

Driving change for a fair, just and compassionate society



Cover:
Enya enjoys taking part in the Jindi Growing Learners play group in Mernda; Ben is thriving at the Employment First Youth Foyer in Broadmeadows; and Laila attends the Fitzroy Homework Club on a regular basis.

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Organisational information

ABN 24 603 467 024

The Brotherhood of St Laurence (the Brotherhood) is a not-for-profit entity incorporated under the *Brotherhood of St Laurence (Incorporation) Act 1971*, number 8188 of the Victorian Parliament, and is domiciled in Australia. The registered office of the Brotherhood is at 67 Brunswick Street, Fitzroy, Victoria 3065.

The Brotherhood of St Laurence is registered under the Australian Charities and Not-for-profits Commission.

The Brotherhood conducts the majority of its activities in metropolitan Melbourne.

The Financial Report incorporates all activities undertaken by the Brotherhood during the period 1 July 2017 to 30 June 2018. The organisation's functional and presentation currency is AUD(\$).

A description of the organisation's operations and its principal activities is included in the review of operations and activities in the Directors' Report on pages 3 to 10.

Directors' report

The Directors present their report together with the financial statements of the Brotherhood of St Laurence (the 'Brotherhood') for the financial year ended 30 June 2018 and the auditor's report thereon.

Lady Southey AC is Patron of the Brotherhood.

The President of the Brotherhood is the Anglican Archbishop of Melbourne.

1 Directors

The names and details of the Brotherhood's Directors in office during the financial year 2017–18 and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated. All Directors serve the Brotherhood on a voluntary basis except for the Executive Director. No Director holds any legal interest in the Brotherhood.

The Most Revd Dr Philip L Freier
(Non-executive Chair)

In 2006 Philip Leslie Freier became the 13th Anglican Archbishop of Melbourne and in 2014 the Anglican Primate of Australia. He has a PhD from James Cook University, a Master of Educational Studies from the University of Newcastle, a Bachelor of Divinity from the Melbourne College of Divinity, a Diploma of Education from the University of Queensland and a Bachelor of Applied Science from the Queensland Institute of Technology. He is a Fellow of the Australian Institute of Company Directors.

From 1999 to 2006 The Most Revd Dr Philip Freier was Bishop of the Northern Territory, and has a particular concern for Indigenous people and as Archbishop, has worked to bring about reconciliation. He has advocated for a new social contract for Australia, upholding a vision of the common good in which there is a sense of mutual obligation to one another and responsibility for one another. Chair, Brotherhood Nominations and Remuneration Committees. The Most Revd Dr Philip Freier was appointed to the Brotherhood Board in November 2015.

Mr Mike James

BCom
(to August 2018) (Deputy Chair to May 2018)

Fellow, Chartered Accountants Australia and New Zealand. Member, Certified Practising Accountants of Australia. Graduate member, Australian Institute of Company Directors. Retired Partner, PricewaterhouseCoopers. Chair, Social Traders Limited. Chair, The Barnett Foundation. Member (Chair to February 2018), David Scott School Council. Member, Brotherhood Audit and Risk Management Committee (to May 2018), Nominations Committee (to May 2018) and Remuneration Committee (to May 2018). Former Chair, Brotherhood Finance Committee. Appointed to the Brotherhood Board in March 2007 and reappointed in December 2013. Reappointed for a further period of up to 1 year in November 2017. Extra term completed in August 2018.

Mr Ian Paoissien

BCom, CA ANZ
(Deputy Chair from May 2018)

Member of the Institute of Chartered Accountants Australia and New Zealand. Retired partner PricewaterhouseCoopers. Previously, Chair Brighton Grammar School, 2004–16. Chair of the David Scott School Council from February 2018 (member from May 2017). Member, Brotherhood Nominations Committee (from May 2018), Remuneration Committee (from June 2018) and Audit and Risk Management Committee (from June 2018). Appointed to the Brotherhood Board in March 2017.

Mr Tony Nicholson

BA, BSW
(Executive Director) (to December 2017)

Executive Director, Brotherhood of St Laurence from October 2004 to December 2017. Member, Brotherhood Finance, Audit and Risk Management, Remuneration, Nominations and Social Enterprises Committees (to December 2017).

Ms Conny Lenneberg

DLitt (HC La Trobe University)
(Executive Director) (from January 2018)

Conny Lenneberg is the Executive Director of The Brotherhood of St Laurence, a role she took up in January 2018. Conny has 25 years' experience in the development and social justice sector, in Australia and internationally, from service delivery in the field to leading large teams and Senior Executive and Board roles. In Australia, her achievements include enabling partnerships with indigenous communities, government and business to build program strengths in Central Australia and the Pilbara. Internationally, for more than six years she led World Vision International's organisation and programs in the Middle East and Eastern Europe. More recently, she was the interim CEO of World Vision New Zealand.

Conny has a Master of Arts (Research) from La Trobe University, a background that reinforces her commitment to seeking out the best evidence to frame solutions for complex social challenges in the community. Member (from January 2018), Brotherhood Finance, Social Enterprises, Nominations and Remuneration Committees.

The Hon. Bruce Billson

BBus, Grad Dip (Mgt), MBusLeadership, GAICD
(from July 2017 to April 2018)

Consultancy business owner and advisory special counsel in strategic communications, stakeholder mapping and engagement, SME relations, public policy analysis and regulatory evaluation. Executive Chair, Franchise Council of Australia. Executive Chair, NED Judo Capital. Chair, Deakin SME Research Centre Advisory Council. Director of Small Business and Enterprise, Faculty of Law and Business, Deakin University. Former Australian Government Cabinet Minister for Small Business (Treasury portfolio), Minister for Veterans Affairs and Minister Assisting the Minister for Defence; Parliamentary Secretary for Foreign Affairs, Trade, Immigration, Indigenous and Multicultural Affairs. Seven term Federal Member for Dunkley. Previously Chair, Joint Parliamentary oversight committee for the National Disability Insurance Scheme (NDIS); retail/gallery small business owner; senior adviser to Victorian Government Minister for Natural Resources; Policy Adviser, Federal Shadow Environment and Heritage Minister; local government Chief Executive; Director NFP Bush Nursing hospital and aged care facility; Director, Monterey Secondary College (Frankston North); Council President and trustee of SkillsPlus Youth Foundation. Appointed to the Brotherhood Board in July 2017. Resigned from the Brotherhood Board in April 2018.

Associate Professor Jane Freemantle

SRN, MPH, PhD, LMPHAA
(from December 2017)

A paediatric epidemiologist whose academic career has been directed to using linked population data to provide

a solid foundation from which to develop evidence-based policy and evaluate clinical practice and public health initiatives particularly in the area of Aboriginal and Torres Strait Islander children and communities, nationally and internationally. Professor Freemantle is a Senior Data Analyst at Kaiela Institute, Shepparton, (Hon) Principal Research Fellow at the School of Population and Global Health, the University of Melbourne. Associate Professor Department of Paediatrics and Child Health at UWA, Associate Professor Victorian Institute of Forensic Medicine, Monash University. Honorary Research Fellow, Telethon Institute for Child Health Research, University of Western Australia. Examining Chaplain within the Anglican Diocese of Melbourne and holds numerous lay positions within the Anglican Dioceses of Melbourne and Wangaratta. Director of Mansfield District Hospital Board and Beolite Village Independent Living Aged Care facility.

Ms Dana Hlavacek

BCom (Hons), MAcc, FCA, GAICD

An experienced corporate executive and independent director with expertise in international treasury and finance, audit, risk and compliance. Her executive career includes roles in the resources sector and audit and assurance. Ms Hlavacek is a director of Zoos Victoria. She is a Member of the Greater Metropolitan Cemeteries Trust where she is the Chair of the Audit and Risk Management Committee and is a member of the Salvation Army Corporate and Philanthropy Committee. Previously a director of Melbourne Water Corporation, RSPCA Victoria, Trustee of the Victorian Arts Centre Trust. Member of the Brotherhood Audit and Risk Management Committee since June 2011 and Chair since March 2014. Appointed to the Brotherhood Board in March 2017.

