



Compass Leaving Care
Annual Report
2018–19



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COMPASS acknowledges Aboriginal people as the traditional custodians of the land on which we operate. We commit to working respectfully to honour their ongoing cultural and spiritual connections to this country.

Diversity and inclusivity are important to COMPASS and we are committed to ensuring our workplace and services reflect this. Everyone is welcome at COMPASS, regardless of race, religion, gender or sexuality.



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SECTION A

COMPASS LEAVING CARE
ANNUAL INVESTOR REPORT

MESSAGE FROM DIRECTORS

We are pleased to present the inaugural Compass Leaving Care Limited (Compass Leaving Care) Annual Report, incorporating the investor report for the COMPASS Social Impact Bond (SIB).

The 2018–19 Annual Report outlines a number of significant milestones.

They include the successful capital-raising phase of the project, with the bond fully subscribed in October 2018. Staff from our service providers, Anglicare Victoria (AV) and VincentCare Victoria (VCV), began implementation immediately. We engaged with our first young care leavers in the inner west about the program and its offer by the end of October. The progressive roll-out embedded in the program design allowed us to refine and improve pathways and protocols. Guided by this experience, expansion to our second two locations in April 2019 ran smoothly.

The positive engagement, resilience and enthusiasm of COMPASS participants has been inspiring. We have not yet reached our first measurement point for payable outcomes, but the preliminary data is positive and with a 100 percent retention rate, we expect positive and lasting outcomes for the young people we're working with.

This year's top priority was ensuring program access for eligible young care leavers. Collaborating with the Department of Health and Human Services (DHHS) was vital to rapidly and successfully establishing this program. This has been supported by the Joint Working Group and the Government Contract Manager. It was operationalised by staff in DHHS Regional Offices, who work closely with the COMPASS team to support a smooth transition out of care and into the program.

Importantly, the Government Contract Manager and peer organisations have worked hard to ensure eligible young people are referred to COMPASS, and we expect participant numbers will quickly build in 2019–20.

The most pleasing result from our first nine months of operation has been the overwhelmingly positive feedback from COMPASS participants. The vast majority of eligible referrals have gone on to participate in the program.



Paul McDonald

*Director, Compass Leaving Care Limited
CEO, Anglicare Victoria*



Quinn Pawson

*Director, Compass Leaving Care Limited
CEO, VincentCare Victoria*

David's story

When I was 15, I was homeless and (then) living in Residential Care. I then moved into a modern house with airconditioning but living with a volunteer wasn't for me.

So I left care but my leaving care plan didn't really work out. I hadn't turned 18 yet and I'd stayed in nine hotels over six months. In the end, I got so sick of moving hotels, I couldn't go to school anymore.

But the hardest thing was hiding my dog Penelope in the motel without anyone finding out. Penelope's the most important thing in the world to me, she's my family.

I'd got to the point where I just didn't trust workers anymore, and I felt unheard and angry. But then I linked in with COMPASS and things changed. Everyone is really reliable and I've built a great relationship with my key worker, who I trust heaps.


When I finally got to set up my house choosing furniture was heaps of fun, plus the toilet worked and I could cook. And no longer living out of my bag was awesome.

Penelope is now safe too, and we both have a place to sleep and eat, and she loves her backyard.

With COMPASS accommodation my mood is a lot better and my drug use is heaps less because I'm not so stressed.

Right now, I'm up-skilling myself so I can apply for jobs. So far, I've done Responsible Service of Alcohol, Responsible Service of Gambling, and Responsible Service of Food. And I'm about to do a forklift and warehouse course.

I am really grateful for having COMPASS in my life. They all give 100 percent and I know that I can call any of the team and they'd help me. Thanks to COMPASS I can see a much brighter future now.



I'd got to the point where I just didn't trust workers anymore ... But then I linked in with COMPASS and things changed.

OVERVIEW

Our program

The COMPASS Program supports young people leaving Out of Home Care (OoHC), setting a positive direction at this critical time of change. It's a simple fact that young people leaving OoHC have it much tougher than their peers. State care ends at 18 or earlier. Left without support, young care leavers can struggle to find housing, work, and adjust to life on their own.

As a result, they are less likely to complete Year 12, undertake further education or have a job. They are more likely to have poorer outcomes than other people of the same age.

COMPASS is unique. It provides comprehensive support for each participant to help them make a positive start to independent living, combined with stable, secure housing support.

The COMPASS team works with participants as they build skills and providing access to specialist services such as mental health, alcohol and drug services.

COMPASS SIB is a partnership between two of Victoria's leading social service providers – AV and VCV – the Victorian Government, and more than 50 different investors.

Our aims



SUPPORT

young people who are leaving or have recently left Out of Home Care in target catchment areas



