



2016 ANNUAL REPORT

THE SALVATION ARMY | AUSTRALIA EASTERN TERRITORY



FORWARD TOGETHER

PROGRESS, INNOVATION, TRANSFORMATION

2016 ANNUAL REPORT

5	Message from the Chief Secretary-in-Charge
6	Cabinet & Territorial Advisory Board
8	Australia One, better together
10	A journey together over a lifetime
12	Moving forward together, one step at a time
14	Moving forward in recovery
16	Standing together with the marginalised
18	Forward together in the workforce
20	Strengthening communities
22	Honouring our people
26	A snapshot of our services in 2015-16
27	Financials in detail
57	Our contacts

MESSAGE FROM THE CHIEF SECRETARY-IN-CHARGE

OUR MISSION

The Salvation Army has an international mission statement that sets the identity and direction for every expression worldwide:

“The Salvation Army, an international movement, is an evangelical part of the universal Christian Church. Its message is based on the Bible. Its ministry is motivated by the love of God. Its mission is to preach the gospel of Jesus Christ and meet human needs in his name without discrimination.”

Some Salvation Army territories around the world also have an internal mission statement that conveys the local focus. Here, in the Australia Eastern Territory, our mission is to “save souls, grow saints and serve suffering humanity”. Our values flow from this – we value transformation, integrity and compassion.

ABOUT US

The Salvation Army is about people finding freedom.

It's a pretty broad statement, but we're a pretty diverse bunch. Across the country we're engaged with every demographic and every age group. We're active in the big cities, the country towns and even outback cattle stations. You'll find us involved in national issues and you'll also find us one-on-one in your local café.

But, regardless of where we are or what we're doing, one thing always remains true: we're about people finding freedom. Freedom from fear. Freedom from neglect. Freedom from poverty and addiction. Freedom to dream. Freedom to love. Freedom to make a difference. Freedom to live life to the full.

Freedom through community.

We believe in the power of community – people loving other people, and people helping other people. Those who “have”, sharing generously and sacrificially with those who don't. People finding acceptance, encouragement, healing and support without discrimination. We believe no one should have to “go it alone”.

Our goal is to be community builders, not just service providers. We don't give up on people – not only responding to immediate needs but journeying with people for the long haul, helping them to find freedom and stay free as well.

Freedom through action.

We're not afraid to get our hands dirty to help secure freedom for others. If the environment is unpleasant, we'll still go. If the issue is controversial, we'll still love. If the task seems impossible, we'll try anyway. We're convinced that freedom is for everybody. No exceptions.

We see ourselves as a movement rather than an institution – inspiring, equipping and inviting people from all walks of life to join the fight and be part of helping secure freedom for someone else.

Freedom through faith.

We believe that freedom is a spiritual journey as well as a physical one. Our faith convinces us that hope, purpose and fulfilment can be everyone's story, and that true freedom covers body, mind and spirit.

Our faith is in Jesus Christ, not ourselves. Our deepest desire is to be like Jesus – to speak like him, act like him, and unconditionally love others just as he did. And we believe Jesus was, is, and always will be about people finding freedom.

Over the past year, The Salvation Army has introduced some of the biggest changes the organisation has seen since its inception in Australia in 1880.

The creation of a new national leadership structure, to bring together the Australia Eastern and Australia Southern territories, will allow us to make greater impact throughout the Australian community.

The changes will ensure our continued delivery of quality, compassionate services to Australians in need. It will allow us to further resource frontline mission and encourage innovation and agility to meet the niche needs of individual communities.

This is a significant investment into the people of Australia. Here at The Salvation Army, we're about people. We're not about programs or buildings, but about people.

As we strive to bring hope where it's needed most, our frontline services meet the unique needs of each individual we journey with through compassion and integrity.

The following pages are testimony to the transformation that can happen when The Salvation Army is able to support and believe in people. But our presence throughout so many communities in Australia is only possible through our generous supporters. From those who throw some change into the bucket, to those who partner with us year-round or leave a bequest in their will, I take this opportunity of thanking you sincerely for investing in us, so that we can invest in Australians in need.

May God abundantly bless you,

Mark Campbell (Colonel)
Chief Secretary-in-Charge

CABINET & TERRITORIAL ADVISORY BOARD

The Salvation Army Australia Eastern Territory Cabinet is made up of five senior officers who between them possess a broad range of skills and experience. Our Territorial Advisory Board is comprised of leaders from across the corporate sector who provide invaluable strategy and governance advice to the leadership team. Membership of the advisory board is voluntary.

CABINET

Colonel Mark Campbell

Chief Secretary-in-Charge

An officer since 1986, Colonel Mark Campbell has served in a variety of church and territorial leadership roles within The Salvation Army. He holds a Bachelor of Administrative Leadership (UNE) and a Master of Arts in Theological Studies (SCD). In 2016, following the retirement of the Territorial Commander, he assumed leadership of the Australia Eastern Territory as Chief Secretary-in-Charge. Prior to becoming Chief Secretary, he served as the Secretary for Business Administration, Divisional Commander of The Salvation Army in South Queensland and the head of The Salvation Army's Communications and Public Relations Department. He has been a delegate to the International College of Officers in London and is a graduate of the Arrow International Executive Leadership Program.

Colonel Julie Campbell

Territorial Secretary for Women's Ministries/Training Principal

An officer since 1986, Colonel Julie Campbell has served in various churches, divisional and territorial appointments. She is currently serving as the Territorial Secretary for Women's Ministries and Training Principal School for Officer Training (SFOT) and has previously served as a training officer at The Salvation Army's SFOT as well as Divisional Leader in South Queensland. She has served as Divisional Women's Ministries Secretary in two divisions – ACT and South NSW and South Queensland and has held appointments at Territorial Headquarters in Personnel and Women's Ministries. She has completed courses in leadership, pastoral care, coaching, and spiritual formation and was appointed as a delegate to the International College for Officers in London.

Lieutenant-Colonel Kelvin Pethybridge

Secretary for Business

Lieutenant-Colonel Kelvin Pethybridge has been a Salvation Army officer for more than 30 years. He has served as the Divisional Commander for the Central and North Queensland Division, and in various administrative and church leadership roles throughout NSW and Queensland. He has a Bachelor of Professional Studies and Master in Administrative Leadership (UNE) and has a keen interest in change management and organisational change.

Lieutenant-Colonel Chris Reid

Secretary for Personnel

Lieutenant-Colonel Chris Reid has served in Salvation Army church leadership across the Australia Eastern Territory as an officer for 27 years. For the past six years, she has served in leadership roles within Salvation Army divisional and territorial headquarters. She loves working with people and has found a unique fit as Secretary for Personnel, allowing her to speak into how best to equip and support officers, employees and volunteers within The Salvation Army.

Lieutenant-Colonel Laurie Robertson

Secretary for Program

During his officership, Lieutenant-Colonel Laurie Robertson has served in church and divisional leadership, communications, editorial, territorial and international positions. Prior to attending The Salvation Army Training College in 1978, he was a journalist in Broken Hill. He has been The Salvation Army National Editor-in-Chief in Australia, Divisional Commander for Central and North Queensland and the Army's International Communications Secretary, Editor-in-Chief and Literary Secretary in London.

TERRITORIAL ADVISORY BOARD

Colonel Mark Campbell

*Chief Secretary-in-Charge,
The Salvation Army Australia Eastern Territory*

Roger Corbett AO (Chairman)

Company Director

Greg Couttas

Partner, Deloitte Touche Tohmatsu

Mark Dalglish

*Executive Chairman, C4 Communication
Photon Internet & E Commerce Division*

Nancy Dolan

Advisory board member and consultant in professional services, health and tertiary education sectors

Robert Hamilton

Director, Urban Growth

John Harkness

*Director, Goodman Group
Chairman, Reliane Rail Group
Chairman, Charter Hall Retail REIT*

Belinda Hutchinson AM

Macquarie Bank Ltd

Malcolm Irving

Director, O'Connell Street Associates Pty Ltd

Stephen Loosley AM

Non-Executive Chair & Director

Roderick H. McGeoch AO, LLB

National Chairman of Partners, Corrs Chamber Westgarth

Sam McKay

Managing Director Brands, Consolidated Press Holdings

Ian Minnett

*Chief Financial Officer,
The Salvation Army Australia Eastern Territory*

Warwick Negus

Director, CEO, CFS Global Asset Management

Jane Perry

*Chief Executive Officer, (Retired)
Qantas Superannuation Limited Australia*

Lieutenant-Colonel Kelvin Pethybridge

*Secretary for Business Administration,
The Salvation Army Australia Eastern Territory*

Robert Rae

*Director, McClintock Associates Securities Ltd
Director, McKinsey & Company*

Lieutenant-Colonel Chris Reid

*Secretary for Personnel,
The Salvation Army Australia Eastern Territory*

Lieutenant-Colonel Laurie Robertson

*Secretary for Program,
The Salvation Army Australia Eastern Territory*

Tom Saar

Director, McKinsey & Company

Annabel Spring

Group Executive, Wealth Management

Alison Tarditi

*Chief Investment Officer,
Commonwealth Superannuation Corporation*

Major Gary Masters

*Communications and Fundraising Secretary NSW/ACT,
The Salvation Army Australia Eastern Territory*

AUSTRALIA ONE, BETTER TOGETHER

The Salvation Army in 2016 entered into a momentous plan to merge its two Australian territories. This constituted the biggest structural change to the organisation since its beginnings in Adelaide in 1880.

Forward Together

The Salvation Army in Australia wants to increase its effectiveness for mission. The idea behind the "Forward Together" plan is to streamline management to cut red tape, resource the mission and ensure a stronger, more agile and more innovative Salvation Army.

Under the previous organisational structure, The Salvation Army's social services reported to seven divisional administration centres that were responsible for overseeing services within their geographic area. Under the new structure, all social programs report to one highly skilled management team, providing better consistency, outcomes and a best-practice approach to the delivery of these services.

Australia One

The Salvation Army in Australia will create a national leadership structure after almost 100 years of having two separate territories. International Chief of the Staff, Commissioner Brian Peddle, made the announcement during a live broadcast on 1 March 2016.

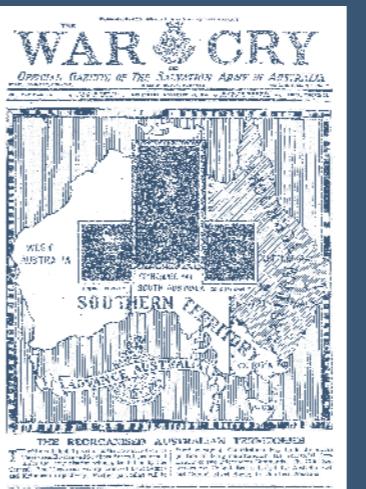
The Salvation Army in Australia was last one territory in 1921, when the Australia Eastern (NSW, ACT and Qld) and Australia Southern territories (Vic, Tas, SA, WA, NT) were formed. Active discussion on the return to one territory for Australia has been going on for the past 25 years between leaders of the two current Australian territories and International Headquarters.

On 1 June 2016, The Salvation Army's new national leaders, Commissioners Floyd and Tracey Tidd, began work from a temporary headquarters in Canberra. All Australian departments, services and mission expressions will be brought together under the new one territory model, with a goal of completing the transition by 1 January 2019.



"I am convinced that the best days of The Salvation Army in Australia are ahead of us."

— Commissioner James Condon in early 2016, then-Territorial Commander, The Salvation Army Australia Eastern Territory.



The Salvation Army's 'War Cry' announces the splitting of Australia into two Salvation Army territories in 1920.

The 95-year divide

There is no definitive answer in Salvation Army history books as to why The Salvation Army in Australia was split into two territories at midnight on 1 January 1921.

We know that the challenge of how to administer large territories and inspire evangelism and corps growth was often discussed at International Headquarters in London. Without the modern conveniences of efficient and cost-effective transport and modern methods of communication, it is easy to imagine that breaking large territories down into smaller, more manageable chunks, seemed a good idea.

The Great Depression in the early 1930s saw the rejoining of the two Canadian territories. Australia may well have gone down the same path, with the depression crippling its finances and the demands for assistance overwhelming. However, in 1929, Joseph Gill, a grazier of Winderradeen Station (near Goulburn), died and left most of his estate (valued at the equivalent of several million dollars today) to The Salvation Army. This gift meant the Army in Australia could meet its debts and survive as two territories.

