unit.

Notwithstanding the expected term of an occupancy is several years, the resident has the option to cancel the

residency agreement at any time. As this option constitutes a demand feature, the liability is not discounted (based on the expected date of settlement). Liabilities to ILU residents are stated net of deferred management fees recoverable.

Additionally, Warringah Place is one of The Salvation Army's resident funded ILUs. Residents of Warringah Place are Registered Interest Holders under the *Retirement Villages Act 1999 (NSW)*. The ILUs are issued under long term leases and residents share in capital gains and losses.

The lease refurbishment contribution is calculated as either 2.5% of the original lease premium for each year of the lease to a maximum of 10 years or 10% of the original lease premium for each year of the lease to a maximum of 30%, and accounted for as refurbishment contribution receivable.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. No allocation of overheads has been included in the valuation. Stocks of foodstuffs and consumable stores held at various social centres are expensed.

Inventory is assessed on a regular basis, and slow moving or damaged items are provided for within a provision for stock obsolescence.

(j) Impairment

The carrying amounts of the Social Fund's assets, other than inventories (see accounting policy 1(i)) and financial instruments (see accounting policy 1(e)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of the Social Fund's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables are recognised based on the expected losses from past default rates.

(k) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in

Notes to the financial statements

the Statement of Profit or Loss and Other Comprehensive Income as incurred.

(ii) Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Social Fund expects to pay as at reporting date including related on-costs.

(iii) Long-term service benefits

The Social Fund's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to high quality corporate bonds at the reporting date which have maturity dates approximating the term of the Social Fund's obligations. Remeasurements are recognised in profit or loss in the period in which they arise.

(l) Provisions

A provision is recognised in the Statement of Financial Position when the Social Fund has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for 'make-good' costs on leased premises has been recognised, based upon an assessment of lease terms and conditions (see Note 15). Costs required to return certain leased premises to their original condition as set out in the lease agreements are recognised as a provision. The provision has been calculated as an estimate of future costs and discounted to a present value and is revised on an annual basis.

(m) 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 Tax 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.

Receivables and payables are stated with the amount of GST included. The gross amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Contribution to General and Property Funds

The General and Property Fund records part of the territorial and divisional costs. An 'arm's length' contribution is charged by the General and Property Fund to the Social Fund for services provided. As part of the nationalisation of The Salvation Army former Southern and Eastern territories, the Social Fund contributed to the General Fund and Property Fund for head office and administration costs as these had not yet been fully aligned within the new amalgamated Australia Territory structure. In financial year 2020, this alignment has been completed and all head office and administration costs are directly costed to Social Fund.

(o) Revenues

Revenues are recognised when the Social Fund is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amount of goods and services tax (GST) payable to the Australian Taxation Office.

Donations

Donations are recognised as revenue in the Social Fund to allow it to further its objectives where the Social Fund receives cash in exchange for no consideration. Where donations contain specific performance obligations, the revenue is recognised over time as work is performed. Where a donation does not have a specific condition, it is recognised as income when received.

Legacies

Legacies are recognised when the Social Fund receives the legacy. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property, at a point in time, when the Social Fund becomes legally entitled to the shares or property.

A portion of legacies are used to assist with meeting operational costs within the Social Fund, but the majority of legacies are used for capital purposes. Legacies form the major source of capital for social building schemes.

Red Shield Appeal

Donations to the Red Shield Appeal are recognised as revenue where the Social Fund acquires or receives an asset (including cash) in exchange for no consideration, in order to further its objectives. In circumstances where there are sufficiently enforceable rights and/or sufficiently specific performance obligations, revenue is deferred initially as a liability and is then recognised as obligations or conditions are fulfilled.

Revenue from Social Programmes

The Social Fund's social programme activity is supported by grants received from the federal, state and local governments.

Grants can be received on the condition of specified services being delivered, or conditions being fulfilled. Such grants are initially recognised as a liability called prepaid government funding and revenue is recognised as services are performed or conditions fulfilled. Revenue from grants, where there is a lack of enforceable rights and obligations and/or sufficiently specific performance obligations, is recognised when the organisation obtains control of the funds.

The Salvation Army Employment Plus-Fee for Service Government Funding

Revenue from employment administration services is recognised on a percentage completion basis overtime. Revenue from employment outcomes is recognised at a point in time when the unconditional right to receive the outcome fee is earned.

Fees from residents

Resident fee income is recognised over time as the service is delivered to the resident. Accrued resident income represents an estimate of fees due from residents not billed at balance date.

Sale of goods

Revenue from the sale of goods comprises revenue earned (net of returns, discounts and allowances) from the sale of goods for resale and gifts donated for resale.

Sales revenue is recognised when the control of goods passes to the customer.

Financing income

Financing income comprises interest, dividends and the net gain or loss on financial assets at FVTPL.

Interest income is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Social Fund's right to receive

payment is established. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

Asset sales

The gain or loss on disposal of all non-current property assets is determined as the difference between the carrying value of the asset at the time of disposal and the net proceeds on disposal.

Contributions in Kind

No amounts are included in the financial statements for services donated by volunteers, or donated goods.

(p) Expenses

Borrowing costs are expensed as incurred and included in financing expenses.

(q) Capital Revenue available for allocation

The Social Fund has adopted a policy of separately disclosing revenue received which is designated for capital purposes rather than operating activities. This designation is determined either directly by the donor or by the trustees of the Social Fund. This revenue is fully allocated to reserves and special purpose funds to be used to provide and maintain the infrastructure used by the social programmes of the Social Fund.

(r) Accounting estimates, judgements and errors

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key sources of estimation uncertainty

Note 15 contains information about the provision for National Redress, Note 11 contains information relating to the fair value of Community Housing (being Investment Property) and Note 1(h)(i) contains information about rollover receivable and payable balances.

Re-classification of Reserves, Trusts and special purpose funds and Legacies

In December 2019, in undertaking analysis of reserve funds pertaining to the former Eastern Territory, it was determined that certain 'Legacies' balances were previously classified and contained within 'Reserves' and 'Trusts and other special purpose funds'.