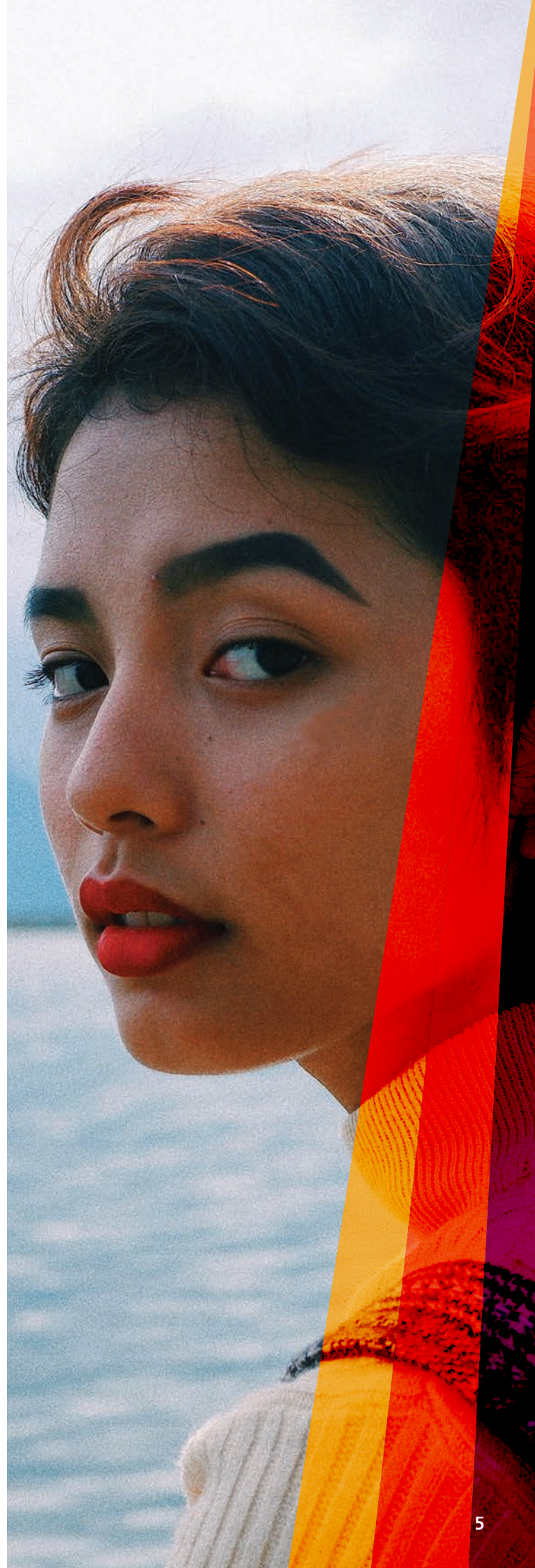
CREATE

a positive transition from Out of Home Care to adulthood



DELIVER

positive outcomes across a range of areas including health, housing and justice

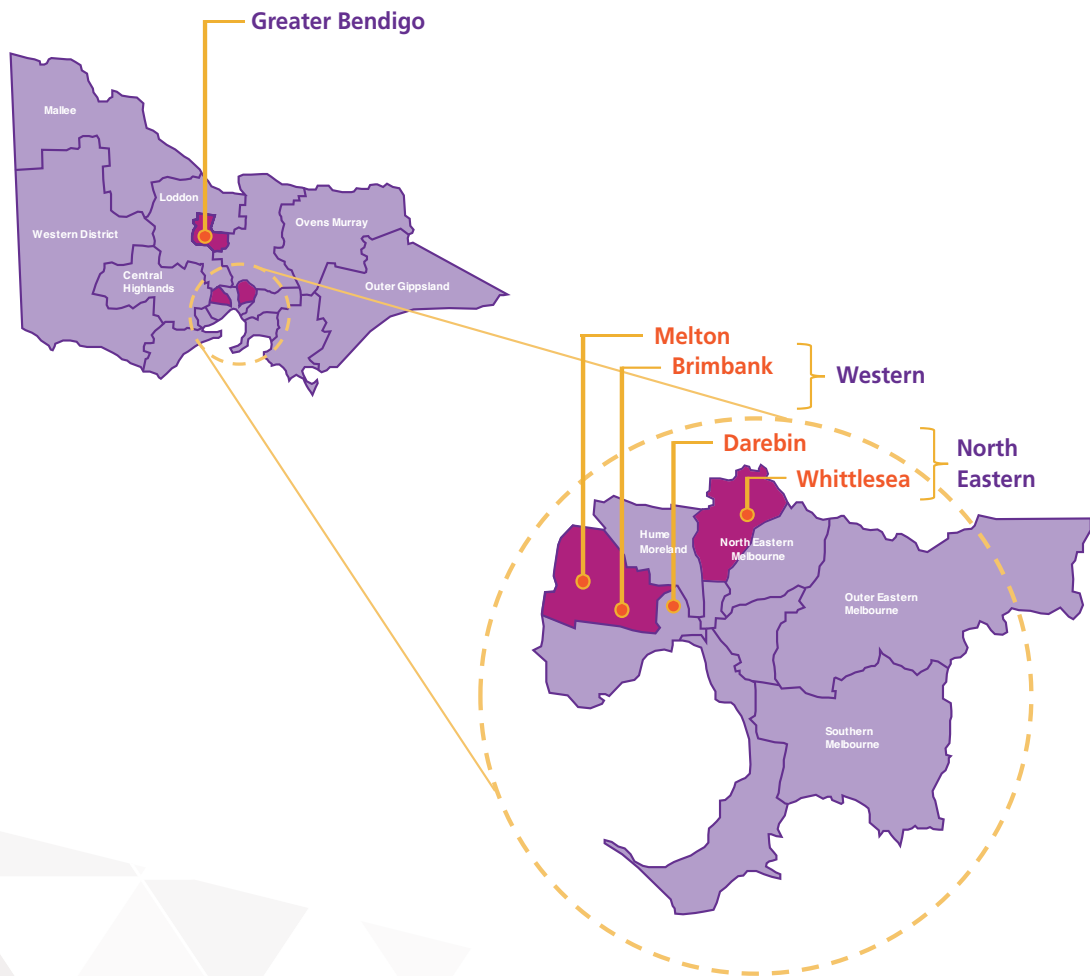


Catchment areas

In order to strategically meet the demand of potential participants and enable easy access to services, the Company will seek to purchase and head-lease properties across Victoria in the following catchment areas:

- Western Melbourne (Brimbank and Melton Local Government Areas, LGAs)
- Loddon (Greater Bendigo LGA)
- North East Melbourne (Darebin and Whittlesea LGAs).

Figure 1: COMPASS catchment areas.



2018–19 OUTCOMES

Engaging our clients

A key 2018–19 achievement has been successfully engaging our participants. Strong referral flow is crucial to meeting our targets.

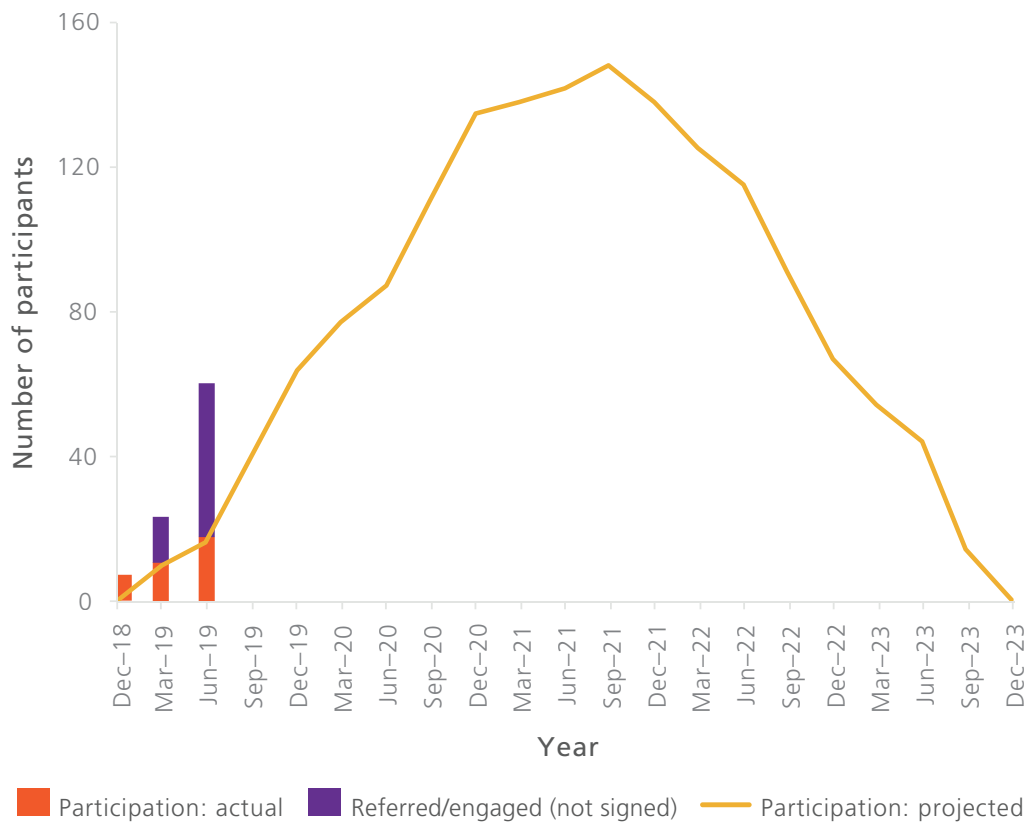
Thanks to the extensive preparatory work with both central and regional DHHS staff we began working with inner Western Melbourne and Brimbank/Melton clients when we reached financial close in October 2018. We extended this to Melbourne’s inner North and Bendigo in April.