Revd Dr J. Hugh Kempster

BEng, BTheol, MTheol, PhD, Grad Dip (Education)
(to April 2018)

Vicar, St Peter's Eastern Hill. Co-director, Kempster Consultants. Adjunct Faculty Member, Trinity College Theological School, University of Divinity. Previously, Area Dean, Diocese of Melbourne 2012–16; Senior Chaplain, Geelong Grammar School; Vicar, Parish of St Columba, Auckland, New Zealand. Appointed to the Brotherhood Board in November 2012 and reappointed in November 2017. Resigned from the Brotherhood Board in April 2018.

Dr Fiona Macdonald

BBSc, GradDipCounselPsych, MArts(SocPol), PhD, GAICD

Vice-Chancellor's Senior Research Fellow, Centre for People, Organisation and Work RMIT University. Previously, Executive Director, Equity Research Centre; Director, Victorian Welfare Rights Unit; Director, Wesley Mission Victoria; Director, AFL SportsReady Group Training Company. Australian Institute of Company Directors graduate, 2016. Appointed to the Brotherhood Board in November 2012 and reappointed in November 2017.

Ms Freya Marsden

BAGResEco (Hons), MCom (Specialising in Economics), GAICD

A policy economist with a strong interest in participation and social inclusion. Consultant, covering governance, strategy, policy and economic issues. Member, Australian Institute of Company Directors. Chair of the Victorian Government Sustainability Fund, Authority Member and Chair Risk and Audit for the Victorian Government's Victorian Planning Authority. Non-Executive Director and Chair of Finance, Assurance and Risk Management South East Water. Committee Member Vic Roads Risk Assurance and Governance Committee. Previous positions include Non-Executive Director, Ruyton Girls School; Non-Executive Director and Deputy Chair Waverley Industries (an Adult Disability Enterprise); Director Policy, Business Council of Australia; DLO Taxation Adviser Federal Treasurer's Office; Federal Treasury Economist; Policy Adviser State Government central and line agency roles; Consultant Member, Brotherhood Finance Committee. Member, Deputy Chair David Scott School Council (to October 2017). Appointed to the Brotherhood Board in May 2014.

Ms Catherina Toh

BA (Hons), LLB (Hons), GAICD Practising Member LIV

Co-founder of start-up cyber security venture capital firm, 5i Capital, licensed in Singapore with an Asia-Pacific focus. Director, Independence Australia, a disability services social enterprise, and Chair of its Audit Committee. Director, AMES Australia, a Victorian government statutory body providing education, employment, settlement and support services to migrants and refugees since 1951. Chair, Brotherhood

Finance and Finance and Investment Committees.

Appointed to the Brotherhood Board in December 2013.

Mr Mike Tucker

BBm, MAICD, AFAIM

A career in assessing the efficacy of global inbound supply chains, identifying the value to the customer, establishing any uncalculated additional costs to society, developing governance and excellence processes and providing a perspective of complete life cycle analysis. Previously, owner and Managing Director (20 years) of an Australian mentoring, training and supply chain assessment business working in Australia, Singapore, Malaysia, India, China, and USA. Chair, Brotherhood Social Enterprises Committee. Appointed to the Brotherhood Board in February 2016.

2 Company secretary

Ms Jennifer Grayling

LLB

Jenny Grayling has held a range of senior management roles in publicly listed companies in Australia and Asia. Previously Non-executive Director of Hanover Welfare Services for five years; Non-executive Director of East Ivanhoe Community Bank for three years; Non-executive Director of Foodbank Victoria for seven years. Appointed Company Secretary in October 2005.

3 Directors' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director is shown on the table below.

Number of meetings held during the year	Directors' meeting		Finance		Audit and Risk Management		Social Enterprises		David Scott School Council	
	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*
	12		10		4		5		8	
The Most Revd Dr Philip Freier	12	12								
Mr Mike James	10	11			1	3			7	8
Mr Tony Nicholson	5	6	3	5	2	2	1	2		
The Hon. Bruce Billson	1	1								
A/Prof. Jane Freemantle	5	6								
Ms Conny Lenneberg	6	6	2	5			2	3		
Ms Dana Hlavacek	10	12			4	4				
Revd Dr Hugh Kempster	7	10								
Dr Fiona Macdonald	10	12								
Ms Freya Marsden	8	12							3	3
Mr Ian Pariossien	11	12			0	1			7	8
Ms Catherina Toh	9	12	8	10						
Mr Mike Tucker	11	12					5	5		

*Held while the Board Member was eligible to attend. Eligibility to attend takes account of leave of absence. Additional Board sub-committees include the Nominations, Remuneration, and Finance and Investment committees.

4 Principal activities

The principal activities of the Brotherhood during the course of the financial year 2017–18 were the provision of community services across the four life transition stages, the early years, the transition from school to work, the shifts in and out of work and retirement and ageing; together with working with people with disability, the recycling and sale of recycled goods, and undertaking research and social advocacy work on behalf of all Australians.

There have been no significant changes in the nature of these activities during this year.

5 Operating and financial review

Organisational overview

Established during the Great Depression over 80 years ago, the Brotherhood was the vision and creation of Father Gerard Tucker, a man who combined Christian faith with a vigorous determination to promote social justice.

Today the Brotherhood is an independent organisation dedicated to broad service delivery. This includes getting people into work, caring for older people, supporting communities, helping families with early childhood programs, working with people living with disability and carrying out research and advocacy to improve the wellbeing of our communities.

Performance indicators

Management and the Board monitor the organisation's performance, from implementation of the mission statement and strategic plan through to the performance of the organisation against operating plans and financial budgets. Performance indicators are reported to the Board on a monthly basis using a balanced scorecard approach. This enables Directors to monitor the Brotherhood's performance in four main areas: strategic priorities,

governance, organisational capacity and health, and the impact of our work.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Brotherhood that occurred during the financial year under review.

Results for the year

The surplus for the year is \$4.8 million compared to \$1.7 million in 2016–17. This result is mainly due to an increase in income from investments and bequests.

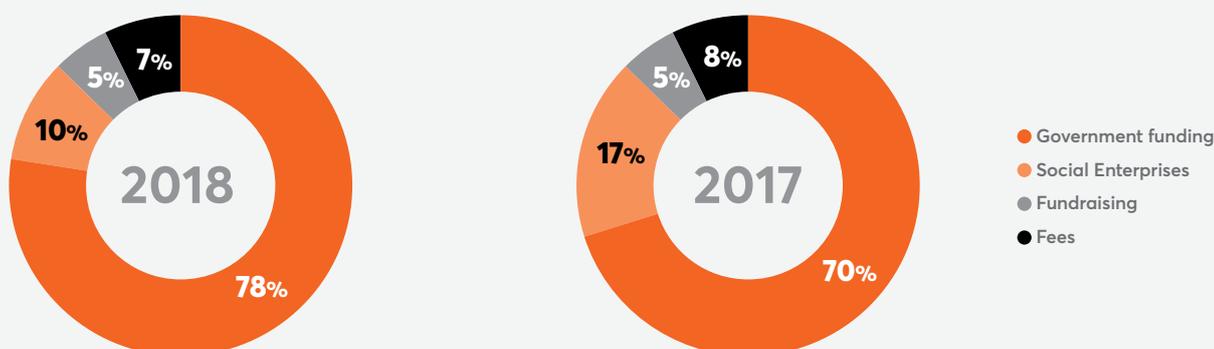
Total donations, excluding bequests, were \$4.6 million in 2017–18 (2016–17: \$5.6 million), including specified funds for designated programs and unspecified discretionary funds.