The re-classification and adjustment to the 2019 balance sheet was to reduce 'Reserves' and 'Trusts and other special purpose funds' and increase 'Legacies':

Notes to the financial statements

| | Pre-ad- justment | Adjusted | Post-ad- justment |
|----------------------------------|-----------------------------|----------|------------------------------|
| | \$000 | \$000 | \$000 |
| Reserves | 264,997 | -21,979 | 243,018 |
| Trusts and special purpose funds | 96,013 | -4,877 | 91,136 |
| Legacies | 35,626 | 26,856 | 62,482 |

(s) Leases

(i) Determining whether an arrangement contains a lease

At inception of a contract, the Social Fund assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Social Fund uses the definition of a lease in AASB 16 Leases.

(ii) Recognition

Right-of-use assets

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

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

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Social Fund's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, amounts expected to

be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

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

Extension and termination options are included in most of the property leases. All extension and termination options held are exercisable only by the Social Fund and not by the respective lessor. In determining the lease term, management considered all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In most cases lease extension options are not included in the calculation of lease liabilities. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Social Fund as lessee.

(iii) Lease exemptions and elections

The Social Fund excludes short-term and low value leases. Short-term leases are those which have a lease term of 12 months or less, and low value leases are those whereby the underlying asset is valued less than or equal to \$10,000. Lease payments on these assets are expensed to profit or loss as incurred.

The Social Fund has elected to apply incremental borrowing rates by class of asset. Classes include property and vehicles.

Peppercorn leases principally enable the Social Fund to further its objectives where a 'peppercorn' amount is paid as consideration to a lessor. The AASB issued AASB 2018 - 8 Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities which allows not-for-profit entities to elect and measure 'peppercorn' or concessionary leases at cost, rather than fair value. Peppercorn leases are incorporated within the 'Property' class of right-of-use lease assets.

(t) Community Housing property

Community Housing property is overseen by Salvation Army Housing and provides homes for individuals and families who are homeless or at risk of homelessness, are on low incomes and those with specific support needs.

In providing these services, Salvation Army Housing has entered into arrangements with Government Housing authorities in the form of:

- Owned property held under AASB 140 Investment Property; and
- Leases whereby Salvation Army Housing holds Investment Property as a designated class of right-of-use asset within AASB 16 Leases

Investment Property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of a Community Housing property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss. When a Community Housing property is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

For leased Community Housing property the Social Fund applies accounting policies within Note 1(s).

(u) New standards

New standards adopted during the year

A number of new standards, amendments to standards and interpretations are effective from 1 July 2019. AASB 16 Leases has impacted the Social Fund as described in note 1(v) below.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-For-Profit entities do not materially impact the Social Fund, and as the modified retrospective method has been applied, no comparative information has been restated. Note 1(o) contains the new accounting policies adopted which result in materially consistent revenue recognition practices with the previous period.

New standards not yet adopted

A number of new standards are effective for annual periods beginning on or after 1 July 2020 and earlier application is permitted, however, the Social Fund has not early adopted the new or amended standards in preparing these financial statements.

The new standards are not expected to have a significant impact on the Social Fund's financial statements, apart from:

- AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities
- AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2

As the Social Fund applies all the recognition and measurement requirements of all Australian Accounting Standards, there will be no impact on the amounts recognised in the financial statements. The new standards may alter some disclosures in future periods.

Both standards will apply to the Social Fund from the financial year beginning 1 July 2021.

(v) Impact of adopting AASB 16 Leases

The Social Fund has applied AASB 16 Leases from 1 July 2019. The standard removes the classification of leases as either operating leases or finance leases for the lessee and effectively treats all leases as finance leases. This moves most off-balance sheet operating leases onto the balance sheet.

The Social Fund has elected and applied various expedients within Note 1(s)(iii) accounting policies.

As disclosed within Note 11, the carrying amount of leased Community Housing property held under a finance lease arrangement was \$72,613,000. A right-of-use asset is recognised for these leases upon initial application of AASB 16 Leases, and continues as a designated class of Investment Property, on 1 July 2019, at an amount equal to the carrying amount of the lease asset immediately before the date measured applying AASB 117 Leases.

Leases formerly classified as finance leases under AASB 117 Leases

The Social Fund leases a number of buildings. These leases were classified as finance leases under AASB 117. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Notes to the financial statements

Leases formerly classified as operating leases under AASB 117 Leases

On transition, the Social Fund recognised right-of-use assets and lease liabilities under the modified retrospective approach electing no opening adjustment to equity. The impact is set out below:

On 1 July 2019:

| | \$000 |
|---------------------|--------------|
| Right of use assets | 99,708 |
| Lease liabilities | -99,708 |

When measuring lease liabilities for leases which were previously classified as operating leases, the Social Fund's discounted lease payments utilised an interest rate at 1 July 2019. The weighted average rate applied was 3.60%.

| | \$000 |
|---|--------------|
| Operating lease commitment as disclosed at 30 June 2019 | 110,929 |
| Discounted using the incremental borrowing rate at 1 July 2019 | (5,079) |
| Lease liabilities recognised as at 30 June 2019 | 105,850 |
| Recognition exemption for leases of low-value assets | - |
| Recognition for leases with less than 12 months of lease term at transition | (6,142) |
| Lease liabilities recognised on 1 July 2019 | 99,708 |

As the Social Fund has recognised depreciation and interest costs associated with AASB 16 Leases, rather than operating lease expenses, the following amounts were recognised during the year:

| | \$000 |
|----------------------|--------------|
| Depreciation expense | 35,747 |
| Interest expense | 5,154 |

Cash payments for the principal portion of the lease liability are included within financing activities, with cash payments for the interest portion of the lease liability included under 'Lease interest payments'. Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability, are included within operating activities.