As of 30 June 2019, 53 clients had been referred to the COMPASS Program, with 14 becoming formal participants. Thanks to the hard work of our staff, both during and after engagement, over 80 percent of eligible clients

referred so far have chosen to participate in the COMPASS Program, with a 100 percent retention rate. This points to quickly building participant numbers in 2019–20.

At 30 June, there were fewer ‘low risk’ clients participating than initially projected, though the sample size is small. This is being closely monitored to manage workload and provide the needed support.

Figure 2: Projected and actual participation in the COMPASS Program as at 30 June 2019.





Securing housing and property

The higher number of young people who had already left care and joined COMPASS brought additional challenges. Contacting and engaging them is more resource intensive than for those in care. It also created a greater demand than expected for housing support in our first months.

The COMPASS team worked hard to find safe interim housing for participants in an immediate housing crisis, while also working to secure head-leased properties for others.

In 2018–19 COMPASS leased six properties — including three shared tenancies — and housed nine participants. We're building on existing strong relationships with real estate agents in the West and North East regions to quickly secure others. Any of VCV's existing managed head-leased properties that meet our criteria and our participants' needs can be transferred to COMPASS.

Developing a greater Bendigo presence has been a priority because vacancy rates are lower, creating much tighter competition for leased properties.

Property purchases are on track, with three concluded. While the residential property market is unpredictable, a slight flattening in late 2018 occurred before we made purchases.

While we continue to monitor the market, there is currently no indication that a market downturn will negatively impact the values of properties we have purchased.

Table 1: Compass Leaving Care properties purchased in 2018–19 and future purchases in 2019–20. NB: other suburbs will be explored dependent on budget.

REGION	SUBURBS	NO. PROPERTIES
2018–19		
West	Deer Park	2
North East	Epping	1
2019–20		
West	Deer Park, Melton, Melton South	4
North East	Mernda, Epping, Doreen, Reservoir	3
Bendigo	Eaglehawk, Kangaroo Flat, Epsom, Golden Square	3

Our participants

The success of the COMPASS Program will be measured by the positive outcomes for our participants, all of whom have agreed that government data sets can be used to determine how these outcomes compare to a statistically-matched comparison group. The first measurement point will be two years after the first participants entered the program.

In the meantime, the COMPASS team is using AV’s Electronic Case Management System to closely monitor the engagement and achievements of the group. At 30 June 2019, of the 14 COMPASS participants:

- 79 percent were engaged in education
- 21 percent were engaged in employment
- 71 percent were engaging in counselling for drug and/or alcohol misuse, mental health or disability support, or participating in parenting or family violence programs
- 50 percent were involved in community activities like sporting groups or church
- 71 percent had some form of positive peer connections or connections with family or kin
- 43 percent were involved in culturally-specific services.

Evidence strongly indicates that these activities are an important part of achieving better short and long-term outcomes for these young people, including the outcomes on which investor returns are based.

Demographics



A twin tale

Twins Sean and Travis had been living in separate placements for many years before they were referred to COMPASS. Just to see each other involved two buses and travelling from one region to another or convincing their workers to organise transport.

The boys are now happily in their first COMPASS property and are really enjoying living together again, "even if it sometimes it has its challenges," laughs Travis.

Both boys had little idea what leaving care would mean or where they'd live but were very excited about living with each other. According to Sean if it wasn't for COMPASS, leaving care could have been a disaster.

"We sort of had a plan for leaving care but we could have easily ended-up homeless. COMPASS helped us to develop a good plan and got us a house at a good rent," says Sean.

"COMPASS has made it heaps easier for us to find a good house and after we looked at a few we found a great one. And all the information they provided to us was super-easy to read and to remember.

"Plus, it's a really good feeling to be able to have a say on where you want to live. It makes you feel more in control of your life," adds Travis.

The boys are the North Metro Melbourne's first participants having moved into this region's first head-leased property. And, so far, they are engaging fantastically with their key worker and other services.

So, what does the future hold for the twins? Both brothers plan to get a job ASAP – one "as a tradie," while the other "might be a bricky."

Plus, it's a really good feeling to be able to have a say on where you want to live. It makes you feel more in control of your life.

VIEW FROM THE COMPASS TEAM

LAURA BONACCI

COMPASS Team Leader, North Metro

COMPASS stops young people from OoHC backgrounds becoming homeless and/or entering the youth justice system by providing them with supported, subsidised housing early on. This gives them life and living skills and a rental reference for the private rental market, which often excludes them due to cost or discrimination.

After we satisfy the basic need for shelter, our health improves and we have the time to heal from past traumas. COMPASS provides this respite, as well as empowering young people to build on their existing strengths by encouraging them to aspire to education and employment pathways.

CAROLINE MASSA

COMPASS Team Leader, West Metro

I'm very honoured to be part of such an innovative program that acknowledges support needs for young people leaving care. There's been a visible gap in support and stability for young people turning 18 as long as I've worked in OoHC. It's wonderful to see the hope that it can bring to young people struggling with the thought of leaving care. Being a part of COMPASS and seeing our first participants move into their property was both emotional and rewarding. I can't wait to see where their COMPASS journey takes them.

RHIANNON MCDONALD

COMPASS Team Leader, Bendigo

Before I joined COMPASS I spent three years helping young people transitioning out of care. As soon as I read COMPASS was coming to our region I wanted to be a part of it. It offers everything I'd always wanted to deliver. The most valuable aspect of COMPASS is how it builds consistent and positive relationships. While it's still early days for us in Bendigo, young people really appreciate the security COMPASS brings. Knowing a key worker supports them makes their next stage and steps a little less daunting. Plus, there's more ability to inform and explore their choices on their path to self-determination and independence.



YOUR INVESTMENT

Compass Leaving Care's \$14.2 million private investment will provide support for more than 200 young care leavers over five years.

Our investor group is committed to making a social impact, not just a financial return. Compass Leaving Care is outcome focused, with investor returns linked to success in three key areas:

- housing
- health
- justice

Performance will be assessed by comparing outcomes for COMPASS participants with a statistically-matched, stratified control group of care leavers across the state, and results will be independently certified. Investors will also see the net returns on the 16 purchased properties.

The program's other lasting benefits include better independent living skills, and better employment and education outcomes.

Sources of investor returns

The COMPASS SIB will generate a cash yield through its 7.5-year term.

COUPONS

Investors will receive a 3.5 percent coupon per annum, paid half-yearly over the first three years.

