



Annual Report
2023





©COMPASS Leaving Care Limited 2023

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.



Contents

Section A : COMPASS Leaving Care Annual Investor Report

Directors' Message	2
The COMPASS Program	3
COMPASS Achievements	5

Section B : COMPASS Leaving Care Annual Financial Report

Directors' Report	10
Auditor's Independence Declaration	16
General Purpose Financial Statements	17
Independent Auditor's report	36

Directors' Message

We are pleased to present the COMPASS Leaving Care Limited (COMPASS) 2022-23 Annual Report. This year's Annual Report incorporates the investor report for the Social Impact Bond.

The first young people entered COMPASS in late 2018. Five years on, we have placed 182 young people through the COMPASS Leaving Care Program. This report focuses on these young people and the benefits they have gained from COMPASS over the life of the program.

A key component of the COMPASS model is access to housing. The model prioritises secure and stable housing over a two-year period, so participants can work on their goals. Participants have a range of housing options, including COMPASS head-leased and owned properties, student accommodation and private rentals. The program also supports participants to continue with their kinship and foster care arrangements. And most importantly, many participants gained experience in independent living and as a result created their own tenancy histories that will help them as they take on new rentals.

We are proud of the young people's progress during their time with COMPASS. Through COMPASS, young people come straight out of state care, engage with education or training, are linked to professional and social supports, and develop a positive relationship with a family member.

The second performance measurement and outcome payments were certified in April 2023. These payments are calculated against participant performance during, and after, their time in COMPASS. The measures include reductions in: homelessness; emergency presentations and justice interventions. Compass Pty Ltd has been distributing outcome payments to investors annually since 2022. As well as these paid outcomes, COMPASS participants have achieved other positive outcomes in education, training, employment and connections to professional and social service support.

The strength of the COMPASS model was recognised recently by the Victorian Government, which committed \$32 million in the Victorian 2023-24 State Budget. Based on the features of the COMPASS program, this state-wide "Housing First" program is scheduled to commence in 2023-24.

On behalf of the Directors, I thank the dedicated staff for their unwavering support of COMPASS participants, the Department of Families, Fairness and Housing for its support and investors for their commitment to COMPASS Leaving Care.



Paul McDonald

Joint Chairperson
Director COMPASS Leaving Care Ltd
CEO, Anglicare Victoria



Bernie Bicknell

Joint Chairperson
Director COMPASS Leaving Care Ltd
Chair, VincentCare

The COMPASS Program

The COMPASS Social Impact Bond is a partnership between Anglicare Victoria, VincentCare Victoria, the Victorian Government and more than fifty investors to support 184 young people leaving Out of Home Care transition into independent living across a two-year timeframe.

The COMPASS model was developed based on international and national experience of supporting care leavers and takes a unique and highly adaptive approach. Each participant receives comprehensive support designed to address their individual needs. The COMPASS team consists of staff from Anglicare Victoria and VincentCare Community Housing.

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 access to specialist services, such as mental health and alcohol and other drugs services where needed.

The program's unique "housing first" model enables tailored support and referrals that address an individual's needs. Participants have different housing requirements that change over the course of the program. Some young people are supported by COMPASS while they continue to live with kinship or foster carers, while other young people live in COMPASS-owned or head-leased properties.

COMPASS operates in the geographic areas of Western Melbourne, Brimbank Melton, North Eastern Melbourne, Merri-bek and Loddon (Greater Bendigo, Central Goldfields and Campaspe).

An essential feature of COMPASS is the engagement phase where COMPASS key workers establish relationships with each young person. During this time, these staff focus on understanding participants' goals and include these in their two-year plans. This early support is critical to the successful transition of these young people into the program. For the participants to reach their goals they need to: have somewhere to live; continue their education; have a job; be linked with community and health services; have social networks and where possible reconnect with family, and for some, reconnect to their culture.



Mel's Story

"Thank you so much, I don't know what would have happened to me without COMPASS."

When Mel was referred to COMPAS six months before she turned 18, she described her life as "chaotic".