| | \$000 |
|---|--------------|
| Total cash outflows from lease payments | 38,356 |

| | Note | 2020 \$000 | 2019 \$000 |
|--|------|-----------------------------|-----------------------|
| 2. REVENUE FROM ORDINARY ACTIVITIES | | | |
| Revenue from rendering of services: | | | |
| Government grants | | 379,859 | 323,954 |
| Fee for service - Government Funding | | 72,988 | 90,752 |
| Resident contributions and patient fees | | 83,856 | 87,378 |
| | | <u>536,703</u> | <u>502,084</u> |
| Other revenue from ordinary activities: | | | |
| Revenue from sale of goods | | 167,088 | 191,991 |
| Revenue from rent | | 19,189 | 16,946 |
| Other donations received - other than from the Red Shield Appeal | | 14,153 | 9,068 |
| | | <u>200,430</u> | <u>218,005</u> |
| Total revenue from ordinary activities | | <u><u>737,133</u></u> | <u><u>720,089</u></u> |

3. ALLOCATIONS TO CAPITAL FUNDS

Allocations have been made (to)/from the following capital funds, excluding working capital:

| | | | |
|----------------------------------|----|-----------------|-----------------|
| Property contributions fund | 18 | (20,106) | (32,677) |
| Reserves | 18 | (4,824) | 38,368 |
| Trusts and special purpose funds | 18 | (20,686) | 2,820 |
| Legacies | 18 | (9,288) | (28,114) |
| | | <u>(54,904)</u> | <u>(19,603)</u> |

'Reserves', 'Trusts and special purpose funds' and 'Legacies' allocations with respect to 2019 have been adjusted for a Territorial amalgamational line item re-classification of Capital Funds with respect to the former Eastern Territory and Legacies funding. Refer to Note 1(r).

4. AUDITORS' REMUNERATION

| | 2020 \$ | 2019 \$ |
|-----------------------------|--------------------------|----------------|
| Audit Services | | |
| Auditors of the Social Fund | | |
| KPMG Australia | 830,862 | 794,466 |
| | <u>830,862</u> | <u>794,466</u> |
| Other Services | | |
| KPMG Australia | 169,884 | 268,028 |
| | <u>169,884</u> | <u>268,028</u> |

Notes to the financial statements

| Note | 2020 \$000 | 2019 \$000 |
|---|-----------------|-----------------|
| 5. RED SHIELD APPEAL DONATIONS | | |
| Donations | | |
| Red Shield Appeal Income | 131,212 | 78,000 |
| Less: Red Shield Appeal Expenses | (20,657) | (21,738) |
| Net Revenue Available for Distribution | 110,555 | 56,262 |
| Distribution | | |
| Donor designated gifts | (14,530) | (10,418) |
| Other Emergency Appeals/Disasters (including Bushfire and Drought Relief) | (46,571) | (4,847) |
| Total Distribution | (61,101) | (15,265) |
| Net Reserves Available for Social Mission and Community Engagement | 49,454 | 40,997 |

No Red Shield Appeal funds are used to cover National Redress claims.

6. CASH

| | | |
|--------------|---------------|---------------|
| Cash at bank | 29,306 | 36,387 |
| Cash on hand | 271 | 844 |
| | 29,577 | 37,231 |

20

7. RECEIVABLES AND OTHER ASSETS

Current

| | | |
|---|---------------|----------------|
| Prepayments | 2,632 | 3,960 |
| Accommodation Bond Rollovers | 1,958 | 2,279 |
| Sundry debtors (including deferred consideration) | 46,304 | 16,549 |
| Receivables from General Work | - | 271,600 |
| | 50,894 | 294,388 |

Social Work deposits cash to General Work which is then invested by General Work. All former Salvation Army Eastern Territory investment portfolios were held under The Salvation Army (New South Wales) Property Trust and accounted for in the General Work. In financial year 2020, The Salvation Army (New South Wales) Property Trust investment portfolio was subsumed on a proportionate basis so as to allow for consistency of presentation of the Social Fund investments and is shown within 'Other Financial Assets' (Note 8).

Non-current

| | | |
|--|---------------|---------------|
| Accommodation Bond Rollovers | 14,644 | 17,141 |
| Loan Receivable - Independent Living Units | 4,076 | 2,794 |
| Independent Living Unit - Lease Refurbishment Contribution | 9,729 | 9,313 |
| Sundry debtors (including deferred consideration) | 6,002 | 3,669 |
| | 34,451 | 32,917 |

8. OTHER FINANCIAL ASSETS

Current

Short term deposits
Australian Equities

| 2020 \$000 | 2019 \$000 |
|---------------|---------------|
| 34,850 | 12,619 |
| 3,792 | 3,022 |
| <u>38,642</u> | <u>15,641</u> |

Non-current

Unlisted units in managed investment funds
Hybrid and fixed interest securities
Other

| | |
|----------------|----------------|
| 567,566 | 319,686 |
| 20,139 | 16,658 |
| 430 | 619 |
| <u>588,135</u> | <u>336,963</u> |

9. INVENTORIES

Raw materials and stores
Work in progress
Finished goods

| | |
|--------------|--------------|
| 437 | 375 |
| - | 39 |
| 3,558 | 2,825 |
| <u>3,995</u> | <u>3,239</u> |

10. PROPERTY, PLANT AND EQUIPMENT

Land and Buildings Held for Sale

| | |
|-------|---|
| 3,000 | - |
|-------|---|

Land and buildings Held for Sale represents a property located at 162 Victoria St, Mackay, known as the Mackay Corporate Centre. The disposal is expected to occur within 12 months post 30 June 2020.