OUTCOME PAYMENTS

Outcome payments will be paid to investors annually from 2022 until 2026 based on performance against three outcome measures:

- Housing (60 percent weighting): assessed by monitoring requests for emergency accommodation, measured two and four years after each participant commences the program.
- Health (20 percent weighting): assessed by hospital emergency department presentations, measured two and four years after each participant commences the program.
- Justice (20 percent weighting): assessed by the number of recorded convictions and measured four years after each participant commences the program.

PROPERTY SALES

We expect to commence selling the property portfolio from year five onwards with net proceeds returning to investors.



Key dates

Table 2: Key dates and payments for Compass Leaving Care investors.

COUPON PAYMENT DATES	31 March 2019 30 September 2019 31 March 2020 30 September 2020 31 March 2021 30 September 2021 31 March 2022 30 September 2022
OUTCOME PAYMENT DATES	Outcome payment dates will be determined based on the timing of the first participants entering the program. Estimated dates are: 1 April 2022 1 April 2023 1 April 2024 1 April 2025 1 April 2026
SCHEDULED MATURITY DATE	1 April 2026
NOTE TERM	7 years and 3 months

Sources and uses

Table 3: The COMPASS Program's use and sources of funding in accordance with the 2019 audited financial statements.

USES	\$	SOURCES	\$
Service delivery	(1,125,869)	Note proceeds	7,100,000
Property acquisition	(1,239,091)	Interest revenue	—
Establishment costs	(431,000)	State standing charge	814,093
Ongoing transaction costs	(59,063)		
Note coupons	(276,414)		
Total	(3,131,437)		7,914,093

Key parties

ANGLICARE VICTORIA

AV is currently the largest Victorian OoHC service and family provider supporting Victoria's most vulnerable children, young people and families. AV works to transform the futures of children and young people, families and adults. As Victoria's leading child and family welfare organisation, AV works to create positive change for our most vulnerable and disadvantaged community members.

AV has a broad suite of programs and is one of the few community service organisations with the complete integrated set of family and OoHC services. It also provides complementary mental health services, financial services, Child FIRST, Integrated Family Services, playgroups and youth services, and has a long history of providing effective, recovery-focused interventions for young people, individuals and families experiencing alcohol or drug issues.

In any given year, AV provides residential, foster or kinship care for over a thousand Victorian children, helps over 120 families to stay together through our Rapid Response and Cradle to Kinder Programs, and supports over 3000 parents through the evidence-based ParentZone program that helps people build better parenting skills.

VINCENTCARE VICTORIA

VCV was established by the St Vincent de Paul Society Victoria (SVDV Vic) in 2003 to provide a range of services for disadvantaged and vulnerable people, including those who are homeless, mentally and physically disabled, aged, and suffering from forms of substance abuse.

In 2009, VCV established VincentCare Community Housing (VCCH), a Registered Housing Provider, to work in association with VCV in providing housing services. Both VCV and VCCH deliver accommodation support for people experiencing homelessness in multiple settings across the homelessness service delivery continuum including:

- crisis accommodation
- dispersed and congregate women's refuges
- transitional housing
- supported therapeutic accommodation
- community rooming house

- independent living units
- head-leased properties
- private tenancy support

VCV supports individuals and their families so that their basic needs are met in terms of food, shelter, safety and security. VCV also provides access to programs and pathways that strengthen an individual's resilience, and support them in accessing opportunities within their communities.

VICTORIAN GOVERNMENT

The COMPASS SIB forms part of the Victorian Government's Partnerships Addressing Disadvantage (PADs) initiative, which brings together public, philanthropic, private and not-for-profit sectors to solve challenging social issues through a partnership approach. It is designed to tackle deep-seated issues and deliver effective, sustainable outcomes for Victorians that need it most, including those young people making the significant leap from care to independent living.

COMPASS is one of two programs currently underway in Victoria as part of the PADs initiative. It is currently the largest SIB in Australia.

The Victorian Government worked in partnership with AV and VCV to co-develop the COMPASS SIB. This resulted in an approach tailored to respond to young people with complex needs, embedding the use of clear, measurable outcomes in contracts, and using linked administrative data across government departments to measure performance.

The strong partnership continues, with the Victorian Government working closely with AV and VCV throughout the implementation of COMPASS. This includes co-chairing the Joint Working Group with Compass Leaving Care, and supporting the evaluation, collection and analysis of data to support outcomes measurement in the coming year.

ADVISORS

Compass Leaving Care appreciates the expert advice and support of:

- KPMG
- Commonwealth Bank of Australia
- Corrs Chambers Westgarth
- PwC Australia



SECTION B

GENERAL PURPOSE FINANCIAL REPORT

DIRECTORS' REPORT

The Directors present their report on Compass Leaving Care Limited (the Company or Compass Leaving Care) for the period ended 30 June 2019.

Governance structure

Compass Leaving Care was established in 2018 as a Company limited by guarantee and special purpose entity to deliver the COMPASS Program and the COMPASS SIB, developed by AV and VCV in partnership with the Victorian Government.

AV and VCV are the sole members of the Company.

The Company's governance structure is supported through a Board of four Directors, two from AV and two from VCV, including both CEOs and a board member from each organisation.

The management team includes the COMPASS Executive Manager, the Chief Financial Officer from VCV and Operations Manager from AV. The constitution of Compass Leaving Care outlines the dispute resolution process and includes escalation to Board level for unresolved matters.

The Company's key functions include:

- acting as the financial conduit between investors and the Victorian Government, including as the legal entity holding assets on behalf of investors (cash and property)
- sub-contracting program delivery to AV and VCV as service providers, per the Implementation Agreement with the Victorian Government
- statutory reporting with annual financial statements for independent auditing
- ongoing administration such as Noteholder communication and updates
- buying residential properties and entering into head-leasing arrangements with landlords.

Directors

PAUL MCDONALD

(Commenced February 2018)

Paul has been Chief Executive of AV since 2010. AV is the state's largest provider of OoHC services and family support to vulnerable children, young people and families. In addition, Paul is a member of the Victorian Government's Roadmap Implementation Ministerial Advisory Group (RIMAG), advising the government on implementing the Roadmap to Reform and Strong Families, Safe Children. He also co-chairs one of RIMAG's sub-working groups, the Residential Care Strategy Working Group.

Paul is President of the Centre for Excellence in Child and Family Welfare, Patron of the Youth Workers Association, and Chair of the Home Stretch Campaign, a national campaign that seeks to stop young people in state care becoming homeless, unemployed or imprisoned on leaving care at 18.

Paul was the recipient of the Robin Clark Leadership Award at the 2017 Victorian Protecting Children Awards for his distinguished record as a leader who inspires others to achieve best outcomes for children, young people and their families.

QUINN PAWSON

(Commenced December 2018)

Quinn became Chief Executive at VCV in December 2018 and leads its strategic direction to provide services to people experiencing homelessness and disadvantage in Victoria. Quinn has almost three decades of driving growth, credibility and quality in the community sector, and is dedicated to embedding and delivering a client-centric approach to service design and delivery.