Mel had been in Out of Home Care for a long time and had moved from foster home to foster home and was eventually placed in residential care. Due to her trauma Mel was sleeping rough in the city rather than using her residential placement. She had experienced significant family violence, was an intravenous substance user and had a history of involvement with youth justice. All this meant that Mel's long-term outlook was uncertain.

COMPASS key workers found it difficult to engage with Mel. She was living a transient life that included crime, substance misuse and was in poor mental health. Initially, she was hostile to her key worker, however the key workers kept a consistent, predictable, caring approach to support Mel and established a trusting relationship. Once rapport was built Mel was able to identify one of her needs - "I just want a place to call my own".

COMPASS provided Mel with stable accommodation. A place she would feel safe and call home were the first steps in supporting Mel to consider her other goals. Shortly after moving into COMPASS housing Mel became pregnant and her situation became even more complex. Mel was still using substances while pregnant and the father of the child also had a complex set of support needs. It was uncertain if Mel would be able to keep her baby in her care once delivered.

During the pregnancy, COMPASS supported Mel to engage with child protection, drug and alcohol and family services. Mel became clean from all substances, didn't miss one health appointment, and made every meeting with child protection. She leaped over every hurdle put in front of her.

The COMPASS key worker advocated for Mel and her young family to be prioritised on the Office of Housing wait list. Soon after Mel was successful in her application, she was granted her forever home.

"Because I had a house, I knew if I could give up the drugs and work on my mental health, I might be able to keep my baby".

Mel's baby remains in her care and Mel continues to be an outstanding young mother. Her outlook is positive.



COMPASS Achievements

The first participants signed up in December 2018. Participants were continuously completing their two-year engagement in the program from December 2020. Participation reached its peak in September 2021 when there were 157 participants. There were 11 participants still to complete the program at 30 June 2023.

182

participants over
the life of the program

43

(23%) of participants
were Indigenous

55%

of participants were
employed during
their participation

81%

of participants were
connected to a professional
support network

79%

of participants had a
positive relationship
with family

142

COMPASS participants
were engaged in
education and training

43

young people continued
with their education
and training

77%

of participants completed
the study and/or training
they commenced

Stronger Connections

There were 149 participants connected to support services outside COMPASS during their participation in the COMPASS Program. These services include a general practitioner, psychologist, NDIS, Aboriginal services and specialist mental health and youth services.

A positive connection with family is a positive outcome for participants. Key workers supported participants and their families to achieve a positive relationship with family. 145 participants had a positive relationship with their family when they completed the COMPASS program.

Eighteen participants became parents during their participation in the COMPASS Program. As a result of the support and advocacy provided by COMPASS key workers, 15 were caring for their children at the completion of their participation. On the majority of occasions COMPASS was able to ensure that the young mums didn't have to share with another participant. This gave them a safe and stable environment as a new parent allowing them to develop a strong attachment and bond with their newborn.

