



COMPASS

2021-22



ANNUAL
REPORT



COMPASS ACN 624 241 621



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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.



In some imagery young people's images are used if over 18, with their permissions. Otherwise, models appear in our photographs. In this report a combination of purchased imagery and rightfully owned images of COMPASS.

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MESSAGE FROM DIRECTORS

We are pleased to present the COMPASS Leaving Care Limited (COMPASS) 2021-22 Annual Report. This year's Annual Report incorporates the investor report for the COMPASS Social Impact Bond (SIB).

The COMPASS Program is in the final year of service delivery. The first young people entered COMPASS in early-2019 and the last to join will exit in mid-2023. The Program is at a point where there are nearly as many young people who have completed the program as there are participating. The total number of participants is 182, which is 90% of the 202 target. This shortfall was mainly due to a policy change.

The first performance measurement and outcome payment was certified in April 2022. This is a significant milestone for any social impact bond. COMPASS has achieved a result that is, on balance, approaching a performance band of "very good", which was the scenario worked through in the Cash Flow Summary in the Information Memorandum.

The COMPASS housing model that prioritises secure and stable housing, so participants can work on their goals, is a key strength of the program. Participants have a range of housing options, including COMPASS head leased and purchased properties, student accommodation and private rentals. The program also supports participants to continue with their kinship and foster care arrangements.

This Annual Report focuses on the outcome for participants transitioning from Out-of-Home Care. Participants are engaged in education or training, employment, and many have a positive relationship with their family.

On behalf of the Directors we thank our committed teams for their support of COMPASS participants; the Department of Families, Fairness and Housing for their support; and investors for their commitment to COMPASS Leaving Care.



Paul McDonald

Director, COMPASS Leaving Care Limited
CEO, Anglicare Victoria



Julia Cambage

Director, COMPASS Leaving Care Limited
Group CEO, VincentCare/St Vincent de Paul Society Victoria

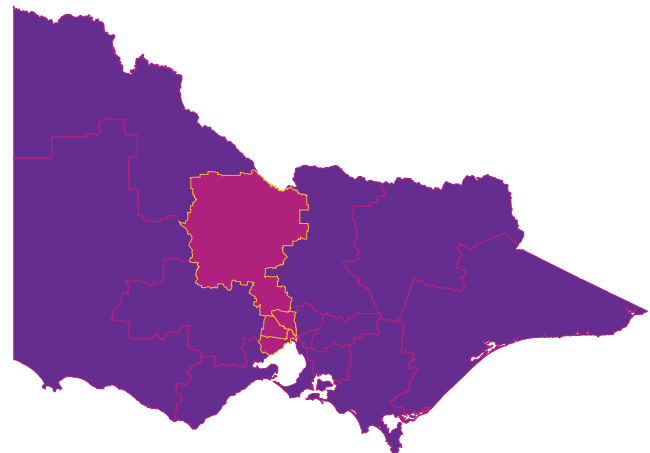
THE COMPASS PROGRAM

The COMPASS Program is an innovative program funded by the COMPASS Social Impact Bond. COMPASS is a partnership, between Anglicare Victoria, VincentCare Victoria, the Victorian Government and more than 50 investors, which supports young people leaving Out-of-Home Care towards independent living. COMPASS is unique and highly adaptive in being able to meet the personalised needs of participants. Each participant receives comprehensive support that is designed to address their individual needs. The COMPASS Team is made up of staff from Anglicare Victoria and VincentCare Victoria.

A strength of the program is the engagement phase when the COMPASS key worker establishes a relationship with the young person. During this time the focus is to understand what the young person's goals are post care then to establish some initial goals in line with their plan. Working alongside key professionals that will aid and support the young person's transition to COMPASS is critical. The priorities for young people to reach their goals are: somewhere to live; continuing their education; having a job; linking with community and health services; connecting with their culture; establishing social networks and often reconnecting with family.

Young people participate in the COMPASS Program for two years and during this time they work with a key worker to build their independent living skills. The COMPASS team take a goal-directed case management approach that supports participants to access specialist services, such as, mental health, alcohol, and drug services. The program's highly flexible model enables tailored support and referrals that address particular needs. Participants have different housing needs that can change over the course of the program. Some young people continue to live with kinship or foster carers and others live in COMPASS owned or head leased properties.

COMPASS areas are in Department of Families, Fairness and Housing areas of Western Melbourne, Brimbank Melton, North Eastern Melbourne (Darebin, Whittlesea LGAs), Hume Moreland, and Loddon (Greater Bendigo, Central Goldfields and Campaspe LGAs).



OVERVIEW

HIGHLIGHTS

- During 2021-22 COMPASS reached a number of milestones. In October, 2021 the last participants joined the program. The final number of participants is 182.
- Participants are continuously completing the program and as at 30 June 2022 there were nearly as many participants completed as participating (*as shown in the graph*).
- The first performance measurements were certified in April 2022.