Quinn has excellent credentials in driving and executing future-focused strategies to expand program reach and client outcomes. He has played a significant role in strategically improving community and policy outcomes for Victorians and Tasmanians, and has built people and cultural capacity at all levels.

In his 12 years as CEO of Prahran Mission, Quinn led a major transformation, redeveloping the Chapel Street building into a user-friendly, modern, multipurpose community space. He also spearheaded innovative programs like Voices Vic and evolved the Mission's Op Shop and Café programs into social firms, providing training and jobs to people experiencing disadvantage. He was on the executive team that merged 22 UnitingCare organisations into one. He also led their strategic planning and public policy work for more than two years.

JOHN BLEWONSKI

(Commenced February 2018, resigned December 2018)

John served as Chief Executive Officer of VCV from February 2010 to October 2018. Before this, John was the Chief Operating Officer with AV, where he was responsible for the day-to-day management of a range of programs focusing on community services, placement and support, and family services. John brings over 30 years' experience in various positions in the not-for-profit and education sectors.

John's board appointments include the Council to Homeless Persons, where he was Chairman from 2015–18, and Catholic Social Services Victoria, where he was a member of Council from 2013–18 and chaired the Policy Committee. John served as a founding member of DHHS Launch Site (Housing Access) Senior Leadership Group, and was a member of the Victorian Housing Minister's Homelessness Advisory Committee.

John is a graduate of Harvard University Strategic Perspectives in Non-Profit Leadership and Oxford University Saïd Business School Strategic Leadership programs.

GEOFFREY WALSH

(Commenced February 2018)

AV Board Director and chartered accountant, Geoff has four decades of commercial business experience and directorial roles specialising in financial management, governance, business process, due diligence and risk management.

He specialises in strategic goal setting with emphasis on the balance between purpose and the bottom line, integrity of process and governance and public/private partnerships.

BRIAN TOOTH

(Commenced December 2018)

Brian has held a range of senior finance and accounting positions in the private and public sectors, principally with Foster's Brewing Group Limited and the Victorian Department of Treasury and Finance, in addition to listed health sector entities.

He qualified as a chartered accountant while working at an antecedent firm of Ernst & Young.

Over his nearly three years as a member of VCV's Risk, Audit and Finance Committee he has demonstrated strong analytical capacity and financial acumen.

Brian is also a Board Member and Chairman of the Finance Committee of the John Pierce Centre (Catholic Deaf Community), a Board (and Finance Committee) Member of Doncare Community Services, and Treasurer of the Australian Cricket Society Inc.

Brian began as the VCV and VCCH Treasurer on 1 December 2018. He has been on the Boards of both those entities since May 2016.

HAYDN HARRISON

(Commenced February 2018, resigned December 2018)

Haydn has an extensive background in banking and finance, including many corporate and retail executive roles with the Commonwealth Banking Corporation.

Following his banking career, he's taken leadership and strategic roles as a consultant and manager across various industries including finance, seniors living and aged care. He is currently a Consultant/Senior Manager with Jirsch Sutherland Advisory and Consulting.

His current role includes investigations into reasons for business failure, corporate insolvency and the conduct of company directors and officers.

Haydn joined the Board of VCV and VCCH on 25 August 2009 and resigned on 31 March 2019. He served as the VCV and VCCH Treasurer until 1 December 2018.

Management team

BRIDGET WELLER

Acting Executive Manager

Bridget Weller has been Acting Executive Manager since April 2019 and is also Strategic Projects Manager at AV. Bridget is an executive manager, consultant and researcher with extensive experience in public sector health and community services policy, strategic development, and planning and funding policy. Areas of interest include community-based service delivery including OoHC and leaving care support, drug policy and services, workforce development and strategy, acute health services, rural and regional health services delivery, health funding policy, demand management and children's services.

EILEEN GOH

Finance Manager

Eileen is Finance Manager at COMPASS and Chief Financial Officer at VCV, where she began as a Financial Accountant in 2004. She helped to centralise and improve several finance and aged care processes following the transfer of Aged Care and Community Services operations from SVDP to VCV.

After the first three-and-a-half years with VCV, Eileen joined Save the Children Australia as Group Accountant. Nine months later, in 2008, she returned to VCV as Finance Manager and played a key role under SVDP's and VCV's shared services in centrally managing investments, fixed assets and statutory reporting on top of managing VCV's finance operations. Since the split of shared services in 2012, Eileen accepted the role of Manager Finance. At VCV's Inaugural Awards Ceremony in 2013, Eileen received the Excellence Award for Adding Value.

STEPHANIE FENNELL

General Manager Housing

Stephanie is General Manager Housing at COMPASS, and VCV. With over eight years' leadership experience at VCV, Stephanie previously led the Single Client Record Project which saw VCV move from multiple client management systems to a single view of client information. Stephanie has extensive experience in housing and homelessness, continuous quality improvement, policy and system development, and project management. She's committed to the principle that housing is a human right, and believes all young people leaving care deserve every opportunity to build the life they want to live, which starts with a safe place to call home.

AMANDA STACEY

Operations Manager

With two decades experience in child welfare and a drive to support young people as they transition from Out of Home Care, Amanda has taken a leadership role at COMPASS.

Amanda has been an AV employee for more than 19 years and has worked in Foster Care, Disability, Youth Refuge, Community Services and Residential Care, including 14 years in management. Amanda has a history of leading strong and engaged teams, who are able to be their best for the young people they support.

Principal activities

The Company's principal activities are providing stable housing, case workers and access to specialised services tailored to young people aged 16.5 to 18.5 to prepare them for independent living.

Review of operations

In this first year of operation, Compass Leaving Care focused on establishing and refining the foundation processes, systems and partnerships that will underpin operations through the life of the bond. Strong collaboration between project partners was critical to this.

Supported by the Compass Leaving Care Executive Manager and members of the Executive of AV and VCV, Compass Leaving Care's Directors, management team and operational staff meet regularly to oversee implementation and monitor progress. Our committed and passionate service staff are working hard to ensure COMPASS participants experience seamless, personalised support including help to secure stable housing.

The COMPASS team continues to benefit from the advice and support of KPMG, Corrs Chambers Westgarth and CBA.

NET RESULT

The Company's financial statements showed a breakeven result for the period ended 30 June 2019 and at that date the Company's total assets equalled total liabilities.

The Company's Statement of Cash Flows showed a net cash outflow from operating activities of \$1,748,594 and net cash outflow from investing activities of \$1,239,091 for the period ended 30 June 2019.

DIVIDENDS

The Company is precluded from paying dividends by its constitution. The Company is a company limited by guarantee and no Director holds an interest in the Company or is entitled to any options in the Company.

CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of Compass Leaving Care this year.

2018–19 highlights



Securing \$14.2 million in investment funding



Establishing teams and implementing the program across our three delivery locations



Securing six head-leases and purchasing our first three properties



Welcoming our first 53 referrals and 14 program participants

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

- the consolidated operations in future financial years
- the results of those operations in future financial years
- the consolidated state of affairs in future financial years

FUTURE DEVELOPMENTS

Any information regarding possible developments in the operations of Compass Leaving Care in future financial years that may result in unreasonable prejudice to the Company has not been disclosed in this report.