Freehold Land and Buildings

Freehold land at cost
Buildings at cost
Accumulated depreciation

| | |
|-----------|-----------|
| 95,899 | 93,507 |
| 716,794 | 713,280 |
| (207,546) | (196,762) |

Total Freehold Land and Buildings

| | |
|----------------|----------------|
| <u>605,147</u> | <u>610,025</u> |
|----------------|----------------|

Leasehold Improvements

At cost
Accumulated depreciation

| | |
|----------|----------|
| 30,744 | 29,975 |
| (28,893) | (27,778) |

Total Leasehold Improvements

| | |
|--------------|--------------|
| <u>1,851</u> | <u>2,197</u> |
|--------------|--------------|

Building Schemes in Progress - at cost

| | |
|---------------|---------------|
| <u>41,334</u> | <u>21,063</u> |
|---------------|---------------|

Motor Vehicles

At cost
Accumulated depreciation

| | |
|----------|----------|
| 14,389 | 16,611 |
| (10,047) | (11,357) |

Total Motor Vehicles

| | |
|--------------|--------------|
| <u>4,342</u> | <u>5,254</u> |
|--------------|--------------|

Notes to the financial statements

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$000 | \$000 |
| 10. PROPERTY, PLANT AND EQUIPMENT (continued) | | |
| Plant and Equipment | | |
| At cost | 82,324 | 83,023 |
| Accumulated depreciation | (53,899) | (57,726) |
| Total Plant and Equipment | 28,425 | 25,297 |
| Total Property, Plant and Equipment Net Book Value | 681,099 | 663,836 |
| Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below: | | |
| Freehold Land and Buildings | | |
| Carrying amount at beginning of year | 610,025 | 610,326 |
| Additions (and transfers from Building Schemes in Progress - Cost) | 20,258 | 19,340 |
| Transfer to Land and Buildings held for sale | (3,000) | - |
| Disposals | (8,801) | (5,706) |
| Depreciation | (13,335) | (13,935) |
| Carrying amount at end of year | 605,147 | 610,025 |
| Leasehold Improvements | | |
| Carrying amount at beginning of year | 2,197 | 2,794 |
| Additions (and transfers from Building Schemes in Progress - Cost) | 769 | 704 |
| Disposals | (59) | (21) |
| Depreciation | (1,056) | (1,280) |
| Carrying amount at end of year | 1,851 | 2,197 |
| Building Schemes in Progress - Cost | | |
| Carrying amount at beginning of year | 21,063 | 14,187 |
| Additions | 46,932 | 29,874 |
| Transfers to Housing, Freehold Land, Buildings/Leasehold Property and Plant and Equipment | (26,661) | (22,998) |
| Carrying amount at end of year | 41,334 | 21,063 |
| Motor Vehicles | | |
| Carrying amount at beginning of year | 5,254 | 5,683 |
| Additions | 886 | 1,348 |
| Disposals | (382) | (146) |
| Depreciation | (1,416) | (1,631) |
| Carrying amount at end of year | 4,342 | 5,254 |
| Plant and Equipment | | |
| Carrying amount at beginning of year | 25,297 | 23,140 |
| Additions (including transfers from building schemes in progress - cost) | 9,207 | 15,987 |
| Disposals | (810) | (804) |
| Depreciation | (5,269) | (13,026) |
| Carrying amount at end of year | 28,425 | 25,297 |

| | 2020 | 2019 |
|---|----------------|---------------|
| | \$000 | \$000 |
| 11. COMMUNITY HOUSING PROPERTY | | |
| Community Housing property (owned) | a) 29,852 | 21,986 |
| Community Housing property (leased) | b) 73,254 | 72,613 |
| | <u>103,106</u> | <u>94,599</u> |
| a) Reconciliation of carrying amount | | |
| Opening balance at 1 July | 21,986 | 5,957 |
| Additions and transfers from Schemes in Progress* | 7,317 | 4,760 |
| Disposals | (265) | - |
| Change in fair value | 814 | 11,269 |
| Closing balance at 30 June | <u>29,852</u> | <u>21,986</u> |
| b) Reconciliation of carrying amount | | |
| Opening balance at 1 July | 72,613 | 71,044 |
| Change in fair value | 641 | 1,569 |
| Closing balance at 30 June | <u>73,254</u> | <u>72,613</u> |

* Transfers from Schemes in Progress represent buildings constructed on donated land and transferred to Community Housing on transfer of title to the land. Additions to owned Community Housing relates to 20 titles transferred from the Tasmanian Government under a stock transfer program with a fair value of \$4,882,605, at no cost. The fair value was estimated having regard to valuations provided by Valuer-General.

As at 30 June 2019, the carrying amount of leased Community Housing property held under a finance lease arrangement was \$72,613,000. A right-of-use asset is recognised for these leases upon initial application of AASB 16 Leases, and continues as a designated class of Investment Property, on 1 July 2019, at an amount equal to the carrying amount of the lease asset immediately before the date measured applying AASB 117 Leases.

Community Housing property comprises a number of residential properties that are sub-leased to third parties. The lease terms vary depending on the need of the lessee. No contingent rents are charged.

Measurement of fair values

Investment properties are revalued annually with an external valuation carried out every 3 years. The Social Fund has determined the movement in fair value during 2020 and in turn fair value at 30 June 2020 with reference to 30 June 2019 fair values adjusted for the percentage change between the average sales price in June 2019 compared with June 2020 in the specific suburb in which the property is located. The fair value measurement of all the investment properties has been categorised as Level 2 fair value based on the inputs to the valuation technique used.

Leases as lessor

The Social Fund leases out its Community Housing property. Due to the nature of the Community Housing residential properties, the lease arrangements are considered to be operating leases. During 2020 Community Housing property rentals of \$10.2m (2019: \$5.3m) were included in other revenues from ordinary activities.