182

total participants
for life of the program

44

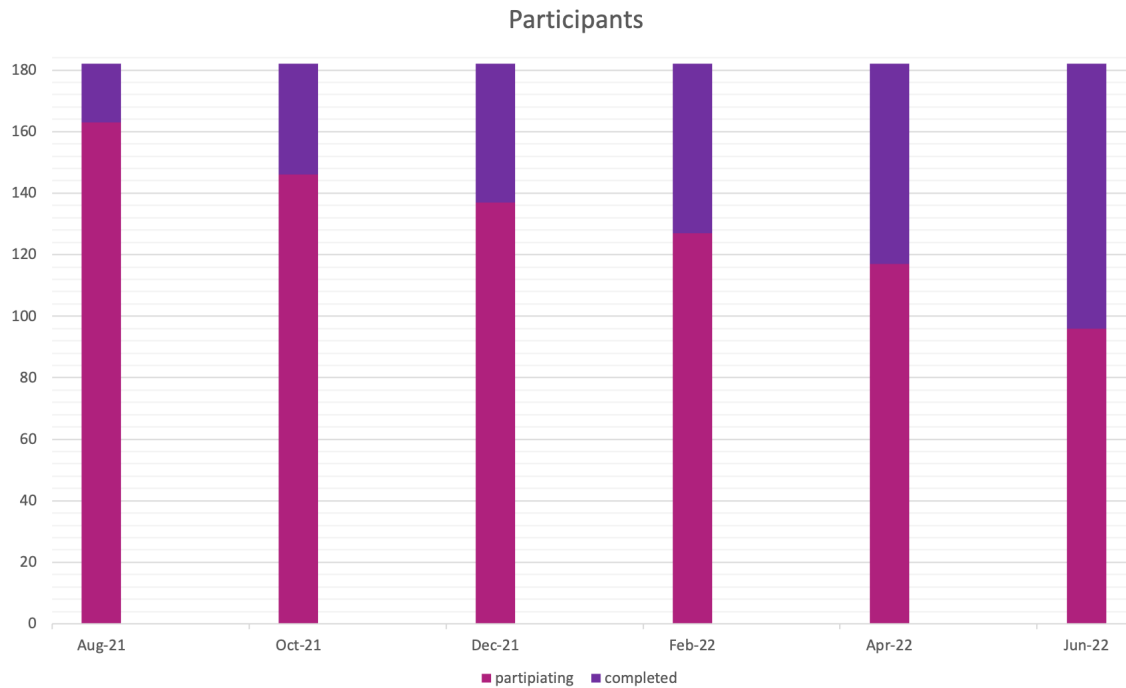
of total participants
are Indigenous

167

participating
in 2021-22

as at 30 June **96** participating

86 completed



PERFORMANCE MEASUREMENT

The first COMPASS performance measurements were certified in April 2022. Performance was measured for the housing and health measures for participants, compared to a control group, two years from their commencement. There were 45 participants in this measurement period. Table 1 shows the performance at each measurement date.

During the measurement period, COMPASS participants, to date, presented to an emergency department on average 24% less than the control group and were identified as homeless, when presenting to Specialist Homelessness Services, on average 46% less than the control group.

24% LESS PRESENTATIONS
TO EMERGENCY DEPARTMENT

46% LESS HOMELESSNESS

Measure/Measurement	April 21	July 21	October 21	January 22
Health measure	No improvement	No improvement	Excellent	Exceptional
Housing measure	Exceptional	Good	Good	Very Good

EXPERIENCES AND OUTCOMES FOR PARTICIPANTS

In addition to the measured outcomes, the COMPASS Program is aiming to support participants to engage in education and employment, to access support services and re-establish positive relationships with family.

80%

of participants are linked with support services

73%

of participants are engaged in study or employment

79%

of participants have positive relationships with family

The young people participating in the COMPASS program are very positive about their experiences. They appreciated the friendly, non-judgemental support provided by key workers.

“

I feel like it's made me grow as a person, a lot of independent living skills as wellI wasn't aware of what I needed to do with housing or my health ... but they've taken good care of that.

”

COMPASS participant

“

They're always there if I need someone to talk to or something, they're always there to call, they check on me all the time{my key worker} has been really helpful.

”

COMPASS participant

Many of the current COMPASS participants (80%) have been supported to engage with services outside COMPASS, including a General Practitioner, Psychologist, NDIS, Aboriginal services and specialist mental health and youth services. Participants reported positive changes to their wellbeing because of the support of COMPASS.

COMPASS participants (73%) are engaged in study at TAFE and University. The areas of study include beauty therapy, hairdressing, community services, horticulture, medicine and IT.