Sources and uses of operating funds for the current and previous financial years are shown graphically below and opposite. Total operating revenue has increased by 8.7% since 2016–17 which is mainly due to an increase in Government funding partly offset by a decrease in revenue generated by Social Enterprises through the Humanitarian Settlement Services contract. The increase in funding from Government is in a range of areas, most significantly in National Disability Insurance Scheme (NDIS) but also in Work and Learning and Retirement and Ageing. The 8% increase in NDIS expenditure, as a percentage of total expenditure, is a reflection of the growth in Brotherhood services in this area and is matched by an equivalent increase in funding.

Review of financial condition

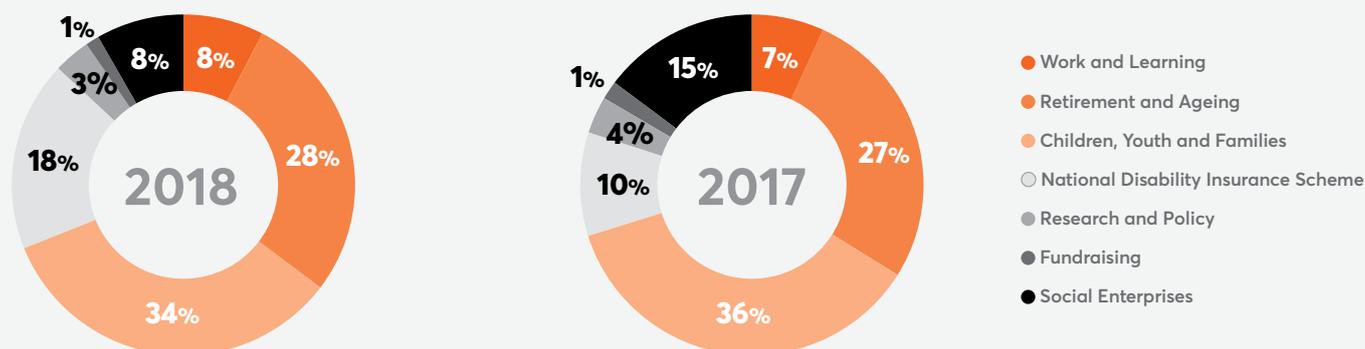
The total equity of the organisation increased by \$9.0 million from 1 July 2017, to \$120.4 million as at 30 June 2018. In addition to the \$4.7 million surplus for the year, equity has increased due to a \$2.4 million increase in the fair value of property and a \$1.9 million increase in the market value of investments.

Where our operating funds came from



The above charts classify operating funds received on the basis of the specific type of external funding source, rather than by the Brotherhood's internal service activity, the latter being the basis of revenue classification adopted in the Statement of Profit or Loss and Other Comprehensive Income.

Where our operating funds were spent



6 Corporate governance statement

The following principles, practices and structures establish the framework for the governance of the Brotherhood.

Charter Members

Up to 40 Charter Members, including the Executive Director, are permitted under the Brotherhood's Constitution. At least eight of them must be clerics in Holy Orders of the Anglican Church in Australia.

The Charter Members at any time during or since the end of the 2017–18 financial year were:

- › Ms Joanna Baevski
- › Ms Diana Batzias (to April 2018) (deceased)
- › The Hon. Bruce Billson (from July 2017 to April 2018)
- › Ms Cath Bradley (to November 2017)
- › Professor Jan Carter
- › Emeritus Professor Judith Chapman AM
- › The Revd Barbara Colliver
- › The Revd Don Edgar
- › Ms Christine Edwards
- › The Rt Revd David Farrer
- › Associate Professor Jane Freemantle (from December 2017)
- › The Most Revd Dr Philip Freier
- › Ms Celia Gerreyne
- › Ms Sarina Greco
- › Mr David Green
- › Ms Dana Hlavacek
- › Mr James Jacoby
- › Mr Mike James
- › Mr Roger Johnson (to November 2017)
- › The Revd Dr J. Hugh Kempster
- › Ms Conny Lenneberg (from January 2018)

- › Mr John McInnes OAM
- › Dr Fiona Macdonald
- › Dr Ian Manning
- › Ms Freya Marsden
- › Mr Tony Nicholson (to December 2017)
- › Dr Apollo Nsubuga-Kyobe
- › The Revd Jeff O'Hare (to November 2017)
- › Mr Ian Paroissien
- › Dr Nouria Salehi OAM
- › Ms Fiona Smith AM
- › The Revd Clemence Taplin
- › Ms Catherina Toh
- › The Revd Dr Richard Treloar (to November 2017)
- › Mr David Triplow APM
- › Mr Mike Tucker
- › The Revd Janet Turpie-Johnstone (to November 2017)
- › Dr Jonathon Welch AM (to November 2017)
- › Mr Trevor Williams
- › Mr John Wilson
- › Mr Michael Wilson
- › Mr Graeme Wise (to November 2017)

Life Members

Life membership has been conferred on a number of members who have given significant service to the Brotherhood. Life Members act as 'friends of the Brotherhood', often providing advice and ongoing support to the organisation:

- › The Rt Revd Michael Challen AM
- › Mr Sandy Clark
- › Dr Stephen Duckett
- › Mr Michael Feeney
- › Mr Nicolas Frances MBE

- › The Rt Revd Dr Peter Hollingworth AC OBE
- › The Hon. Professor Brian Howe AO
- › The Rt Revd Philip Huggins
- › The Hon. Rob Knowles AO
- › Ms Elizabeth Loftus
- › Ms Alison McClelland AM
- › Father James Minchin
- › Mr Ian Reid
- › The Rt Revd Andrew St John
- › Ms Jenny Trethewey
- › Mrs Thelma Tuxen

Under the Constitution of the Brotherhood, the Life and Charter Members receive and adopt the reports of the Board and of the auditors, receive and adopt the annual financial statements, elect Board Members and fix the remuneration of the auditors, as well as transacting any other business at general meetings.

Role of the Board

The Board is responsible for setting the strategic direction and establishing the policies of the Brotherhood. It is responsible for monitoring the performance of the activities of the Brotherhood and overseeing its financial state on behalf of the Charter and Life Members. It is also responsible for ensuring that risks are adequately managed. The Board meets monthly.

Composition of the Board

The Brotherhood's Constitution limits the number of Board Members to 14, including the Executive Director and at least two people who are clerics in Holy Orders of the Anglican Church of Australia. Further, the Chair is required to be a communicant member of the Anglican Church of Australia. Currently there are nine Directors including the Executive Director.

Board sub-committees

Audit and Risk Management Committee

The Audit and Risk Management Committee's role is to ensure that all significant financial and non-financial risks are identified and properly addressed by management on a timely basis. The Committee is made up of Board Members and external members who bring independence and external expertise to the Committee. Members during or since the end of the financial year are Dana Hlavacek (Committee Chair), Mike James (to May 2018), Malcolm Haynes, Guy Mendelson, Tony Nicholson (to December 2017) and Ian Paroissien (from June 2018). The Committee meets quarterly.

Finance Committee

The Finance Committee assists the Board in overseeing the proper financial management of the organisation. The Committee members during or since the end of the financial year are Catherina Toh (Committee Chair), Tony Hallam, Zac Hatzantonis, Conny Lenneberg (from January 2018), Richard Wilson and Tony Nicholson (to December 2017). The Committee is scheduled to meet monthly. The Finance Committee meets as a Finance and Investment Committee at least twice yearly, with Mark Dutton (to April 2018) as an additional member.

Nominations Committee

The Nominations Committee reviews and recommends nominations for Board and sub-committees' membership. The members during or since the end of the financial year are The Most Revd Dr Philip Freier (Committee Chair), Ian Pariossen (from May 2018), Jenny Trethewey, Mike James (to May 2018), Conny Lenneberg (from January 2018), and Tony Nicholson (to December 2017). The Committee meets at least annually.

