



A place for every single person...

Annual Report
2013



OUR VISION



OUR CONTRIBUTION TO THIS VISION

We will provide innovative services for people who have experienced homelessness and create flexible pathways into homes and communities.

We will develop and manage an increasing supply of housing that is affordable, sustainable, and safe; that is well designed and maintained and meets the changing needs of a diverse community.

We will do more than just provide affordable housing – we will create opportunities for the people who live in our housing to participate in decision making, build social connections, gain access to community resources, develop confidence and skills, discover their gifts and talents and contribute to their community.

We will work in partnership with others to change community attitudes and government policy and ensure that access to good quality and affordable housing is upheld as a basic human right.

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I have been on the Board of YCH for 10 years, and Chair since the middle of last year and this will be my last year as I will not be standing for re-election. I consider myself fortunate to have been a Director in a dynamic organisation that has a respected role within our community and is delivering excellent services. It is interesting to reflect how far the organisation has come in that time:

	2003	2013
Tenants Housed	<500	2000+
Staff	22	80
Revenue	<\$2 million	\$18+ million
Total Assets	\$3+ million	\$300 million
Equity	<\$2 million	\$250 million

For the Directors and staff that have been part of that journey, I thank you very much for an interesting although at times challenging time. YCH is now a medium sized organisation, but a significant participant in a sector that delivers housing to those with fewer advantages in our community. We can pride ourselves on our ability to provide an increasing stock of good quality housing and, increasingly, good supportive services.

We have set ourselves a goal over the coming years to strengthen our role as advocates for the sector and for the community of tenants and homeless people that we support.

Our aim is to continue to increase the supply of affordable housing, be involved in defining the best model for its delivery, and to encourage governments to maintain their engagement and commitment to support those in greatest housing need. We know that our clients have an important role to play in determining the services that are delivered to them and have been conscious of ensuring that we put in place better mechanisms to listen to our client group, both in terms of their long-term housing needs and also in relation to the quality of the immediate services that we deliver to them.

Greater involvement by our clients in the organisation underpinned many of the strategic directions in our new Strategic Plan 2013-2016 which will guide YCH for the next three years. We have identified six strategic priorities that are all directed to delivering better outcomes to our community:

- 1 More affordable housing for those on the lowest incomes
- 2 Improved services to people who are homeless
- 3 Improved outcomes for people who live in our housing
– New YCH social housing model
- 4 Increased opportunities for community and economic participation
- 5 Improved outcomes in research and advocacy
- 6 Supporting our people to achieve
– Building organisational capacity

Following a considerable injection of funding into the sector at the time of our last Strategic Plan, we now have to manage for less certain times, where governments and their priorities are changing. YCH aims to both influence future policy direction and to place itself in the best position to respond to change. In the past few years we have strengthened our management team and put in place improved systems and procedures to better manage our increased housing stock and tenant numbers. We are starting to see considerable benefits and developing more confidence with the current levels of our operations and creating a platform for future growth. My thanks to the CEO, Rob Leslie, his managers and all staff, for their dedication and perseverance in creating an organisation that we can all be proud of.

During last year and continuing into this year we are re-examining the YCH Constitution and our membership structure. Plans are being put into place to have more effective participation by both our individual members and our organisational members. We are reviewing who our members should be, the eligibility criteria and voting structure. When this is completed we will have a more representative and engaged membership.

Over the past year there have also been a number of changes to the Board and our governance practices including taking a more proactive position in relation to governance policies through the strengthening of our Governance Committee, the creation of new committee dealing with Risk and Compliance, and refocusing by the Finance and Audit Committee upon the financial health of YCH and our accounting controls. The size of the organisation, the nature of the sector within which we operate and our exposure to shifting government policies present the Board and management with increasingly complex risks and problems. I welcome new Directors Jane Evans, Michael Johnstone, Chris Black and Lou Panaccio who have been brought onto the Board the skills and experience to guide our strategic objectives and strengthen our governance.

I thank all our Directors for the skills, knowledge, time and energy they commit to YCH. In stepping down from the Board and the Chair I am confident the Directors and Management will guide the organisation into its next phase of growth and development.

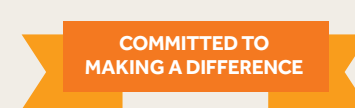


ROB LESLIE
– CEO

The last year has been, at one level, another welcome year of consolidation and an opportunity to focus on improving the social outcomes for the people who live in our housing, improving the quality of the services we provide and further strengthening our organisational capacity.

It has been exciting and satisfying to see significant progress across these key areas. However we are well aware that we continue to achieve these outcomes in the context of increasing levels of homelessness and in the absence of any apparent leadership on the part of any level of government to address the growing shortage of affordable housing. So while the current period of consolidation provides an opportunity for us to become increasingly creative and capable we know that unless there is a significant increase in the number of affordable housing units available to those community members on the lowest incomes – particularly single person households – then an increasing number of these people will continue to experience the trauma, alienation and long term disadvantage associated with homelessness.

Over the past year we have participated in a number of discussions and forums on key reforms that are being rolled out by both the Victorian and Federal Governments. These include reforms to the homelessness service system, the reform of how support services will be provided by the Victorian Department of Human Services and the new Disability Care initiative. We welcome and applaud these initiatives aimed at ensuring that the most vulnerable people within our community have better access to the services and support that they need.



PEOPLE NEED SECURE AND AFFORDABLE HOUSING AS A BASIC STARTING POINT



A stable base from which they can effectively access services, participate in their community and build a long term future

But we know that if these people are not also provided with access to secure and affordable housing then the investment in support services will be largely wasted. People need secure and affordable housing as a basic starting point – as a stable base from which they can effectively access services, participate in their community and build a long term future. This is the point that we continue to make ... that if people do not have access to housing then the investment of tax payers' funds in support services will be largely ineffective and homelessness will continue to increase. So we are calling on both the Victorian and Federal Governments, in the context of their various initiatives to improve the support

services provided to the most vulnerable members of our community, to also set out a clear plan for how the current and future housing needs of these people will be met. It is clear that the private market on its own will fail and that significant government investment is required. The community housing sector has demonstrated its capacity to work with government to meet the housing needs of those on the lowest incomes – and we look forward to future opportunities for solving these challenges together.

I want to conclude with my thanks to the YCH staff team and Board. Many thanks to the Board of Directors for their hard work, wisdom and generosity over the last year and particularly to the retiring Chair, William (Bill) Robb. We also have a passionate and talented staff group who are committed to making a difference in the lives of the people who use our services and live in our housing. At times it can be a tough job and I want to congratulate every staff member on what we have achieved together – on another year of getting better at what we do.

WHAT WE DO ... "A PLACE FOR EVERY SINGLE PERSON".

Yarra Community Housing is a registered Affordable Housing Association and one of the largest providers of community housing in Victoria. We have a long history of providing housing options for some of the most disadvantaged and marginalized members of the community. Our particular focus is to create pathways for people to move out of homelessness, establish themselves in long term housing, receive the support they need, develop a sense of "home" and participate in their community.



CREATING PATHWAYS FOR PEOPLE OUT OF HOMELESSNESS

*SUPPORTING PEOPLE TO
MAINTAIN IN THEIR HOUSING,
BUILD A SENSE OF HOME
AND CONTRIBUTE TO
THEIR COMMUNITY*



We work with people in the following ways ...

Immediate help for people who are experiencing homelessness...

We provide a range of crisis services for people experiencing homelessness - including help with a plan to get back on their feet, referral to other forms of assistance, financial aid, and help with moving into the private rental market.

Temporary housing and support...

We provide emergency and short term (3–18 months) housing for previously homeless people including families, singles and young people. The housing is linked with support and people are assisted to make the transition from homelessness back to living in secure, longterm housing.

Long term community housing...

We design, develop, own and manage longterm housing properties that provide accommodation for low income people who pay affordable rents based on their income. The majority of our longterm housing is designed for single people but we also provide housing for families. The properties range from large high density apartment buildings in the inner city to detached houses in the outer suburbs. Our larger properties include a café, an arts centre and various social enterprises. Many of the properties are integrated with support services provided by our partner organisations.

Our particular approach to providing longterm housing includes the following elements ... key ingredients for people in the development of a sense of "place" and "home".

Inclusion ...

Those people with the lowest incomes and the highest level of housing needs are welcomed and included.

Affordability...

People who live in our housing have enough income to pay the rent, live a dignified life, and participate in their community.

Security...

People are able to live in our housing for as long as they want.

Sustainable Design...

The housing is located close to transport and services, is attractive, provides a high level of amenity and is energy and water efficient.

Participation...

People who live in our housing have opportunities to participate in organisational decision making, community activities and training and employment.