Participants are employed in various roles including café and bar work, retail, building construction, gardening, aged care, and beauty therapy. Ten participants are parents and all have their children living with them.

The frequency of participants who reconnect with family is an unexpected positive outcome. For those currently participating in the program 79% have a positive relationship with family.

“ They've helped me organise studying ... they helped me with fees and stuff and contact the right people to get stuff paid for. ”
COMPASS participant

HOUSING

“ When I joined COMPASS I was given accommodation so I was able to settle down and just settle a lot more because residential care was just a bit full on. ”
COMPASS participant

The housing first model adopted by COMPASS is a key strength. It offers a stable base from which participants can build independence and work toward their goals. Some participants continue their kinship and foster care arrangements.

During 2021-22, 69 participants (41%) lived in COMPASS owned or head leased houses. There was a mix of single tenancies and co-tenancies.

A third of the participants who completed COMPASS in 2021-22 were living in private rentals when they completed their time with COMPASS. A tenancy history with COMPASS supported them gaining these private leases. The other housing arrangements for participants during their time with COMPASS and at completion are living with foster or kinship carers or in public housing.

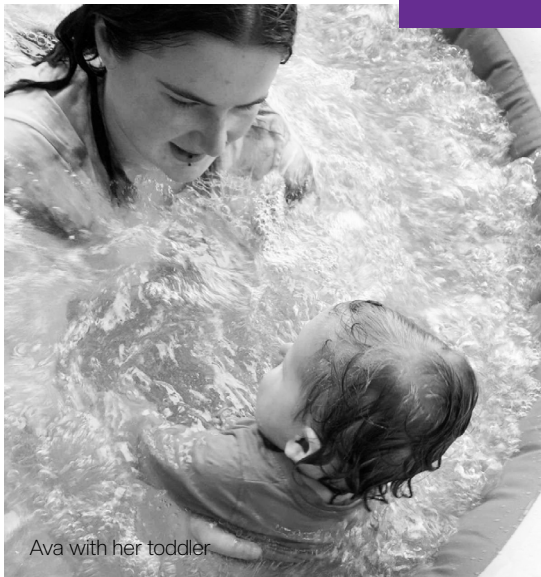


Puoudhuk with a Certificate of Excellence in Flight attendant course



Kate Lyn saved for a car

MANY MILESTONES



Ava with her toddler



Jay with his baby



Sebastian received an AngliCare Chairperson's award



Theodora got her learner's



Team leader Mat with live in mentor



Ben at work



DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The Directors present their report on COMPASS Leaving Care Limited (the Company or COMPASS Leaving Care) for the period ended 30 June 2022.

GOVERNANCE STRUCTURE

COMPASS Leaving Care, a company limited by guarantee, was established in 2018 as a special purpose entity to deliver the COMPASS Program and the COMPASS Social Impact Bond (SIB), developed by Anglicare Victoria and VincentCare Victoria in partnership with the Victorian Government.

Anglicare Victoria and VincentCare Victoria are the sole members of the Company. The Company's governance structure is supported through a Board of four Directors, two from Anglicare Victoria and two from VincentCare Victoria, including both CEOs and a representative appointed by the Board of each organisation.

DIRECTORS

The details of the Company's Directors in office during the financial year and until the date of this report are as follows:

Paul McDonald | Director | (Commenced 6/02/2018, reappointed 07/10/2021)

Diploma in Youth Work, Master of Social Work

Paul is currently the Chief Executive Officer of Anglicare Victoria. Prior to this he was Deputy Secretary of the Children, Youth and Family Division in the Victorian Department of Human Services for the Victorian Government, being responsible for Victoria's Child Protection Program, Youth Justice Program and Family and Domestic Violence Programs.

Paul has chaired a range of nationally significant committees on behalf of the Australian Government including into Petrol Sniffing and is the former chair of the Centre for Excellence in Child and Family Welfare. He is the founding Chair of the national 'Home Stretch' campaign. In 2020, Paul won the National Pro Bono 'Influencer Award' for his pivotal role in driving the Home Stretch campaign. In 2017, Paul was awarded the prestigious Robin Clark leadership award. He is Patron of the National Youth Workers Association.

Brendan Foley | Director | (Commenced 5/12/2019)
Bachelor of Business (Accounting), Graduate Diploma Information Systems, CPA

Extensive senior executive experience in a range of financial, commercial and information technology roles within the aluminium, petrochemical, metal manufacturing and glass packaging industries. Significant experience in China, Asia, USA and Europe involving the implementation of large-scale business improvement and information technology projects. Roles included: CFO Australia; Business Information Manager Asia Pacific; Director Business Improvement Asia-Pacific; and Global Manager IT Security.