Notes to the financial statements

| | Note | 2020 \$000 | 2019 \$000 |
|--|------|-----------------------------|---------------|
| 12. RIGHT OF USE ASSETS | | | |
| Reconciliations of the carrying amounts for each class are set out below: | | | |
| Property | | | |
| Right of use asset | | | |
| Opening balance at 1 July | | - | - |
| Recognition of right of use asset on initial application of AASB 16 Leases | | 94,855 | - |
| Adjusted Opening balance at 1 July | | 94,855 | - |
| Additions | | 41,145 | - |
| Closing balance at 30 June | | 136,000 | - |
| Accumulated depreciation | | | |
| Opening balance at 1 July | | - | - |
| Recognition of right of use asset on initial application of AASB 16 Leases | | - | - |
| Adjusted Opening balance at 1 July | | - | - |
| Depreciation for the year | | 32,578 | - |
| Closing balance at 30 June | | 32,578 | - |
| Vehicles | | | |
| Right of use asset | | | |
| Opening balance at 1 July | | - | - |
| Recognition of right of use asset on initial application of AASB 16 Leases | | 4,853 | - |
| Adjusted Opening balance at 1 July | | 4,853 | - |
| Additions | | 3,222 | - |
| Closing balance at 30 June | | 8,075 | - |
| Accumulated depreciation | | | |
| Opening balance at 1 July | | - | - |
| Recognition of right of use asset on initial application of AASB 16 Leases | | - | - |
| Adjusted Opening balance at 1 July | | - | - |
| Depreciation for the year | | 3,169 | - |
| Closing balance at 30 June | | 3,169 | - |
| Total closing balance at 30 June | | 108,328 | - |

| | 2020 | 2019 |
|--|----------------|---------------|
| | \$000 | \$000 |
| 13. PAYABLES | | |
| Current | | |
| Sundry creditors and accruals | 54,303 | 54,184 |
| Prepaid government funding | 66,121 | 20,452 |
| | <u>120,424</u> | <u>74,636</u> |
| 14. EMPLOYEE BENEFITS | | |
| Current | | |
| Employee entitlements | 40,623 | 45,023 |
| Non-current | | |
| Employee entitlements | 7,373 | 6,987 |
| The Social Fund contributed \$38,797,200 (2019: \$36,597,259) on behalf of employees to the superannuation plans of their choice, in accordance with superannuation guarantee legislation. | | |
| 15. PROVISIONS | | |
| Current | | |
| Accommodation bond rollovers | 1,356 | 1,618 |
| National Redress | 28,769 | 22,193 |
| | <u>30,125</u> | <u>23,811</u> |
| Non-current | | |
| Accommodation bond rollovers | 7,460 | 8,599 |
| National Redress | 2,524 | 17,182 |
| Make good of leased premises | 1,106 | 1,127 |
| | <u>11,090</u> | <u>26,908</u> |

Notes to the financial statements

15. PROVISIONS (continued)

The Salvation Army Australia has publicly expressed it is deeply regretful of any incident of historical abuse perpetrated.

The *National Redress Scheme for Institutional Child Sexual Abuse Act 2018 (Cth)* (National Redress Scheme) was assented to on 21 June 2018, and is in direct response to the Royal Commission into Institutional Responses to Child Sexual Abuse. On 9 October 2018, the Minister for Families and Social Services accepted the Social Fund's application to join the National Redress Scheme.

This Act establishes the National Redress Scheme for Institutional Child Sexual Abuse which provides redress to survivors of past institutional child sexual abuse.

The participating institutions are:

- (a) all Commonwealth institutions; and
- (b) any State institution that is declared to be a participating institution; and
- (c) any Territory institution that is declared to be a participating institution; and
- (d) any non-government institution that is declared to be a participating institution.

Participating institutions that are determined by the National Redress Scheme to be responsible for the abuse of a person are liable for the costs of providing redress to the person. Those institutions are also liable for contributing to the costs of the administration of the scheme. The National Redress Scheme is responsible for recovering those costs from those institutions through funding contributions, which those institutions are required to pay on a quarterly basis.

The provision for National Redress has been based on the assessment by The Salvation Army Australia Territory's legal representatives, historical experiences and information made available as part of the Royal Commission into Institutional Responses to Child Sexual Abuse and consists of three components:

1. Claims settled previously where the historical payment made to the claimant may be reassessed by the National Redress Scheme and an additional payment is made;
2. Claims known but yet to be settled which will be assessed by the National Redress Scheme and a payment is made; and
3. Unknown claims yet to be received, which may be lodged by claimants to the National Redress Scheme and a payment is made.

The estimation of the cost of unknown claims yet to be lodged under the National Redress Scheme or through known civil cases against The Salvation Army is inherently judgmental and consequently, the provision for National Redress represents a 'best estimate' at reporting date. As additional information comes to light, and the uncertainty is resolved, the Social Fund will reassess the provision.

Claims paid have not and will not be funded from Red Shield Appeal or legacy funds.

16. INTEREST FREE LOANS

Current

Accommodation Bonds
Unsecured Loans

Non-Current

Secured Loans
Unsecured Loans

| 2020 \$000 | 2019 \$000 |
|-----------------------------|----------------|
| 214,154 | 216,630 |
| 200 | 200 |
| 214,354 | 216,830 |
| 7,672 | 7,672 |
| 600 | 800 |
| 8,272 | 8,472 |

Accommodation Bonds

These balances are repayable to residents of aged care centres upon their vacating of the centres. When taking up residence at aged care centres, government legislation allows for residents to pay a refundable and an amortisable entry contribution to the Social Fund.

The refundable portion is in the form of an interest-free loan repayable in full, while the amortisable portion is amortised over five years and recognised as income.

These balances are required to be used for the benefit of aged care residents. The Salvation Army is required to ensure sufficient liquidity to enable it to repay the bonds as required.

As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities. Based on past experience, the Social Fund believes that not all accommodation bonds may need to be refunded within a given year.

Secured Loan

This balance represents loans provided by government bodies towards the construction/purchase of social centres, secured against the properties. The loans are only repayable to the government bodies under certain default or closure circumstances. It is not foreseen that such circumstances will exist within the next 12 months.

Unsecured Loans

These balances represent loans provided by government bodies towards the construction of aged care centres.