LETTER FROM AN ELIZABETH ST TENANT

I just want to thank you so much for the help Yarra Community Housing has given me. Without all of your support, I wouldn't have been able to get through my treatment, work on my mental health and also start my University degree.

Supporting people like me gives us the availability of stability in housing and a platform to feel established enough to move into the unknown which is happiness and success.

You will never know how much living here has meant to me and not just given me but created a quality of life and to be able to have a home, not just somewhere to stay.

MEET MARK

Prior to Elizabeth St I was living in a dilapidated old share house in Albert Park after the breakdown of a relationship. There were six men sharing a small fridge that would fail every couple of days rendering the contents useless, holes in the floor, and a backyard full of junk and hazardous rubbish and building materials. I was not in a great place mentally to begin with but the longer I lived in the place the bigger the sense of futility and constant defeat became.

Work became scarce and I ended up putting my stuff in storage and sleeping in the back of my car. I had helped a mate get into Elizabeth St but did not think I would be eligible. This factor is an important part of the homelessness experience for me that cannot be underestimated or ignored: feelings of unworthiness. My friend helped get me in contact with Tracy from YCH and since then life has been a fairytale as I love the fact that my place is mine, I have never felt this safe or settled before and without sounding a complete suck, I am a very happy customer.

"My unit has helped provide a platform to address the issues in my life that have kept me in a self defeating pattern and I now feel I can explore my full potential. I have opportunities within my immediate and the wider community- I feel myself opening up and it's a wonderful feeling."



I am taking time to recover and understand my mental illness and explore pathways to managing my anxiety and depression. Running, cycling and bikram yoga are my current drugs of choice and I'm building on my bicycle mechanic skills two days a week at Second Chance Cycles while working with the project to provide bikes for low income earners and the underprivileged. I'm also a pro-active resident at Elizabeth St assisting with the Participation Reference Group, Sunday Night Sausage Sizzle and our rooftop garden. I feel very fulfilled and challenged and now feel that life has purpose. My immediate hope is to work out what I want to do when I grow up! And being a YCH resident puts me in a good place to do this with dignity.

OUR BOARD



YCH is governed by a Board of Directors who bring considerable and varied experience. Together they provide stewardship and strategic direction, governing the organisation on behalf of members.

"On behalf of YCH's Board, staff and tenants I would like to thank our retiring Chair Bill Robb. Bill has served as a YCH Director for the past 10 years and as Chair for the past year. Bill has been a part of YCH's journey from relatively small beginnings to become one of the largest community housing organisations in Victoria. His financial skills and commercial focus, his direct and honest approach and his warmth and good humour will be greatly missed." Mark Daniels, Deputy Chair.

Top row: Bill Robb (Chairperson), Peter Strack, Michael Johnstone, Mark Daniels and Lou Pannacio

Bottom row: Jane Evans, Richard Howard, Vera Boston and Chris Black

*Further information on the background of our Board members can be found in our finance report Pg 35 and 36

OUR STAFF

We thank our Staff for their significant contributions to YCH over the last year and recognise the challenging environment that they work in. We asked the following staff members to tell us a bit about themselves, their roles, and working for YCH.



Anna Paris

I joined Yarra Community Housing in December 2012 as the Housing Services Manager-Northern, Long Term Tenancy. This senior leadership role sees me responsible for the oversight and operations of quality tenancy management services to long term tenants and residents across the four Northern YCH property portfolios- combining 1000+ tenancies including rooming houses.

The role also requires me to provide strategic leadership with the staff to a range of supportive housing models & collaborative partnerships with support agencies to ensure people stay housed, increase their quality of life, and connect with community.

Prior to YCH I enjoyed twenty years of contributing to the growth and innovation of the Western Australian specialist homelessness sector; partnering on all levels with a range of housing providers, government agencies, researchers, clients, and tenants to end homelessness.



Tim Rankin

I have been working at YCH for 4 ½ years as a maintenance services officer as part of the asset management team. I came here after spending many years self employed as a handyman and 5 years working for a disability service and I believe that my previous employment has served as a valuable training ground for my current position.

I have really enjoyed my time at YCH. I work as part of terrific team of people doing their best to provide a quality service to our tenants.

Most of all I have enjoyed meeting our tenants. It makes your day when you help a tenant with a maintenance problem and they really appreciate what you have done for them.



Muna Gebrehat

I am an Initial Assessment and Planning worker at Yarra Community Housing in Victoria Street, Seddon. The part of my work that I enjoy the most is, working with different services to maximise positive client outcomes.

I also enjoy working with clients from different cultural backgrounds and support needs, and utilising all the available resources to make a difference in a client's life. I believe that everyone has the right to be treated with respect and dignity, and should have access to the resources that they are entitled to.

I am happy that I work in a very loving and supportive team environment, which helps me overcome the challenges that we face as IAP workers every day.



MEET HADRA

I was born in Ethiopia and came to Australia 20 years ago. I have been living in the Footscray area for most of this time in private rental properties where most of our income went on rent. Over the last 10 years we moved 3 times and in all cases the houses where sold which put us in a very insecure situation.

I was so happy when I moved into Barkly St because I can live here as long as I want as this gives me peace of mind and I am able to run my life the way I want. At last I have a place I can call home.

I have a degree in accounting from a Russian University where I studied for 5 years via scholarship in the 1980's. When I came back to Ethiopia I ended up working in a family business as a product buyer and I have also worked at the Migrant Resource centre and interchange in Australia. I'm currently working part-time in the payroll department of a training company as well as doing volunteer pastoral care at Western Health.

I hope to soon be able to secure full time work so that I can support my son while he studies. Every month I get together with an African Women's Group at a local community centre which I really enjoy.

TENANT PROFILE

MEET LOUIE

I used to live in Sydney with my wife and three kids where I ran my own business. Unfortunately over a few years all my children died and my relationship with my wife broke down. I came to YCH from transitional housing in Footscray. I love my apartment as it is close to everything like the train station and the shops, and my rent includes all my bills including water and electricity and is still less than I was paying at my last place.

*"I'm pretty happy
with everything at
the moment."*

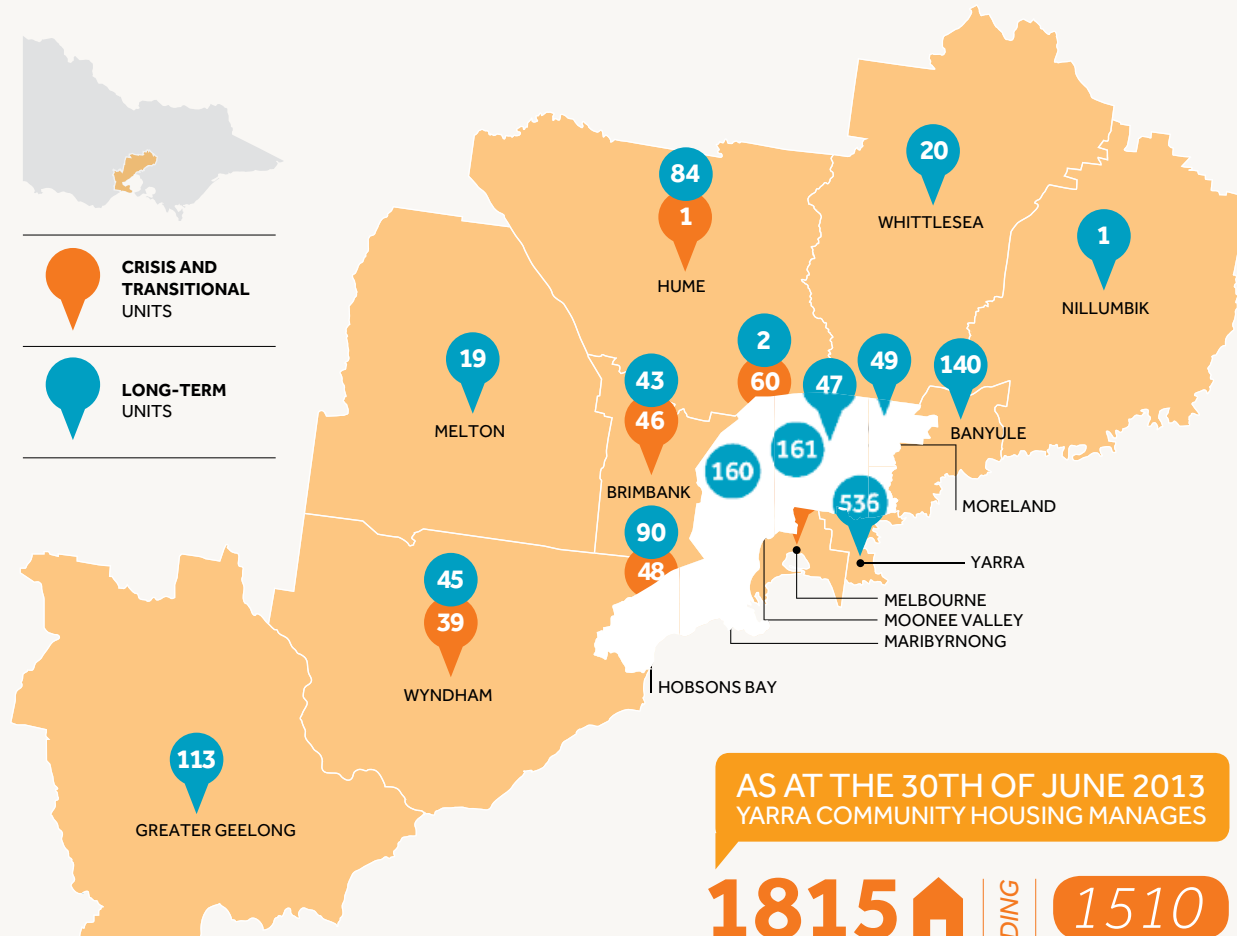
When I moved into my place I started volunteering at the Lentil as Anything restaurant that is at the front of my building. Lentils helps feed hundreds of people and customers pay what they feel they can for their meals. I used to work in the kitchen but I had a stroke last year and now help out with the shopping and cleaning. I still really enjoy helping out and I still go there every day. I hope to continue living where I am and staying involved.