Julia Cambage | Director | (Commenced 7/04/2022)
Bachelor of Arts (Education)

Julia is Group CEO of the St Vincent de Paul Society Victoria (including VincentCare Victoria). She is an experienced transformational leader with more than 20 years' CEO experience in the Not-for-Profit sector. Julia has deep experience driving strategy, enabling cultural alignment and growing revenues. Her approach is collaborative, innovation based and results oriented.

Geoffrey Walsh | Director | (Ceased 7/10/2021)
Bachelor of Business Studies, Fellow Chartered Accountants - Australian and New Zealand, FAICD

Anglicare Victoria 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 governance and public/private partnerships.

Matthew Pringle | Director | (Commenced 7/10/2021)
BCom, FCPA, FCA, FGIA, FCIS, GAICD

Matthew is a director of Anglicare Victoria and has extensive experience in corporate finance, audit and assurance, governance, and strategy, including over 25 years' experience as a Partner at Pitcher Partners. His roles with Pitcher Partners included leading the corporate finance practice group, senior audit partner and leading the corporate governance and board advisory practice area. Matthew is currently a non-executive director / advisory board member / consultant to several listed and unlisted public, private and NFP entities.

Susan Cattermole | Director | (Ceased 7/04/2022)
Graduate Diploma in Applied Corporate Governance, Bachelor of Business and Finance (Hons), GAICD, Fellow Chartered Global Management Accountants, Fellow member of the Governance Institute of Australia.

CEO, St Vincent de Paul Society Victoria (2016-2022) and Group CEO of the Society Group including VincentCare Victoria from 2021-2022. Over 12 years' experience as a Chief Executive Officer in the Not-For-Profit sector and over 20 years in company secretarial and corporate governance. Senior Executive in a number of FTSE 100 companies in the United Kingdom between 1996 and 2013. Since moving to Australia, held senior executive and board positions with not-for-profit organizations, focusing on developing strategy and improving business performance and corporate governance practices.

Directors were in office for this entire period unless otherwise stated.

PRINCIPAL ACTIVITIES

The Company's principal activities are providing stable housing, case work and access to specialised services tailored to young people leaving Out-of-Home Care to prepare them for independent living.

The Company's key functions are:

- 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 Anglicare Victoria and VincentCare Victoria as service providers, in accordance with the Implementation Agreement with the Victorian Government;
- statutory reporting in the form of independently audited annual financial statements;
- ongoing administration such as Noteholder communication and updates;
- purchasing residential properties and entering into head-leasing arrangements with landlords.

REVIEW OF OPERATIONS

In 2021-22 COMPASS Leaving Care continued to implement the COMPASS Program in partnership with Anglicare Victoria, VincentCare Victoria and the Department of Families, Fairness and Housing (DFFH).

182 total participants

44 of the total participants are Indigenous

167 young people were participants during 2021-22

96 young people were still participating in the program as at 30 June 2022

86 participants had completed the COMPASS Program as at 30 June 2022

COVID-19

The impact of COVID-19 on the COMPASS Program continues to be manageable. The health and wellbeing of participants and staff remains our highest priority.

SUMMARY OF FINANCIAL OUTCOMES

The Company's Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022 reflects a breakeven result, after accounting for a fair value adjustment to the value of loan notes of \$2,090,488.

The Company's Statement of Cash Flows for the year to 30 June 2022 showed a net cash outflow of \$971,632.

The Statement of Financial Position reflects no change in equity and a cumulative reduction of the carrying value of loan notes of \$5,074,924.

The adjustment to loan note value in the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Financial Position reflects the current stage of development of the COMPASS Program.

It is expected that the value of the loan note liability will reduce over the life of the full Program, as returns to investors in the form of Coupon Payments, Outcome Payments and the distribution of the residual net assets of the Company (at the end of the Program) are made.

In 2021-22, the first Outcome Payment (\$907,500) was received by the Company from the Victorian Government. This, independently certified payment was based on the performance measurement of the first 45 COMPASS Program participants. Performance was measured for the housing and health measures of participants, compared to the control group, two years from their commencement.

The Company has made no assessment of the level of future Outcome Payments receivable, on the basis that these have not been measured and are uncertain. The second certified Outcome Payment will be made by the Victorian Government in April 2023. Income from this source will continue to be recognised at the time of each future certification.

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 STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The DFFH pays a professional indemnity insurance premium to an insurer on behalf of the member organisations, Anglicare Victoria and VincentCare Victoria.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings brought against Anglicare Victoria and VincentCare Victoria 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 while acting in the capacity of an officer or auditor.

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.