Remuneration Committee

The Remuneration Committee is responsible for the remuneration policy for senior management of the organisation, and reviewing and approving remuneration packages of senior management. The members during or since the end of the financial year are The Most Revd Dr Philip Freier (Committee Chair), Mike James (to May 2018), Conny Lenneberg (from January 2018), Ian Paroissien (from June 2018) and Tony Nicholson (to December 2017). The Committee meets at least annually.

Social Enterprises Committee

The Social Enterprises Committee is responsible for providing strategic advice in relation to social enterprises. The members during or since the end of the financial year are Mike Tucker (Committee Chair), David Errington (to July 2018), Mandy Glasson, Conny Lenneberg (from January 2018), Steve Audsley (from January 2018), Helen Wong and Tony Nicholson (to December 2017). The Committee meets at least three times a year.

David Scott School Council

The David Scott School commenced from the start of the 2017 school year, following registration being granted in December 2016 by the Victorian Registration and Qualifications Authority (VRQA). The school is governed by the David Scott School Council. The School Council is comprised of two members of the Brotherhood Board, a Brotherhood senior manager and other external members from the education and community sectors. The Council members during or since the end of the financial year are Mike James (Chair to February 2018), Sally James (from January 2018), Freya Marsden (to October 2017), Ian Paroissien (Chair from February 2018), Noelene Horton, Stuart Jones,

Carol Smith (from January 2018) and Dr Tricia Szirom (to November 2017). The Committee is scheduled to meet at least eight times every calendar year.

Other committees

A number of other committees or workgroups are established by the Board from time to time to oversee a particular task or project. These committees operate only for the period of time required to complete the task or project, and are not ongoing Board sub-committees.

Executive team

The Executive Director is responsible for the day-to-day management of the activities of the Brotherhood as delegated by the Board. The Executive team is responsible for the implementation of organisational strategies, development of policies and management of issues and of the performance of the organisation. During the year the organisation conducted a review of its strategy and operating model, which resulted in a restructure of the Executive team.

The members of the Executive team at any time during or since the end of 2017–18 financial year were:

Mr Tony Nicholson

Executive Director (to December 2017)

Ms Conny Lenneberg

Executive Director (from January 2018)

Ms Sonia Bijelic

Director Marketing and Engagement (from August 2018)

Dr Julie Connolly

Deputy General Manager Research and Policy (from July 2017) (member of Executive Team to August 2018)

Ms Katrina Currie

General Manager Work and Learning (to August 2018)

Ms Mara Erhardt-Rumpe

General Manager Service Development (to August 2018) (member of Executive Team to August 2018), Head of Strategic Partnerships (from September 2018)

Ms Farah Farouque

Principal Advisor, Public Affairs and Policy (member of Executive Team to August 2018)

Ms Jenny Grayling

Group General Manager Organisational Services (to August 2018)

Mr Rob Hudson

Group General Manager Programs and Policy (to July 2018)

Mr Jonathan Lee

Chief Financial Officer

Mr Daniel Leighton

General Manager Local Area Coordination (to August 2018) (member of Executive Team to August 2018), Head of Local Area Coordination (from September 2018)

Professor Shelley Mallett

General Manager Research and Policy (to August 2018), Director Research and Policy Centre (from September 2018)

Ms Melinda Moore

Acting General Manager Work and Learning (August 2018) (member of Executive Team to August 2018), Head of Work, Economic Security and Social Inclusion (from September 2018)

Mr Tim Nayton

General Manager Retirement and Ageing (to July 2018), Acting Director Programs (from July 2018)

Ms Niamh O'Malley

General Manager Social Enterprises (to August 2018), Director Shared Services (from September 2018)

Ms Helen Page

Acting General Manager Retirement and Aging (from July 2018) (member of Executive Team to August 2018)

Ms Marian Pettit

General Manager HIPPY and Financial Inclusion (to August 2018) (member of Executive Team to August 2018), National Manager HIPPY (from September 2018)

Ms Debra Saffrey-Collins

General Manager Chaplaincy and Diocesan Partnerships (to August 2018) (member of Executive Team to August 2018), Head of Chaplaincy (from September 2018)

Dr Tricia Szirom

General Manager Children, Youth and Families (to August 2018)

Mr Rodney Weston

General Manager Business Development (to August 2018), Director NDIS (from September 2018)

Planning and control

The Brotherhood produces a five-year strategic plan, annual plans and detailed budgets, which are approved and regularly monitored by the Board and its sub-committees.

Risk assessment

The Board, its sub-committees and the Executive Team are responsible for identifying, measuring and assessing business, legal, financial, environmental and other risks in the activities of the Brotherhood. In particular, the Audit and Risk Management Committee and the Board consider all significant risks, their implications and strategies, and the Finance Committee oversees the financial affairs of the organisation.

Independent professional advice

The Board, its sub-committees, General Managers and senior staff have access to appropriate external professional advice. Legal, risk, investment, and tax and accounting advice is coordinated by the Chief Financial Officer and the Company Secretary through Freehills and Rigby Cooke; Pitcher Partners; Koda Capital, and JBWere; and KPMG, respectively.

Audit and accounts

The Brotherhood's Constitution requires that proper books of accounts are kept, true and complete accounts are maintained and audited annually by a registered company auditor, and the financial statements and the auditors' report are laid before the Annual General Meeting. In order that monthly management and annual accounts represent best practice and are of the highest standard, the Brotherhood complies with all applicable accounting standards and guidelines. The Brotherhood's external auditors are KPMG and internal auditors are Pitcher Partners.

7 Events subsequent to reporting date

The Brotherhood entered into a construction contract for \$23.1 million in July 2018 for the development of the Sambell Lodge Residential Aged Care facility in Clifton Hill. Construction is due to be completed in March 2020. In September 2018 the Brotherhood established a loan facility with the ANZ bank for \$12.5 million to assist with the funding of the development. The facility has a termination date of 30 July 2023.

Other than the matter disclosed above, there has not arisen in the interim between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Brotherhood, to affect significantly the operations, the results of those operations, or the state of affairs of the Brotherhood, in future financial years.

8 Likely developments

There are no likely developments or foreshadowed developments that have not otherwise been disclosed in this report.

9 Environmental regulation and performance

The Brotherhood's operations are subject to environmental regulations under both State and Commonwealth legislation. The Brotherhood has a policy of complying with its environmental performance obligations. No environmental breaches have been notified by or reported to any government agency during the year ended 30 June 2018.

10 Indemnification and insurance of Directors and officers

The Brotherhood has agreed to indemnify, to the extent permitted by law, each current and former officer. The indemnity of these officers is against any claim or for any expense or cost that may arise in the discharge of the duties of the officers in relation to the Brotherhood.

Insurance is provided to the Brotherhood through the Victorian Government's Department of Human Services' Insurance Scheme for Non-government Organisations.

11 Indemnification of auditors

The Brotherhood has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of the Brotherhood.

12 Non-audit services

KPMG did not provide any non-audit services to the organisation during the year.

13 Auditor's independence declaration

The Auditor's Independence Declaration is set out on page 33 and forms part of the Directors' Report for the financial year ended 30 June 2018.

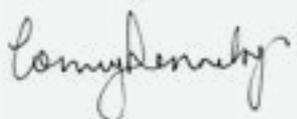
14 Rounding off

Amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the Directors.



The Most Revd Dr Philip L. Freier
Chair, Board of Directors



Conny Lenneberg
Executive Director

Dated at Melbourne on this 26th day of September 2018.