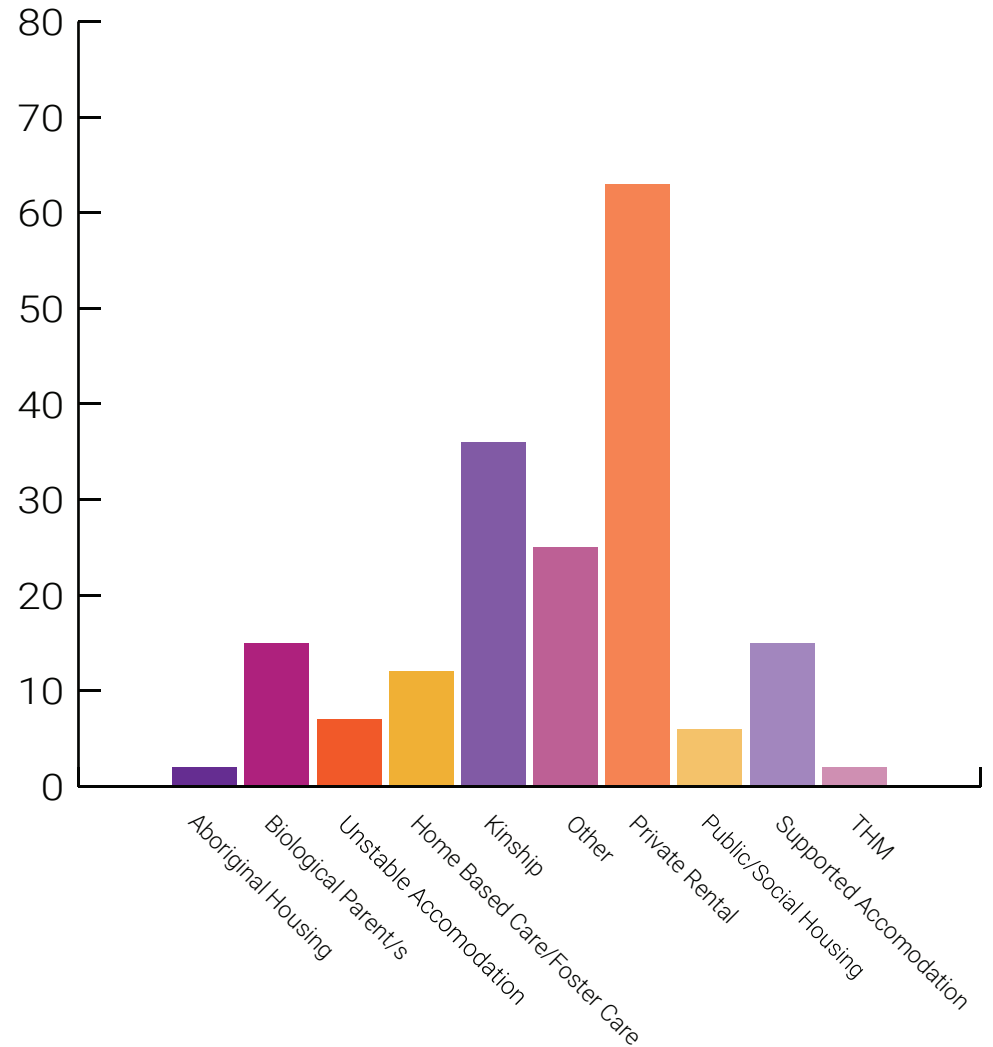


COMPASS: A Housing First Approach

The housing first model adopted by COMPASS is its key strength. It offers a stable base from which participants can build independence and work toward their goals.

At the commencement of COMPASS, 13 houses were purchased and an additional 35 houses were head-leased. These were a mix of single and co-tenancies. During the life of the COMPASS Program 152 participants lived in COMPASS housing. The average length of stay was 15 months out of a possible 24 months. Others used COMPASS housing for periods of up to six months as a stepping stone to independent accommodation arrangements.

A fundamental objective of the COMPASS housing-first approach is to establish tenancy histories for participants. Without this, many are at risk of homelessness or unstable housing well into their 20s'. It is pleasing that the effectiveness of COMPASS sees 63 participants living in private rentals at the completion of their participation in the program. Other participants were either living in supported accommodation or social housing, while others were living with kinship carers or biological parents.



Oliver's Story

When Oliver was referred to COMPASS, he was able to remain in his foster placement post 18 years old. This arrangement changed when his foster carer sold their property and Oliver needed to find alternative housing. Oliver successfully applied for his own private rental.

COMPASS provided a rental subsidy and funded his first month's rent and bond. COMPASS also assisted Oliver to set up his home by purchasing household items and whitegoods. At the end of Oliver's participation in COMPASS he was successfully maintaining his private rental, employed, and engaged with positive social and sporting communities.

Jamie's Story

When Jamie first engaged with COMPASS, his foster placement had broken down and he had no plans for alternative housing.

COMPASS found a suitable head-leased property that he would share with another COMPASS participant. This was a crucial stepping stone from a foster care arrangement to COMPASS housing. Jamie developed independent living and budgeting skills while living in COMPASS housing. During his participation in COMPASS he rebuilt connections with family and maintained employment.