DIRECTOR'S MEETINGS

The number of Board meetings held during the financial period, and attendance by Directors is shown in the table below:

Director	Eligible	Attended
Paul McDonald	7	6
Susan Cattermole	5	5
Geoffrey Walsh	2	2
Brendan Foley	7	7
Matthew Pringle	5	5
Julia Cabbage	2	1

AUDITOR'S INDEPENDENCE DECLARATION

The Board of the Company appointed PricewaterhouseCoopers as auditors for the period ended 30 June 2022 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 in this report on page 20.

Signed in accordance with a resolution of the Board of Directors.



Paul McDonald
Joint Chairman
Dated: 9 September 2022



Julia Cabbage
Joint Chairman
Dated: 9 September 2022



AUDITOR'S INDEPENDENCE DECLARATION



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of COMPASS Leaving Care Limited for the year ended 30 June 2022, 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.



Anthony Vlavianos

Partner

PricewaterhouseCoopers

Melbourne

9 September 2022

PricewaterhouseCoopers, ABN 52 780 433 757

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FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
REVENUE			
Government revenue	3	2,008,900	3,421,246
Rental income	3	159,572	139,520
Other income	3	2,732,249	437,828
Investment income	3	3,491	37,559
TOTAL REVENUE		4,904,212	4,036,153
EXPENDITURE			
Sub-contracted services	4	(2,605,143)	(2,834,157)
Outcome payments to investors	4	(907,500)	-
Interest (note coupons)	4	(497,000)	(497,000)
Property costs	4	(743,818)	(627,555)
Other operating expenses	4	(105,751)	(32,441)
Other non-operational expenses	4	(45,000)	(45,000)
TOTAL EXPENDITURE		(4,904,212)	(4,036,153)
NET SURPLUS		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE SURPLUS FOR THE PERIOD		-	-
Surplus is attributed to:			
Owners of the organisation		-	-

The accompanying notes form part of the financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022



	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,871,587	4,843,219
Trade and other receivables	6	83,649	76,336
Other assets	8	20,581	19,761
TOTAL CURRENT ASSETS		3,975,817	4,939,316
NON-CURRENT ASSETS			
Trade and other receivables	6	-	2,587,094
Investment properties	7	5,910,000	3,809,869
Other assets	8	25,087	34,236
TOTAL NON-CURRENT ASSETS		5,935,087	6,431,199
TOTAL ASSETS		9,910,904	11,370,515
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	342,552	154,951
Unearned income	10	443,276	-
TOTAL CURRENT LIABILITIES		785,828	154,951
NON-CURRENT LIABILITIES			
Loan notes issued to investors	11	14,200,000	14,200,000
Fair value adjustment to loan notes	11	(5,074,924)	(2,984,436)
TOTAL NON-CURRENT LIABILITIES		9,125,076	11,215,564
TOTAL LIABILITIES		9,910,904	11,370,515
NET ASSETS			
EQUITY			
Contributed equity		-	-
Accumulated funds		-	-
TOTAL EQUITY		-	-

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

2022	Contributed equity	Accumulated funds	Total equity
	\$	\$	\$
Balance at 1 July 2021	-	-	-
Surplus/(deficit) for period	-	-	-
Other comprehensive income for the period	-	-	-
BALANCE AT 30 JUNE 2022	-	-	-

2021	Contributed equity	Accumulated funds	Total equity
	\$	\$	\$
Balance at 1 July 2020	-	-	-
Surplus/(deficit) for period	-	-	-
Other comprehensive income for the period	-	-	-
BALANCE AT 30 JUNE 2021	-	-	-

The accompanying notes form part of the financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022



	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities		4,827,133	3,165,939
Payments to suppliers		(3,800,913)	(3,799,209)
Payment of note coupon		(497,000)	(497,000)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	13	529,220	(1,130,270)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property		(1,500,852)	(1,489,819)
Term deposits		-	3,500,000
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(1,500,852)	(1,500,852)
CASH FLOW FROM FINANCING ACTIVITIES			
Outcome payments from government		907,500	-
Outcome payments to investors		(907,500)	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		-	-
Net increase/(decrease) in cash and cash equivalents held		(971,632)	879,911
Cash and cash equivalents at beginning of financial year		4,843,219	3,963,308
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5	3,871,587	4,843,219

The accompanying notes form part of the financial statements

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 Anglicare Victoria and VincentCare Victoria.

The Company has been established to provide a standalone legal entity, through which Anglicare Victoria and VincentCare Victoria are able to deliver the COMPASS Program (the Program) on a joint venture basis.

The Company issued Social Impact Bond loan notes to raise funding from investors to fund the Program. Anglicare Victoria and VincentCare Victoria are subcontracted to provide staff and services to the Program. The services help participants in the Program to transition from Out-of-Home Care (OoHC) and should result 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 on 16 October 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



2.1. 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 and the *Australian Charities and Not-for-profits Commission Act 2012*.