The decision to move to one territory has been an active discussion between both territories and IHQ since the 1990s. In January 2016, the two Territorial Commanders (Commissioner Floyd Tidd of the Australia Southern Territory and Commissioner James Condon of the Australia Eastern Territory) presented a recommendation to The Salvation Army's International Management Council that the two Australian territories should commence an amalgamation process. The recommendation was unanimously endorsed, and General André Cox gave approval for the work to begin.

FORWARD TOGETHER HISTORY TIMELINE

1880

Salvation Army begins in Australia.

1880s

First Salvation Army recycling depots open in Australia to provide work, accommodation and food for men.

1883

Prison ministry starts in Melbourne and spreads across the country and the worldwide Salvation Army. Men are given work at Salvation Army recycling depots – work that has continued through the decades. Salvos Stores is now one of Australia's largest second-hand retail outlets.

1885

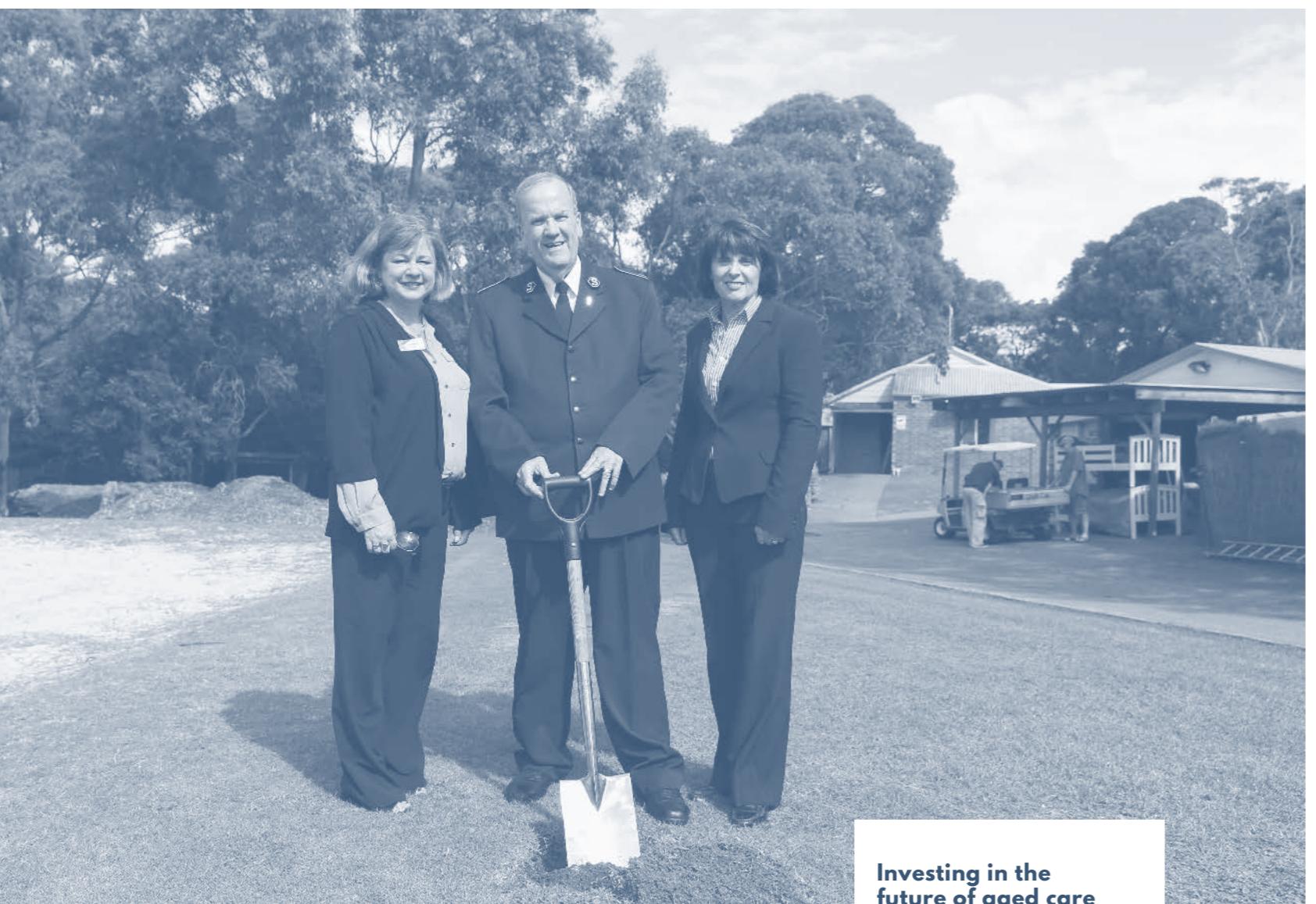
In a bid to end child prostitution, W.T Stead works with William and Bramwell Booth to successfully campaign for the age of consent in the UK to rise from 13 to 16 years.

1885

Missing person's work is established (operating now as Family Tracing Service).

1890

First employment bureau set up in Melbourne (operating now as Employment Plus).



A JOURNEY TOGETHER OVER A LIFETIME

The Salvation Army's services span a lifetime. From our Communities for Children initiatives, to our early-intervention and youth services, right through to Aged Care Plus; whenever Australians need help, at whatever stage in their life journey, The Salvation Army seeks to be there.

Investing in the future of aged care

The first sod has been turned on a multi-million-dollar Aged Care Plus Centre on Sydney's Northern Beaches. Located next to the state-of-the-art Elizabeth Jenkins Place Aged Care Plus Centre, the 50-bed centre will offer specialised care and services to older Australians and complement the services already offered. Aged Care Plus also received approval this year to build a new aged care centre in Mossman, Far North Queensland.

(Left to right) Councillor Sue Heins, Salvation Army Commissioner James Condon and Aged Care Plus Chief Executive Officer Sharon Callister turn the first sod on the new Pacific Lodge Aged Care Plus Centre on Sydney's Northern Beaches.

Father, daughter, reunited after 63 years

Lee McDonald, 66, will always remember being held by her frail father she hadn't seen since she was an infant. He was the father she didn't even know existed for at least half her life. They came face to face in her father's Perth home through the impressive work of The Salvation Army's Family Tracing Service.

"The Salvos were great," Lee says. "From the initial contact in March it only took until June for them to find my father ... I couldn't believe it."

The Salvation Army Family Tracing Service believes in the importance of family. It seeks to restore family relationships by tracing relatives and assisting, where possible, with reunion and reconciliation. The service has been operating in Australia since the 1920s and has a 75 per cent success rate in locating missing persons, with about 40 successful cases processed every week.

"Even though he has Alzheimer's, I could see in our meeting that he is a very loving and lovely man," Lee says. "His partner said that he had always been very much a loving man. She said that he had often spoken before his memory loss of the little girl he once had. That was me. He often talked about me, she said. That is so special for me to know."

Salvos step into education gap for troubled youth

The Salvation Army has opened its first independent school in Brisbane's north.

Run by the Youth Outreach Service (YOS) in Brisbane, the school is accredited through Education Queensland and provides special assistance for young people whose circumstances preclude them from mainstream schooling. The school provides the flexibility, which caters for their needs. Currently taking students in Years 10-12, the school plans to expand to include Years 7-12 in the near future.

YOS, in partnership with St James College in Spring Hill and Queensland Education in Stafford, both in Brisbane, also operates two alternative education programs on Salvation Army premises in Brisbane. At the end of 2015, it celebrated the graduation of 72 students across its three schools. Alternative schooling in NSW is available at The Salvation Army's OASIS Youth Support Network in Sydney.

2015-16:

150,000+ families assisted | 1400 supported by Aged Care Plus

FORWARD TOGETHER HISTORY TIMELINE

1890s

Red-tipped safety matches are introduced by The Salvation Army in England at a time when matches are still produced using poisonous yellow phosphorus, causing the fatal disease 'Phossy Jaw' in poor factory workers.

1898

The use of the 'timbrel' (tambourine) is quickly taken up by The Salvation Army. Like the brass band, timbrels are now synonymous with the Army's ministry and many timbrel brigades still exist.

1900

The Army's 'Limelight' production team produces the world's first feature film.

WWI

Wartime ministry by our defence chaplains establishes 'The Sally Man' in the hearts of the ANZACs.

1921

Australia is split into two Salvation Army territories.

1921

Salvation Army evangelist, Adjutant Thomas (Mudgee) Robertson, visits Boonah in south-east Queensland, riding his horse up the steps, into the hall and onto the platform to preach his sermon from the saddle.

MOVING FORWARD TOGETHER, ONE STEP AT A TIME

At The Salvation Army, we don't "see clients"; we "work alongside people". We don't just "offer accommodation"; we "extend an invitation for transformation". With that philosophy, we effectively assist more than 800,000 people in housing stress every year.

Changes to service delivery place Salvos ahead of the field

The Salvation Army's Accommodation and Housing Services continues to undergo a transformation in service delivery, in line with best-practice solution-focused support. Gone is the old-fashioned "homeless shelter" model.

We understand that recovery and overcoming is different for each and every person. Our Community Resource Workers and dedicated Upfront Intervention Team work with people in a flexible service-delivery approach that centres on housing and life goals. Our focus is on self-care and self-management.

People who access our services can choose to stay with us as our guest, or they may wish to move straight into alternative or private rental accommodation and access our services remotely. Whatever their choice, we support people every step of the way. Because at the Salvos, we believe that hope is for everyone, and that no one should have to "go it alone".

Salvos partnership restores broken dreams

Refreshing the soul, restoring the dreams, and renewing the strength of vulnerable young mothers and their children is the goal of Besor Home, an innovative pilot project on the Gold Coast, based on a partnership between The Salvation Army and Global Care (the charity arm of Elevation Church).

The project, which began in December 2015, provides "transitional and supported accommodation for young mothers leaving The Salvation Army's Crisis Accommodation Service (Still Waters) and who are in need of ongoing assistance to rebuild their lives.

Besor Home is a duplex in a Gold Coast suburb – two units, each with two bedrooms. Still Waters recommends clients for Besor Home and continues to support them as they settle into the community and look for sustainable independent accommodation.

Salvos Housing manages the tenancy according to the Residential Tenancies Authority. Calling itself "Real estate with a heart", Salvos Housing explains to residents that bond and rent are still required, but it also helps tenants build a positive bond history, an essential part of their healing and growing process.

"Our person-centred approach is delivering demonstrated transformation. The environment of dignity and respect, aligned with a 'you can' philosophy, has resulted in people embracing self-care and self-management."



Domestic violence warrior

"My name is Gaynor. I'm a front-line worker in the fight against domestic violence, heading up a Salvation Army refuge for women and children. My colleagues and I support women and children when they're coming in from broken-down relationships. They might have been kicked out, or have fled in the night before coming to our service at perhaps 10 or 11 o'clock at night. But at least they're alive.

There's a multitude of stories. The best days are when children have been removed by another service and we fight and we get the children back. Clients moving into their new home where they know that they're safe. That's a great experience.

I love my job. I would love to see no victims, everybody living a beautiful life and everybody living happily ever after, but unfortunately that's only a dream. My strength comes from the fact that I want to make a difference to some other women who may be experiencing domestic violence. If I can make a change to one person then that's one less person that's not having to go through this ... or maybe one less statistic.

My waiting list is about 30 at any given time. And I'm knocking people back daily. The service is completely funded through donations, so we're reliant on the generosity of Australians who support The Salvation Army."

2015-16:

7000+ people assisted by our homelessness services | 2600+ people accommodated per night
2500+ women assisted with domestic violence services | 160 families in long-term Salvos Housing

FORWARD TOGETHER HISTORY TIMELINE

1920s

Salvation Army begins producing and selling its own brand of tea – Hamodava Tea – which funds the work of the Salvos in Australia.

1923

Foster House homeless men's accommodation opens in Sydney.

WWII

Salvation Army provides extensive ministry to soldiers in the battlefield. Brigadier Sir Arthur William McIlveen, as an unofficial padre to the 2nd/9th Battalion of the AIF, gains a reputation for selfless service in his ministry to the Australian soldiers, as well as the captured German and Italian troops.

1940s

Florence (Flo) Whittaker and Ruth Smith pioneer the Army's rural ministry. Rural chaplaincy continues today across Australia.

1950

Red Shield representatives support Australian troops in the Korean War.