TENANT PROFILE

TENANT PROFILE

OUR PROPERTIES



AS AT THE 30TH OF JUNE 2013
YARRA COMMUNITY HOUSING MANAGES

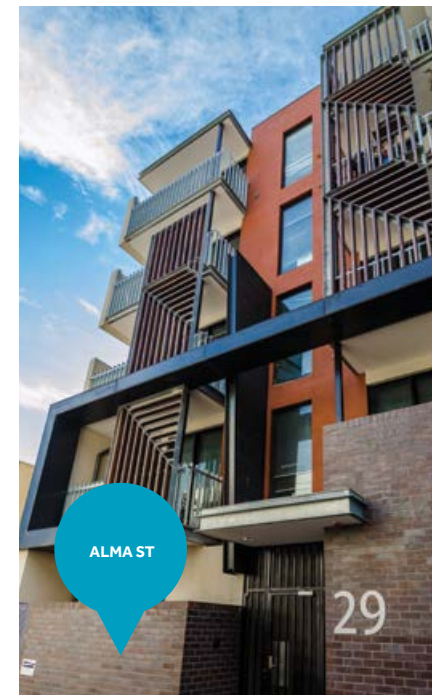
1815 
UNITS ACROSS THE
STATE OF VICTORIA

INCLUDING **1510**
LONG TERM
HOUSING UNITS

& 305 TRANSITIONAL
& CRISIS UNITS 



We have a diverse range of long term housing units located in 181 different properties to cater to the different needs of our tenants ranging from 1950's terrace houses, to standalone units, to new multi story medium and high density apartment buildings.





MCINTYRE
DRIVE
ALTONA

McIntyre Drive wins a Victorian Architect Award

This property has won the Best Overend Residential Architecture-Multiple category award at the annual Victorian Architect awards and has now been entered into National awards.

McIntyre Drive, Altona

This project was designed and developed by the Victorian Office of Housing. YCH began managing this three storey development in July 2012 after a successful tendering process. The project is well located providing easy walking access to a range of services and local community resources. The project features excellent integration with the surrounding residential area, various environmentally sustainable design (ESD) features to reduce energy and water use, and a design to maximise light and natural ventilation. Each unit also has its own balcony or courtyard.

Units 69 one bedroom units comprising: 25 ground floor units which are disability accessible and 44 units with are disability adaptable.

Income Majority of tenants are disabled and over 50 years old with a mix of Centrelink incomes and low-incomes.

Project Cost \$21 million through the Nation Building: Social Housing Initiative.

Architect McGauran Giannini Soon Pty Ltd

Builder KANE Constructions Pty Ltd

Property Manager Yarra Community Housing

Project Partners Director of Housing, Federal and Victorian Governments.



PROUSE
PLACE
WERRIBEE

Prouse Place receiving a Platinum Liveability Award

YCH is delighted to be one of the first projects to achieve a Platinum Liveability rating. The Livable Housing Design Guidelines are based on practical, common sense livability principles. This development will be more livable, flexible and adaptable, but also a better investment for the future. It represents another significant step forward in our journey to design affordable housing projects that better meet the needs of a diverse range of people.

Prouse Place, Werribee

This is Supported Accommodation Innovation Fund (SAIF) dual disability, housing and support project, developed by Yarra Community Housing in partnership with MIND with expected completion in 2014. This project will provide supported housing for adults with severe or profound disability. It features complete integration with the surrounding residential area, various ESD features to reduce energy and water use, high security, a design to maximise light and natural ventilation and a outside space for each unit. There will also be a studio apartment for support workers with sleepover capacity and a communal area with indoor and outdoor meeting spaces.

Units 6 units comprising: 5 one bedroom ground floor units (two of which are disability modified) and one staff studio apartment.

Income 5 disability support pensions plus 1 unit Mind staff

Project Cost \$1.93 million from Australian Government and funding of \$2,452,000 over 4 years to Mind Australia from the Victorian Government for provision of support to residents to promote independence and choice.

Architect Stoll Long Architecture

Builder Jacman Builders Pty Ltd

Property Manager Yarra Community Housing

Project Partners Mind and the Australian Government's Supported Accommodation Innovation Fund (SAIF) - Department of families Housing and Community Services and Indigenous Affairs and the Victorian Government.



MEET FRANK

I used to live with my partner but the relationship broke down and I couch surfed with friends for a few months before I applied for my apartment in Altona. I like the design and look of the place, there is a nice sense of community and I have made a few friends here. I often see women walking in the park next door at night which I think shows how secure people feel in the area.

I worked for Australia Post for about 20 years before having a mental breakdown and was really active in the union movement ending up as the National Assistant Secretary in what is now the Communication Workers Union. I enjoy writing, acting and directing theatre and about 10 years ago I founded the Defector Art Theatre. I am also into music and for a while hosted a late night music show on the 3CR Community Radio station playing rebel and left wing music.

I want to keep developing my creative work and to excel as an artist. I truly believe that if you stop learning you stop living. Also want to encourage other tenants to get involved with YCH and their local community.

TENANT PROFILE



MEET TUAN

It was an exhausting process trying to find a safe and affordable place to live. Prior to moving into my unit in Richmond was not a great time in my life and my memory is quite vague, I lived with a friend for a while until I was forced onto the streets and ended up living in Fitzroy Gardens. My councillor at the hospital got me in touch with YCH and a number of staff from YCH including Tracy and Caoimhe who made me believe in angels.

I found it quite daunting moving into a rooming house and it has taken a while to get used to sharing toilet and kitchen facilities. Since moving in I have secured a range of supports so that I can get my life back on track. I have joined a therapeutic art group with St Mary's House of Welcome where I get together with a bunch of quirky characters and make things. I'm also involved with activities supplied by YarraSPACE such as the bus trips, meditation sessions and gym membership. I'm slowly regaining my living skills and my room is close to all my healthcare providers and services that I access. I have joined the Participation Reference Group and have enjoyed having my say. I am beginning to manage my affairs better and hope to re-unite with my family in the future.



TENANT PROFILE

TENANT PROFILE

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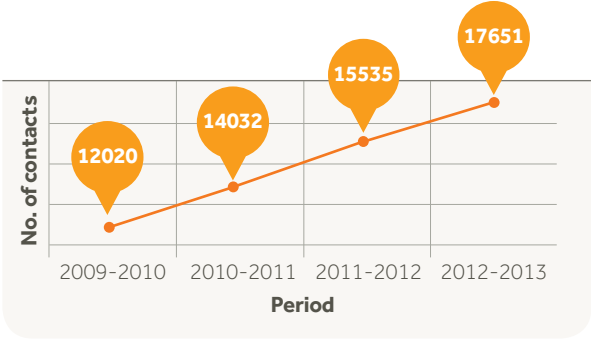
OUR STATS

During 2012-13 YCH provided long term affordable housing to 2437 persons, completed 7,974 maintenance work orders, managed 438 transitional tenancies, and provided homelessness assistance to 17,651 clients through the initial assessment planning service (IAP).