COMPASS Leaving Care Limited is a not-for-profit entity for the purpose of preparing the financial statements.

(a) Compliance with Australian Accounting Standards - Simplified Disclosures

The financial statements of COMPASS Leaving Care Limited comply with Australian Accounting Standards – Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

(b) Historical cost convention

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

(c) 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.

(d) New and amended standards adopted by the Company

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new or amended Accounting standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

The Company has adopted AASB 1060. This standard replaces the current suite of Reduced Disclosure Requirements (RDR) disclosures.

The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

2.2. Revenue recognition

Where there is an enforceable contract with a customer with sufficiently specific performance obligations, revenue is recognised when (or as) the performance obligations are satisfied.

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

(a) Government revenue

Government Standing Charge

An aggregate amount of \$6.29 million is payable by the Victorian Government 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 Victorian Government and the Company.

Outcome Payments

Outcome Payments from the Victorian Government are based on the performance of the Program. Commencing 12 months following the first participants' completion of the Program (1 April 2022), until 1 April 2026. The State will pay the Outcome Payments to the Company which will be passed onto Noteholders. The value of these payments will vary periodically, based on the performance of the Program and the number of participants being tested at 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%, 2 measurement points per Participant);
- Health Outcome Measure (20%, 2 measurement points per Participant); and
- Justice Outcome Measure (20%, 1 measurement point per Participant).

These payments will be estimated quarterly, based on the timing of the intake of participants into the Program, but will be certified and paid to Noteholders on an annual basis, based on an independent certification process overseen by the Victorian Government. The payment made at the Outcome Payment Date will consist of the aggregate of four preceding Outcome Payments estimated 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).

The first Outcome Payment was received in April 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



Home-Stretch Reimbursement Amount

In the current year, the Victorian Government paid the Company a once-off, lump sum payment (Home-Stretch Reimbursement Amount) to compensate for the impact to the expected financial return of the Company under the Implementation Agreement, as a result of the introduction of the “Home-Stretch Program” by the Victorian Government in 2021.

(b) Rental income

Participants of the Program contribute to property rental costs. Rental income is recognised on a straight-line basis over the contractual fixed lease term. Amounts unrecovered or considered unrecoverable are written off to the profit or loss account as and when they arise.

2.3. 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.

2.4. Leases

The Company is both a lessee and a lessor. Properties are leased from landlords and sub-leased to Program participants under leases that are substantially Residential Tenancies Act agreements. The Program allows for escalation of rents from heavily subsidised to unsubsidised over a period of 24 months, the period of time for which COMPASS commits to providing stable housing and support to Program participants. COMPASS acquires no options to extend or rights to purchase properties at the end of their lease or period of occupation.

The Company as a lessee

The Company has applied AASB16 to its leases, the overwhelming majority of which are Residential Tenancies Act tenancies of 12 months or less duration and fall outside the scope of the standard. The small minority of leases which extend over periods exceeding 12 months have been assessed as required under AASB16 and a judgement made that their omission from the Statement of Financial Position at 30 June 2022 does not materially misstate the financial position of the Company.

The Company as a lessor

Rental income from leases with Program participants is recognised as rental income in profit or loss as described in the notes. Program participants lease properties under fixed term contracts of 12 months or less duration, governed by the Residential Tenancies Act.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Participants acquire no options to extend their lease, nor a right to acquire the property whether on expiry of the lease, period of occupation, or participation in the Program.

2.5. 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 and short-term investments with an original maturity of three months or less which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.6. Trade and other receivables

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. Refer to Note 6 for further information about the Company's accounting for other receivables.

2.7. Loan notes

The Company issued Social Impact Bond (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 of the following:

- program costs incurred;
- note coupons paid and accrued;
- Outcome Payments from the Victorian Government based on the performance of the Program and the number of Participants being tested at each Outcome Measurement Date;
- Government Standing Charge accrued or unearned income; and
- 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, other net Program costs and/or if there is an early termination event.

There may be certain circumstances in which either the Company or the State 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. Included in the agreement are early termination payment provisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



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 the value of loan notes, are disclosed in Note 11.

2.8. Investment properties

Investment properties are held by the Company to house participants of the Program and to earn rental income.

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.

2.9. 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.