1964

Salvation Army Bridge Program of recovery for people affected by alcohol, drugs and gambling begins. The award-winning program is still operational today.

MOVING FORWARD IN RECOVERY

Our Recovery Services and local recovery programs are committed to bringing hope, freedom and wholeness to all people adversely affected by alcohol, other drugs and gambling. Our longevity gives us the experience. Our research partnership gives us the evidence. Our Bridge Program gives us the method. The result is lives transformed.

Mindful recovery

It is common for people with alcohol, other drugs and gambling issues to also have mental health conditions. About 70 per cent of people entering the Bridge Program have experienced a mental health disorder in their lifetime.

With this in mind, The Salvation Army has introduced evidence-based practices to effectively treat these co-occurring problems. Our staff has been trained in the use of the Collaborative Recovery Model and report that it has been effective in improving their knowledge and attitudes towards comorbidity. The success of this model has led to a further rollout of the Collaborative Recovery Model with improved participant care as a result. As well as being successful in reducing substance-use issues, our research is showing the Bridge Program to be effective in reducing mental health problems. These include reductions in depression, anxiety and stress, and former participants commonly report improvements in psychological, social and emotional wellbeing.

Further reading:

Flourishing, languishing and moderate mental health: Prevalence and change in mental health during recovery from drug and alcohol problems - Breanna J. McGann (BPsych (Hons)), Prof. Frank P. Deane (B.Sc., M.Sc., Dip. Clin. Psych., PhD), Dr Peter J. Kelly (B.Sc., PhD (Clin Psych.), Prof Joseph Ciarrochi (PhD (Psych.)

"Recovery is not just about the absence of illness but also about practising wellness, health and growth."

Healthy Recovery pilot a success

It is estimated that people with a history of addiction live between 20 to 27 years less than the general population. Lifestyle factors such as high rates of nicotine dependence, poor diet and low levels of physical activity put many at higher risk of cardiovascular disease and cancer.

An eight-week program called Healthy Recovery has been developed to specifically meet the needs of Bridge Program participants. A pilot study, funded by Cancer Council NSW, was conducted, with encouraging results.

Healthy Recovery participants undertook motivational interviewing and goal setting. Over eight weekly sessions, they were educated about the relationship between risk behaviours like smoking, diet and sedentary behaviour, and chronic diseases. Nicotine replacement therapy was also offered.

Results showed a significant reduction in the number of cigarettes smoked and an increase in servings of fruits and vegetables eaten by participants. Levels of physical activity also increased.

The successful pilot program led to a large randomised controlled trial across Salvation Army Recovery Service Centres in NSW and ACT, the first controlled trial of a healthy lifestyles intervention within an addiction treatment population.

"I've never run in my life and now I'm going in a half-marathon in four weeks time. It's all part of getting well!"

- Bridge Program participant.

What our Bridge Program participants are saying:



- 65 per cent of people liked themselves after treatment.
- 62 per cent of people are more interested in life after treatment.
- 95 per cent felt confident to manage the responsibilities of daily life after treatment.

First Steps to recovery

A new program that offers education and intervention for people with addiction issues and their families has been launched in Rockhampton, North Queensland. The First Step program is a step-by-step journey of education, intervention and recovery for people with addiction, their family and friends. It is a combination of The Salvation Army's award-winning Bridge Program for recovery and the First Floor method, a holistic drug and alcohol support model developed by The Salvation Army in Wollongong, NSW.

'Break the Ice'

A community education initiative designed to educate and support people with loved ones affected by the drug "ice" has attracted hundreds of people across Sydney, southern NSW and Canberra. Titled "Break the Ice", the forums educate people about ice and how it affects a person. Attendees hear personal stories from recovering addicts and family members who have loved ones living in addiction. The Salvation Army's Bridge Program for Recovery is also explained. At the end of each forum, families are given information about The Salvation Army's six-week family addiction support group, See Change, allowing people to access long-term support.

Research excellence awarded

The work of The Salvation Army's Recovery Services and its research partner, the University of Wollongong's Illawarra Institute for Mental Health, has been recognised by the Network of Alcohol and Other Drug Agencies (the NSW AOD state peak body) with the NSW Non-Government Alcohol and Other Drug Award, for Excellence in Research and Evaluation.

FORWARD TOGETHER HISTORY TIMELINE

1965

The Outback Flying Service is launched. Today, the Army uses light planes and helicopters to reach and support farmers and remote communities.

1965

First Salvation Army Red Shield Appeal doorknock is held.

1974

Salvation Army is involved in the Cyclone Tracy emergency relief program.

1977

Salvation Army provides immediate assistance after Sydney's Granville train disaster.

1983

Salvo Care Line (a 24-hour telephone counselling line) is launched.

1986

Australian officer Eva Burrows becomes the first Australian woman General of The Salvation Army.

1992

Oasis Youth Support Network in Sydney opens.

1994

Moneycare free financial counselling service is established.

STANDING TOGETHER WITH THE MARGINALISED

The Salvation Army has always been about standing alongside the weak, the weary and the wounded. Our Hope Houses are situated in Australia's poorest neighbourhoods, with an open-door policy for all who need assistance. Our people work with refugees, indigenous communities and those on the fringes of society, offering hope and community to all.

The “Big Hello”

The Salvation Army has responded to the global Syrian refugee crisis by launching “The Big Hello”, an initiative developed in response to the Federal Government’s announcement that it will resettle 12,000 Syrian refugees in Australia.

Volunteers have undertaken training to give the refugees a warm welcome to the country within the first few days of their arrival. The volunteers will host welcome barbeques and help the refugees connect with social services. The Syrian refugees will also receive care packs filled with toiletries, sponsored by Salvos Stores, toys for children, local services information in English and Arabic, socks and snacks. The Salvation Army has been working with refugees and asylum seekers for several years, mainly through its social services and Salvos Legal, which assists to reunite families.

The Big Hello project will operate in stages. The first stage will include airport welcomes, housing, driver training and employment assistance. Consultation is underway with other churches (including Syrian) and agencies, which are already implementing some of the services The Salvation Army will provide.

“I thank The Salvation Army and the Freedom Partnership for its commitment to this important cause. By educating Australians about slavery ... you are empowering everyone to make a difference.”

— Prime Minister Malcolm Turnbull

Australian Freedom Network

The Australian Prime Minister, Malcolm Turnbull, has endorsed a campaign launched by The Salvation Army in Australia to end human trafficking and slavery. The Australian Freedom Network is founded on the premise that religion can be a powerful motivating force to inspire individual and community action, both spiritually and practically. By signing a declaration, Australia’s faith leaders have made a commitment to measurable actions towards ending slavery in Australia for at least the next five years.

The Deputy Prime Minister, Julie Bishop, and the Deputy Leader of the Opposition, Tanya Plibersek, attended a launch event at Parliament House in Canberra. A wide range of leaders from across Australia, representing 11 Christian groups and the Jewish, Muslim, Buddhist and Hindu faiths also attended. More information can be found at: www.afn.org.au



The refugee’s advocate

Lieutenant-Colonel Samuel Pho knows what it’s like to flee persecution and to be warmly welcomed in a new homeland. Now, The Salvation Army’s National Secretary wants Australians to embrace modern-day asylum seekers with the same acceptance he received almost 40 years ago as a refugee from Vietnam.

As National Secretary, his principal role is to liaise with government – political and administrative – other political parties, diplomatic staff and non-government agencies. He has been prepared for the role through duties in public and media relations, extensive engagement with multi-cultural communities and leadership of The Salvation Army Hong Kong and Macau Command, which included liaising with the local and Chinese governments. As well as his native language, he speaks Cantonese, Mandarin, French and, of course, English.

“Don’t be afraid of refugees,” Lieut-Colonel Pho says to Australians today. “It wasn’t easy to leave my country and my family. When you leave, you leave everything behind. There is no guarantee of safety; not even a guarantee of food or a future.” Although he understands the many facets concerning this issue, Lieut-Colonel Pho believes that “Australia took a risk accepting [him]” and that “now, we need to again take risks in accepting others”. Lieut-Colonel Pho professes, “One of the reasons I am a Salvation Army officer today is a promise I made to God in Vietnam to serve him full-time. It’s also my way of serving Australians, in appreciation for accepting me.”

2015-16:

1000+ people assisted by migrant and refugee services

FORWARD TOGETHER HISTORY TIMELINE

1995

Modern rural chaplaincy program is created.

1996

Salvation Army provides trauma management after the Port Arthur tragedy.

1997

Salvation Army provides emergency assistance after Thredbo landslide.

1998

Employment Plus is launched.

2002

Salvation Army hospital chaplains on hand after Bali bombing.

2003

Salvation Army’s Emergency Services are on hand to provide immediate and long-term support after the 2003 Canberra and Victorian bushfires.

2004

Salvation Army opens Australia’s first problem gambling centre.

2004-05

Worldwide Salvation Army assists after south-east Asia is hit hard by a tsunami.

FORWARD TOGETHER IN THE WORKFORCE

As a leader in the social services sector for the past 150 years, The Salvation Army offers its skills and experience to engage workforces across Australia on social issues and professional training.

Workplace health and education

The Salvation Army's chaplaincy services continue to expand. Our Salvation Army chaplains are known and loved for their compassion and non-judgmental support. We meet people at their point of need, providing material, physical and spiritual support. Chaplaincy services can greatly enhance the culture of a workplace by providing employees with an independent "listening ear". This year we increased chaplaincy services to Australian airports, clubs and aged care centres.

Salvos Counselling specialises in family and relationship counselling, providing individual, family and group counselling and debriefing services. It also offers a growing range of additional innovative boutique training services (in specialist areas such as Trauma Informed Practice; Managing Challenging Behaviour; Ethical Boundaries; Professional Resilience) and employee talent acquisition, retention and development solutions. As well as these, Salvos Counselling offers holistic Employee Wellbeing Programs (employee assistance programs.)

These services are available internally to The Salvation Army and also to corporates, government departments and other not-for-profits. All revenues (less operational expenses) generated from these additional activities support our core humanitarian counselling service, which continues to provide access to quality counselling for people who would otherwise not be able to afford such services.

"Chaplaincy services can greatly enhance the culture of a workplace by providing employees with an independent "listening ear."

Suicide can, and does, have a devastating effect on individuals, families and workplaces. The Salvation Army's Hope for Life program offers free online and group training in suicide prevention and bereavement support. One death through suicide is one too many, so we invite any organisation, community group or individual to contact us to learn how to recognise the signs that work colleagues may be at risk and know how to intervene to help.

Hope for Life also provides community interventions to reduce the risk of suicide at a local level, increasing awareness, training community members and professionals and working collaboratively to reduce the impact of suicide in at-risk areas.

The Salvation Army's Freedom Partnership to End Modern Slavery offers frontline professionals education and training on how to identify and respond to human trafficking, slavery and slavery-like practices. Over the past two years, the team has trained hundreds of personnel across Australia on how to identify and respond to modern slavery and forced marriage. Local councils, police and other organisations can request training and technical assistance about how to develop a localised collaborative response by contacting the team at endslavery@aue.salvationarmy.org



Captain Lyndley Fabre, Chief Commissioner of The Salvation Army Red Shield Defence Services (RSDS) was deployed in late 2015 to provide welfare services to Australian Defence Force personnel at Camp Baird – Australia's main logistics base in the Middle East region. Captain Fabre is the first RSDS representative (known as the "Sallyman") to be deployed overseas since 2009. He is also the first Australian philanthropic support representative to deploy to the Middle East region since World War II.

Legal service with humanitarian benefits

Salvos Legal is The Salvation Army's revolutionary social enterprise law firm. Our firm acts on a paid basis for government agencies, ASX 200 companies, SMEs, Not-for-Profits and individuals in the areas of corporate and commercial law, property law and IT/IP law. Uniquely, all of the profits fund our humanitarian arm, which provides free legal services to people in need across NSW and Queensland.

Salvos Legal Humanitarian has acted and advised in more than 17,100 cases (as at October 2016). Our holistic approach connects clients with The Salvation Army's full range of social welfare services to help address the underlying causes of injustices.

Our highly-awarded firm was this year recognised as Australian Law Firm of the Year (up to 100 lawyers) and Corporate Citizen Firm of the Year in the Australasian Law Awards 2016 and ranked equal third most innovative law firm headquartered in Asia-Pacific (Asia-Pacific Innovative Lawyers 2016.)