Notes to the financial statements

| | 2020 | 2019 |
|---|----------------|---------------|
| | \$000 | \$000 |
| 17. LEASE LIABILITIES | | |
| Property | | |
| Lease liabilities | | |
| Recognition of lease liabilities on initial application of AASB 16 Leases | 94,855 | - |
| Additions | 40,355 | - |
| Interest expense | 3,454 | - |
| Lease liability payments | (34,135) | - |
| Closing balance at 30 June | 104,529 | - |
| Community Housing | | |
| Lease liabilities | | |
| Opening balance at 1 July | 54,731 | 53,745 |
| Interest expense | 1,305 | 1,865 |
| Lease liability payments | (870) | (879) |
| Closing balance at 30 June | 55,166 | 54,731 |
| Vehicles | | |
| Lease liabilities | | |
| Recognition of lease liabilities on initial application of AASB 16 Leases | 4,853 | - |
| Additions | 3,020 | - |
| Interest expense | 395 | - |
| Lease liability payments | (3,351) | - |
| Closing balance at 30 June | 4,917 | - |
| Total closing balance at 30 June | 164,612 | 54,731 |
| Included in the financial statements as: | | |
| Current Lease liabilities | 33,939 | 868 |
| Non-Current Lease liabilities | 130,673 | 53,863 |
| | 164,612 | 54,731 |

Community Housing (being leased Investment Property) was classified as a finance lease arrangement under AASB 117 Leases. Upon initial application of AASB 16 Leases, this designated class of Investment Property continues, on 1 July 2019, at an amount equal to the lease liability immediately before the date measured applying AASB 117 Leases.

Refer to Note 24 for further information on financial risk management.

| | Note | 2020 \$000 | 2019 \$000 |
|--|------|-----------------------------|----------------|
| 18. CAPITAL FUNDS | | | |
| Movements in Capital Funds | | | |
| Property Contributions Fund | | | |
| Opening Balance | | 577,875 | 545,198 |
| Net Transfers and allocations from working capital fund | 3 | 20,106 | 32,677 |
| Closing balance | | 597,981 | 577,875 |
| Reserves | | | |
| Opening Balance | | 243,018 | 281,328 |
| Net Transfers and allocations (to)/from working capital fund | 3 | 4,824 | (38,368) |
| Other comprehensive income | | 580 | 58 |
| Closing balance | | 248,422 | 243,018 |
| Trusts and Special Purpose Funds | | | |
| Opening Balance | | 91,136 | 93,956 |
| Net Transfers and allocations from working capital fund | 3 | 20,686 | (2,820) |
| Closing balance | | 111,822 | 91,136 |
| Legacies | | | |
| Opening Balance | | 62,482 | 34,368 |
| Net Transfers and allocations from working capital fund | 3 | 9,288 | 28,114 |
| Closing balance | | 71,770 | 62,482 |
| Working Capital Fund | | | |
| Opening Balance | | 40,853 | 34,405 |
| Operating net income before allocations | | 27,899 | 26,051 |
| Allocations to other capital funds | 3 | (54,904) | (19,603) |
| Closing balance | | 13,848 | 40,853 |

'Reserves', 'Trusts and special purpose funds' and 'Legacies' with respect to 2019 have been adjusted for a Territorial amalgamational line item re-classification of Capital Funds with respect to the former Eastern Territory and Legacies funding.

Refer to Note 1(r).

Notes to the financial statements

19. COMMITMENTS

Capital Commitments

The Social Fund is constantly engaged in planned and ongoing construction projects requiring the commitment of significant funds.

Certain portions of these funds will be provided by Territorial Headquarters and other funds will be received from other sources. Due to the uncertainties necessarily surrounding funding from sources other than Territorial Headquarters, it is not possible, at any point in time, to quantify the exact financial commitment required of Territorial Headquarters for these projects. However, the maximum values are:

| | 2020 | 2019 |
|---|--------------|--------|
| | \$000 | \$000 |
| Cost to complete property schemes in progress | 33,811 | 37,866 |

20. NOTES TO THE STATEMENT OF CASH FLOWS

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, cash in transit and cash held at social centres net of outstanding bank overdrafts. Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | | | |
|------|---|--------|--------|
| Cash | 6 | 29,577 | 37,231 |
|------|---|--------|--------|

21. RELATED PARTY DISCLOSURES

Key Management Personnel Disclosures

The Trustees of the Social Fund are deemed to be the key management personnel of the Social Fund. The names of the Trustees who held office during the year ended 30 June 2020 were:

Commissioner Robert William Donaldson*
Colonel Winsome Merrett*
Colonel Kelvin Leslie Merrett
Colonel Mark Thomas Stuart Campbell
Colonel Geanette Frances Seymour*
Lieutenant-Colonel Lynette Ann Edge*
Lieutenant-Colonel Stuart Ronald Evans*
Captain Richard Charles Parker*

* Trustees who held office for the full financial year

Trustees' Remuneration

The Trustees are officers or staff of the Social Fund, and receive remuneration in accordance with established Salvation Army guidelines as below. In addition, officer trustees also receive accommodation and use of a motor vehicle at no cost as part of their officership, in accordance with established Salvation Army guidelines. No additional remuneration is received by these officers for acting in their capacity as Trustees of the Social Fund. There are no other transactions with key management personnel.

| | 2020 | 2019 |
|--|--------------|-------|
| | \$000 | \$000 |
| Total income paid or payable, or otherwise made available to all Trustees of the Social Fund from the Social Fund or any related party | 243 | 616 |

22. INCOME TAX

The Salvation Army organisations are endorsed by the Australian Taxation Office as Income Tax Exempt Charities.

23. CONTINGENT LIABILITIES

a) Sale of aged care centres on 1 July 2005

On 1 July 2005, the Social Fund completed the sale of 15 of its 19 sites catering for aged care hostels and nursing homes, as well as retirement living units to Retirement Care Australia (RCA). In addition, TriCare acquired the Hayville retirement village in Box Hill, Melbourne. The business sale agreements included various warranties from the Social Fund to the purchasers, whereby under certain circumstances, they may seek financial compensation from the Social Fund.

In addition, at the time of divesting some of its aged care centres, the Department of Health and Ageing had provided the Social Fund with capital grant funding towards the construction of Gilgunya Village, Weeroona Hostel, Inala Village Nursing Home, Edenfield Hostel, Warrina Hostel and Darwin Nursing Home. Under certain conditions, a portion of these capital grants may need to be repaid by the Social Fund to the Department of Health and Ageing. The amount repayable to the Department of Health and Ageing reduces over time, with 2021 being the last expiration date for the capital grant funding provided for Gilgunya Village. As at 30 June 2020, the maximum capital grant funding which would have been repayable to the Department of Health and Ageing was \$120,066 (2019: \$312,313).