Financial statements

Statement of financial position

As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	16	18,038	19,220
Trade and other receivables	14	3,913	6,482
Inventories	13	794	714
Investments	12	75,819	56,963
Assets held for sale	9	6,500	-
Total Current Assets		105,064	83,379
Non-Current Assets			
Property, plant and equipment	10	57,549	59,512
Intangible assets	11	1,720	1,720
Trade and other receivables	14	3,366	3,364
Total Non-Current Assets		62,635	64,596
TOTAL ASSETS		167,699	147,975
LIABILITIES			
Current Liabilities			
Trade and other payables	18	6,474	4,931
Auspice and resident funds	19	2,280	2,332
Employee benefits	20	9,513	7,487
Deferred income	21	28,586	21,391
Total Current Liabilities		46,853	36,141
Non-Current Liabilities			
Employee benefits	20	450	447
Total Non-Current Liabilities		450	447
TOTAL LIABILITIES		47,303	36,588
NET ASSETS		120,396	111,387
EQUITY			
Accumulated surplus		78,007	73,238
Reserves		42,389	38,149
TOTAL EQUITY		120,396	111,387

The notes on pages 15 to 28 are an integral part of these Financial Statements.

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
REVENUE			
Service activities			
Work and Learning		9,317	6,604
Retirement and Ageing		31,969	29,925
Children, Youth and Families		38,067	37,884
National Disability Insurance Scheme	6a	21,779	10,308
Research and Policy		1,988	1,944
Other activities			
Fundraising*	6b	2,145	2,335
Social Enterprises:			
- Sales of goods		8,414	8,451
- Services		1,699	8,820
Other revenue and income		444	304
Revenue and other income from operating activities		115,822	106,575
EXPENSES			
Service activities			
Work and Learning		9,232	7,425
Retirement and Ageing		32,411	29,552
Children, Youth and Families		41,127	40,896
National Disability Insurance Scheme		21,779	10,591
Research and Policy		4,147	4,127
Other activities			
Fundraising		987	1,030
Social Enterprises:			
- Cost of goods		2,087	2,035
- Expenses		7,904	14,728
Other expenses		536	259
Expenses for operating activities		120,210	110,643
DEFICIT FROM OPERATING ACTIVITIES		(4,388)	(4,068)
Finance income		5,724	4,626
Finance expenses		(308)	(261)
Net finance income	8	5,416	4,365
Bequests income	7	3,813	1,515
Bequests costs		(72)	(107)
Net bequests		3,741	1,408
SURPLUS		4,769	1,705
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net change in fair value of property		2,371	-
Items that may be reclassified to profit or loss:			
Net change in fair value of available for sale assets		1,869	2,531
Other comprehensive income		4,240	2,531
TOTAL COMPREHENSIVE INCOME		9,009	4,236

The notes on pages 15 to 28 are an integral part of these Financial Statements.

Statement of changes in equity

For the year ended 30 June 2018

	Accumulated surplus \$'000	Asset revaluation reserve \$'000	Fair value reserve \$'000	Total \$'000
Balance at 1 July 2016	71,533	34,787	831	107,151
TOTAL COMPREHENSIVE INCOME				
Surplus	1,705	-	-	1,705
Other comprehensive income				
Net change in fair value available for sale assets	-	-	2,531	2,531
Net change in fair value property	-	-	-	-
Total other comprehensive income	-	-	2,531	2,531
Total comprehensive income	1,705	-	2,531	4,236
BALANCE AT 30 JUNE 2017	73,238	34,787	3,362	111,387
Balance at 1 July 2017	73,238	34,787	3,362	111,387
TOTAL COMPREHENSIVE INCOME				
Surplus	4,769	-	-	4,769
Other comprehensive income				
Net change in fair value available for sale assets	-	-	1,869	1,869
Net change in fair value property	-	2,371	-	2,371
Total other comprehensive income	-	2,371	1,869	4,240
Total comprehensive income	4,769	2,371	1,869	9,009
BALANCE AT 30 JUNE 2018	78,007	37,158	5,231	120,396

The notes on pages 15 to 28 are an integral part of these Financial Statements.

Statement of cash flows

For the year ended 30 June 2018	Note	2018 \$'000	2017 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		136,246	114,706
Cash paid to suppliers and employees		(125,940)	(118,663)
		10,306	(3,957)
Bequests income	7	3,773	1,035
Bequests costs		(72)	(107)
Dividend, interest, trust and imputation credit income		3,763	4,001
		17,770	972
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(3,883)	(2,061)
Acquisition of available-for-sale investments		(49,498)	(9,715)
Proceeds from sale of available-for-sale investments		34,429	11,823
		(18,952)	47
Net (decrease)/increase in cash and cash equivalents		(1,182)	1,019
Cash and cash equivalent at 1 July		19,220	18,201
	16	18,038	19,220

The notes on pages 15 to 28 are an integral part of these Financial Statements.

Notes to the financial statements

1 Reporting Entity

The Brotherhood of St Laurence (the 'Brotherhood') is an association domiciled in Australia and is a not-for-profit entity. The address of the entity's registered office is 67 Brunswick Street, Fitzroy, Victoria 3065.

The principal activities of the Brotherhood during the year include the provision of community services across the four life transition stages, the early years, the transition from school to work, the shifts in and out of work, and retirement and ageing; together with working with people living with disability, the recycling and sale of recycled goods, and undertaking research and social advocacy work on behalf of all Australians.

2 Basis of accounting

a) Statement of compliance

In the opinion of the Directors, the Brotherhood is not publicly accountable. The Financial Statements are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC). These Financial Statements comply with the Australian Accounting Standards – Reduced Disclosure Requirements.

The Financial Statements were approved by the Board of Directors on 26 September 2018.

b) Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items which are measured on an alternative basis on each reporting date:

- › Available for sale financial assets are measured at fair value.
- › Property and bed licences are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

c) Functional and presentation currency

These Financial Statements are presented in Australian dollars, which is the Brotherhood's functional currency.

All financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

d) Use of estimates and judgements

In preparing these Financial Statements, management has made judgements, estimates and assumptions that affect the application of Brotherhood's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

e) Change in accounting policy

The Brotherhood has consistently applied the accounting policies set out in note 3 to all periods presented in these Financial Statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements. As certain comparative amounts in the Statement of profit or loss have been reclassified to achieve consistency in disclosure.

a) Basis of consolidation

Interests in associates

Associates are those entities in which the Brotherhood has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Brotherhood holds between 20% and 50% of the voting power of another entity. Interests in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost.

The Board has determined that the Brotherhood's interest in GoodStart Early Learning (refer to note 15) is not deemed to be of significant influence in that entity. This is based on the following:

- › The Board does not have a blocking vote.
- › Voting power is equal among all the founding members.
- › There is no Board influence to distribute the assets of GoodStart in a non-arm's length transaction or to a related party.

- › There are no agreements established with GoodStart in the current financial year to make any distributions to the Brotherhood or to any of the Brotherhood's affiliated entities.
- › The Brotherhood does not have representation on the GoodStart Board.

The Board assesses the extent of its influence regarding its interest in GoodStart each year.

b) Foreign currency

Transactions in foreign currencies are translated into the respective functional currency of the Brotherhood at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss, except for differences arising from the translation of available for sale equity instruments, which are recognised in other comprehensive income.

c) Financial instruments

Non-derivative financial assets comprise loans and receivables, cash and cash equivalents and available for sale financial assets.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Brotherhood initially recognises loans and receivables on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date, which is the date that the Brotherhood becomes a party to the contractual provisions of the instrument.

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

The Brotherhood derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position

when, and only when, the Brotherhood currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii) Non-derivative financial assets – measurement

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Brotherhood in the management of its short-term commitments.

Available for sale financial assets

The Brotherhood's investments in equity securities and debt securities are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses and foreign currency differences on available for sale debt instruments, are recognised in Other Comprehensive Income and presented in the Fair Value Reserve in Equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities comprise trade and other payables and auspice and resident funds.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

d) Property, plant and equipment

(i) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are measured at fair value less accumulated depreciation on buildings and any impairment loss recognised after the date of revaluation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- › The cost of materials and direct labour.
- › Any other costs directly attributable to bringing the assets to a working condition for their intended use.
- › When the Brotherhood has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.
- › Capitalised borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'Other revenue and income' or 'Other expenses' in profit or loss. When revalued assets are sold, the amounts included in the asset revaluation reserve are transferred to accumulated surplus.