Directors' Report

For the Year Ended 30 June 2023

The Directors present their report on COMPASS Leaving Care Limited (the Company or COMPASS Leaving Care) for the period ended 30 June 2023.

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 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

(Ceased 20/10/2022)

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.

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 Not For Profit entities.

Bernie Bicknell Director

(Commenced 20/10/2022)

CPA

Bernie is Chair of St. Vincent De Paul Society and VincentCare Victoria. Bernie is an experienced senior executive with specialised knowledge of the retail sector, having been Chief Executive Officer and Chief Financial Officer of Mitre 10 and Chief Operating Officer at The Godfreys Group. He also has international experience in New Zealand and USA. with ICI Paints. He has previously served as a Director of The Lighthouse Foundation and Brainwave Not For Profit organisations.

Paul Turton Director

(Commenced 29/05/2023)

Certified Manager Program, Diploma in Leadership and Management, Certificate IV Workplace and Business Coaching, Master of Arts (Divinity), Bachelor of Theology, Diploma in Ministry (Hons)

Paul has a dedicated history of working strategically in non-profit organisational management. He is currently Executive General Manager, Client Services at St Vincent de Paul. He was formally General Manager Homelessness Services at VincentCare. Prior to that he was a senior manager at Melbourne City Mission for many years. Paul has a strong focus on peer learning, business coaching and service innovation.

Julia Cambage Director

(Ceased 4/01/2023)

Bachelor of Arts (Education)

Julia was 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.

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 2022-23 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).

Key metrics for the COMPASS Program, include:

182 total participants;

44 of the total participants are Indigenous;

**171 participants had completed the COMPASS Program as at 30 June 2023;
and**

11 young people were still participating in the program as at 30 June 2023.

SUMMARY OF FINANCIAL OUTCOMES

The Company's Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023 reflects a break even result, after accounting for a fair value adjustment to the value of loan notes of \$2,392,554.

The Company's Statement of Cash Flows for the year to 30 June 2023 showed a net cash outflow of \$2,600,764.

The Statement of Financial Position reflects no change in equity and a cumulative reduction of the carrying value of loan notes of \$7,467,478.

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.

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 2022-23, the Second Outcome Payment (\$717,145) was received by the Company from the Victorian Government. This independently certified payment was based on the performance measurement of 69 COMPASS Program participants. Performance was measured for the housing and health measures for participants, compared to a control group, two years from their commencement.

There are second measures for health and housing and a justice measure four years from a participant's commencement. These results will be included in the 2023-24 outcome payment.

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 third certified outcome payment will be made, by the Victorian Government, in April 2024. 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.

Table 1: Performance Measurement for 69 COMPASS participants

Measure/Measurement	April 2022	July 22	October 22	January 23
Health measure	Exceptional	Minimum*	No change	No change
Housing measure	Excellent	No change	Exceptional	No change

* less than 9% improvement when compared to the control group

SUBSEQUENT EVENTS

The following properties reported as assets held for sale as at 30 June 2023 have subsequently been sold.

- 79A Abercarn Avenue, Craigieburn 3064 was sold 3 June 2023, however control did not change until settlement on 2 August 2023
- 1/42 Averys Road, Eaglehawk 3556 was sold 24 July 2023
- 8/34 Prouses Road, North Bendigo 3550 was sold 31 July 2023
- 9 Edith Street, Epping 3076 was sold 19 August 2023
- 5/18 Delbridge Street, Golden Square 3555 was sold 6 August 2023
- 4/8 Clarke Street, Kennington 3550 was sold 14 August 2023

Other than the above, no matter or circumstance has arisen since 30 June 2023 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.

DIRECTORS' 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	4	4
Matthew Pringle	4	4
Bernie Bicknell	2	2
Paul Turton	0	0
Brendan Foley	3	2
Julia Cambage	3	3

Auditor's Independence Declaration

The Board of the Company appointed PricewaterhouseCoopers as auditors for the period ended 30 June 2023 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 16.

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



Paul McDonald

Joint Chairperson
Director COMPASS Leaving Care Ltd
CEO, Anglicare Victoria

Dated: 7 September 2023



Auditor's Independence Declaration

As lead auditor for the audit of Compass Leaving Care Limited for the year ended 30 June 2023, 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.