At 30 June 2020, the Trustees are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required. However, funds have been set aside to an 'aged care divestment contingency reserve' to cover these amounts.

b) Capital grant funding

The Social Fund received \$16,209,000 from the Housing Authority in Western Australia between 2012-2015 as part capital funding towards the provision of a homeless accommodation and support facility in Northbridge, Perth, Western Australia.

Under certain default or closure circumstances, the project agreement requires the Social Fund to repay these capital funds to the Housing Authority over a 30-year term, with the amount repayable reducing by 3.33% per annum upon the anniversary of the date of the project commissioning. As at 30 June 2020, the amount repayable would have been \$13,060,449 (2019: \$13,510,343) and there were no events that required any repayment.

Notes to the financial statements

24. FINANCIAL RISK MANAGEMENT

The Social Fund has exposure to the following risks from their use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Social Fund's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Trustees of the Social Fund consider the Social Fund's risk exposure to be low from their use of financial instruments. Further quantitative disclosures are included throughout this financial report.

The Social Fund has a proportion of its total assets in cash at bank and deposits at call. Management of the Social Fund regularly monitor the returns obtained on interest bearing deposits.

Credit risk

Credit risk is the risk of financial loss to the Social Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Social Fund's receivables from customers and cash and cash equivalents.

Financial Assets

The Social Funds financial assets are held with major financial institutions that have a high credit rating.

Trade receivables

The Social Fund's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Social Fund operates in the Australian region. The Social Fund has a concentration of transactions with reputable organisations, financial institutions and the Australian government, including the various Commonwealth and State departments, accordingly limiting its credit risk.

The Social Fund has established a credit policy under which the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Social Fund does not require collateral in respect of financial assets.

The Social Fund has established an allowance for impairment that represents their estimate of expected credit losses not incurred in respect of trade and other receivables and investments. The main component of this allowance are a specific loss component that related to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Refer to Note 6 "Cash", Note 7 "Receivables and Other Assets" and Note 8 "Other Financial Assets" for the carrying amount of the Social Fund's financial assets representing the maximum credit exposure. As at 30 June 2020 receivables 30 days past due are immaterial balance.

Exposure to credit risk

The carrying amount of the Social Fund's financial assets represents the maximum credit exposure. The Social Fund's maximum exposure to credit risk at balance date was as follows:

| | Carrying Amount | |
|---------------------------|-----------------|---------------|
| | 2020 | 2019 |
| | \$000 | \$000 |
| Cash and cash equivalents | 29,577 | 37,231 |
| Short term deposits | 34,850 | 12,619 |
| Trade receivables | 46,304 | 16,549 |
| | 110,731 | 66,399 |

24. FINANCIAL RISK MANAGEMENT (continued)

Trade and other receivables

The aging of the Social Fund's sundry debtors at the reporting date was:

| | Gross | Impairment | Gross | Impairment |
|----------------------|---------------|-------------------|---------------|------------|
| | 2020 | 2020 | 2019 | 2019 |
| | \$000 | \$000 | \$000 | \$000 |
| Not past due | 46,304 | - | 16,549 | - |
| Past due 0-30 days | - | - | - | - |
| Past due 31-120 days | - | - | - | - |
| | 46,304 | - | 16,549 | - |

Market risk

Interest rate risk -

Management of the Social Fund ensures that a portion of its interest rate risk exposure is at fixed-rates.

Other market price risk -

The Social Fund is exposed to equity price risk, which arises from equity managed funds and hybrid securities. Management monitors the proportion of equity managed funds and hybrid securities in its investment portfolio based on market indices. The primary goal of the Social Fund's investment strategy is to maximise investment returns whilst preserving investment capital.

Management is assisted by JANA Investment Advisers, Crestone Wealth Management and Mercer in this regard.

Exposure to market risk

Management of the Social Fund monitors movements in equity return rates on a regular basis, and ensures that returns obtained are at market levels. No derivative contracts are used to manage market risk.

Profile

At the reporting date, the market rate profile of the Social Fund's equity financial instruments is set out in Note 8.

Fair value sensitivity analysis for equity managed funds and hybrid instruments

The equity financial asset represents managed funds and hybrid fixed interest securities.

Sensitivity analysis

A reasonably possible change of 100 basis points in returns at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| | Profit or Loss / equity | |
|-------------------------|-------------------------|----------------|
| | 1% Increase | 1% Decrease |
| | \$000 | \$000 |
| 2020 | | |
| Equity rate instruments | 5,919 | (5,919) |
| | 5,919 | (5,919) |
| 2019 | | |
| Equity rate instruments | 3,400 | (3,400) |
| | 3,400 | (3,400) |

Notes to the financial statements

24. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The Social Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Management of the Social Fund aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Social Fund's investments in unlisted unit trusts are readily convertible to cash at acceptable notice periods.

Exposure to liquidity risk

Liquidity risk is the risk that the Social Fund will not be able to meet its financial obligations as they fall due. The Social Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Social Fund's reputation.

Management of the Social Fund monitors its cash flow requirements and ensures that it has sufficient cash on demand to meet expected operational expenses.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| | Carrying Amount | Contractual Cash Flows | 12 months or less | 1-2 years | More than 2 years |
|------------------------------|--------------------|---------------------------|----------------------|-----------------|----------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| 30 June 2020 | | | | | |
| Financial liabilities | | | | | |
| Trade and other payables | (54,303) | (54,303) | (54,303) | - | - |
| Interest free loans | (222,626) | (222,626) | (214,354) | - | (8,272) |
| Lease liabilities | (164,612) | (170,563) | (52,320) | (42,878) | (75,365) |
| | <u>(441,541)</u> | <u>(447,492)</u> | <u>(320,977)</u> | <u>(42,878)</u> | <u>(83,637)</u> |
| 30 June 2019 | | | | | |
| Financial liabilities | | | | | |
| Trade and other payables | (54,184) | (54,184) | (54,184) | - | - |
| Interest free loans | (225,302) | (225,302) | (216,830) | - | (8,472) |
| Lease liabilities | (54,731) | (54,731) | (868) | (3,621) | (50,242) |
| | <u>(334,217)</u> | <u>(334,217)</u> | <u>(271,882)</u> | <u>(3,621)</u> | <u>(58,714)</u> |

25. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustees of the Social Fund, to affect significantly the operations of the Social Fund, the results of those operations, or the state of affairs of the Social Fund, in future financial years.