At June 30 2013:

Initial Assessment Planning (IAP) Clients

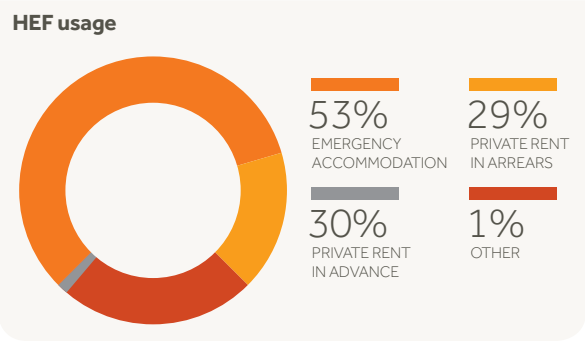
As shown below, there has been a 46% increase in the number of IAP contacts since 2009-2010.



In the last financial year, the majority of clients were single people (42%) followed by single people with a child (23%). 55% of contacts were in person compared with 33% over the phone. Before making contact with the service the majority of contacts were housed in a house or flat (63%) followed by around 9% who were living in an improved dwelling, car, tent, squat, park or street.

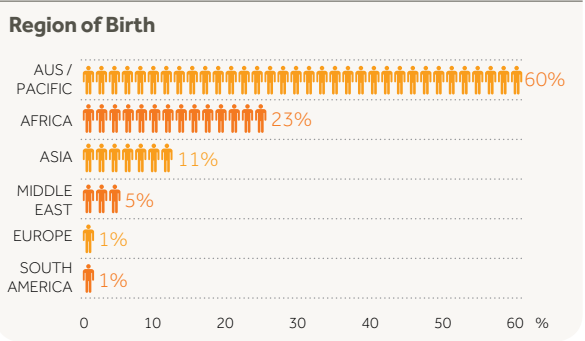
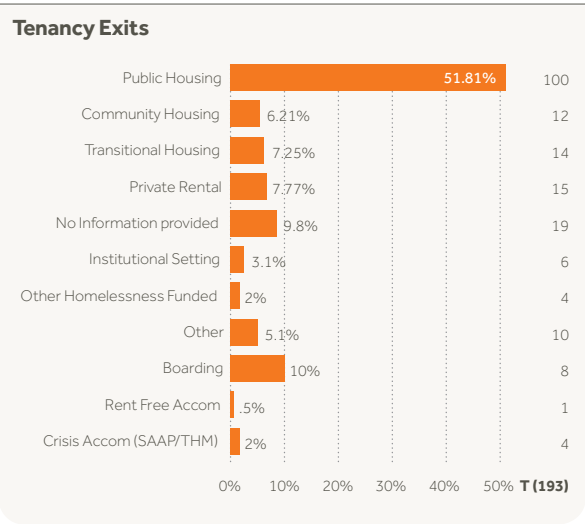
During 2012-13 the IAP service provided financial assistance to 2,183 clients through the Housing Establishment Fund (HEF). The average HEF assistance per client was \$252.

The private rental brokerage program assisted 221 people, accompanied by 383 children to establish 189 tenancies in the private rental market and also helped to maintain 32 existing tenancies.



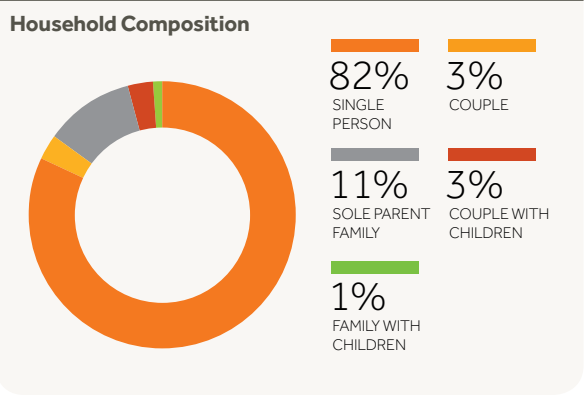
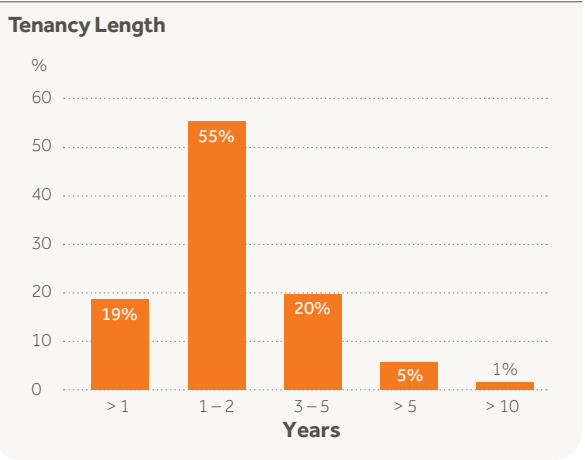
Transitional Tenants

Of the 193 tenancies exiting the transitional housing program, the majority gained public, community and transitional housing. 42% of the primary tenants were between the ages of 25 and 39 closely following by 29% who were between 18 and 24.

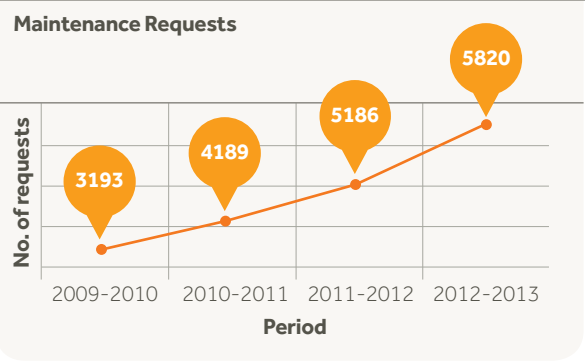


Long-Term Tenants

- 86 % on Centrelink incomes, 14 % Employed
- 40% Female, 60% Male
- Tenancy age varied from 17 to 91 years, with an average age of 43 years
- 5% of tenants identified as Aboriginal or Torres Strait Islander
- 95% of long-term tenancies were in greatest need, meaning before they were housed they experienced homelessness: or their life or safety was at risk in their accommodation etc.



As shown below, there has been a 45% increase in the number of responsive maintenance requests completed since 2009-2010.



OUR COMMITMENT TO PARTICIPATION

Over the last year YCH has dedicated significant resources to build on its commitment to supporting the participation of the people who use our homelessness services (clients) and those that live in the properties we manage (tenants) in order to contribute to our broad vision.

It's been a busy year on the participation front with: a review into YCH's structures and processes for tenant and client participation by Mary O'Hagan an internationally recognised consumer participation consultant; the creation of the Community Economic Participation Manager role which is the first of its kind in Australia; and in consultation with client/tenants, staff and board the development of YCH's first Participation Framework.

YCH sees clients and tenants as both customers who we should provide quality services to and also as citizens who should be provided opportunities to participate in broader community and economic life and in the decisions that affect them.

We believe that there are a range of potential benefits in supporting the participation of client and tenants including:

- An increased sense of security, wellbeing and sense of "home" for tenants as a result of having a level of control over their housing situation.

- Enhanced levels of trust and co-operation between YCH staff and client/tenants that will help develop practical and workable improvements to our homelessness services, the design of our buildings and to housing management issues.
- Providing opportunities for clients/tenants to learn new skills, increase their self esteem, and live out their hopes and dreams.
- Ensuring YCH receives valuable information that will assist in setting strategic directions and monitoring performance.

Organisational Participation

- 1 Improve communication with clients/tenants.
- 2 Roll out new Client/Tenant Satisfaction Survey.
- 3 Develop a schedule of Tenant Property Meetings.
- 4 Establish & support a Client & Tenant Advisory Group
- 5 Hold regular Client/Tenant Forums.
- 6 Development of participation induction & training plan for all staff.

Community Participation

- 7 Food Security Project - that will support the establishment and maintenance of community gardens in YCH properties, hold harvest festivals and work out if clients and tenants need extra support to ensure they meet their dietary needs.
- 8 Creative Project - that will hold an exhibition of client/tenant art works and explore ways we can support their creative pursuits.
- 9 Community Connections Project - that will link people into existing community services as well as support clients/tenants to organise community and cultural events including end of year parties.

- 10 Families Project - that will consult with the increasing number of families YCH now services and houses to determine what supports they may need.
- 11 Develop a Sustainability Framework - that will seek to make YCH more sustainable
- 12 Safety Project - that will seek to enhance the safety of clients/tenants.

Economic Participation

13. Training & Employment Pathway Program - which will support clients/tenants to take up training, volunteering and paid work opportunities.
14. Financial Inclusion Project - that will explore opportunities to support clients/tenants to be financially secure.

I am really looking forward to implementing these actions in partnership with client, tenants, staff, the YCH board and other stakeholders who share our vision.