(ii) Revaluation

Formal revaluations of land and buildings are performed every three years. The fair value of land and buildings is determined from market-based evidence by appraisal that is undertaken by independent professional qualified valuers. The Directors review the carrying value of land and buildings at each balance date to assess whether there has been a material change in valuation of land and buildings that is required to be recorded in the financial statements.

If the carrying amount of land and buildings has increased as a result of a revaluation, the net revaluation increase is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the net revaluation increase is recognised in profit or loss to the extent that it reverses a net revaluation decrease of the land and buildings previously recognised in profit or loss.

If the carrying amount of land and buildings has decreased as a result of a revaluation, the net revaluation decrease is recognised in profit or loss. However, the net revaluation decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of land and buildings. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation reserve.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

(iii) Subsequent expenditure

Subsequent expenditure is only capitalised if it is probable that the future economic benefits associated will flow to the Brotherhood.

(iv) Depreciation

Depreciation is recognised in profit or loss and calculated on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

- | | |
|--------------------------|---------------|
| › buildings | 40 years |
| › plant and equipment | 7 to 10 years |
| › leasehold improvements | 3 to 10 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e) Intangible assets

(i) Bed licences

Bed licences were granted by the Government to the Brotherhood for nil consideration. Bed licences are carried at fair value at the date of acquisition, less any subsequent accumulated impairment loss. The useful life of bed licences is considered to be indefinite and hence they are not amortised. Bed licences are tested for impairment annually and reviewed to determine whether indefinite life assessment continues to be supportable.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specified asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

f) Inventories

Inventories are measured at the lower of cost/replacement cost and net realisable value. The cost of inventories is based on the 'first-in first-out' principle and includes

expenditure in acquiring the inventories and production or conversion costs and other costs incurred in bringing them to their existing location and condition. Conversion costs for donated goods typically comprise the cost of sorting goods received. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

g) Impairment

(i) Non-derivative financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Brotherhood on terms that the Brotherhood would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, the disappearance of an active market for a security or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Brotherhood uses the criteria of nine months and a decline of 30% for objective evidence of impairment.

Financial assets measured at amortised cost

The Brotherhood considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Brotherhood uses its historical knowledge of impairment in the specific program area and management's assessment of current economic and credit conditions in determining likely actual losses.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Brotherhood considers that there are no realistic

prospects of the recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the profit or loss.

Available for sale financial assets

An impairment loss in respect of an available for sale financial asset is calculated by reference to its fair value. Impairment losses on available for sale assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The amount reclassified is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss.

If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an available for sale equity security is not reversed through profit or loss.

(ii) Non-financial assets

At each reporting date, the Brotherhood reviews the carrying amount of its non-financial assets, other than inventories, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is determined as the depreciated replacement costs of the assets. Refer to note 3(d)(ii) for revaluations of land, buildings and leasehold improvements.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale, the assets are remeasured in accordance with the Brotherhood's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less cost to sell and are no longer depreciated or amortised. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss.

i) Employee benefits

(i) Defined superannuation contribution plans

A defined superannuation contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined superannuation contribution plans are expensed as the related service is provided.

(ii) Other long-term employee benefits

The Brotherhood's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value using corporate bond rates. Remeasurements are recognised in profit or loss in the period in which they arise.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Brotherhood can no longer withdraw the offer of those benefits and when the Brotherhood recognises cost for restructuring.

(iv) Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Brotherhood has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

j) Provisions

A provision is recognised if, as a result of a past event, the Brotherhood has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the

expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

k) Auspice and resident funds

The Brotherhood provides accounting services and holds funds on behalf of a number of projects and organisations that are operated and managed externally to the administration of the Brotherhood. Any unutilised funds of these projects are disclosed under 'Auspice and resident funds' in note 19.

The Brotherhood holds refundable accommodation deposits paid by some residents for permanent entry to its residential aged care facilities. The Brotherhood also holds funds on behalf of some residents for their personal expenses. These are both disclosed under 'Auspice and resident funds' in note 19.

l) Revenue

(i) Sale of goods

Revenue is measured net of returns and allowances. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Government funding and specified donations

Government funding received is brought to income in the financial year in which the Brotherhood has control of the contribution. Government funds and specified donations for which control has not yet passed to the Brotherhood in that they are tied to a specific project obligation that has not yet been completed, are treated as a liability until the project obligation has been met and are disclosed as Government funds in advance or specified donations under 'Deferred Income'.

Aged care facility concessional subsidies and refundable accommodation deposit income is brought to account as operating income as earned.

(iii) Bequests

Bequests are recognised as revenue upon control of the bequest assets being transferred to the Brotherhood.

(iv) Capital funding

Funding for capital projects is netted off against property, plant and equipment and not included in revenue. Refer to note 6(a).

m) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

n) Finance income and costs

Finance income comprises interest income on funds invested, dividend income, trust income, imputation credit income and net gains on the disposal of available for sale financial assets. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Brotherhood's right to receive payment is established.

Finance costs comprise management fees on investments, interest expense and fees on borrowings, and net loss on disposal of available for sale financial assets. Interest expense is recognised using the effective interest method.

o) Income tax

The Brotherhood is a Public Benevolent Institution as defined in the *Income Tax Assessment Act 1936* and is therefore exempt from Income Tax. As a Public Benevolent Institution, the Brotherhood has also been endorsed as a Deductible Gift Recipient.

p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

q) Segment reporting

The Brotherhood is not required to adopt AASB 8 *Operating Segments*.

r) New standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these Financial Statements. Those which may be relevant to the Brotherhood are set out below. The Brotherhood does not plan to adopt these standards early.

AASB 9 *Financial Instruments*

AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted. The Brotherhood has not early adopted this new standard. Under AASB 9, all gains and losses on disposal of available for sale financial assets will be recognised in other comprehensive income, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss upon disposal.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

AASB 15 is effective for not-for-profits (NFP) for annual reporting periods beginning on or after 1 January 2019 with early adoption permitted. The Brotherhood has not early adopted this new standard and is assessing the potential impact on its financial statements resulting from its application.

AASB 1058 *Income for Not-For-Profit Entities*

Where a transaction does not meet the requirement to be accounted for under AASB 15 as it is either not an enforceable contract or the performance obligations are not sufficiently specific, a NFP entity needs to assess whether the transaction should be accounted for under AASB 1058. This standard replaces the income recognition requirements relating to private sector NFP entities.

AASB 1058 is effective for annual reporting periods beginning on or after 1 January 2019 with early adoption permitted. The Brotherhood has not early adopted this new standard and is assessing the potential impact on its financial statements resulting from its application.

AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all leases (including operating leases) to be brought into the balance sheet. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Short term leases, less than 12 months, and leases of low value assets are exempt from the lease accounting requirements.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019 with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Brotherhood has not early adopted this new standard and is assessing the potential impact on its financial statements resulting from its application.

4 Determination of fair values

A number of the Brotherhood's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property – land and buildings

The land is valued using the market approach. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The buildings are valued using the cost approach. The cost approach considers the depreciated replacement cost of buildings.

The highest and best use of fair value is considered for land and buildings based on whether the use of the asset by another market participant is physically possible, legally permissible and financially feasible.

(ii) Intangible assets

The fair value of bed licences is based on external evidence of market values, such as current independent broker quotations.

(iii) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iv) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(v) Investments in equity and debt securities

The fair value of available for sale financial assets, which largely comprise listed equity and debt securities, is determined by reference to their quoted closing bid (market) price at the reporting date.