As indicated impacts of COVID-19 are uncertain, while current trends indicate no significant impact to the operation of the Social Fund, any dramatic change in the situation, Government Policy or economic position could have an impact into the future.

Trustees' declaration

In the opinion of the Trustees of The Salvation Army Australia Social Fund ("Social Fund"):

- (i) The accompanying aggregated financial statements and notes set out on pages 55 to 84 are drawn up so as to present fairly the financial position of the Social Fund as at 30 June 2020 and the results of its operations and its cash flows for the year then ended;
- (ii) The operations have been carried out in accordance with The Salvation Army Trusts and Deeds;
- (iii) These special purpose aggregated financial statements comply with all of the general purpose financial statement requirements of Tier 2 in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB), the Australian Charities and Not-for-profit Commission Act (ACNC) 2012 (Cth) and the Australian Charities and Not-for-profit Commission Regulations 2013 (Cth) except that the aggregated entities that comprise the Social Fund do not constitute a group for the purpose of AASB 10 Consolidated Financial Statements; and
- (iv) There are reasonable grounds to believe that the Social Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Trustees:



Lieutenant-Colonel Winsome Mason

Secretary for Business Support
TRUSTEE



Colonel Winsome Merrett

Chief Secretary
TRUSTEE

Dated at Melbourne this 4th day of November 2020



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Trustees of The Salvation Army Australia Territory Social Fund

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 there have been:

- i. no contraventions of 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. no contraventions of any applicable code of professional conduct in relation to the audit.



Chris Sargent

Partner

Melbourne

4 November 2020



Independent Auditor's Report

To the Trustees of The Salvation Army Australia Territory Social Fund

Opinion

We have audited the **Aggregated Financial Report** of The Salvation Army Australia Territory Social Fund (the Aggregated Entity).

True and fair view

In our opinion, the accompanying Aggregated Financial Report of the Aggregated Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Aggregated Entity's financial position as at 30 June 2020, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards* to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Aggregated Financial Report** comprises:

- i. Aggregated statement of financial position as at 30 June 2020.
- ii. Aggregated statement of profit or loss and other comprehensive income, Aggregated statement of changes in capital funds, and Aggregated statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Trustees' declaration.

The Aggregated Entity consists of the Registered Entities being The Salvation Army (Victoria) Property Trust, The Salvation Army (Tasmania) Property Trust, The Salvation Army (South Australia) Property Trust, The Salvation Army (Western Australia) Property Trust, The Salvation Army (Northern Territory) Property Trust, The Salvation Army (Victoria) Property Trust atf The Salvation Army (VIC) Social Work, The Salvation Army (Tasmania) Property Trust atf The Salvation Army (TAS) Social Work, The Salvation Army (South Australia) Property Trust atf The Salvation Army (SA) Social Work, The Salvation Army (Western Australia) Property Trust atf The Salvation Army (WA) Social Work, The Salvation Army (Northern Territory) Property Trust atf The Salvation Army (NT) Social Work, The Salvation Army (New South Wales) Property Trust, The Salvation Army (Queensland) Property Trust, The Salvation Army (New South Wales) Trust atf The Salvation Army (NSW) Social Work, The Salvation Army (Queensland) Property Trust atf The Salvation Army (QLD) Social Work, The Salvation Army Community Housing Service, The Salvation Army Housing, The Salvation Army Housing (Victoria), The Salvation Army (Australia) Self Denial Fund (for overseas aid), The Salvation Army Aust Self Denial Fund (for Overseas Aid), The Salvation Army (Australia) Redress Limited, Salvos Legal Limited, Salvos Legal (Humanitarian) Limited and the entities they controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Aggregated Financial Report* section of our report.

We are independent of the Aggregated Entity in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Aggregated Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 to the Aggregated Financial Report, which describes the basis of preparation.

The Aggregated Financial Report has been prepared for the purpose of fulfilling the Trustees' financial reporting responsibilities under the *ACNC Act 2012*. As a result, the Aggregated Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Trustees of the Aggregated Entity and ACNC and should not be used by any other party. We disclaim any assumption of responsibility for any reliance on this Auditor's Report, or on the Aggregated Financial Report to which it relates to any person other than the Trustees of the Aggregated Entity and ACNC.

Other information

Other Information is financial and non-financial information in the Aggregated Entity's annual reporting which is provided in addition to the Aggregated Financial Report and the Auditor's Report. The Trustees are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Trustees Report.

Our opinion on the Aggregated 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 Aggregated Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Aggregated Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information and, based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report, we have nothing to report.

Responsibilities of Management for the Aggregated Financial Report

Management are responsible for:

- i. Preparing the Aggregated Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *ACNC Act 2012*.
- ii. Determining that the basis of preparation described in Note 1 to the Aggregated Financial Report is appropriate to meet the requirements of the *ACNC Act 2012*.
- iii. Implementing necessary internal control to enable the preparation of an Aggregated Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iv. Assessing the Aggregated Entity's and the Registered Entities' ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Aggregated Entity and the Registered Entities' or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Aggregated Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Aggregated Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Aggregated Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Aggregated Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Aggregated Entity and the Registered Entities' internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- iv. Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Aggregated Entity's and the Registered Entities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Aggregated Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Aggregated Entity and the Registered Entities' to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Aggregated Financial Report, including the disclosures, and whether the Aggregated Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees of the Aggregated Entity and the Registered Entities regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Chris Sargent
Partner
Melbourne
4 November 2020



The Salvation Army Australia Annual Report 2020

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For more information regarding The Salvation Army and its services, visit: salvationarmy.org.au

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