2.10 Goods and services tax (GST)

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 Statement of Financial Position.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

3. REVENUE AND OTHER INCOME

	2022	2021
	\$	\$
REVENUE		
Government revenue		
- Government standing charge	556,550	3,421,246
- Outcome payments	907,500	-
- Home-Stretch reimbursement amount	544,850	-
	2,008,900	3,421,246
Client contributions		
- accommodation	159,572	139,520
	159,572	139,520
Other income		
- fair value adjustments to loan notes	2,090,488	324,242
- donations	19,000	-
- sundry income	23,482	-
- fair value adjustment to investment properties	599,279	113,586
	2,732,249	437,828
Investment income		
- investment income	3,491	37,559
	3,491	37,559
TOTAL REVENUE AND OTHER INCOME	4,904,212	4,036,153

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



4. EXPENSES

	2022	2021
	\$	\$
Subcontracted services		
- service fees	2,605,143	2,834,157
	2,605,143	2,834,157
Outcome payments to investors		
- outcome payments to investors	907,500	-
	907,500	-
Interest expense		
- interest (note coupons)	497,000	497,000
	497,000	497,000
<p>Note coupons relate to interest paid and accrued to loan noteholders at the fixed rate of 3.50% per annum of the total aggregate issue amount of \$14.2 million (see Note 11). Note coupons have been paid half-yearly, since 31 March 2019. The final payment will be made in September 2022.</p>		
Property costs		
- lease expense	426,955	447,517
- other premises costs	316,863	180,039
	743,818	627,556
Other operating costs		
- audit fees	30,210	31,350
- other operating expenses	75,541	1,091
	105,751	32,441
Other non-operating expenses		
- transaction costs	45,000	45,000
	45,000	45,000
TOTAL EXPENSES	4,904,212	4,036,154

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

5. CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at bank	1,871,583	843,090
At call account	2,000,004	4,000,129
TOTAL CASH AND CASH EQUIVALENTS	3,871,587	4,843,219

6. TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	1,512	4,562
Other receivables	6,542	-
GST receivable	75,595	71,774
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	83,649	76,336

NON-CURRENT

Other receivables	-	2,587,094
TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES	-	2,587,094

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.

Other receivables consists of amounts due from the Victorian Government for accrued but unpaid Government Standing Charge or other minor debtors. The Standing Charge is an aggregate amount of \$6.29 million payable by the government over eight instalments between 1 October 2020 and 30 September 2022, noting that the final payment was received early, prior to 30 June 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 Victorian Government and the Company. As at 30 June 2022, the accrued Standing Charge has been offset against the unearned income from Standing Charge liability (note 10).

In determining the recoverability of non-current other receivables, the Company believes there is no credit provision required as credit risk is limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



7. INVESTMENT PROPERTIES

	2022	2021
	\$	\$
FAIR VALUE		
At start of period	3,809,869	2,206,464
Additions	1,500,852	1,489,819
Fair value adjustments	599,279	113,586
AT END OF PERIOD	5,910,000	3,809,869

The Company purchased three residential properties during the period.

Basis of Valuation at 30 June 2022

Company policy is to hold properties initially at cost, and subsequently to obtain external valuations at least every third year (Note 2.8).

The Directors commissioned independent valuations from Marsh on the thirteen properties in the portfolio. Marsh provided a detailed desktop valuation report as at 30 June 2022 for these properties, conducted in accordance with the requirements of the applicable Australian Accounting Standards.

The valuation process to finalise the values included in the financial report has been reviewed by the Board of Directors. Valuation processes and fair value changes are approved annually by the Board in line with the Company's reporting dates. At the balance sheet date, the Directors have determined to recognise a positive adjustment to the fair value of the investment property portfolio of \$599,279.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

8. OTHER ASSETS

	2022	2021
	\$	\$
CURRENT		
Prepayments	20,581	19,761
TOTAL CURRENT OTHER ASSETS	20,581	19,761
NON-CURRENT		
Recoverable rental bonds	25,087	34,236
TOTAL NON-CURRENT OTHER ASSETS	25,087	34,236

9. TRADE AND OTHER PAYABLES

Trade payables	90,075	2,427
Other Creditors	718	-
Accrued expenses	251,759	152,524
TOTAL TRADE AND OTHER PAYABLES	342,552	154,951

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



10. UNEARNED INCOME

	2022	2021
	\$	\$
Standing charge	443,276	-
TOTAL UNEARNED INCOME	443,276	-

Unearned income - Standing Charge represents the net of accrued Standing Charge and unearned income from Standing Charge and is equivalent to the maximum amount of Standing Charge repayable to the Victorian Government under the Implementation Agreement in the event of an Early Termination Event, as at 30 June 2022.

11. LOAN NOTES ISSUED TO INVESTORS

Loan notes issued to investors	14,200,000	14,200,000
Fair value adjustment to loan notes	(5,074,924)	(2,984,436)
TOTAL FAIR VALUE OF LOAN NOTES ISSUED TO INVESTORS	9,125,076	11,215,564

The Company issued Social Impact Bond (SIB) loan notes to raise \$14.2 million in funding from investors to fund the COMPASS Program.

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.