2015-16:

1300+ people assisted by Salvos Counselling | 16,000+ contacts made by Salvation Army chaplains

FORWARD TOGETHER HISTORY TIMELINE

2006

Australian Commissioner Robin Dunster is appointed as Chief of Staff to the international Salvation Army.

2008

Salvation Army opens Australia's only human trafficking safe house.

2008

Hope for Life suicide prevention and bereavement service is launched.

2009

Salvation Army assists during and after the Black Saturday bushfires.

2010

Salvos Legal (a revolutionary humanitarian legal service) is launched in Sydney.

2010-11

Salvation Army is on hand to help during widespread flooding in Queensland and northern NSW.

2011

Salvation Army emergency workers are among first at the scene after Cyclone Yasi in North Queensland.

2012

Salvation Army launches annual mission to the NSW snowfields.

STRENGTHENING COMMUNITIES

We believe in the power of community – people loving other people, and people helping other people. People finding acceptance, encouragement, healing and support without discrimination. We believe no one should have to “go it alone”. Our goal is to be community builders, not just service providers.

Dreaming bigger dreams with Hubs

As part of its Forward Together initiative, The Salvation Army has developed a series of regional centres, called “Hubs”. These comprise all expressions of The Salvation Army in a particular area, working together.

Hubs are the strategic implementation of The Salvation Army’s international “One Army, One Mission, One Message” vision. The aim is to improve the way frontline mission is delivered, through a unified, coordinated strategy at the local level. Within Hubs, frontline leaders benefit from the expertise, encouragement, opportunities, skills and resources of the surrounding leadership and expressions.

Salvation Army Hubs allow local expressions to ask bigger questions and dream bigger dreams. Because all expressions of The Salvation Army are working together, we can more comprehensively address the underpinning social issues in the local community. We can undertake bigger and more ambitious projects to affect societal change. We can better recruit and utilise local volunteers and we can more effectively work with local government, community groups and churches.

“A Hub is all local Salvos working as one, to do all that they can, in every possible place, to fight for freedom of the whole person.”

New welfare model breaking poverty cycle

A new method of delivering emergency assistance is in place across NSW, ACT and Queensland.

The Doorways delivery method is an innovative, best-practice model that runs and manages Salvation Army services across 48 regions, providing emergency relief and holistic case management with referral to internal and external support services. The new approach aims to end long-term, generational welfare dependency, which affects up to 20 per cent of clients. It also aims to provide an opportunity for those experiencing situational poverty to regain stability in their lives and build toward a brighter future.

Doorways also provides an even greater focus on identifying and working to solve the issues contributing to long-term economic hardship. To do this, the team is continually provided support and training to ensure that support services are of the highest quality.

The Salvation Army’s MoneyCare financial counselling program has worked for many years with individuals to assist them to regain control of their finances. It continues to work proactively to provide early-education and prevention strategies for people who may be at risk of financial hardship. Together, the MoneyCare and Doorways teams are working at the coalface of community, partnering with individuals and families for a better future.



FORWARD TOGETHER HISTORY TIMELINE

2012

Salvation Army signs contract with Federal Government to provide humanitarian support services to asylum seekers on Nauru and Manus Island.

2012

Young Hope, The Salvation Army’s foster care service, begins in NSW.

2013

Salvation Army provides emergency support and long-term disaster recovery services after bushfires in NSW.

2013

Salvation Army responds to devastating Queensland flooding (pictured above).

2014

Safe Space late-night city chaplaincy initiative launched in Sydney.

Salvation Army research paints bleak picture of life for Australians on the breadline

Now in its fifth year, The Salvation Army’s Economic and Social Impact Survey (ESIS) surveyed more than 1600 clients across Australia in 2016. It found that a massive 68 per cent of clients living in private rental properties or paying off a mortgage experience extreme housing stress – using nearly two-thirds of their disposable income on housing/accommodation.

Nearly one in five are either homeless or living in temporary accommodation – of these almost one in three previously privately rented, indicating that private rentals are not a secure form of housing for people on low incomes.

The 2016 ESIS Report revealed family violence is the leading factor in housing transiency. Respondents who have experienced family violence were most affected by extreme housing stress.

“We see very clearly from this research that many children are at significant risk of social exclusion because of generational poverty, unemployment and housing instability.”

2015-16:

50,000+ families assisted with emergency relief | 21,000+ financial counselling sessions | 55,000 meals for the hungry every week

HONOURING OUR PEOPLE

The Salvation Army is an army of hope. We couldn't operate without the commitment and dedication of our officers, employees, soldiers and volunteers. We realise that people deliver compassionate care, and that's why we invest in our people to nurture their health and wellbeing.

Mind yourself and you can mind others

A staff exercise program developed by The Salvation Army's Aged Care Plus, called "Mind Yourself, Mind Others", has achieved a Better Practice Award. The bespoke occupational health and safety injury prevention initiative was developed in partnership with WCD Workers Compensation Solutions and exists to address the demands of healthcare work, which can result in musculoskeletal disorders. The program includes a work-based employee exercise program that is completed by care staff before starting work.

This holistic approach to workforce wellness has resulted in improved employee wellbeing and is contributing to an enjoyable and safe working environment, which ultimately enhances care for Aged Care Plus residents and clients.



Fellows Program rewards talented individuals

Talented and creative Salvation Army employees, officers and volunteers have been rewarded through The Salvation Army Aged Care Plus Fellows Program. Seventeen people across Aged Care Plus and the wider Salvation Army were awarded a total of \$50,000 in scholarships to be used to pursue education, training and development.

The Fellows Program offers mutual benefit for individuals and the organisation as a whole. It rewards people whose work makes a positive difference to The Salvation Army and encourages all staff to find creative ways to further the mission, while also enabling them to realise their personal dreams through positive contributions back to The Salvation Army.



Congratulations

Captain Nathan Hedges – 2015 Paul Harris Fellow, Rotary Club of Padstow
Paul Parkinson, Salvation Army soldier, Brisbane City Temple – Medal of the Order of Australia (OAM)
Michael Anglin, Salvos Legal – Pro Bono Lawyer of the Year, 2016 Lawyers Weekly Partner of the Year Awards

2015-16:

470 active officers
4230 employees
1000s of volunteers

Age no barrier for loyal volunteers

There are many tireless volunteers in The Salvation Army, but 98-year-old Gladys Kidd could be one of the most inspirational. Every Friday she drives 30 minutes through heavy traffic from her home in Sydney's north to the Army's Family Store in Gordon. She has tallied up more than 33 years of Family Store volunteering, 30 at the Chatswood store and the past three years at Gordon.

Then there is 85-year-old Edith Holland, who also volunteers at the Gordon store, two days a week. She has been volunteering at Chatswood and Gordon stores for more than 20 years. "I get so much more from volunteering than I put in," says Edith, who sorts clothes, prices books and other items, and occasionally serves customers. "I meet so many nice people." Gladys agrees. "I enjoy the company, meeting people and working with the lovely team here," she said. "I meet some really nice people and it's so fulfilling."



ABOVE: Edith Holland (left) and Gladys Kidd have between them clocked up 60 years of volunteering at two Family Stores in Sydney's north.

Salvationists join delegates at the United Nations

Australia Eastern Territory officers, Captain Kathy Crombie and Major Beth Twivey, joined 20,000 delegates from all over the world at the 60th session of the Commission on the Status of Women (CWS), held at the United Nations in New York in March 2016.

The CSW is a global policy-making body that meets annually and is dedicated to promoting gender equality and the empowerment of women in the political, economic, civil, social and educational fields. There were more than 700 meetings during the event, with The Salvation Army hosting 105 of the meetings at the International Social Justice Commission (ISJC) building in New York.



ABOVE: Captain Kathy Crombie with Christine Mangale, Evangelical Lutheran Church in America UN Representative, at the Commission on the Status of Women conference in New York.

FORWARD TOGETHER HISTORY TIMELINE

2014

Freedom Partnership to End Modern Slavery is launched.

2015

Salvation Army launches new best-practice welfare model, Doorways, to break the cycle of poverty.

2015

Salvo Care Line telephone counselling service is closed.

2016

Young Hope foster care service is closed.

2016

Salvation Army announces the amalgamation of its two Australian territories.

THANK YOU AUSTRALIA

The Salvation Army's transformative message of hope to those who need it most would not be possible without the generous support of the Australian community and a large number of corporate, government, community, family and individual supporters.

Community Partners

Abedian Foundation Limited
 ADCO Constructions Pty Limited
 Aquis Group
 Brazil Family Foundation
 CCCC International Holding Limited
 City of Sydney
 ClubsNSW (in-kind)
 Construction Siteworks Pty Limited
 Crown Resorts
 E J Hart Group Pty Limited
 Evolhope Pty Limited
 Frank & Rosie O'Halloran
 Goldburg Family Foundation
 Janssen
 JLL
 John Plummer
 Jordan Family Charitable Trust
 Kevin & Sherlie Caunt
 Kmart Australia Limited
 The Lady Proud Foundation
 Macquarie Group Foundation
 Matana Foundation for Young People
 The McKay Family
 Mellow Yellow Products Trust
 Myer Community Fund
 Peter Doherty & Jan Swinhoe
 Qantas Airways Limited
 QGC Pty Limited
 Queensland Community Foundation
 Roger Massy-Greene & Belinda Hutchinson AM
 Sargents Charity Limited
 Sony Foundation Australia
 Stan & Maureen Duke Foundation Limited
 The Sylvia & Charles Viertel Charitable Foundation
 Tandellen Group Limited
 Telstra Corporation Limited
 Thomas Kelly Youth Foundation Limited
 Toyota Motor Corporation (in-kind)
 Westpac
 Woolworths Limited

Thank you to all our generous donors!

\$42 million donated to the annual Red Shield Appeal

- **\$4.5 million** donated through the Red Shield Doorknock*
- **\$7.3 million** donated through the Christmas Appeal*

In addition:

\$2.5 million donated to disasters and special appeals

\$39 million donated in total bequests to The Salvation Army

* Christmas and Doorknock funds are included in the Annual Red Shield Appeal

Government Partners

ACT Department of Community Services Directorate
 ACT Department of Health
 ACT Environment and Planning Directorate
 City of Sydney
 Federal Department of Communications
 Federal Department of Education and Training
 Federal Department of Foreign Affairs & Trade
 Federal Department of Health
 Federal Department of Human Services
 Federal Department of Social Services
 Federal Department of the Prime Minister and Cabinet
 Noosa Council
 NSW Department of Education and Communities
 NSW Department of Fair Trading
 NSW Department of Family and Community Services, Ageing, Disability & Home Care
 NSW Department of Finance and Services
 NSW Department of Health
 NSW Department of Justice
 NSW Department of Premier and Cabinet
 NSW Health Central Coast Local Health District
 NSW Health Hunter New England Local Health District
 NSW Health NSW Ministry of Health
 NSW Health South Eastern Sydney Local Health District
 NSW Roads and Maritime Services
 Queensland Department of Communities, Child Safety and Disability Services
 Queensland Department of Corrective Services
 Queensland Department of Education and Training
 Queensland Department of Family and Community Services
 Queensland Department of Housing and Public Works
 Queensland Department of Justice and Attorney-General
 Queensland Department of Transport and Main Roads
 Queensland Government
 Queensland Health
 Queensland Mental Health Commission

A SNAPSHOT OF OUR SERVICES IN 2015-16



Accommodation & Housing Services

- 2600 people accommodated per night

Disability Services

We provide education, training and accommodation for people with intellectual disabilities in:



Aged Care Plus

- 1400 people assisted

Doorways / Salvos Connect

Our innovative, best-practice emergency relief model provides relief for people experiencing short-term hardship and offers case-management assistance for complex needs.

- 150+ Salvos Connect sites
- 50,000+ families assisted by emergency relief services
- 2600 people assisted by Doorways Case Workers



Employment Services

- Contact with 37,000+ job seekers



Recovery Services

- 3400+ people assisted



Chaplaincy

- Over 78,000 contacts made by chaplains each year



Emergency Services (SAES) & Disaster Response

26,000+ people assisted



Financial Counselling

- 7527 people received assistance with their finances
- 355 people assisted by No Interest Loans Scheme



Family Tracing, Post Adoption & Special Search Service

- 420 family reunions

Youth Support

Our youth services provides disconnected, disadvantaged and homeless young people with safe places and support to rekindle dreams and lost hope, leading to transformation.