PABLO ALFREDO GIMENEZ
– COMMUNITY ECONOMIC
PARTICIPATION MANAGER.



OTHMAN - TENANT



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2013



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2013

FINANCIAL SUMMARY

The significant factors contributing to the 2013 financial result were;

Following the completion of a number of housing development projects and the successful tenders for the lease and management of two Victorian State Government owned properties (82 units) Yarra Community Housing Limited (YCH) has experienced a large increase in rental income compared to the prior financial year, recording rental income of \$13,792,817 (2012: \$11,954,309).



RENTAL INCOME 2013
\$13,792,817

RENTAL INCOME 2012: \$11,954,309

Operating expenses, excluding depreciation and borrowing costs, have increased as a result of this expansion in operations and totalled \$12,446,795 for financial year 2013 (2012: \$11,002,546).

Borrowing costs reduced significantly as a result of moving the YCH loan portfolio to National Australia Bank (NAB) and were \$2,308,335 for the financial year (2012: \$3,066,972).

**BORROWING
COSTS
DOWN**



2013: \$2,308,335

2012: \$3,066,972

The Statement of Comprehensive Income includes for the first time a movement in a cashflow hedge reserve of \$172,876 which represents an adverse movement in the mark to market calculation of the YCH interest rate hedges. This movement represented the future anticipated opportunity cost of the YCH interest rate hedges currently in place.

Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) have increased to \$4,988,966 (2012: \$4,766,068).



**EARNINGS BEFORE EBITDA
INCREASED TO**
\$4,988,966

During the financial year 2013 \$1,263,738 was allocated to the YCH Lifecycle Replacement Maintenance (LRM) Reserve. The LRM Reserve represents the cost of replacing various elements of a building as each element reaches the end of its economic life. LRM funds are allocated every year to meet the cost of future LRM costs and as at 30 June 2013 this reserve totals \$3,886,961.

YCH moved it's loan portfolio to NAB during the financial year. Under the borrowing terms and conditions of the new facility YCH has an unconditional right to defer settlement, so long as the loan conditions are met, for at least twelve months after the reporting date and as such the debt is now classified as non-current with a current portion recognised for scheduled payments due within the next twelve months. The YCH loan portfolio had previously been classified as a current liability.

The financial information included below is taken from Yarra Community Housing Financial Statements 2012-13.



LRM RESERVE
\$3,886,961

STATEMENT OF OPERATIONS

– FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
Rental income	13,792,817	11,954,309
Operating grant income	3,124,325	3,250,025
Interest and other income	518,619	564,280
Operating income	17,435,761	15,768,614
Staff Expenses	(5,132,003)	(4,490,037)
Housing program expenses	(5,315,980)	(4,752,595)
Administration and other expenses	(1,998,812)	(1,759,914)
Operating expenses	12,446,795	(11,002,546)
Earnings before interest, tax depreciation and amortisation (EBITDA)	4,988,966	4,766,068
Borrowing costs	(2,308,335)	(3,066,972)
Net operating profit/(loss)	2,680,631	1,699,096
Depreciation and amortisation expense	(6,007,119)	(5,805,809)
Capital grants received	1,253,178	1,277,801
Profit before income tax	(2,073,310)	(2,828,912)
Income tax Expense	–	–
Net profit for the period	(2,073,310)	(2,828,912)
Other comprehensive income – movement in cashflow hedge	(172,876)	–
Total comprehensive income for the year	(2,246,186)	(2,828,912)

STATEMENT OF FINANCIAL POSITION

– AS AT 30 JUNE 2013

	2013 \$	2012 \$
Current assets		
Cash and cash equivalents	7,220,108	5,488,709
Receivables	310,830	390,381
Other assets	579,386	177,540
Total current assets	8,110,324	6,056,630
Non current assets		
Property, plant and equipment	283,938,845	288,421,755
Total non current assets	283,938,845	288,421,755
Total assets	292,049,169	294,478,385
Current liabilities		
Payables	1,451,19	1,118,696
Borrowings	882,000	40,385,159
Provisions	637,344	652,603
Other liabilities	298,259	244,279
Total current liabilities	3,268,795	42,400,737
Non current liabilities		
Borrowings	38,950,000	–
Provisions	59,259	60,347
Total non current liabilities	39,009,259	60,347
Total liabilities	42,278,054	42,461,084
Net assets	249,771,115	252,017,301
Equity		
Reserves	3,714,085	2,623,223
Accumulated Surplus	246,057,030	249,394,078
Total equity	249,771,115	252,017,301

YARRA COMMUNITY HOUSING LIMITED FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2013

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DIRECTORS' REPORT

The directors present their report together with the financial report of Yarra Community Housing Limited for the year ended 30 June 2013 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors' names

The names of the directors in office at any time during or since the end of the year are:

- William Robb
- Mark Daniels
- Vera Boston
- Christine Black (appointed 20 November 2012)
- Jane S. Evans (appointed 14 September 2012)
- Richard Howard
- Michael Johnstone (appointed 14 September 2012)
- Lou Panaccio (appointed 11 April 2013)
- Peter Strack

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

- Peter Corrigan

Peter holds the following qualifications:
Fellow of the Institute of Chartered Accountants in Australia
Fellow of the Australian Institute of Company Directors
Registered Company Auditor

Peter is experienced in Corporate Governance matters and has acted as Chairman of a number of Corporate Audit Committees. Previous professional appointments include Chairman of St Vincent's Private Hospital Finance and Audit Committees, Chairman of New Balance Australia Pty Limited Audit Committee and Secretary of The Victorian Hospitals Association.

Results

Following the completion of a number of housing development projects and the successful tenders for the lease and management of two Victorian State Government owned properties (82 units) Yarra Community Housing Limited (YCH) has experienced a large increase in rental income of \$13,792,817 (2012: \$11,954,309).

Organisational expenses, excluding depreciation and borrowing costs, have increased as a result of this expansion in operations and totalled \$12,446,798 for financial year 2013 (2012: \$11,002,546). YCH is pleased to note that the operating result before interest and depreciation (EBITDA) is a surplus of \$6,242,144 (2012: \$6,043,869). After borrowing deducting costs and depreciation charges of \$8,315,454 (2012: \$8,872,781) the deficit before income tax expense for 2013 is \$2,073,310 (2012: \$2,828,912).

Borrowing costs reduced significantly as a result of moving the YCH loan portfolio to National Australia Bank (NAB) and were \$2,308,335 for the financial year (2012: \$3,066,972).

The Statement of Comprehensive Income includes for the first time a movement in cash flow hedge reserve of \$172,876 which represents an adverse movement in the mark to market calculation of the YCH interest rate hedges. This movement represents the future anticipated opportunity cost of the YCH interest rate hedges currently in place.

Cash balances held increased to \$7,220,108 (2012: \$5,488,709) as YCH generated sufficient income to meet all operating expenses (including borrowing costs and loan repayments) and put aside the required contribution to the Lifecycle Replacement Maintenance (LRM) Reserve.

During the financial year YCH moved its loan portfolio to NAB. Under the borrowing terms and conditions of the new facility YCH has an unconditional right to defer settlement, so long as the loan conditions are met of the liability for at least twelve months after the reporting date and as such the debt is now classified as non current with a current portion recognised for scheduled payments due within the next 12 months. The YCH loan portfolio had previously been classified as a current liability.

Review of operations

A review of the operations of the company during the financial year and the results of those operations found that:

The organisation is currently constructing 6 units of new affordable housing in Wyndham funded through the Commonwealth Government, Supported Accommodation Initiatives Fund. This is the only development project that YCH is currently undertaking.

During the current year the operations of the organisation were focussed on the ongoing provision of affordable housing and homelessness assistance services to low income households.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Company objectives

The strategic priorities of the Company are set out in the Strategic Plan 2013–2016 and are summarised below:

- 1 More affordable housing for those on the lowest incomes
- 2 Improved services to people who are homeless
- 3 Improved outcomes for people who are living in our housing - New YCH social housing model
- 4 Increased opportunities for community and economic participation
- 5 Improved outcomes in research and advocacy
- 6 Supporting our people to achieve - Building organisational capacity

Principal activities

To carry out the company's strategies and to achieve its short term and long term objectives, the company engaged in the following principal activities during the year.

Firstly, to own and manage long term affordable housing.

Secondly, to provide a range of services to assist homeless households including crisis housing, transitional housing and information and referral services.

Thirdly, to design and develop new affordable housing projects.

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

Company Performance

The company has a three year Strategic Plan for the period July 2013 – June 2016 and measures its performance in relation to the achievement of its stated strategic priorities.

As a registered Affordable Housing Association, the Company is required to meet the Performance Standards established by the Office of the Registrar of Housing Agencies and reports annually on performance against these Standards.