ENVIRONMENTAL REGULATIONS

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or state legislation. The Board believes that the Company has adequate systems in place for managing its environmental requirements and is not aware of any breach of those as they apply to the Company.

INSURANCE OF OFFICERS

The DHHS pays a professional indemnity insurance premium to an insurer on behalf of the member organisations, AV and VCV.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings brought against AV and VCV officers.

The Company has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Corporations Act) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act.

DIRECTORS' BENEFITS

During or since the end of the financial period, no Director has received or become entitled to a benefit as a result of a contract made by the Company with the Director, a firm of which a Director is a member or entity in which a Director has a substantial financial interest.

DIRECTORS' MEETINGS

The number of Board meetings held during the financial period, and attendance by Directors, is shown in Table 4.

Table 4: Compass Leaving Care Board meetings held during the period and attendance by Directors.

DIRECTOR	ELIGIBLE	ATTENDED	COMMENT
Paul McDonald	10	10	Commenced 06/02/18
John Blewonski	7	6	Commenced 06/02/18, Resigned 11/12/18
Quinn Pawson	3	3	Commenced 11/12/18
Geoffrey Walsh	10	9	Commenced 06/02/18
Haydn Harrison	7	6	Commenced 06/02/18, Resigned 11/12/18
Brian Tooth	3	3	Commenced 11/12/18

AUDITOR'S INDEPENDENCE DECLARATION

The Board of the Company appointed PricewaterhouseCoopers as auditors for the period ended 30 June 2019 in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act).

A copy of the auditor's independence declaration as required under the ACNC Act is included on page 36.

Signed in accordance with a resolution of the Board of Directors



Paul McDonald
Joint Chairman

Date: 11 September 2019



Quinn Pawson
Joint Chairman

Date: 11 September 2019

FINANCIAL STATEMENTS

Statement of profit or loss and other comprehensive income for the period ended 30 June 2019

	NOTE	2019 \$
Revenue		
Government standing charges	3 (a)	814,093
Rental income	3 (b)	4,745
Total revenue		818,838
Other income	3 (c)	1,078,253
Subcontracted services	4 (a)	(1,053,996)
Interest (note coupons)	4 (b)	(276,414)
Property costs	4 (c)	(41,618)
Other operating expenses	4 (d)	(35,000)
Other non-operational expenses	4 (e)	(490,063)
		(818,838)
Net surplus		-
Other comprehensive income		-
Total comprehensive surplus for the period		-
Surplus is attributable to:		
Owners of the organisation		-

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2019

	NOTE	2019 \$
CURRENT ASSETS		
Cash and cash equivalents	5	3,959,811
Trade and other receivables	6	160,201
Other assets	7	10,158
TOTAL CURRENT ASSETS		4,130,170
NON-CURRENT ASSETS		
Trade and other receivables	8	814,093
Investment properties	9	1,239,091
Other assets	10	4,302
TOTAL NON-CURRENT ASSETS		2,057,486
TOTAL ASSETS		6,187,656
CURRENT LIABILITIES		
Trade and other payables	11	(165,909)
TOTAL CURRENT LIABILITIES		(165,909)
NON-CURRENT LIABILITIES		
Loan Notes issued to investors	12(a)	(7,100,000)
Decrease in amounts due to investors	12(b)	1,078,253
TOTAL NON-CURRENT LIABILITIES		(6,021,747)
TOTAL LIABILITIES		(6,187,656)
NET ASSETS		–
EQUITY		
Contributed equity		–
Accumulated funds		–
TOTAL EQUITY		–

The accompanying notes form part of these financial statements.

Statement of changes in equity for the period ended 30 June 2019

	CONTRIBUTED EQUITY \$	ACCUMULATED FUNDS \$	TOTAL \$
Balance at 6 February 2018			
Surplus/(Deficit) for the period	–	–	–
Other comprehensive income for the period	–	–	–
Total comprehensive income for the period	–	–	–
Balance at 30 June 2019	–	–	–

The accompanying notes form part of these financial statements.

Statement of cash flows for the period ended 30 June 2019

	NOTE	2019 \$
Cash flows from operating activities		
Receipts from operating activities		2,373
Payments to suppliers		(1,750,967)
Payment of note coupon		(152,504)
Net cash used in operating activities	14	(1,901,098)
Cash flows from investing activities		
Payments for property		(1,239,091)
Net cash used in investing activities		(1,239,091)
Cash flows from financing activities		
Note proceeds		7,100,000
Net cash provided by financing activities		7,100,000
Net increase in cash and cash equivalents		3,959,811
Cash and cash equivalents at the beginning of the financial period		–
Cash and cash equivalents at the end of the financial period	5	3,959,811

The accompanying notes form part of these financial statements.

Notes to the financial statements for the period ended 30 June 2019

NOTE 1 : GENERAL INFORMATION

Compass Leaving Care Limited (the Company) is a company limited by guarantee. The Company is an entity jointly-controlled and managed by AV and VCV.

The Company has been established to provide a standalone legal entity, through which AV and VCV are able to deliver the COMPASS Program on a joint-venture basis.

The Company issues SIB Loan Notes to raise funding from investors to fund the COMPASS Program. AV and VCV are subcontracted to provide staff and services to the program. The services help participants in the program to transition out of OoHC, resulting in improved social outcomes for young people, as well as significant avoided costs for the State of Victoria. The state will make a series of performance-linked outcome payments to the Company, which will be passed on to investors.

Compass Leaving Care Limited was first registered with the Australian Securities and Investment Commission on 6 February 2018.

Compass Leaving Care Limited was first registered with the Australian Charities and Not-for-profits Commission on 21 March 2018.

The COMPASS Program was launched 16 October 2018.

The financial statements have been prepared for the period 6 February 2018 to 30 June 2019.

NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not been disclosed in the specific notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the ACNC Act. Compass Leaving Care Limited is a not-for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards– Reduced Disclosure Requirements

The financial statements of Compass Leaving Care Limited comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the AASB.

(ii) Historical cost convention

The financial statements have been prepared on a historical costs basis, unless otherwise noted.

(iii) Going concern

The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(iv) New and amended standards adopted by the Company

New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective.

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2019
AASB 1058 <i>Income of Not-for-Profit Entities</i>	1 January 2019
AASB 16 <i>Leases</i>	1 January 2019
AASB 2016 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	1 January 2019
AASB 2018-8 <i>Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities</i>	1 January 2019

The potential impact of the revised Standards/Interpretations on the Company's financial statements has not yet been determined.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Government revenue

Government standing charge

An aggregate amount of \$6.2 million payable by the State of Victoria over eight instalments between 1 October 2020 and 30 September 2022. Revenue from Government standing charge is accrued in accordance with the 'Accrued but unpaid Standing Charge Payment Look-up Table' in the Implementation Agreement between the State of Victoria and the Company.