- 3000+ young people supported
- 19,000+ contacts made through street outreach and drop-in centres



THE SALVATION ARMY
AUSTRALIA EASTERN TERRITORY

SOCIAL WORK

FINANCIAL REPORT - 30 JUNE 2016

28-33	Trustees' report
34	Statement of comprehensive income
35	Statement of financial position
36	Statement of changes in capital reserves and accumulated funds
37	Statement of cash flows
38-53	Notes to the financial statements
54	Trustees' declaration
55	Auditors' independence declaration
56	Independent audit report to the Trustees



TRUSTEES' REPORT

The Salvation Army's international mission statement sets the identity and direction for all its commands and centres throughout the world.

The statement says:

"The Salvation Army, an international movement, is an evangelical part of the universal Christian Church. Its message is based on the Bible. Its ministry is motivated by love for God. Its mission is to preach the gospel of Jesus Christ and meet human needs in his name without discrimination."

Some Salvation Army territories also have an internal mission statement that conveys the local focus. Here in the Australia Eastern Territory (New South Wales, Australian Capital Territory, and Queensland), our mission is to "save souls, grow saints and serve suffering humanity". Our values flow from this - we value Compassion, Transformation and Integrity.

Our missions are manifested in the various expressions of work of The Salvation Army. The Salvation Army Australia Eastern Territory has divided its work into General Work (i.e. church work) and Social Work. This financial report only includes the Social Work's operations.

The Trustees of The Salvation Army Australia Eastern Territory present the following report for the year ended 30 June 2016.

The financial report of the Social Work of The Salvation Army Australia Eastern Territory incorporates:

- The Salvation Army (New South Wales) Property Trust ABN 57 507 607 457
- The Salvation Army (Queensland) Property Trust ABN 32 234 126 186
- The Salvation Army (New South Wales) Trust as Trustee for The Social Work ABN 46 891 896 885 (DGR)*
- The Salvation Army (Queensland) Property Trust as Trustee for The Social Work ABN 22 035 976 360 (DGR)*
- Salvos Legal Limited ABN 14 147 213 214*
- Salvos Legal (Humanitarian) Limited ABN 36 147 212 940 (DGR)*
- The Salvation Army Community Housing Service ABN 47 152 257 728 (DGR)*
- The Salvation Army (Australia) Self Denial Fund (For Overseas Aid) ABN 52 609 689 893 (DGR)*
- The Salvation Army Education Foundation ABN 57 507 607 457 (DGR)*
- The Salvation Army Oasis Youth Support Network Foundation ABN 34 836 034 361 (DGR)*

The general purpose financial statements of The Salvation Army Australia Eastern Territory have been prepared under Section 60-95 of the Australian Charities and Not For Profit Commission (ACNC) Act.

The above listed controlled entities marked with an asterix form part of the 'ACNC reporting group' consolidated in the financial statements of The Salvation Army Eastern Territory.

The Trustees of The Salvation Army (New South Wales) Property Trust also act as Trustees for The Salvation Army activities operated in, and property held in, the Australian Capital Territory. This is in accordance with The Salvation Army (Australian Capital Territory) Ordinance 1934.

Trustees

The following persons were Trustees of The Salvation Army Australia Eastern Territory Property Trusts during the financial year and to the date of this report:

- Colonel MTS Campbell
- Lieutenant-Colonel L Robertson
- Lieutenant-Colonel C Reid
- Mr IC Minnett
- Mr P Alward
- Lieutenant-Colonel K Pethybridge was appointed as a Trustee on 1 July 2015 and continues as a Trustee at the date of this report.
- Commissioner J Condon was a Trustee from the beginning of the year until 1 June 2016.
- Colonel R Munn was a Trustee from the beginning of the year for a day.

Statement of Trustees' responsibilities

The Trustees prepare this annual report and financial statements in order to discharge their duty of stewardship. This report gives a true and fair view of The Salvation Army Australia Eastern Territory Social Work's state of affairs and its incoming resources and resources expended. It is the responsibility of the Trustees to safeguard the assets of The Salvation Army Australia Eastern Territory Social Work and take all reasonable steps to prevent fraud and other irregularities.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of The Salvation Army Australia Eastern Territory Social Work. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements/decisions that are reasonable and prudent;
- state whether applicable accounting standards have been followed; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue to operate.

Principal activities

During the year the principal continuing activities of The Salvation Army Australia Eastern Territory Social Work comprised of (in alphabetical order):

- aged care;
- chaplaincies including hospital, court and prison, defence forces;
- counselling services;
- crisis support including community housing service;
- drug, alcohol and gambling addiction rehabilitation;
- emergency/disaster services;
- family support services including family tracing;
- humanitarian services;
- legal service/representation;
- overseas aid;
- sale of donated goods; and
- youth, employment and training programs.

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

Review of operations

The Salvation Army Australia Eastern Territory Social Work's comprehensive income for the year before transfers to reserves was \$12,082,000 (2015: \$2,785,000), with a net transfer of \$25,159,000 to various reserves (2015: \$1,130,000 from reserves) for later use for specific purposes in compliance with donors' restrictions and The Salvation Army's policies.

The total comprehensive loss after reserves allocations of \$13,077,000 (2015: \$3,915,000 surplus) was mainly due to:

- \$6,500,000 set aside from the accumulated surpluses to a Social Program Reserve to fund future social programs;
- a \$5,000,000 contribution made to The Salvation Army Australia Eastern Territory General Work for the new Territorial Headquarters;
- a \$2,654,000 net loss in The Salvation Army Employment Plus Program, after the transfer of \$5,386,000 from the Employment Plus Reserve which was set aside from its accumulated surpluses. The Salvation Army Employment Plus Program suffered a significant operating loss of \$8,040,000 in 2015/16 financial year. The Federal Government's jobactive employment services contract commenced on 1 July 2015. Based on the financial modelling, the expected caseloads and outcome fees in accordance with the jobactive contract, indicates that first-year losses will be recouped during the term of the five-year contract.

On 1 March 2016, The Salvation Army International Headquarters announced the amalgamation of the Australia Eastern and Southern Territories. The objective of this amalgamation is to provide a structure for The Salvation Army to best deliver our spiritual and social mission to all Australians. The amalgamation has commenced with the goal for the national Australia Territory to be fully operational by January 2019.

It is expected that the amalgamation will produce significant and lasting benefits, including:

- a clear and consistent mission strategy and mission culture across the whole of Australia, ensuring that all our efforts and resources are being used for greatest effect;
- a unified national strategy for solving the spiritual and social issues that affect vulnerable Australians;
- improving our capacity for innovation and strategic thinking by building on the best of each Territory;



TRUSTEES' REPORT

(continued)

- the ability to speak and act with a single voice for greater impact on matters of national interest, including social justice, care for the vulnerable and other matters of spiritual and community significance;
- the ability to build a stronger national partnership with other denominations and Christian organisations, Federal Government, news and media organisations, national corporate and business organisations, national peak bodies, other agencies and community organisations; and
- releasing more personnel and financial resources for front-line mission by reducing duplication and streamlining systems and processes.

Matters subsequent to the end of the financial year

No other matters or circumstances have arisen since 30 June 2016 which have significantly affected, or will adversely affect, the results of The Salvation Army Australia Eastern Territory Social Work in subsequent financial years.

Likely developments and expected results of operations

In the opinion of the Trustees, there are no likely changes in the operations of The Salvation Army Australia Eastern Territory Social Work which will adversely affect the results of The Salvation Army Australia Eastern Territory Social Work in subsequent financial years.

Environmental issues

The operations of The Salvation Army Australia Eastern Territory are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Insurance of officers

The Salvation Army has insured the Trustees for any potential claims arising from their work as Trustees of The Salvation Army Australia Eastern Territory. The Trustees have not included the details of the nature of the liabilities covered or the amount of the premium paid in respect of the Trustees' liability and legal expenses, insurance contracts, as such disclosure is prohibited under the terms of the contract.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Trustees of The Salvation Army, and any other payments arising from liabilities incurred by the Trustees in connection with such proceedings. This does not include liabilities that arise from conduct involving a wilful breach of duty by the Trustees or the improper use by the Trustees of their position or of information to gain advantage for themselves or someone else or to cause detriment to the organisation.

Auditor

KPMG Australia continues as The Salvation Army Australia Eastern Territory Social Work's (The Salvation Army) auditor at the date of this report.

Corporate governance

The Salvation Army, being a not-for-profit organisation, is not required to include a statement of the main corporate governance practices which is required of listed corporations. However, it is considered appropriate by the Trustees to ensure best practice in reporting by including corporate governance practices in this Trustees' report.

The Salvation Army has its International Headquarters (IHQ) in London. At the head of the International Salvation Army is the General of The Salvation Army, who is elected at the High Council and is based in London.

The General directs Salvation Army operations throughout the world in collaboration with the administrative departments of IHQ in London, which are headed by International Secretaries.

The Chief of the Staff, a commissioner appointed by the General to be second-in-command, is the Army's chief executive whose function is to implement the General's policy decisions and effect liaison between departments. As well as the handling of day-to-day business and the allocation of resources, IHQ is concerned with strategic, long term planning and acts as a resource centre for the worldwide Army and as a facilitator of ideas and policies.

TRUSTEES' REPORT

Corporate governance

The IHQ's internal auditors carry out an independent audit on the Territory's operations and finances once every three years and embrace the following:

- review and report on the financial statements of the Territorial Headquarters and any sections of the Territory as may be required;
- appraise the economy and efficiency with which resources are employed;
- interpret trends, point out the financial strengths and weaknesses and, where applicable, make recommendations for ensuring better management of finances;
- verify that business has been conducted in accordance with International Salvation Army principles and procedures;
- review systems established to ensure compliance with Salvation Army policies and procedures and orders and regulations;
- review operations and ascertain whether results achieved are consistent with the goals and objectives originally planned;
- consider present and future financial policies;
- see that account keeping meets the basic requirements of Salvation Army accounting; and
- review the reliability and integrity of both financial and operating information.

At Territorial level, the Territorial Commander is appointed by IHQ as the leader and is based at the Territorial Headquarters (THQ) in Sydney. The Territorial Councils and various executive committees, while not relieving the Territorial Commander and other officers of personal responsibility for the success of the work, are to:

- give strength to decisions taken;
- guard against ill-considered action;
- provide information first hand from people who are constantly in close personal touch with aspects of the work; and
- secure counsel and advice on all matters involving the expenditure of the Army's funds.

Territorial Operations Council (TOC)

This Council is the supreme decision-making body that make decisions on major financial and property matters. This Council normally meets three times a month and is responsible for the approval of:

- the Territorial budgets;
- Official Minutes (financial);
- all non-budgeted asset purchases;
- the furniture requisitions for executive officers;
- the allocation of legacies;
- the disbursement of reserves;
- the review of theft/fraud reports;
- the investment of funds;
- the sale and purchase of property;
- the annual financial statements;
- new leases and major property improvement and repair; and
- the minutes from various Team Executive Committees.

Membership of the TOC is approved by The Salvation Army IHQ and consists of a chairman (Chief Secretary-in-Charge who is also a Trustee) and seven members. It normally meets three times a month. The number of TOCs held during the year ended 30 June 2016 and the number of meetings attended by each Trustee were:

Trustee	Number attended	Number eligible to attend
Commissioner J Condon	29	32
Colonel MTS Campbell	33	36
Lieutenant-Colonel K Pethybridge	31	36
Lieutenant-Colonel L Robertson	28	36
Lieutenant-Colonel C Reid	26	36
Mr IC Minnett	31	36
Mr P Alward	32	36

In order to enable the TOC to fulfil its responsibilities, a number of committees/board are established to provide professional advice and support. It includes the following:

- Finance Team Executive Committee
- Property Team Executive Committee (meet on a weekly basis)
- Social Program Executive Board



TRUSTEES' REPORT

Corporate governance (continued)

The above Committees meet on a monthly basis (unless otherwise stated) and discuss matters within their delegated jurisdiction. The minutes from these Committees are tabled at TOC for review and approval.

Territorial Policy and Mission Council (TPMC)

The Territorial Policy and Mission Council is the policy-making body for the strategic and mission direction of The Salvation Army. The TPMC meets on a weekly basis and is responsible for the approval of:

- Army policies;
- Official Minutes (non-financial);
- remuneration review;
- internal audit program;
- Red Shield and Self Denial Appeals' goals; and
- risk management policy.