As at 30 June 2022, the change in fair value of loan notes issued represents net income received and expenditure incurred to date, recognised in profit or loss (see Note 3).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

12. COMMITMENTS

	2022	2021
	\$	\$

NON-CANCELLABLE OPERATING LEASES

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

Within one year	41,807	108,565
TOTAL	41,807	108,565

13. CASH FLOW INFORMATION

RECONCILIATION OF SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Net surplus/(deficit) for the period	-	-
Adjustment for change in fair value of investment properties	(599,279)	(113,586)
Adjustment for change in fair value of loan notes	(2,090,488)	(324,242)
Changes in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	2,579,781	(677,914)
Decrease/(Increase) in prepayments	(820)	549
Decrease/(Increase) in rental bonds	9,149	(9,677)
Increase in unearned income	443,276	-
Increase/(Decrease) in payables and other liabilities	187,601	(5,400)
Cash flows from operating activities	529,220	(1,130,270)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



14. FINANCIAL INSTRUMENTS

Fair values	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
FINANCIAL ASSETS				
Cash	3,871,587	3,871,587	4,843,219	4,843,219
Trade and other receivables	83,649	83,649	2,663,430	2,663,430
	3,955,236	3,955,236	7,506,649	7,506,649
FINANCIAL LIABILITIES				
Trade and other payables	342,552	342,552	154,951	154,951
Loan notes issued to investors	9,125,076	9,125,076	11,215,564	11,215,564
	9,467,628	9,467,628	11,370,515	11,370,515

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

15. RELATED PARTY DISCLOSURES

Transactions between the Company and related parties consist of the following:

Anglicare Victoria and VincentCare Victoria are both registered members of COMPASS Leaving Care Limited and loan noteholders of the Company's SIB loan notes. Both Anglicare Victoria and VincentCare Victoria have subscribed for 22,525 notes each.

Geoffrey Walsh, a Director of the Company up until 07/10/2021, has an interest in Acuity Super Pty Ltd, a loan noteholder with a subscription of 500 SIB loan notes.

The loan notes have been issued to Anglicare Victoria, VincentCare Victoria 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 Anglicare Victoria and VincentCare Victoria to deliver the COMPASS Program:

- Services Subcontract Agreement with Anglicare Victoria for the delivery of support, coordination, administration and oversight services;
- Services Subcontract Agreement with VincentCare Victoria for the delivery of financial management and housing services;
- Interface Agreement with COMPASS Leaving Care Limited and Anglicare Victoria.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



15. RELATED PARTY DISCLOSURES

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

	2022	2021
	\$	\$

TRANSACTIONS WITH RELATED PARTIES

THE FOLLOWING TRANSACTIONS OCCURRED WITH RELATED PARTIES:

Loan notes issued to and paid up by related parties

Anglicare Victoria	2,252,500	2,252,500
VincentCare Victoria	2,252,500	2,252,500
Acuity Super Pty Ltd	50,000	50,000
	4,555,000	4,555,000

Purchase of services from

Anglicare Victoria	2,215,921	2,420,112
VincentCare Victoria	389,222	393,973
	2,605,143	2,814,085

Note coupon paid to related parties

Anglicare Victoria	78,838	78,838
VincentCare Victoria	78,838	78,837
Acuity Super Pty Ltd	1,750	1,750
	159,426	159,425

As at 30 June 2022, there was an amount of \$86,820.80 (inclusive of GST) payable to Anglicare Victoria for Service Fees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

16. ECONOMIC DEPENDENCY

A significant portion of the Company's revenue is provided by the Victorian Government in the forms of: Standing Charge; Outcome Payments; and Home-Stretch Reimbursement Amount.

17. PRINCIPAL PLACE OF BUSINESS

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

103 Hoddle Street
Collingwood, VIC, 3066
Tel: 03 9412 6022

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 2022, the number of members was two.

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.

20. SUBSEQUENT EVENTS

There were no other matters or circumstances that have arisen since 30 June 2022 that have significantly affected, or may significantly affect:

- (a) the operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the state of affairs in future financial years.

DIRECTORS' DECLARATION

IN THE OPINION OF THE DIRECTORS:

(a) the financial statements and notes presented are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) complying with Accounting Standards - Simplified Disclosures and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the entity's financial position as at 30 June 2022 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.



Paul McDonald

Joint Chairman

Dated: 9 September 2022



Julia Cambage

Joint Chairman

Dated: 9 September 2022

INDEPENDENT AUDITOR'S REPORT



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 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Simplified Disclosures 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 2022
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- 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 & 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 year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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 - Simplified Disclosures 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/ar3.pdf.

This description forms part of our auditor's report.

A stylized, cursive signature of 'PricewaterhouseCoopers' in black ink.

PricewaterhouseCoopers

A stylized, cursive signature of 'AV' in black ink.

Anthony Vlavianos

Partner

Melbourne

9 September 2022



COMPASS