5 Financial risk management

a) Risk management framework

The Brotherhood's Board of Directors has overall responsibility for the establishment and oversight of the Brotherhood's risk management framework.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Brotherhood's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Brotherhood operations.

The Brotherhood's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Brotherhood's reputation with overall cost-effectiveness.

The Brotherhood's risk management policy and practices are established to identify and analyse the risks faced by the Brotherhood, to set appropriate risk limits and controls and adherence to limits. The risk management policy, practices and systems are reviewed regularly to reflect changes in market conditions and the Brotherhood's activities. The Brotherhood, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported internally by separate Risk and Quality departments. It is supported externally by a program of periodic reviews undertaken by the Brotherhood's internal auditor. The results of the reviews completed by the Risk department, Quality department and internal auditors are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit and Risk Management Committee and senior management of the Brotherhood for review.

b) Market risk

(i) Interest rate risk

The Brotherhood uses a combination of variable and fixed rate bills within any bank borrowings to manage its interest rate risk. There are no bank borrowings owing at balance date.

(ii) Currency risk

The Brotherhood is not significantly exposed to currency risk.

(iii) Other market price risk

The Brotherhood is exposed to equity price risk, which arises from available for sale equity securities held as investments. The Brotherhood's Finance and Investment Committee is responsible for setting the organisation's investment strategy and ensuring this is adhered to through compliance with its investment policy.

The proportion of equity securities in its investment portfolio is determined by the asset allocation strategy within the investment policy.

The broad objective of the Brotherhood's investment strategy is to maximise real returns but to achieve this within appropriate risk and liquidity constraints. The Finance and Investment Committee and management are assisted by external investment advisors.

c) Credit risk

The Brotherhood engages reputable institutions with regard to its financial transactions. The carrying amount of the financial assets represents the maximum credit exposure.

6a Capital Income

Capital income of \$3.050 million (2016–17: Nil) has been excluded from the National Disability Insurance Scheme revenue and has been netted off against property, plant and equipment.

6b Fundraising Income

	2018 \$'000	2017 \$'000
Total fundraising income	4,632	5,574
Less: specified fundraising income transferred to Service Activities	(2,487)	(3,239)
UNSPECIFIED FUNDRAISING INCOME	2,145	2,335

7 Bequest Income

Bequest income includes the following:

	2018 \$'000	2017 \$'000
Cash bequests	4,942	1,035
Less: specified fundraising income transferred to Service Activities (Bequests)	(1,169)	-
UNSPECIFIED CASH BEQUESTS	3,773	1,035
Investment bequests	40	480
TOTAL BEQUESTS	3,813	1,515

8 Finance income and expense recognised in surplus

	2018 \$'000	2017 \$'000
Recognised in surplus		
Dividend income on available for sale financial assets	1,788	1,722
Interest income on available for sale financial assets	573	462
Trust income on available for sale financial assets	411	556
Imputation credit income	517	621
Interest income on bank deposits	49	89
Interest income from subordinated debt	506	505
Net gain on disposal of available for sale financial assets reclassified from other comprehensive income	1,880	671
Total finance income	5,724	4,626
Management expense	(308)	(261)
Total finance expense	(308)	(261)
NET FINANCE INCOME RECOGNISED IN SURPLUS	5,416	4,365

9 Assets held for sale

In June 2018 the Brotherhood received an offer to purchase the land at 1 South Terrace, Clifton Hill. The Brotherhood Board has approved the acceptance of the final offer of \$6.5 million and expects settlement to occur before the end of 2018. On this basis the asset has been presented as held for sale as at 30 June 2018.

	2018 \$'000	2017 \$'000
Property, plant and equipment	6,500	-
NET ASSETS HELD FOR SALE	6,500	-

10 Property, plant and equipment

	Land, buildings and leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Fair value or cost			
Balance as 1 July 2017	63,100	4,685	67,785
Additions	2,930	953	3,883
Transfer to asset held for sale	(6,500)	-	(6,500)
Revaluation	2,371	-	2,371
BALANCE AS AT 30 JUNE 2018	61,901	5,638	67,539
Depreciation and impairment losses			
Balance as 1 July 2017	5,005	3,268	8,273
Depreciation for the year	1,274	443	1,717
Write offs	-	-	-
BALANCE AS AT 30 JUNE 2018	6,279	3,711	9,990
Carrying amounts			
At 1 July 2017	58,095	1,417	59,512
At 30 June 2018	55,622	1,927	57,549

All land and buildings were revalued based on independent valuations determined using market values on 30 June 2016 by certified valuers, Armstrong Biggs Valuers Pty Ltd. The Directors have re-assessed the fair value of land, buildings and leasehold improvements at 30 June 2018 and it has been assessed that three properties should be revalued as at 30 June 2018. This is on the basis of recent independent valuations and the offer to purchase one of the properties. No other material adjustments to fair value are required as at 30 June 2018.

11 Intangible assets

	Bed licences \$'000
Balance at 1 July 2017	1,720
BALANCE AS AT 30 JUNE 2018	1,720
Carrying amounts	
At 1 July 2017	1,720
At 30 June 2018	1,720

Bed licence fair values are based on market values in an actively traded market (fair value less costs to sell), taking into account the number of bed licences that would be available for sale, location and any other considerations required to determine an appropriate fair value. The Directors have based their 30 June 2018 carrying value of bed licences on external market evidence. Refer to notes 3(e)(i) and 4(ii). The carrying value of the bed licences approximate the original deemed cost. Accordingly, there are no valuation reserves attached to bed licences.

12 Investments

	2018 \$'000	2017 \$'000
Current investments – available for sale assets		
Equity securities	54,152	34,066
Debt securities	21,667	22,897
TOTAL, AT FAIR VALUE	75,819	56,963

Investments within the available-for-sale (AFS) financial asset class were reviewed for impairment at balance date. The Directors have assessed that no material impairment adjustment is required in 2017–18 (2016–17 \$Nil).

13 Inventories

	2018 \$'000	2017 \$'000
Finished goods	794	714
INVENTORIES STATED AT LOWER OR COST AND NET REALISABLE VALUE	794	714

At 30 June 2018 there was no write-down of inventories to net realisable value (2016–17: \$Nil).

14 Trade and other receivables

	2018 \$'000	2017 \$'000
Current – loans and receivables		
Trade receivables	1,031	3,268
Other receivables and prepayments	2,882	3,214
TOTAL	3,913	6,482
Non-current receivables – loans and receivables		
GoodStart Early Learning subordinated debt	3,366	3,364
TOTAL	3,366	3,364

Refer to note 15 for details on the GoodStart Early Learning subordinated debt. The carrying values of trade and other receivables which are recognised at amortised cost approximates fair value.

Impairment losses

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2018 \$'000	2017 \$'000
Balance at 1 July	1	7
Impaired receivables written off	(1)	(6)
Impairment loss recognised	45	-
TOTAL	45	1

15 GoodStart Early Learning subordinated debts

GoodStart Early Learning Limited ('GoodStart') was formed in 2009–10 to acquire substantially all of the business of the ABC Learning Centres Limited. GoodStart was established by Social Ventures Limited, Mission Australia, the Benevolent Society and the Brotherhood of St Laurence as the founding members.

In 2009–10, the Brotherhood of St Laurence provided \$2.5 million in cash to contribute to the purchase price and in return received \$2.5 million of Members' Subordinated Notes. The repayment term of this facility was a bullet repayment at eight plus years from the date of acquisition. Interest of 15% per annum was capitalised on the outstanding principal. Whilst repayment of the loan note and accrued interest was not due until the end of the term, the loan and the related accrued interest was fully repaid by GoodStart in October 2014.