Territorial Risk and Compliance Board

The Territorial Risk and Compliance Board (previously known as Territorial Risk and Audit Board) holds five meetings yearly and provides oversight of the Territory's risk profile, ensuring it remains within appetite. The Board consists of 11 members including two external independent experts in finance and risk and is chaired by the Chief Secretary.

Risk assessment and management

The aim of risk management is to manage the uncertainty inherent in the operations of The Salvation Army to ultimately enable the achievement of the organisation's mission and objectives. To that end, the risk management practices employed across the organisation are tightly aligned with the Army's strategy and mission.

In 2014/2015, the Territorial Risk Appetite Statement was revised and implemented. Territorial departments reviewed their risks and established remediation plans to ensure risks are in line with the Territorial appetite. Risk and remediation plans are reported to the Territorial Risk and Compliance Board.

The Territorial Risk Management Framework continues to undergo improvement reviews to enhance the practices in place and ensure alignment with best practice industry standards. Current practices include annual reviews of the Risk Management Framework and Risk Appetite Statement, risk assessments at the organisational, departmental and divisional levels, and regular reporting across the board.

Internal Audit

The Internal Audit function was co-sourced with an external professional firm (KPMG) up to June 2016. Commencing from July 2016, the internal audit function was outsourced to KPMG. The main objective of Internal Audit is to assess the operation and effectiveness of the processes and procedures in place to manage risk within the Territory's appetite, and report upon those processes and procedures, to give assurance, via independent audit reports to the Territorial Risk and Compliance Board, that internal controls in place are applied appropriately.

Audit Advisory Committee

The Audit Advisory Committee was established to oversee The Salvation Army's external audit prior to the annual accounts being signed off by the Trustees at the TOC.

Membership of the Audit Advisory Committee is by invitation of the Territorial Commander and the members have no executive responsibility for the management of The Salvation Army. At the date of the report, it comprised the following members:

- Greg Coutas, FCA (Chairperson)
- Christopher George, FCA
- John Gordon, FCA

Investment Advisory Board

The Investment Advisory Board provides independent advice to the TOC on matters relating to management of investment assets in order to achieve the investment objectives set by TOC. The Board comprises of eight members and one secretary, four of whom are recruited from outside The Salvation Army and drawn from relevant professional and commercial sectors of the community. The Board is responsible for working closely with the Trustees and makes recommendations to the Trustees on investment management.

TOC has appointed an external investment consultant to provide management services to The Salvation Army's investment portfolio. The investment consultant's responsibilities are to provide a quarterly report summarising the performance of each investment manager and to make recommendations about strategies that are appropriate to the current investment market at the end of each quarter. The Investment Advisory Board's monitoring involves the following:

- review the investment consultant's quarterly report;
- assess the extent to which The Salvation Army's investment objectives are being achieved;

- ascertain the existence of any particular weakness in the manager(s) and the investment strategy; and
- allow the Board to continually assess the ability of manager(s) and the investment strategy to successfully meet The Salvation Army's objectives.

The Investment Advisory Board is held quarterly and will meet more often if required in cases of market disturbance.

Policies and Codes of Conduct

The following is an overview of The Salvation Army's key policies and codes of conduct that apply to both Salvation Army officers and employees throughout the Australia Eastern Territory.

Orders and regulations

Orders and regulations are documents published by the IHQ of The Salvation Army, which outline the principles and procedures specific to various types of activity undertaken in The Salvation Army. They apply to all Salvation Army officers throughout the world, irrespective of rank, appointment or territory.

These orders and regulations aim to prevent misunderstanding, and are intended to ensure that the decisions arrived at, and the work undertaken, are in harmony with the interests, principles and aims of The Salvation Army as a whole.

It was never envisaged that The Salvation Army would be governed solely by orders and regulations, for a living army engaged in resolute defence and aggressive warfare sometimes has to make expedient decisions on the spot related to the circumstances of the time. Nevertheless, in general, guidelines are necessary, which are based on Christian principles and the best methods discovered from experience. Every officer, cadet and candidate for officership may learn from these.

Even the subjects covered by the orders and regulations will not deal with every possible contingency. Principles, however, are paramount and serve as a proven guide in every situation, which demands an officer's personal judgement.

Official Minutes

The Salvation Army issues a variety of policies by way of its Official Minutes. They apply to all Salvation Army officers and employees. These are statements of policy covering operational, financial, administrative and organisational issues affecting the organisation.

The IHQ of The Salvation Army issues Official Minutes to all territories and commands throughout the world, on matters of

policy and procedure supporting the mission and values of The Salvation Army.

The Salvation Army Australia Eastern Territory issues its own Official Minutes, on the authority of the Chief Secretary, to address policy and procedural matters relating to a wide range of activities and situations that confront the Territory. These policy statements are regularly reviewed and updated, to ensure that they remain relevant to the current needs of the Territory, including its officers, employees and members.

This report has been made in accordance with a resolution of the Trustees.

Colonel MTS Campbell

(BA Leadership (UNE), MA Theological Studies (SCD))
Chief Secretary-in-Charge
Trustee

IC Minnett

(BCom UNSW, FCA, GAICD)
Chief Financial Officer
Trustee



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Revenues			
Other income	5	141	8,391
Total income		389,768	384,179
Expenses			
Social programs		137,538	145,943
Aged care		119,673	107,509
Employment and youth training		49,843	62,807
Recycling operations - Salvos Stores		48,857	45,762
Red Shield Appeal		15,167	13,313
Overseas Aid		6,160	6,350
Total expenses		377,238	381,684
Operating surplus		12,530	2,495
Other comprehensive income			
Items that may be reclassified subsequently to operating surplus			
Changes in the fair value of available for sale financial assets		(448)	290
Total comprehensive income for the year		12,082	2,785
Allocations from/(to) capital reserves	7	(25,159)	1,130
Total comprehensive (loss)/income after allocations		(13,077)	3,915

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

For further information on the surplus from continuing operations before allocations, please refer to the review of operations in the Trustees' Report on page 29.

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
ASSETS			
Cash and cash equivalents	8	8,649	21,060
Financial assets at fair value through profit or loss	9	11,340	11,396
Receivables	10	226,983	185,710
Deposits	12	53,000	53,000
Available for sale financial assets	20	15,321	15,057
Held to maturity deposits		623	623
Inventories	11	2,376	2,402
Other receivables	13	11,129	9,293
Property, plant and equipment	14	370,493	362,235
Intangibles	15	600	571
Total assets		700,514	661,347
LIABILITIES			
Trade payables		16,812	15,190
Prepaid income		3,426	1,951
Accruals and other payables	16	8,178	7,228
Accommodation bonds/Refundable Accommodation deposits/Residents loans	17	152,332	127,780
Provisions	18	25,252	26,509
Interest bearing liabilities	19	2,442	2,699
Total liabilities		208,442	181,357
Net assets		492,072	479,990
Capital reserves and accumulated funds			
Capital contributions - property		337,905	338,582
Designated reserves - allocated to social program		46,524	30,466
Donor restricted reserves		79,510	69,732
Investments revaluation reserve		255	703
Accumulated surplus		27,878	40,507
Total capital reserves and accumulated funds		492,072	479,990

The above statement of financial position should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN CAPITAL RESERVES AND ACCUMULATED FUNDS

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Capital reserves			
Capital contributions - property			
Balance 1 July		338,582	330,664
Movement in reserves	7	(677)	7,918
Balance 30 June		337,905	338,582
Designated reserves - allocated to social program			
Balance 1 July		30,466	33,233
Movement in reserves	7	16,058	(2,767)
Balance 30 June		46,524	30,466
Total designated reserves		384,429	369,048
Donor restricted reserves			
Balance 1 July		69,732	76,013
Movement in reserves	7	9,778	(6,281)
Balance 30 June		79,510	69,732
Available for sale investments revaluation reserve			
Balance 1 July		703	413
Movement in reserves		(448)	290
Balance 30 June		255	703
Total capital reserves		464,194	439,483
Accumulated Surplus			
Balance 1 July		40,507	36,882
Surplus for the year before allocations		12,530	2,495
Transfers (to)/from capital reserves	7	(25,159)	1,130
Balance 30 June		27,878	40,507
Total capital reserves and accumulated funds		492,072	479,990

The purpose of each reserve mentioned above is explained in note 7.

The above statement of changes in capital reserves and accumulated funds should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		334,864	336,011
Cash payments in the course of operations		(368,256)	(370,787)
Dividends and distributions received		9,330	8,633
Interest received		3,782	5,663
Net cash (outflow) from operating activities		(20,280)	(20,480)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,060	12,235
Payments for property, plant and equipment		(26,532)	(15,434)
Payments for investments		(548)	(1,250)
Proceeds from sale of investments		4,192	5,000
Net cash (outflow)/inflow from investing activities		(20,828)	551
Cash flows from financing activities			
Refundable accommodation deposits/loans from residents of aged care centres/retirement villages		66,528	50,974
Repayment of residents' refundable accommodation deposits/loans		(37,574)	(29,622)
Residents' trust and other deposits received		1,514	2,267
Repayment of residents' trust and other deposits		(1,771)	(2,028)
Net cash inflow from financing activities		28,697	21,591
Net (decrease)/increase in cash and cash equivalents		(12,411)	1,662
Cash and cash equivalents at the beginning of the financial year		21,060	19,398
Cash and cash equivalents at the end of the financial year	8	8,649	21,060

The above statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

Contents of the notes to the financial statements

Reporting entity	1	39
Basis of preparation	2	39
Significant accounting policies	3	40 - 45
Revenues	4	46
Other income	5	46
Expenses	6	46
Allocations to/(from) capital reserves	7	47
Cash and cash equivalents	8	47
Financial assets at fair value through profit or loss	9	47
Receivables	10	48
Inventories	11	48
Deposits	12	48
Other receivables	13	48
Property, plant and equipment	14	49 - 50
Intangibles	15	50
Accruals and other payables	16	50
Refundable accommodation deposits/Residents loans/Accommodation bonds	17	51
Provisions	18	51
Interest bearing liabilities	19	51
Available for sale financial assets	20	52
Contingencies	21	52
Commitments	22	52 - 53
Related parties transactions	23	53
Subsequent events	24	53

Note number	Page number
1	39
2	39
3	40 - 45
4	46
5	46
6	46
7	47
8	47
9	47
10	48
11	48
12	48
13	48
14	49 - 50
15	50
16	50
17	51
18	51
19	51
20	52
21	52
22	52 - 53
23	53
24	53

1 Reporting entity

The Salvation Army is a not-for-profit organisation and has been operating in Australia since 1880. The Australia Eastern Territory completes 95 years in operation from Sydney in 2016. The Territory is incorporated by the following Acts and Ordinances of Parliament:

- The Salvation Army (New South Wales) Property Trust Act 1929;
- The Salvation Army (Queensland) Property Trust Act 1930; and
- The Salvation Army (Australian Capital Territory) Ordinance 1934.

This general purpose financial report covers The Salvation Army Australia Eastern Territory Social Work ("The Salvation Army" or "Social Work"). The financial report is presented in Australian dollars, rounded to the nearest thousand unless otherwise stated.

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

The Salvation Army Australia Eastern Territory
Territorial Headquarters
261- 265 Chalmers Street,
Redfern NSW 2016

In the opinion of the Trustees, having regard to the not-for-profit nature of The Salvation Army, the terms used in the prescribed format of the statement of comprehensive income are not appropriate. The word 'surplus' has been substituted for the term 'profit' in the prescribed format of the statement of comprehensive income.

2 Basis of preparation

(a) Statement of compliance

The financial report is Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB-RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-Profits Commission (ACNC) Act 2012 and the Australian Charities and Not-for-Profits Commission Regulation 2013.

The financial statements were authorised for issue by the Territorial Operations Council on 25 October 2016.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments (refer note 3(h)), and loan receivables (refer note 3(j)), all of which are measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the organisation's functional currency, rounded to the nearest thousand unless otherwise stated.

(d) Presentation of statement of financial position on liquidity basis

The Trustees have chosen to present the statement of financial position under the liquidity presentation method (AASB 101) on the basis that it presents a reliable and more relevant view. An estimate of the timeframe of likely settlements of accommodation bonds/residents loans and long service leave as either within 12 months or after 12 months is provided at notes 17 and 18.