A handwritten signature in black ink, appearing to read 'AV', is written over a light blue horizontal line.

Anthony Vlavianos
Partner
PricewaterhouseCoopers

Melbourne
7 September 2023

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.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Government revenue	3	940,833	2,008,900
Rental income	3	112,583	159,572
Other income	3	2,401,171	2,732,249
Investment income	3	38,116	3,491
Total revenue		3,492,703	4,904,212
Expenditure			
Sub-contracted services	4	(1,728,174)	(2,605,143)
Outcome payments to investors	4	(717,145)	(907,500)
Interest (note coupons)	4	(219,225)	(497,000)
Property costs	4	(718,344)	(743,818)
Other operating expenses	4	(68,565)	(105,751)
Other non-operational expenses	4	(41,250)	(45,000)
Total expenditure		(3,492,703)	(4,904,212)
Net surplus		-	-
Other comprehensive income		-	-
Total comprehensive surplus for the year		-	-
Surplus is attributed to: Owners of the organisation			

Statement of Financial Position

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	5	1,270,823	3,871,587
Trade and other receivables	6	20,257	83,649
Assets held for sale	8	2,047,500	-
Other assets	9	22,134	20,581
Total current assets		3,360,714	3,975,817
Non-current assets			
Investment properties	7	3,624,670	5,910,000
Other assets	9	13,048	25,087
Total non-current assets		6,998,432	9,910,904
Total assets		6,998,432	9,910,904
Liabilities			
Current liabilities			
Trade and other payables	10	46,322	342,552
Unearned income	11	219,588	443,276
Total current liabilities		265,910	785,828
Non-current liabilities			
Loan notes issued to investors	12	14,200,000	14,200,000
Fair value adjustment to loan notes	12	(7,467,478)	(5,074,924)
Total non-current liabilities		6,732,522	9,125,076
Total liabilities		6,998,432	9,910,904
Net assets		-	-
Equity			
Contributed equity		-	-
Accumulated funds		-	-
Total equity		-	-

Statement of Changes in Equity

For the Year Ended 30 June 2023

2023	Contributed equity	Accumulated funds	Total equity
	\$	\$	\$
Balance at 1 July 2022	-	-	-
Surplus/(deficit) for period	-	-	-
Other comprehensive income for the year	-	-	-
Balance at 30 June 2023	-	-	-

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

Statement of Cash Flows

For the Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Cash flows from operating activities			
Receipts from operating activities		184,107	4,827,133
Payments to suppliers		(2,565,646)	(3,800,913)
Payment of note coupon		(219,225)	(497,000)
Net cash provided by/(used in) operating activities	14	(2,600,764)	529,220
Cash flow from investing activities			
Payments for property		-	(1,500,852)
Net cash provided by/(used in) investing activities		-	(1,500,852)
Cash flow from financing activities			
Outcome payments from government		717,145	907,500
Outcome payments to investors		(717,145)	(907,500)
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents held		(2,600,764)	(971,632)
Cash and cash equivalents at beginning of financial year		3,871,587	4,843,219
Cash and cash equivalents at end of financial year	5	1,270,823	3,871,587

Notes to the Financial Statements

For the Year Ended 30 June 2023

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 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 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.

Note 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.

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.

Notes to the Financial Statements - For the Year Ended 30 June 2023

The new and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

AASB 2020-3 Amendments to Australian Accounting Standards
– Annual Improvements 2018-2020 and Other Amendments

AASB 2022-3 Amendments to Australian Accounting Standards
– Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the financial statements.

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

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 and second Outcome Payment was received in April 2022 and April 2023 respectively.

Home Stretch Reimbursement Amount

In the prior 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.

Notes to the Financial Statements - For the Year Ended 30 June 2023

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 2023 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.

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.

The variation of the liability amount due to investors is the change in fair value and

Notes to the Financial Statements - For the Year Ended 30 June 2023

is recognised in profit or loss.

Loan notes issued to investors and the decrease in the value of loan notes, are disclosed in Note 12.