As a funded Homelessness Service, the Company is also required to meet the performance standards of the Department of Human Services assessed through an ongoing accreditation process. The Company also monitors it performance through an additional set of internal Key Performance Measures.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The focus of the Company over the next year will continue to be on building organisational capacity and increasing opportunities for the social and economic participation for tenants. It is anticipated that the Victorian Government will release its plan for the future of public housing in Victoria in late 2013 and this may provide YCH with significant opportunities for further growth and development.

Environmental regulation

The company's operations are not impacted by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

The Company's Constitution precludes the payment of dividends.

Information on directors

William Robb	Appointed director November 2003, Chair
<i>Qualifications</i>	Master of Business Administration, Bachelor of Commerce
<i>Experience</i>	Retired commercial and financial manager
Mark Daniels	Appointed director July 2006, Vice Chair
<i>Qualifications</i>	Bachelor of Arts, Grad Dip Ed, Grad Dip Urban Policy and Planning
<i>Experience</i>	Director, Development and Operations Social Traders.
Vera Boston	Appointed director February 2005
<i>Qualifications</i>	Master of Public Policy & Management, Bachelor of Arts Graduate, Diploma of Librarianship.
<i>Experience</i>	CEO, North Yarra Community Health.
Chris Black	Appointed director November 2012
<i>Qualifications</i>	Bachelor of Arts (Architecture) and Master of Social Policy
<i>Experience</i>	Held a number of executive and advisory positions within government and the not for profit sector specialising in social policy fields, including housing, homelessness, human rights, justice, women's health, early childhood development and child care.

Jane S. Evans	Appointed director September 2012	Lou Panaccio	Appointed director April 2013
<i>Qualifications</i>	Graduate Diploma in Business Administration, Australian Institute of Company Directors Course.	<i>Qualifications</i>	Bachelor of Economics, Chartered Accountant, Member of the Australian Institute of Company Directors.
<i>Experience</i>	Held a number of executive and board positions in various commercial and not for profit organisations with emphasis on strategic planning, governance and risk management.	<i>Experience</i>	Chartered accountant with strong management experience in business and healthcare services. Currently Executive Chairman of Health Networks Australia, Executive Chairman (from July 2011) of Genera Biosystems Limited (director from November 2010), Non executive Director of Sonic Healthcare Limited (from July 2005) and a Non executive Chairman of the Inner Eastern Community Health Service in Victoria.
Richard Howard	Appointed director November 1998	Peter Strack	Appointed director December 2008
<i>Qualifications</i>	Bachelor of Occupational Therapy, Post Graduate Diploma in Health Administration	<i>Qualifications</i>	Dip Mechanical Engineering, Grad Dip Community Development.
<i>Experience</i>	Senior Clinician, Community Homelessness Outreach Psychiatric Service, St Vincents Health Services.	<i>Experience</i>	Community Support Worker, 20 years within Community Sector.
Michael Johnstone	Appointed director September 2012		
<i>Qualifications</i>	Graduate, Land Surveying, Graduate Town and Country Planning, Advanced Management Program Harvard Graduate School of Business.		
<i>Experience</i>	Executive, general management and corporate experience with emphasis on global real estate, finance and investment. A member of the Salvation Army Advisory Board and was Chairman of the Cairnmillar Institute. Currently a non executive Director of a number of companies in both ASX listed and private sectors.		

Meetings of directors

Directors	Directors' Meetings		Risk and Audit*		Finance and Audit		Risk and Compliance		Governance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
William Robb	11	11	5	5	3	3	—	—	—	—
Mark Daniels	11	9	—	—	—	—	—	—	7	7
Peter Strack	11	11	—	—	3	3	—	—	4	4
Richard Howard	11	11	1	1	—	—	2	2	3	3
Vera Boston	11	8	5	5	—	—	2	2	—	—
Michael Johnstone	8	8	3	2	3	3	—	—	—	—
Jane Evans	8	6	3	3	—	—	2	2	—	—
Christine Black	7	7	—	—	—	—	—	—	3	3
Lou Panaccio	2	2	—	—	—	—	—	—	2	2

* The Risk and Audit Committee met 5 times in 2013 prior to being split into the Finance and Audit Committee and the Risk and Compliance Committee in March 2013.

Members' guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute to a maximum of \$2 each towards meeting any outstandings and obligations of the Company. At 30 June 2013, the number of members was 119 (17 Organisational and 102 individual members (2012:119)).

Indemnification of officers

Directors and Officers of Yarra Community Housing Limited are covered by insurance provided by the Department of Human Services through the Victorian Managed Insurance Authority (VMIA).

The cover indemnifies Directors and Officers for third party claims for wrongful acts including alleged or actual breach of duty, breach of trust, neglect, error, misstatement, misleading statement, omission, breach of warranty or authority or other act wrongfully committed. The cover is for the Board as a whole, including new Directors during the year and past Directors. Indemnity limits are \$20 million per any one claim.

In addition, Yarra Community Housing Limited has entered into a Deed of Indemnity with each Director. The Deed indemnifies the Director against any claims except in respect of any claim for which the Company is, or would be, prohibited from indemnifying an officer of the Company pursuant to the Corporations Act, including any excluded liability which is the result of any fraud, dishonesty, the commission of a criminal offence, or breach of any Director's duty owed to the Company by the Director.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Signed on behalf of the Board of Directors.



Director

William Robb – *Chair*



Director

Michael Johnstone – *Convenor Finance and Audit Committee*

Dated this 11th day of October 2013

AUDITOR'S INDEPENDENCE DECLARATION

— TO THE DIRECTORS OF YARRA COMMUNITY HOUSING LIMITED

In relation to the independent audit for the year ended 30 June 2013, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001; and
- (ii) No contraventions of any applicable code of professional conduct.



M J HARRISON
PITCHER PARTNERS

Partner
Melbourne

Dated this 11th day of October 2013

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STATEMENT OF COMPREHENSIVE INCOME

– FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Revenue			
Grant income		4,377,503	4,527,826
Rental income		13,792,817	11,954,309
Interest and other revenue		518,619	564,280
	3	18,688,939	17,046,415
Less: Operating expenses			
Depreciation and amortisation expense	4	(6,007,119)	(5,805,809)
Employee benefits expenses	4	(5,132,003)	(4,490,037)
Housing program expenses		(5,315,980)	(4,752,595)
Borrowing costs	4	(2,308,335)	(3,066,972)
Administration expenses		(1,321,410)	(1,067,595)
Other expenses		(677,402)	(692,319)
		(20,762,249)	(19,875,327)
Deficit before income tax expense		(2,073,310)	(2,828,912)
Other comprehensive income			
Movement in cashflow hedge reserve	15	(172,876)	-
Total comprehensive income		(2,246,186)	(2,828,912)

STATEMENT OF FINANCIAL POSITION

– AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	7	7,220,108	5,488,709
Receivables	8	310,830	390,381
Other assets	9	579,386	177,540
Total current assets		8,110,324	6,056,630
Non current assets			
Property, plant and equipment	10	283,938,845	288,421,755
Total non current assets		283,938,845	288,421,755
Total assets		292,049,169	294,478,385
Current liabilities			
Payables	11	1,451,192	1,118,696
Borrowings	12	882,000	40,385,159
Provisions	13	637,344	652,603
Other liabilities	14	298,259	244,279
Total current liabilities		3,268,795	42,400,737
Non current liabilities			
Borrowings	12	38,950,000	–
Provisions	13	59,259	60,347
Total non current liabilities		39,009,259	60,347
Total liabilities		42,278,054	42,461,084
Net assets		249,771,115	252,017,301
Equity			
Reserves	15	3,714,085	2,623,223
Accumulated Surplus	16	246,057,030	249,394,078
Total equity		249,771,115	252,017,301

STATEMENT OF CHANGES IN EQUITY

– FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity \$	Reserves \$	Accumulated Surplus \$	Total equity \$
Balance as at 1 July 2011	–	–	254,846,213	254,846,213
Deficit for the year	–	–	(2,828,912)	(2,828,912)
Total comprehensive income for the year	–	–	(2,828,912)	(2,828,912)
Transfer to LRM Reserve	–	–	(2,623,223)	(2,623,223)
Transactions with owners in their capacity as owners:				
Transfer from accumulated surplus	–	2,623,223	–	2,623,223
Total transactions with owners in their capacity as owners	–	2,623,223	–	2,623,223
Balance as at 30 June 2012	–	2,623,223	249,394,078	252,017,301
Balance as at 1 July 2012	–	2,623,223	249,394,078	252,017,301
Deficit for the year	–	–	(2,073,310)	(2,073,310)
Effect of interest rate swaps taken out in relation to the finance facility	–	(172,876)	–	(172,876)
Total comprehensive income for the year	–	(172,876)	(2,073,310)	(2,246,186)
Transfer to LRM reserve	–	–	(1,263,738)	(1,263,738)
Transactions with owners in their capacity as owners:				
Transfer from accumulated surplus	–	1,263,738	–	1,263,738
Total transactions with owners in their capacity as owners	–	1,263,738	–	1,263,738
Balance as at 30 June 2013	–	3,714,085	246,057,030	249,771,115

By virtue of Yarra Community Housing Limited being a company limited by guarantee, there is no contributed equity.