Government performance payments

Noteholders will receive annual Outcome Payments from the State of Victoria, based on the performance of the Program, from 12 months following the first participants' completion of the Program (expected to be 1 April 2022) until 1 April 2026. The state will pay the Outcome Payments to the Company, which will be passed on to Noteholders. The value of these payments will vary periodically, based on the performance of the program and the number of participants being tested against each Outcome Measurement Date.

At each Outcome Measurement Date, participants will attract a payment based on their cohort's improvement relative to the Control Group. These payments have been calculated according to the relative weightings of the performance measures and the number of measurement points, as follows:

- Housing Outcome Measure (60 percent, two measurement points per participant)
- Health Outcome Measure (20 percent, two measurement points per participant)
- Justice Outcome Measure (20 percent, one measurement point per participant).

These payments will accrue quarterly, based on the timing of the intake of participants into the program, but will be paid to Noteholders on an annual basis. The payment made at the Outcome Payment Date will consist of the aggregate of four preceding Outcome Payments accrued at each Outcome Measurement Date prior to the Outcome Payment Date but, to avoid doubt, excluding the Outcome Payment for the Outcome Measurement Date that falls on the Outcome Payment Date.

There were no performance payments received during the period ended 30 June 2019.

(ii) Rental income

Participants of the program contribute to property rental costs. Rental income is recognised on a cash accounting basis.

(c) Income tax

The Company is exempt under the provisions of the *Income Tax Assessment Act 1997* and, as such, is not subject to income taxes at this time. Accordingly, no income tax has been provided for the Company in these financial statements.

(d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases with program participants is recognised as rental income in profit or loss. The Company did not enter into any finance lease arrangement as a lessor.

The Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits held at call with financial institutions.

(f) Trade and other receivables

Trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Refer to Note 6 for further information about the Company's accounting for other receivables.

(g) Loan Notes

The Company issued SIB Loan Notes to raise \$14.2 million in funding from investors to fund the COMPASS Program.

Loan Notes issued to investors are treated as a financial liability at fair value through profit or loss (FVTPL).

The liability amount due to investors will vary over the period of the program. Each year the Company estimates the minimum liability due to investors at balance date which will change as a result the following:

- program costs incurred
- note coupons paid and accrued
- outcome payments from the State of Victoria based on the performance of the program and the number of participants being tested against each Outcome Measurement Date
- Government standing charge accrued
- changes in fair value of investment properties.

Full repayment or partial repayment of Loan Notes issued is dependent on the performance of the Program, net proceeds on sale of investment properties and/or if there is an early termination event.

There may be certain circumstances in which either the Company or the State of Victoria may wish to wind-up the program early. Provisions in the Implementation Agreement allow for this, providing both parties with the right to terminate the program under a variety of scenarios.

Investors will receive a full repayment of principal invested if the program is:

- terminated by the State of Victoria for convenience
- terminated by the Company for cause
- impacted by changes in taxes, law or policy
- impacted by an intervening event.

Investors will receive partial payment of principal invested if the program:

- is terminated by the State of Victoria for cause
- underperforms in Housing Outcome Measure and one other outcome measure.

The variation of the liability amount due to investors is the change in fair value and is recognised in profit or loss.

Loan Notes issued to investors and the decrease in amounts due to investors is disclosed in Note 12.

(h) Investment properties

Investment properties are held by the Company to house participants of the program and to earn rental income and/or gain capital appreciation.

All of the Company's property interests are accounted for as investment properties and are measured using the fair value model. All investment properties are measured initially at cost. Subsequent to initial recognition, all investment properties are measured at fair value. Investment properties will be valued based on Directors' valuations on an annual basis. The Company expects to perform independent valuations on all properties every three years.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(i) Trade and other payables

Trade and other payables represent unpaid liabilities for goods received by and services provided to the Company prior to the end of the financial year. The amounts are unsecured and are normally settled within 30 days.

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

NOTE 3 : REVENUE AND OTHER INCOME

2019
\$

Revenue

(a) Government grants

Accrued but unpaid Government standing charge	814,093
	<hr/>
	814,093

(b) Client contributions

Client contributions – Accommodation	4,745
	<hr/>
	4,745

Other income

(c) Other income

Decrease in amount due to investors	1,078,253
	<hr/>
	1,078,253

Total revenue and other income	1,897,091
---------------------------------------	------------------

NOTE 4 : EXPENSES

2019
\$

(a) Subcontracted services

Service fees	1,053,996
	1,053,996

(b) Interest expense

Interest (coupon notes) ⁽ⁱ⁾	276,414
	276,414

(c) Property costs

Lease expense	28,351
Other premises costs	13,267
	41,618

(d) Other operating costs

Audit fees	35,000
	35,000

(e) Other non-operational expenses

Establishment costs	431,000
Transaction costs	59,063
	490,063

Total expenses **1,897,091**

(i) Note coupons relate to interest paid and accrued to Loan Noteholders at the fixed rate of 3.50 percent per annum of the total aggregate issue amount of \$14.2 million (see Note 12). Note coupons are paid half yearly, from 31 March 2019 until commencement of the Outcome Payments (expected to be 1 April 2022).

NOTE 5 : CASH AND CASH EQUIVALENTS

Current

Cash at bank	3,959,811
	3,959,811

NOTE 6 : TRADE AND OTHER RECEIVABLES

Current

Trade receivables ⁽ⁱ⁾	2,371
GST receivable	157,830
	160,201

(i) Trade receivables are amounts due from customers for services performed in the ordinary course of business and are generally due for settlement within 30 days and therefore are classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

NOTE 7 : OTHER ASSETS

Current

Prepayments	10,158
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NOTE 8 : TRADE AND OTHER RECEIVABLES

2019
\$

Non-current

Other receivables ⁽ⁱ⁾	814,093
	<hr/>
	814,093

(i) Other receivables are amounts due from the State of Victoria for accrued but unpaid Government standing charge. The standing charge is an aggregate amount of \$6.2 million payable by the State over 8 instalments between 1 October 2020 and 30 September 2022. The standing charge is accrued in accordance with the 'Accrued but unpaid Standing Charge Payment Look-up Table' in the Implementation Agreement between the State of Victoria and the Company. These standing charge payments will be due for settlement in more than 12 months from reporting date.

In determining the recoverability of non-current other receivables, the Company believes there is no credit provision required as credit risk is limited. In August 2017, Standard and Poor's and Moody's Investor Services reaffirmed the State of Victoria's triple-A credit rating.

NOTE 9 : INVESTMENT PROPERTIES

Fair value

At 6 February 2018	–
Additions	1,239,091
	<hr/>
At 30 June 2019	1,239,091

The Company purchased three residential properties during the period.

The fair value of the Company's investment properties at 30 June 2019 has been derived on the basis of initial cost.

Before each property was purchased, an independent valuation was performed by Charter Keck Cramer using a direct sales comparison approach to compare recent transaction prices for similar properties in the area. The property valuations were conducted to ensure the purchase prices of the properties were inline with the market value. As the properties were purchased close to balance date (May and June 2019), the Directors believe that there has been no additional change in the current market value.