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 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, financial assets and investment property that are carried at fair value, which are exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less cost to sell. A gain is recognised for any subsequent increases in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

2.10 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.

2.11 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 2023

	2023	2022
	\$	\$
Note 3 Revenue and other income		
<i>Revenue</i>		
Government revenue		
- Government standing charge	223,688	556,550
- Outcome payments	717,145	907,500
- Home Stretch reimbursement amount	-	544,850
	940,833	2,008,900
Client contributions		
- accommodation	112,583	159,572
	112,583	159,572
Other income		
Other income		
- fair value adjustments to loan notes	2,392,554	2,090,488
- donations	-	19,000
- sundry income	8,617	23,482
- fair value adjustment to investment properties	-	599,279
	2,401,171	2,732,249
Investment income		
- investment income	38,116	3,491
	38,116	3,491
Total revenue and other income	3,492,703	4,904,212

Notes to the Financial Statements - For the Year Ended 30 June 2023

	2023	2022
	\$	\$
Note 4 Expenses		
Subcontracted services		
- service fees	1,728,174	2,605,143
	1,728,174	2,605,143
Outcome payments to investors		
- outcome payments to investors	717,145	907,500
Interest expense	717,145	907,500
- interest (note coupons)	219,225	497,000
	219,225	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 12). Note coupons have been paid half-yearly, since 31 March 2019. The final payment was made in September 2022.</p>		
Property costs		
- lease expense	219,824	426,955
- other premises costs	260,690	316,863
- fair value adjustment to investment properties	237,830	-
	718,344	743,818
Other operating costs		
- audit fees	68,085	30,210
- other operating expenses	480	75,541
	68,565	105,751
Other non-operating expenses		
- transaction costs	41,250	45,000
	41,250	45,000
Total expenses	3,492,703	4,904,212

Notes to the Financial Statements - For the Year Ended 30 June 2023

	2023 \$	2022 \$
Note 5 Cash and cash equivalents		
Cash at bank	570,823	1,871,583
Term deposits	700,000	-
At call account	-	2,000,004
Total cash and cash equivalents	1,270,823	3,871,587

	2023 \$	2022 \$
Note 6 Trade and other receivables		
Current		
Trade receivables	-	1,512
Other receivables	-	6,542
GST receivable	20,257	75,595
Total current trade and other receivables	20,257	83,649

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.

Notes to the Financial Statements - For the Year Ended 30 June 2023

Note 7 Investment properties	2023	2022
	\$	\$
Fair Value		
At start of period	5,910,000	3,809,869
Additions	-	1,500,852
Reallocations to assets held for sale	(2,047,500)	-
Fair value adjustments	(237,830)	599,279
At end of year	3,624,670	5,910,000

Basis of Valuation at 30 June 2023

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 eight properties in the portfolio (those held as Investment Properties). Marsh provided a detailed valuation report as at 30 June 2023 for these properties, conducted in accordance with the requirements of the applicable Australian Accounting Standards. For the valuation of Assets Held for Sale, the fair value has been taken as a combination of the selling price per signed contract of sale of property and the estimated selling prices provided by the real estate agents. 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 negative adjustment to the fair value of the investment property portfolio of \$237,830

Note 8 Assets held for sale	2023	2022
	\$	\$
Non-current assets held for sale		
Land and buildings	2,047,500	-
Total non-current assets held for sale	2,047,500	-

On 9th February 2023, the directors of the Company decided to sell five properties which were previously held as an investment property. There are several interested parties and the sale is expected to be completed before the end of December 2023. The remaining investment properties are expected to be offered for sale in the following financial year.

Notes to the Financial Statements - For the Year Ended 30 June 2023

	2023 \$	2022 \$
Note 9 Other assets		
Current		
Prepayments	22,134	20,581
Total current other assets	22,134	20,581
Non-current		
Recoverable rental bonds	13,048	25,087
Total non-current other assets	13,048	25,087
	2023	2022
	\$	\$
Note 10 Trades and other payables		
Trade payables	-	90,075
Other Creditors	3,447	718
Accrued expenses	42,875	251,759
Total trade and other payables	46,322	342,552
	2023	2022
	\$	\$
Note 11 Unearned income		
Standing charge	219,588	443,276
Total unearned income	219,588	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 2023.