STATEMENT OF CASH FLOWS

– FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Cash flow from operating activities			
Receipts from clients and government		19,185,000	19,860,694
Payments to suppliers and employees		(13,302,499)	(11,988,526)
Interest received		235,810	291,770
Borrowing costs		(2,308,335)	(3,066,972)
Net cash provided by operating activities	17(b)	3,809,976	5,096,966
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		16,600	865,550
Payment for property, plant and equipment		(1,542,018)	(7,158,017)
Net cash used in investing activities		(1,525,418)	(6,292,467)
Cash flow from financing activities			
Repayment of borrowings		(553,159)	(556,491)
Net cash used in financing activities		(553,159)	(556,491)
Reconciliation of cash			
Cash at beginning of the financial year		5,488,709	7,240,701
Net increase / (decrease) in cash held		1,731,399	(1,751,992)
Cash at end of financial year	17(a)	7,220,108	5,488,709

NOTES TO FINANCIAL STATEMENTS

– FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report was approved by the Directors as at the date of the Directors' report.

The financial report is for the entity Yarra Community Housing Limited as an individual entity. Yarra Community Housing Limited is a company limited by guarantee, incorporated and domiciled in Australia. Yarra Community Housing Limited is a not for profit entity.

The following is a summary of the material accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS

The financial statements of the company also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Revenue

Director of Housing grants received are recognised when received.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

Rent revenue is recognised when the right to receive the revenue has been established.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits and cash held at call with financial institutions.

(e) Financial instruments

Receivables

Receivables are measured at fair value at inception.

Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and interest rate swap agreements.

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative financial liabilities are recognised at fair value.

Non interest bearing payables are payable on demand and therefore recognised at their face value of inception.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Property

Property is measured on a cost basis.

Freehold land and buildings are measured on a cost basis. The cost of properties contributed by the Government for nil consideration are initially recognised at market value at the date of acquisition.

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings at cost	2.5%	Straight line
Plant and equipment at cost	2.5 to 40%	Straight line
Motor vehicles at cost	15%	Straight line

(g) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

The recoverable amount of land and buildings is assessed by calculating the depreciated replacement cost of each asset and comparing this to its carrying value.

(h) Leases

Leases are classified at their inception as operating based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the term of the lease.

(i) Employee benefits

(i) Short term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(iii) Long term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(j) Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are treated as an expense in the period in which they incur.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2013

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors have not yet assessed the impact of these standards or interpretations.

(a) AASB 9 *Financial Instruments*, AASB 2009 11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010 7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* and AASB 2012 6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure* (effective from 1 January 2015)

AASB 9 *Financial Instruments* improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the company recognised \$0 in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

The company does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the company's accounting for financial liabilities. The company has not yet decided when to adopt AASB 9. The company has decided not to early adopt AASB 9 at 30 June 2013.

(b) AASB 13 *Fair Value Measurement* and AASB 2011 8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013).

AASB 13 introduces a fair value framework for all fair value measurements in the full suite of accounting standards. This standard explains how to measure fair value and aims to enhance fair value disclosures. The company is currently assessing which, if any of its current measurement techniques will have to change as a result of the new standard. However, it is not yet possible to provide a reliable estimate of the impact, if any, of these new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

The company does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented, however the assessment of impact has not been completed.

	2013 \$	2012 \$
NOTE 3: REVENUE		
Operating grants	3,102,870	3,205,830
Project management fees	21,455	44,195
Capital grants	1,253,178	1,277,801
	4,377,503	4,527,826
Rental income	13,792,817	11,954,309
Interest income	235,810	253,877
Other revenue	282,809	310,403
	518,619	564,280
	18,688,939	17,046,415
NOTE 4: OPERATING (DEFICIT)/SURPLUS		
(Deficit)/Surplus has been determined after:		
Borrowing costs	2,308,335	3,066,972
Depreciation and amortisation	6,007,119	5,805,809
Bad and doubtful debts	213,176	187,192
Employee benefits:		
– Employee remuneration	5,132,003	4,490,037
Net gain / (loss) on disposal of non current assets		
– Property, plant and equipment	(1,209)	(32,221)
Movements in provisions		
– provision for doubtful debts/other receivables	41,265	20,879
– provision for employee benefits	(16,347)	(18,031)
Remuneration of auditors for:		
<i>Pitcher Partners (Melbourne)</i>		
Audit and assurance services		
– Audit of the financial report	34,655	38,365

	2013 \$	2012 \$
NOTE 5: SEGMENT REPORTING		
(a) Project Development		
This segment relates to the development of new affordable housing projects. The Company has implemented a range of internal controls to ensure that the development project risks are managed effectively and that the projects are delivered within budget. All capital grants received for the purpose of completing the capital projects are allocated to this segment apart from the portion of these funds retained by YCH as Project Management Fees and these are used to meet internal project development costs.		
Revenue:		
Capital grants less project management fees	1,253,178	1,277,801
(b) Operating ñ Provision of housing and associated services		
This segment operates and manages affordable housing of both a transitional and permanent nature.		
Revenue:		
Rent	13,792,817	11,954,309
Interest	235,810	291,770
Operating Grants	3,102,870	3,205,830
Project management fees	21,455	44,195
Other revenue	282,809	272,510
	17,435,761	15,768,614
Less expenses:		
Depreciation and amortisation	(6,007,119)	(5,805,809)
Employee benefits expense	(5,132,003)	(4,490,037)
Housing program expenses	(5,315,980)	(4,752,595)
Borrowing costs	(2,308,335)	(3,066,972)
Administration expenses	(1,321,410)	(1,067,595)
Other expenses	(677,402)	(692,319)
	(20,762,249)	(19,875,327)
Deficit	(3,326,488)	(4,106,713)

	2013 \$	2012 \$
NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the company – short term employee benefits	634,991	585,794
Directors of the Company are not paid fees or any other form of remuneration, as required by the Company Constitution.		
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash on hand	3,350	3,200
Cash at bank	2,027,500	2,480,070
Cash on deposit	5,189,258	3,005,439
	7,220,108	5,488,709
NOTE 8: RECEIVABLES		
CURRENT		
Trade debtors	252,991	195,538
Impairment loss	(85,815)	(69,550)
	167,176	125,988
Other receivables		
Other debtors	198,171	293,910
Impairment loss	(54,517)	(29,517)
	143,654	264,393
	310,830	390,381
Impairment of trade receivables		
Opening balance at 1 July	69,550	33,679
Charge for the year	213,176	208,571
Amounts written off	(196,911)	(172,700)
Closing balance at 30 June	85,815	69,550

	2013 \$	2012 \$
Impairment of other receivables		
Opening balance at 1 July	29,517	44,509
Charge for the year	25,000	29,517
Amounts written off	-	(44,509)
Closing balance at 30 June	54,517	29,517
NOTE 9: OTHER ASSETS		
CURRENT		
Prepayments	441,801	98,887
Accrued income	73,076	48,764
Other current assets	64,509	29,889
	579,386	177,540
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
<i>Land and buildings</i>		
At cost	301,513,015	300,237,689
Accumulated depreciation	(18,473,955)	(12,672,908)
	283,039,060	287,564,781
<i>Plant and equipment</i>		
Plant and equipment at cost	1,114,905	967,496
Accumulated depreciation	(534,774)	(407,774)
	580,131	559,722
<i>Motor vehicles at cost</i>	563,513	506,634
Accumulated depreciation	(243,859)	(209,382)
	319,654	297,252
Total plant and equipment	899,785	856,974
Total property, plant and equipment	283,938,845	288,421,755

	2013 \$	2012 \$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Land and buildings</i>		
Opening carrying amount	287,564,781	268,419,713
Additions	1,275,326	6,470,150
Disposals	–	(854,000)
Depreciation expense	(5,801,047)	(5,599,512)
Transfers from buildings under construction	–	19,128,430
Closing carrying amount	283,039,060	287,564,781
<i>Plant and equipment</i>		
Opening carrying amount	559,722	617,305
Additions	147,409	73,706
Depreciation expense	(127,000)	(131,289)
Closing carrying amount	580,131	559,722
<i>Motor vehicles</i>		
Opening carrying amount	297,252	384,077
Additions	119,283	31,954
Disposals	(17,809)	(43,771)
Depreciation expense	(79,072)	(75,008)
Closing carrying amount	319,654	297,252
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	288,421,755	288,549,525
Additions	1,542,018	6,575,810
Disposals	(17,809)	(897,771)
Depreciation expense	(6,007,119)	(5,805,809)
Carrying amount at 30 June	283,938,845	288,421,755

(b) Property, plant and equipment pledged as security

The Director of Housing has a registered interest in the title of the freehold land and building of Yarra Community Housing Limited. Yarra Community Housing Limited cannot dispose of, use as security for borrowings, or otherwise transact using its property holdings without the prior consent of the Director of Housing.