(e) Use of estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Salvation Army makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results.

In order to present the statement of financial position on a liquidity basis, management has made judgements based on past statistical trends, to determine the timeframe of settlements as either within 12 months or over 12 months.



NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise specified. The financial statements as at and for the year ended 30 June 2016 of the Social Work cover The Salvation Army Australia Eastern Territory Social Work entities on a consolidated basis.

(a) Basis of consolidation

The Social Work financial report incorporates the assets (including certain land and buildings registered under the name of The Salvation Army Property Trusts) and liabilities as at 30 June 2016 and the results for the year then ended.

The balances and effects of transactions between Social Work entities have been eliminated.

The financial report does not include income and expenditure, assets and liabilities of The Salvation Army Australia Eastern Territory General Work.

(b) The Salvation Army Employment Plus Program

The Salvation Army Australia Eastern Territory in conjunction with The Salvation Army Australia Southern Territory has been jointly involved in the management of the national Salvation Army Employment Plus program since 1 May 1998. This project commenced when The Salvation Army in Australia won a tender from the Federal Government to provide employment services to the long-term unemployed. This project is considered to be consistent with the overall aims of The Salvation Army and with the aims to assist the long term unemployed. This program is not considered to be a stand alone operation. The 50% interest of The Salvation Army Australia Eastern Territory in the assets, liabilities, income and expenses of the Employment Plus joint program activity have been incorporated in this financial report.

(c) Income tax

The Salvation Army entities are appropriately endorsed as required by the Australian Taxation Office from 1 July 2005 for income tax exemption. Donations of \$2 or more given to the following funds attract income tax deductibility for the donors:

- The Salvation Army Red Shield Appeal;
- The Salvation Army Christmas Appeal;
- The Salvation Army (Australia) Self Denial Fund (for Overseas Aid);
- The Salvation Army Community Services Department;
- The Salvation Army Disaster Relief Fund; and
- The Salvation Army Education Foundation.

(d) Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable when the organisation is legally entitled to receive it. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office. Revenue is recognised for the major business activities as follows:

(i) Government funding

Grants and subsidies from governments are recognised at their fair value in the period in which the services are provided, having regard to the stage of completion of the service obligations, where a performance and return obligation exists. Where no such obligation exists, the grants are recognised when the right to receive the grant is established as contributions received/receivable (refer to d(iv)).

(ii) Legacies and bequests

Legacies are recognised when received at Territorial Headquarters. The Territorial Operations Council approves all allocations of bequests in accordance with the expressed terms of the Will. The legacies are allocated to reserves mostly for capital purposes.

Revenue from legacies comprising bequests of property are recognised at fair value, being the market value of the property at the date the organisation becomes legally entitled to the property.

(iii) Donations and fundraising

Donations and fundraising income are recognised when received. The primary fundraising activity is the annual Red Shield Appeal.

The Salvation Army has implemented systems of control to ensure the money received at its offices is properly recorded in the accounting records.

(iv) Contributions received/receivable

Contributions received or receivable are recognised as revenue when The Salvation Army obtains control of the contribution or the right to receive the contribution, when it is expected that the economic benefits comprising the contribution will flow to the entity and the amount of the contribution can be measured reliably.

(v) Interest, dividends and distributions

Interest income is recognised as it accrues. Dividends and distributions are recognised as revenue when the right to receive payment is established.

(vi) Donated goods

Donated goods received for Salvos Stores are not valued due to the inability to reliably measure their value. Revenue is only recognised when goods are sold.

(e) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash at bank, cash on hand and deposits held at call with financial institutions.

(f) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. The majority of receivables are due for settlement in no more than 30 days.

Collectibility of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off as samaritan relief expenses. A provision for doubtful receivables is established when there is objective evidence that The Salvation Army will not be able to collect all amounts due according to the original terms of receivables.

(g) Inventories

Inventories include welfare prepaid cards, stock purchased for Salvos Stores and livestock for one of the social centres. The inventories are stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Investments and other financial assets (continued)

If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss - is removed from equity and recognised in the operating surplus in the statement of comprehensive income. Subsequent recoveries of impairment losses recognised in the statement of comprehensive income on equity instruments classified as available for sale are not reversed through the statement of comprehensive income.

When investments classified as available for sale are sold, the accumulated fair value adjustment recognised in equity is included in the statement of comprehensive income as part of the gain or loss on disposal.

(iii) Held to maturity

Held to maturity deposits are non-derivative financial assets with fixed and determinable payments and fixed maturities that the Trustees have the positive intention and ability to hold to maturity. These investments normally have a maturity of more than 12 months from the date of acquisition. Held to maturity financial assets are recognised at amortised cost.



NOTES TO THE FINANCIAL STATEMENTS

The Salvation Army assesses whether there is objective evidence that a financial asset or group of financial assets is impaired at each balance date.

(i) Property, plant and equipment

Freehold properties are stated at cost or, if donated, at appraised value at the date of the gift. Policies set by The Salvation Army IHQ do not allow for the revaluation of property.

Under IHQ accounting policies and procedures, funds utilised to finance the acquisition of freehold properties are matched as a transfer from accumulated funds to the capital contribution - property reserve. These contributions are set aside to meet ongoing building depreciation costs and/or impairment costs, thus relieving the impact on the working capital.

When disposing of freehold properties, the original capital contribution funds (net of allocations to the statement of comprehensive income to meet building depreciation costs) for those properties are transferred from the capital contribution - property to a designated property reserve. The purpose of the transfer is to preserve the designated capital funding for future capital projects. The profit or loss on the sale of the property is recorded in the statement of comprehensive income and then transferred to a designated property reserve.

Land is not depreciated. All other property, plant and equipment is stated at historical costs less depreciation. Depreciation is calculated using the straight-line method to allocate their costs, net of residual values, over their estimated useful lives, as follows:

Buildings	50 years
Plant and equipment	4 - 5 years
Motor vehicles	5 years
Aircraft	20 years

Leasehold improvements lease term (maximum of 5 years)

The Salvation Army's policy is to commission property assets three months after the building has been officially opened.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to note 3 (m)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(j) Loan receivables

Loan receivables include the refundable loans from 99-year leases that The Salvation Army purchased from independent living units to accommodate residents from one of its Independent Living Units to make way for the aged care development. The loan receivables are recognised at fair value net of a management fee payable over a maximum of 10 years and incorporate any fair value adjustment in relation to a terminal value. The terminal value results in The Salvation Army sharing in any capital gain or loss.[2]

(k) Leased assets

Leases in terms of which The Salvation Army assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognised in the statement of financial position.

The Salvation Army leases some shops and office facilities. The conditions of these leases are such that substantially all the risks and benefits of ownership of the property are retained by the lessors and accordingly, in the financial statements, they are classified as operating leases.

Payments made under operating leases are expensed on a straight line basis over the term of the lease. Refer note 22(b) for details of non-cancellable operating lease commitments.

(l) Intangible assets

(i) Bed licences

Residential aged care bed licences have been granted to The Salvation Army by the Department of Health (formerly the Department of Social Services) in the past at no cost. It is not possible for The Salvation Army to measure the fair value reliably at acquisition date as the acquisition dates are not always available. Acquisitions since 2005 are recorded at fair value as at the date of acquisition, as determined by independent valuation.

(ii) Software

Where computer software costs are not integrally related to associated hardware, they are recognised as an intangible asset where they are clearly identifiable, can be readily measured and it is probable they will lead to future economic benefits that the Social Work controls.

The Social Work carries capitalised computer software assets at cost less amortisation and any impairment losses.

These assets are amortised over the estimated useful lives of the computer software (being between 3 to 5 years) on a straight line basis. Computer software maintenance costs are expensed as incurred. Any impairment loss is recognised in the statement of comprehensive income when incurred.

(m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. If any indication of impairment exists, the asset's recoverable amount is estimated. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is the depreciated replacement cost of an asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(n) Payables

These amounts represent liabilities for goods and services provided to the Social Work entities prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid under normal business terms.

(o) Maintenance and repairs

Maintenance, repair and minor renewal costs are charged as expenses as incurred, except where they relate to the replacement of a component of an asset in which case the costs are capitalised and depreciated in accordance with note 3(i).

(p) Employee benefits

(i) Short-term employee 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 Salvation Army 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.

(ii) Other long-term employee benefits

The Salvation Army'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. That benefit is discounted to determine its present value. Remeasurements are recognised in surplus or deficit in the period in which they arise.

(q) Refundable accommodation deposits/Residents Loans

(i) Refundable accommodation deposits (RAD) are paid by residents upon their admission to facilities and are settled after a resident vacates the premises in accordance with the Aged Care Act 1997. Providers must pay a base interest rate on all refunds on the RADs within legislated time frames and must pay a penalty on refunds made outside legislated time frames. Accommodation bond balances held prior to 1 July 2014 are reduced by annual retention fees charged in accordance with the Aged Care Act 1997.

RAD refunds are guaranteed by the Government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure that they can refund bond balances as they fall due in the following 12 months. Providers are also required to implement and maintain a liquidity management strategy. This is updated on an annual basis.



NOTES TO THE FINANCIAL STATEMENTS

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

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

(r) Warringah Place lease refurbishment contribution

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

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

(s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

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

(t) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(u) Prepaid income

Government funding received in advance where there is a present obligation for the funds to be repaid, where certain conditions are not met, is accounted for as prepaid income.

(v) Deposits

Deposits represent excess cash deposited with The Salvation Army Australia Eastern Territory General Work ("General Work") which then invests these funds in managed investment portfolios. Deposits are held at cost. As future cash flows cannot be predicted with any certainty, and deposits can be called at any time, the carrying value has not been amortised. The return received by the Social Work does not necessarily reflect the returns made on the investment portfolios held by General Work.

(w) Make good provision

A make good provision is recognised if the Social Work has a present legal or constructive obligation to return a rental premises to its original condition on conclusion of the lease, the cost can be estimated reliably and it is probable that an outflow of economic resources will be required to settle that obligation. The make good provision is determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The unwinding of the discount is recognised as a finance cost.

(x) Personal Injury Claims Provision

A personal injury claims provision is recognised if the Social Work has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is to cover claims currently received and being/yet to be processed.

(y) New standards and interpretation not yet adopted

At the date of authorisation of the financial statements, the following relevant Standards and Interpretations were issued but not yet effective:

- AASB 15 Revenue from Contracts with Customer, and AASB 2014-15 Amendments to Australian Accounting Standards arising from AASB 15 (effective 1 January 2018).
- AASB 9 Financial Instruments, AASB 2009-11 Amendment to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards-Mandatory Effective Date of AASB 9 and Transition Disclosures, AASB 2013-9 Amendments to Australian Accounting Standards-Conceptual Framework, Materiality and Financial Instrument, AASB 2014-1 Amendments to Australian Standards (Part E : Financial Instruments), AASB 2014-7 Amendments to Australian Standards arising from AASB 9 (December 2014), and AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - Application of AASB 9 (December 2009) and AASB 9 (December 2010) (effective 1 January 2018).
- AASB 16 Leases (effective 1 January 2019).

The Salvation Army is assessing potential impact on its financial statements of these new and revised Standards and Interpretations.



NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

	2016 \$'000	2015 \$'000
4 Revenues		
From continuing operations		
Government funding	181,106	187,117
Red Shield Appeal	42,014	38,507
Social services client contributions	57,703	55,070
Sale of donated goods	56,128	53,355
Legacies and donations	11,591	6,824
Overseas Aid	4,927	7,637
Other revenue	23,046	12,982
Other	1,098	1,143
Dividends	8,232	7,490
Distributions from deposits held by General Fund (refer to note 12)	3,782	5,663
Interest	389,627	375,788
5 Other income		
Net gain on disposal of property, plant and equipment	201	8,526
Net investment revaluation (loss)	(60)	(135)
	141	8,391
6 Expenses		
Operating surplus from continuing operations before allocations includes the following specific expenses:		
Depreciation/amortisation	7,735	7,515
Buildings	8,515	7,444
Plant and equipment	136	409
Intangible assets		
Total depreciation/amortisation	16,386	15,368
Employee entitlements		
Annual leave	(205)	1,249
Long service leave	0	(380)
Superannuation expense	14,243	13,480
Total employee entitlements	14,038	14,349
Rental expense relating to operating leases		
Minimum lease payments	11,025	11,206
Samaritan relief expenses (refer to note 3 (f))	443	624

	2016 \$'000	2015 \$'000
7 Allocations to/(from) capital reserves		
Allocations have been made to/(from) the following capital reserves		
Capital contributions - property	(677)	7,918
Designated reserves	16,058	(2,767)
Donor restricted reserves	9,778	(6,281)
	25,159	(1,130)
Transfers to reserves are funds allocated from current year/or accumulated surplus for specific purposes in compliance with donors' restrictions and The Salvation Army policies, which will be utilised for future front-line programs and capital projects. The specific purposes for the above reserves are as follows:		
(i) Capital contributions - property		
These funds are reserved and relate to properties purchased by The Salvation Army in its social work throughout the Territory.		
(ii) Designated reserves		
These are unrestricted incoming funds which have been designated by The Salvation Army to fund specific projects. These projects cover front-line programs, capital projects, and support costs of a wide variety of social work throughout the Territory.		
(iii) Donor restricted reserves		
These are restricted incoming funds, which can only be expended in accordance with the specific terms laid down by the donors.		
8 Cash and cash equivalents		
Cash at bank	8,295	20,750
Cash on hand	354	310
	8,649	21,060
The deposits are bearing floating effective interest rates between 1.3% and 1.54% (2015: 1.49% and 2.10%).		
9 Financial assets at fair value through profit or loss		
Carrying amount at the beginning of the year	11,396	11,528
(Devaluation)	(60)	(132)
Additions/(Redemptions)	4	-
Carrying amount at the end of the year	11,340	11,396

Changes in fair values of the financial assets at fair value through profit or loss are recorded in the statement of comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

	2016 \$'000	2015 \$'000
10 Receivables		
Receivables - external parties	19,584	18,958
Provision for doubtful debts - external parties	(5,349)	(5,214)
Receivables from General Work	212,748	171,966
	226,983	185,710

Social Work deposits cash to General Work which is then invested by General Work. All The Salvation Army Australia Eastern Territory investment portfolios are held under The Salvation Army (New South Wales) Property Trust and accounted for in the General Work. The receivable from General Work attracts monthly interest calculated at the rate stipulated in the Official Minute and included in the statement of comprehensive income. The returns from the receivable are utilised to fund the Social Work's operations. The receivable from General Work bears interest at an average 1.71% per annum (2015: 3.13%), is unsecured and can be recalled at any time. Refer to note 23(b) for further details.

Samaritan relief expenses (bad debts written off)

The Social Work has recognised a loss of \$442,632 (2015: \$624,418) in respect of samaritan relief expenses during the year ended 30 June 2016. This loss has been included in the statement of comprehensive income.

	2016	2015
11 Inventories		
Welfare cards - at cost	1,362	1,453
Raw materials and stores - at net realisable value	1,014	949
	2,376	2,402

	2016	2015
Deposits in General Work	53,000	53,000

Social Work contributes its excess cash to General Work which is then invested by General Work. All The Salvation Army Australia Eastern Territory's investment portfolios are held under The Salvation Army (New South Wales) Property Trust and accounted for in the General Work. The deposits in General Work can be recalled at any time if required. Social Work is entitled to receive monthly distributions from General Work. The return received by the Social Work does not necessarily reflect the returns made on the investment portfolios held by General Work. The net return achieved in 2016 was 15.53% (2015: 14.13%). Refer to note 23(b) for further details.

	2016	2015
13 Other receivables		
Prepayments and security deposits	607	597
Loan receivables - Independent Living Units	3,768	3,108
Independent Living Unit lease refurbishment contribution	6,754	5,588
	11,129	9,293

	2016 \$'000	2015 \$'000
14 Property, plant and equipment		
Freehold land		
- at cost	38,454	37,222
Freehold buildings		
- at cost	399,486	394,733
- accumulated depreciation	(107,475)	(99,997)
	292,011	294,736
Total land and buildings	330,465	331,958
Plant and equipment		
- at cost	81,914	78,543
- accumulated depreciation	(60,845)	(59,453)
Total plant and equipment	21,069	19,090
Work in progress - at cost	18,959	11,187
Total property, plant and equipment	370,493	362,235
Motor vehicles, aircraft, furniture and fixtures and leasehold improvements are aggregated into plant and equipment.		
Reconciliations		
Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:	Land & buildings \$'000	Work in progress \$'000
Cost		
Balance at 1 July 2015	431,952	11,187
Transfer from work in progress and additions	7,695	7,772
Disposals	(1,707)	-
Balance at 30 June 2016	437,940	18,959
Accumulated Depreciation		
Balance at 1 July 2015	99,997	-
Depreciation	7,736	8,516
Disposals	(258)	(7,126)
Balance at 30 June 2016	107,475	60,845
	330,465	18,959
	21,069	370,493
	Total	\$'000



NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

	2016 \$'000	2015 \$'000
20 Available for sale financial assets		
At the beginning of the year	15,057	14,139
Additions	545	628
(Devaluation)/Revaluation	(281)	290
At the end of the year	15,321	15,057
Managed portfolio - at market value	15,321	15,057
	15,321	15,057

The available for sale financial assets were not impaired (2015: nil) as at 30 June 2016.

21 Contingencies

Since January 2015, The Salvation Army has welcomed the work of the Royal Commission into Institutional Responses to Child Sexual Abuse and has openly and transparently cooperated with the Royal Commission. The Salvation Army remains committed to working with survivors for their healing process. Notwithstanding the provision for personal injury claims made at 30 June 2016 (refer notes 3(x) and 18), given the circumstances, The Salvation Army is unable to completely quantify the future claims which might be lodged during the healing process. The Trustees do not expect the unknown future claims to have a material effect on The Salvation Army's financial position.

The claims paid have not been funded from Red Shield Appeal donations.

22 Commitments

(a) Capital commitments

The Salvation Army Australia Eastern Territory Social Work is continuously engaged in planned and ongoing construction projects requiring the commitment of significant funds. This expenditure is contracted for at the reporting date but not recognised as a liability.

	2016 \$'000	2015 \$'000
Cost to complete property contracts in progress	65,041	56,325
Property projects approved but not commenced as at 30 June 2016	1,269	15,300

(b) Lease commitments

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

Within 1 year	9,324	9,680
Later than 1 year but not later than 5 years	13,360	10,672
Later than 5 years	186	108
Total	22,870	20,460

The Salvation Army Australia Eastern Territory Social Work holds 6 long-term leases of land with the Australian Capital Territory ('the lessor'), which are all classified as operating leases. Under the terms of the leases, The Salvation Army pays nominal rent to the lessor. The notional fair value of the approximate lease rental amounting to \$533,352 (2015: \$423,296) has been recognised as an expense in surplus or deficit. However, this is offset by a contribution income from the lessor of the same amount which is also recognised in surplus or deficit. Accordingly, there is no significant net impact on the net surplus or deficit for the current and previous years.

23 Related parties transactions

(a) Key management personnel

During the financial year the total amount of remuneration paid or payable to a group of key management personnel was \$862,530 (2015: \$837,319).

(b) Other transactions with related parties

During the year, The Salvation Army Australia Eastern Territory Social Work has paid \$222,469 (2015: \$202,760) to The Salvation Army IHQ as management fees. As at 30 June 2016, there was no outstanding balance.

The Salvation Army Australia Eastern Territory Social Work has received contributions from The Salvation Army Australia Southern Territory for some joint programs/initiatives (Red Shield Defence Services, National Secretariat, software development project, International Disaster Management Project and the tax consultant) amounting to \$935,698 (2015: \$1,114,967). As at 30 June 2016, a balance of \$109,857 was outstanding and was classified within receivables.

The Salvation Army Australia Eastern Territory Social Work has received contributions from The Salvation Army New Zealand, Fiji and Tonga Territory for an International Disaster Management Project and a software development project amounting to \$123,751 (2015: \$149,036). As at 30 June 2016, there was no outstanding balance.

Included in receivables is an amount of \$212,747,892 (2015: \$171,966,391) owing from General Work to Social Work, being Social Work's contribution towards investments which are held in General Work. Social Work received total interest of \$3,100,229 (2015: \$2,897,872) from these investment contributions. Further, Social Work has made deposits of \$53,000,000 (2015: \$53,000,000) to General Work for investment purposes and received total distributions of \$8,232,344 (2015: \$7,489,610).

24 Subsequent events

No matters or circumstances have arisen since 30 June 2016 which have significantly affected, or will adversely affect the results of The Salvation Army Australia Eastern Territory Social Work in subsequent financial years.



TRUSTEES' DECLARATION

30 June 2016

In the opinion of the Trustees of The Salvation Army Australia Eastern Territory Social Work:

- (a) the financial statements set out on pages 34 to 53 are drawn up so as to give a true and fair view of The Salvation Army Australia Eastern Territory Social Work's financial position as at 30 June 2016 and its financial performance for the financial year ended on that date.
- (b) the financial statements and notes have been drawn up in accordance with applicable Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not for Profit Commission Regulation 2014; and
- (c) at the date of this declaration, there are reasonable grounds to believe that The Salvation Army Australia Eastern Territory Social Work will be able to pay its debts as and when they fall due.

Colonel MTS Campbell
(BA Leadership (UNE), MA Theological Studies (SCD))
Chief Secretary-in-Charge
Trustee

IC Minnett
(BCom UNSW, FCA, GAICD)
Chief Financial Officer
KPMG Logo
Trustee

Dated at Sydney the 25th day of October 2016

AUDITOR'S INDEPENDENCE DECLARATION

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

To the Trustees of The Salvation Army Australia Eastern Territory Social Work

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 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

Kathy Ostin
Partner
Sydney

25 October 2016

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the Trustees of The Salvation Army Australia Eastern Territory

Report on the financial report

We have audited the accompanying financial report of The Salvation Army Australia Eastern Territory Social Work (the Entity), which comprises the statement of financial position as at 30 June 2016, and statement of comprehensive income, statement of changes in capital reserves and accumulated funds and statement of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and Trustees' declaration.

This audit report has also been prepared for the members of the Entity in pursuant to Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC) (collectively the Act and Regulations).

Trustees' responsibility for the financial report

The Trustees are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Act and Regulations. The Trustees' responsibility also includes such internal control as the Trustees determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial report that gives a true and fair view 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by

the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and the ACNC, which is consistent with our understanding of the Entity's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Auditor's opinion

In our opinion, the financial report of The Salvation Army Australia Eastern Territory Social Work is in accordance with the Australian Charities and Not-for-profits Commission Act 2012 including:

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

KPMG

KPMG

Kathy Ostin

Kathy Ostin
Partner
Sydney

25 October 2016

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Liability limited by a scheme approved under Professional Standards Legislation.

OUR CONTACTS

Most of The Salvation Army's services are available at a wide range of locations throughout NSW, ACT and Queensland, both in the city and in country areas. For more information, look under "Salvation Army" in the Telstra White Pages directory, visit our website salvos.org.au or contact the Army's state headquarters closest to you.

Copies of the annual report and the full financial statements, which are audited by KPMG, can be obtained from:

Secretary for Business Administration
The Salvation Army
PO Box A435
Sydney South NSW 1235

The Salvation Army (Australia) Self Denial Fund for Overseas Aid audited financial statement for 2016 is available at: salvos.org.au/said

THE SALVATION ARMY AUSTRALIA EASTERN TERRITORY

William Booth - Founder
André Cox - General
Mark Campbell - Chief Secretary-in-Charge

INTERNATIONAL HEADQUARTERS

101 Queen Victoria St
London EC4V 4EH
United Kingdom

AUSTRALIA EASTERN TERRITORY HEADQUARTERS

261-265 Chalmers St
Redfern NSW 2016
PO Box A435
Sydney South NSW 1235
Ph: 13 72 58

NSW/ACT DIVISION

PO Box 7114
Silverware NSW 1811
Ph: (02) 8644 0110

QUEENSLAND DIVISION

GPO Box 2210
Brisbane QLD 4001
Ph: (07) 3222 6666



**“You are not here in the world for
yourself. You have been sent here for
others. The world is waiting for you!”**

– Catherine Booth, Co-founder of The Salvation Army

2016 Annual Report | The Salvation Army Australia Eastern Territory

Produced by The Salvation Army Australia Eastern Territory Communications and Fundraising Department

261-265 Chalmers St, Redfern NSW 2016 | Ph: 13 SALVOS (13 72 58)

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