Notes to the Financial Statements - For the Year Ended 30 June 2023

	2023 \$	2022 \$
Note 12 Loan notes issued to investors		
Loan notes issued to investors	14,200,000	14,200,000
Fair value adjustment to loan notes	(7,467,478)	(5,074,924)
Total fair value of loan notes issued to investors	6,732,522	9,125,076

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 2023, 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).

Note 13 Commitments**Non-cancellable operating leases**

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

Within one year	-	41,807
Total		41,807

Lease commitments disclosed above represent the amounts payable over the remaining non- cancellable term of leases which have not become periodic leases (i.e., on month to month terms).

Notes to the Financial Statements - For the Year Ended 30 June 2023

Note 14 Cash flow information	2023	2022
	\$	\$
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	237,830	(599,279)
Adjustment for change in fair value of loan notes	(2,392,554)	(2,090,488)
Changes in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	63,392	2,579,781
Decrease/(Increase) in prepayments	(1,553)	(820)
Decrease/(Increase) in rental bonds	12,039	9,149
Increase in unearned income	(223,688)	443,276
Increase/(Decrease) in payables and other liabilities	(296,230)	187,601
Cash flows from operating activities	(2,600,764)	529,220

Notes to the Financial Statements - For the Year Ended 30 June 2023

Note 15 Financial Instruments	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Fair values	\$	\$	\$	\$
Financial assets				
Cash	1,270,823	1,270,823	3,871,587	3,871,587
Trade and other receivables	20,257	20,257	83,649	83,649
	1,291,080	1,291,080	3,955,236	3,955,236
Financial liabilities				
Trade and other payables	46,322	46,322	342,552	342,552
Loan notes issued to investors	6,732,522	6,732,522	9,125,076	9,125,076
	6,778,844	6,778,844	9,467,628	9,467,628

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 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 2023

Note 16 Related party disclosures (Continued)	2023	2022
	\$	\$
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	1,363,151	2,215,921
VincentCare Victoria	349,663	389,222
	1,712,814	2,605,143
Note coupon paid to related parties		
Anglicare Victoria	54,430	78,838
VincentCare Victoria	54,430	78,838
Acuity Super Pty Ltd	1,208	1,750
	110,068	159,426
Outcome payments paid to related parties		
Anglicare Victoria	113,758	143,954
VincentCare Victoria	113,758	143,954
Acuity Super Pty Ltd		
	230,041	291,103

As at 30 June 2023, there were no outstanding amounts due to Anglicare Victoria and VincentCare Victoria in relation to services provided during the year.

Note 17 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.

Note 18 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

Note 19 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 2023, the number of members was two.

Note 20 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 21 Subsequent events

The following properties reported as assets held for sale as at 30 June 2023, have subsequently been sold.

- 79A Abercarn Avenue, Craigieburn 3064 was sold 3 June 2023, however control did not change until settlement on 2 August 2023
- 1/42 Averys Road, Eaglehawk 3556 was sold 24 July 2023
- 8/34 Prouses Road, North Bendigo 3550 was sold 31 July 2023
- 9 Edith Street, Epping 3076 was sold 19 August 2023
- 5/18 Delbridge Street, Golden Square 3555 was sold 6 August 2023
- 4/8 Clarke Street, Kennington 3550 was sold 14 August 2023

Other than the above there were no other matters or circumstances that have arisen since 30 June 2023 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:

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

- complying with Accounting Standards - Simplified Disclosures and other mandatory professional reporting requirements, and
 - giving a true and fair view of the entity's financial position as at 30 June 2023 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 Chairperson
Director COMPASS Leaving Care Ltd
CEO, Anglicare Victoria

Dated: 7 September 2023

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 2023 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 Regulations 2022*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2023
- 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 2023, 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 through our opinion on the financial report.

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/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

Anthony Vlavianos
Partner

Melbourne
7 September 2023