In 2009–10, GoodStart engaged all founding members to provide services in order to successfully complete the transaction of acquiring the business of ABC Learning Centres Limited. The fee charged for these services by each founding member was \$2.5 million and payment was made by GoodStart through the issue of \$2.5 million Members' Deeply Subordinated Notes. The repayment term of this facility is a bullet payment at 20 years and matures on 28 May 2030. Interest of 15% per annum is capitalised on the outstanding principal. Whilst interest is only required to be repaid at the time of the bullet repayment, Goodstart commenced repayment of interest during 2012–13.

The loan is disclosed as a non-current receivable and as at 30 June 2018 has a balance of \$3.366 million (2016–17: \$3.364 million) comprising \$2.5 million Members' Deeply Subordinated Notes principal and \$0.866 million capitalised interest.

16 Cash and cash equivalents

	2018 \$'000	2017 \$'000
Cash on hand	43	39
Cash at bank	9,676	8,234
Call deposits*	2,983	1,898
Cash management accounts	5,336	9,049
TOTAL	18,038	19,220

* The deposits at call can be recalled within 3 months or less. Included in this is an amount of \$1.500 million (2016–17: \$1.528 million), representing cash from refundable accommodation deposits, which the Brotherhood is prohibited to use, for the purpose other than to fund the operations of its residential aged care facilities.

17 Reserves

Fair value reserve

The Fair Value Reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investments are derecognised or impaired.

Asset revaluation reserve

The Asset Revaluation Reserve represents the net revaluation increment in respect of land and buildings.

18 Trade and other payables

	2018 \$'000	2017 \$'000
Current – amortised cost		
Trade payables	2,626	2,545
Non-trade payables and accrued expenses	3,848	2,386
TOTAL	6,474	4,931

The carrying value of trade and other payables approximates fair value.

19 Auspice and resident funds

	2018 \$'000	2017 \$'000
Residents	79	93
Refundable accommodation deposits – aged care	1,843	1,848
External entities*	182	203
Other	176	188
TOTAL	2,280	2,332

* The Brotherhood provides accounting services and holds funds on behalf of a number of organisations. These organisations are run and managed externally to the administration of the Brotherhood.

20 Employee benefits

	2018 \$'000	2017 \$'000
Current		
Salaries and wages accrued	3,503	2,095
Liability for long service leave	2,055	1,992
Liability for annual leave	3,955	3,400
TOTAL EMPLOYEE BENEFITS – CURRENT	9,513	7,487
Non-current		
Liability for long service leave	450	447
TOTAL EMPLOYEE BENEFITS – NON-CURRENT	450	447

The Brotherhood has paid contributions of \$5.13 million to defined contributions plans on behalf of employees for the year ended 30 June 2018 (2016–17: \$4.25 million).

21 Deferred income

	2018 \$'000	2017 \$'000
Current		
Specified donations	3,666	2,858
Government grants and project funds in advance	24,920	18,533
TOTAL	28,586	21,391

22 Operating leases

Leases as lessee

The future minimum lease payments under non-cancellable operating lease rentals are payable as follows:

	2018 \$'000	2017 \$'000
Less than one year	4,676	3,253
Between one and five years	7,125	5,466
More than five years	725	795
TOTAL	12,526	9,514

Operating lease commitments relate to property rentals and to the lease of motor vehicles, computers and office equipment. The leases typically have an average term of approximately three years, several with options to renew the lease after end of the original lease period. Several leases provide for increases in future payments which are based on changes in the local price index.

During the year ended 30 June 2018, an amount of \$4.863 million (2016–17: \$4.390 million) was recognised as an operating lease expense in the statement of profit or loss and other comprehensive income.

23 Related parties

Transactions with related parties

There were no transactions with related parties during the year.

Transactions with key management personnel

There were no Directors or other members of key management personnel that had control or joint control over the Brotherhood's operations.

There were no transactions with, or loans to and from, key management personnel.

Key management personnel compensation

No salaries, compensations or other benefits were paid or are payable to the Directors in their capacity as Board Members. The key management personnel compensation was \$2,725,511 for the year ended 30 June 2018 (2016-17: \$2,528,382).

24 Subsequent events

The Brotherhood entered into a construction contract for \$23.1 million in July 2018 for the development of the Sambell Lodge Residential Aged Care facility in Clifton Hill. Construction is due to be completed in March 2020. In September 2018 the Brotherhood established a loan facility with the ANZ bank for \$12.5 million to assist with the funding of the development. The facility has a termination date of 30th July 2023. The financial effects of the above transaction has not been brought to account as at 30 June 2018.

Other than the above matters, there have been no other significant subsequent events.

Directors' declaration

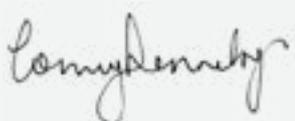
In the opinion of the Directors of the Brotherhood of St Laurence:

- (a) the Brotherhood is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 12 to 28, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; including:
 - (i) giving a true and fair view of the Brotherhood's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date;
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; and
 - (iii) complying with the *Brotherhood of St Laurence (Incorporation) Act 1971 (Vic)* and the Brotherhood of St Laurence's Constitution; and
- (c) there are reasonable grounds to believe that the Brotherhood of St Laurence will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



The Most Revd Dr Philip Freier
Chair, Board of Directors



Conny Lenneberg
Executive Director

Dated at Melbourne on this 26th day of September 2018

Independent Auditor's Report

To the members of The Brotherhood of St Laurence

Opinion

We have audited the **Financial Report**, of The Brotherhood of St Laurence (the Entity).

True and fair view

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

- i. giving a true and fair view of the Entity's financial position as at 30 June 2018, and of its financial performance and its cash flows for the year ended at that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2018.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration of the Entity.

Basis for opinion

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

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

We are independent of the Entity in accordance with the auditor independence requirements of the ACNC

ACT 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in The Brotherhood of St Laurence's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards – Reduced Disclosures Requirements* and the ACNC.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

- iii. Assessing the Entity's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

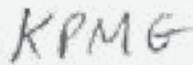
As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

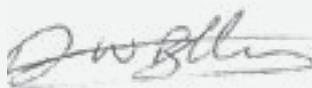
- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Entity's internal control.

- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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



KPMG



Dana Bentley
Partner
Melbourne
26 September 2018

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

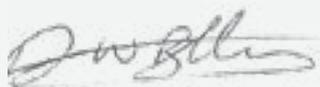
To: the Directors of The Brotherhood of St Laurence

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

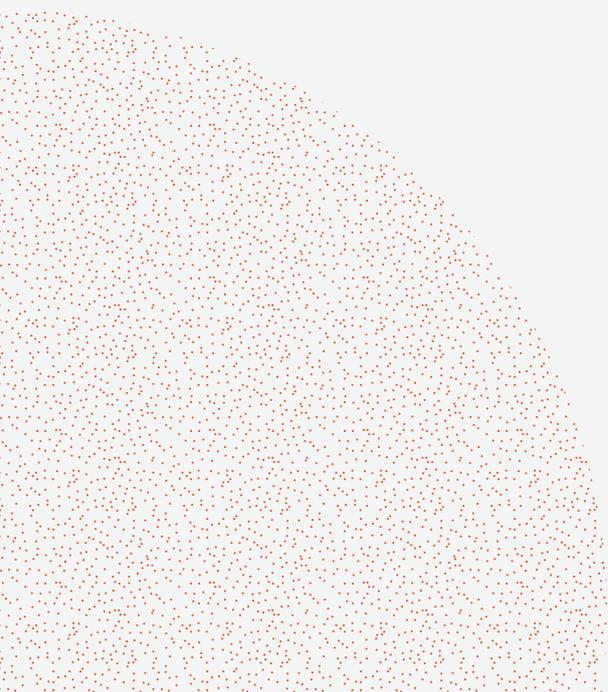


Dana Bentley

Partner

Melbourne

26 September 2018





Brotherhood
of St Laurence

Financial Report 2018

Brotherhood of St Laurence

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