Subsequent to initial recognition, investment properties will be valued based on Directors' valuations on an annual basis. The Company expects to perform independent valuations on all properties every three years.

NOTE 10 : OTHER ASSETS

Recoverable rental bonds	4,302
	<hr/>
	4,302

NOTE 11 TRADE AND OTHER PAYABLES CURRENT

Trade payables	4,824
Accrued expenses	161,085
	<hr/>
	165,909

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

NOTE 12 : LOAN NOTES ISSUED TO INVESTORS

2019
\$

Disclosed in the financial statements as:

Loan Notes issued to investors ^(a)	7,100,000
Decrease in amounts due to investors ^(b)	(1,078,253)

Total fair value of Loan Notes issued to investors	6,021,747
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(a) Loan Notes issued to investors

Loan Notes issued to investors	7,100,000
--------------------------------	-----------

The Company issued SIB Loan Notes to raise \$14.2 million in funding from investors to fund the COMPASS Program. The Loan Notes were fully subscribed in October 2018. As at 30 June 2019, the Company received 50 percent of the total aggregate issue amount with the remaining 50 percent (\$7.1 million) due to be received on 10 December 2019 (see Note 13(b)).

Loan Notes issued are treated as financial liability at fair value through profit or loss (FVTPL).

The liability amount due to Loan Noteholders will vary over the period of the program as explained in Note 2(g).

Changes in fair value on these Loan Notes are recognised in profit or loss. The net decrease in amount due to investors is disclosed in Note 3 and Note 12(b) below.

(b) Decrease in amounts due to investors

Change in fair value of Loan Notes issued	1,078,253
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As at 30 June 2019, the change in fair value of Loan Notes issued represents costs incurred to date less the accrued Government standing charge. The change in fair value of Loan Notes issued has been recognised in profit or loss as a decrease in amount due to investors (see Note 3).

NOTE 13 : COMMITMENTS

(a) Non-cancellable operating leases

Commitments for minimum lease payments in relation to non-operating cancellable operating leases are payable as follows:

Within one year	39,744
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	39,744
--	--------

The Company leases residential properties under non-cancellable operating leases on twelve month terms. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Rent to be collected from participants who occupy leased residential properties within one year will be \$10,081.

(b) Loan Notes committed but not yet receivable

Within one year	7,100,000
-----------------	-----------

The Company issued SIB Loan Notes, to raise \$14.2 million in funding from investors to fund the COMPASS Program. The Loan Notes were fully subscribed in October 2018. Loan Notes committed but not yet received relates to the remaining 50 percent of the total aggregate issue amount, which is due to be received on 10 December 2019 (refer Note 12).

NOTE 14 : CASH FLOW INFORMATION

2019
\$

Reconciliation of surplus to net cash flows from operating activities

Net surplus for the period	–
<i>Adjustments for</i>	
Change in fair value of Loan Notes	(1,078,253)
<i>Changes in operating assets and liabilities</i>	
Increase in trade and other receivables	(978,596)
Increase in prepayments	(10,158)
Increase in payables and other liabilities	165,909
Net cash flows used in operating activities	(1,901,098)

NOTE 15 : FINANCIAL INSTRUMENTS

Fair values

Except as detailed in the following table, the Directors consider that, in 2019, the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	CARRYING AMOUNT \$	FAIR VALUE \$
Financial assets		
Cash	3,959,811	3,959,811
Trade and other receivables	974,294	974,294
	4,934,105	4,934,105
Financial liabilities		
Trade and other payables	165,909	165,909
Loan Notes issued to investors	6,021,747	6,021,747
	6,187,656	6,187,656

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTE 16 : RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

AV and VCV are both registered members of Compass Leaving Care Limited and Loan Noteholders of the Company's SIB Loan Notes. Both AV and VCV have subscribed for 22,525 notes each.

Geoffrey Walsh, one of the Directors of the Company, has an interest in Acuity Super Pty Ltd, a Loan Noteholder with a subscription of 500 of the Company's SIB Loan Notes.

The Loan Notes have been issued to AV, VCV and Acuity Super Pty Ltd on the same basis as the other notes in accordance with the terms and conditions contained in the Information Memorandum, Loan Note Deed Poll and Loan Note Subscription Agreement.

The Company entered into the following agreements with AV and VCV to deliver the COMPASS Program:

- Services Subcontract Agreement with AV for the delivery of support, coordination, administration and oversight services
- Services Subcontract Agreement with VCV for the delivery of financial management and housing services
- Interface Agreement with Compass Leaving Care Limited and AV.

The general provisions of the services subcontracts follow the form of the Implementation Agreement. The services subcontracts also sets out the amounts and timing of payments for delivery of the COMPASS Program.

2019
\$

Transactions with related parties

Loan Notes issued to and paid up by related parties

Anglicare Victoria	1,126,250
VincentCare Victoria	1,126,250
Acuity Super Pty Ltd	25,000

Purchase of services from

Anglicare Victoria	770,016
VincentCare Victoria	286,458

Note coupon paid to related parties

Anglicare Victoria	24,191
VincentCare Victoria	24,191
Acuity Super Pty Ltd	537

As at 30 June 2019, there were no outstanding amounts due to Anglicare Victoria and VincentCare Victoria.

NOTE 17 : ECONOMIC DEPENDENCY

A significant portion of the Company's revenue is provided by the Victorian Government in the form of standing charges and performance payments.

NOTE 18 : MEMBERS GUARANTEE

Compass Leaving Care Limited is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Company. At 30 June 2019 the number of members was two.

NOTE 19 : REMUNERATION OF AUDITORS

The auditor of Compass Leaving Care Limited is PricewaterhouseCoopers Australia. The remuneration of auditors is disclosed in Note 4. No other services were provided during the year.

NOTE 20 : SUBSEQUENT EVENTS

There were no other matters or circumstances that have arisen since 30 June 2019 that have significantly affected, or may significantly affect:

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

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes presented are in accordance with the ACNC Act including:
 - (i) complying with Accounting Standards – Reduced Disclosure Requirements and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the financial period ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013.



Paul McDonald
Joint Chairman



Quinn Pawson
Joint Chairman

Melbourne, 11 September 2019

Independent auditor's report

To the members of Compass Leaving Care Limited

Our opinion

In our opinion:

The accompanying financial report of Compass Leaving Care Limited (the Company) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the period 6 February 2018 to 30 June 2019
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2019
- the statement of changes in equity for the period 6 February 2018 to 30 June 2019
- the statement of cash flows for the period 6 February 2018 to 30 June 2019
- the statement of profit or loss and other comprehensive income for the period 6 February 2018 to 30 June 2019
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Company in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the period 6 February 2018 to 30 June 2019, but does not include the financial report and our auditor's report thereon.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



PricewaterhouseCoopers



Andrew Cronin
Partner

Melbourne
12 September 2019

Auditor's independence declaration

As lead auditor for the audit of Compass Leaving Care Limited for the period 6 February 2018 to 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
12 September 2019



COMPASS

compassleavingcare.org.au