As at 30 June 2013, several properties had been pledged as security for the borrowing identified in Note 12.

	2013 \$	2012 \$
NOTE 11: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	595,548	429,088
Sundry creditors and accruals	659,948	689,608
	1,255,496	1,118,696
<i>Secured liabilities</i>		
Cashflow hedge payable	172,876	–
Cashflow hedge interest accrual	22,820	–
	195,696	–
	1,451,192	1,118,696
NOTE 12: BORROWINGS		
CURRENT		
<i>Secured liabilities</i>		
Bank loans	882,000	40,385,159
NON CURRENT		
<i>Secured liabilities</i>		
Bank loans	38,950,000	–

NOTE 12: BORROWINGS (CONTINUED)**(a) Reconciliations (Continued)**

a) The loans are secured in full by a registered mortgage debenture over several properties within the Company's property portfolio.

(b) The current facility agreement was entered into on 22 June 2012 for \$40,500,000. Under the borrowing terms and conditions of the new facility, the Directors identify that the borrowing facilities are subject to annual review to determine if there has been a material change in the credit risk of the Company from the perspective of the lender. The Directors have assessed that no such deterioration has occurred and accordingly continue to recognise the non current component of the borrowing facility consistent with the documented terms.

(c) Prior to the finance facility being renegotiated during the 2012 financial year, the borrowings provided by financiers were classified as a current liability, due to the function of the borrowing terms and conditions which include the financiers being able to require an amendment to the terms of the facilities. As a consequence of these general conditions, the Company previously did not have an unconditional right to defer settlement of the liability for twelve months after the reporting date and accordingly classified the debt as a current liability.

	2013 \$	2012 \$
NOTE 13: PROVISIONS		
CURRENT		
Employee benefits	637,344	652,603
NON CURRENT		
Employee benefits	59,259	60,347
– Aggregate employee benefits liability	696,603	712,950
NOTE 14: OTHER LIABILITIES		
CURRENT		
Deferred income	298,259	244,279
NOTE 15: RESERVES		
LRM reserve	3,886,961	2,623,223
Cashflow hedge reserve	(172,876)	–
	3,714,085	2,623,223

NOTE 15: RESERVES (CONTINUED)

The Lifecycle Replacement Maintenance (LRM) Reserve represents the cost of replacing various elements of a building as each element reaches the end of its economic life. The Company allocates funds to the LRM Reserve each year to ensure sufficient funds are set aside to meet future LRM costs and maintain the properties to an acceptable standard.

While the LRM Reserve was established as a separate reserve in the balance sheet of YCH for the first time in 2012 YCH has been making allocations to the LRM Reserve since 2010. \$1,263,738 was allocated in financial year 2013 (2012: \$1,121,438) with the balance having been allocated in previous financial years.

The cashflow hedge reserve is used to record the market value of the interest rate swap contract.

	2013 \$	2012 \$
NOTE 16: ACCUMULATED SURPLUS		
Accumulated surplus at beginning of year	249,394,078	254,846,213
Net profit / (loss)	(2,073,310)	(2,828,912)
Transfers to LRM reserves	(1,263,738)	(2,623,223)
	246,057,030	249,394,078

NOTE 17: CASH FLOW INFORMATION**(a) Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	3,350	3,200
Cash at bank	2,027,500	2,480,070
At call deposits with financial institutions	5,189,258	3,005,439
	7,220,108	5,488,709

(b) Reconciliation of cash flow from operations with surplus after income tax

Surplus/(Deficit) from ordinary activities after income tax	(2,073,310)	(2,828,912)
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Adjustments and non cash items

Depreciation and amortisation	6,007,119	5,805,809
Net (gain) / loss on disposal of property, plant and equipment	1,209	32,221

	2013 \$	2012 \$
NOTE 17: CASH FLOW INFORMATION (CONTINUED)		
Changes in assets and liabilities		
(Increase) / decrease in receivables	79,551	1,963,748
(Increase) / decrease in other assets	(401,846)	295,811
Increase / (decrease) in payables	159,620	(220,374)
(decrease) in other liabilities	53,980	66,694
Increase / (decrease) in provisions	(16,347)	(18,031)
	5,883,286	7,925,878
Cash flows from operating activities	3,809,976	5,096,966

NOTE 18: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

Non cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

– not later than one year

– later than one year and not later than five years

	151,192	150,488
	319,473	195,418

	470,665	345,906
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(b) Capital expenditure commitments contracted for:

– capital expenditure projects

	-	1,933,671
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NOTE 19: RELATED PARTY TRANSACTIONS

No transactions with related parties were entered into during the year ended 30 June 2013.

NOTE 20: FINANCIAL RISK MANAGEMENT

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

(a) Interest rate risk (Continued)

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2013 Financial instruments \$	Interest bearing \$	Non interest bearing \$	Total carrying amount average effective	Weighted interest rate
Cash	7,216,758	3,350	7,220,108	3.5% Floating
Trade debtors	–	167,176	167,176	0.0%
Other receivables	–	143,654	143,654	0.0%
	7,216,758	314,180	7,530,938	
Financial liabilities				
Bank and other loans	39,832,000	–	39,832,000	5.5% Floating
Trade creditors	–	595,548	595,548	0.0%
Other creditors	–	659,948	659,948	0.0%
Hedging instruments	172,876	–	172,876	0.0%
	40,004,876	1,255,496	41,260,372	
2012				
Financial assets				
Cash	5,485,509	3,200	5,488,709	4.3% Floating
Trade debtors	–	125,988	125,988	0.0%
Other receivables	–	264,393	264,393	0.0%
	5,485,509	393,581	5,879,090	
Financial liabilities				
Bank and other loans	40,385,159	–	40,385,159	7.4% Floating
Trade creditors	–	429,088	429,088	0.0%
Other creditors	–	689,608	689,608	0.0%
	40,385,159	1,118,696	41,503,855	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Interest rate risk (Continued)

Sensitivity

If interest rates were to increase/decrease by 1% from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	2013 \$	2012 \$
+ /		
Impact on profit after tax	326,119	348,965
Impact on equity	1,226,498	348,965

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk at balance date of recognised financial assets, excluding the value of any collateral or other security, is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

The company’s debtors are concentrated in one industry.

(c) Fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the statement of financial position and notes to financial statements.

NOTE 21: MEMBERS’ GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$2 each towards meeting any outstandings and obligations of the company. At 30 June 2013, the number of members was 119 (2012:119).

NOTE 22: COMPANY DETAILS

The registered office of the company is:

Yarra Community Housing Limited
660 Elizabeth Street
Melbourne VIC 3000

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2013 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2013, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2013, of the company.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 - 29, are in accordance with the *Corporations Act 2001*: and
 - (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) as stated in Note 1, the financial statements also comply with *International Financial Reporting Standards*; and
 - (c) give a true and fair view of the financial position as at 30 June 2013 and performance for the year ended on that date of the Company.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director
William Robb – Chair



Director
Michael Johnstone – Convenor Finance and Audit Committee

Dated this 11th day of October 2013

INDEPENDENT AUDITOR'S REPORT – TO THE MEMBERS OF YARRA COMMUNITY HOUSING LIMITED

We have audited the accompanying financial report of Yarra Community Housing Limited, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company'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 company'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 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 Corporations Act 2001.

An independent Victorian Partnership ABN 27 975 255 196

Pitcher Partners is an association of independent firms
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An independent member of Baker Tilly International

Opinion

In our opinion:

- (a) the financial report of Yarra Community Housing Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001



M J HARRISON
PITCHER PARTNERS

Partner
Melbourne

Dated this 11th day of October 2013

An independent Victorian Partnership ABN 27 975 255 196

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An independent member of Baker Tilly International





Yarra Community Housing has a diverse and passionate network of tenants, staff, partners, providers and advisors. Thank you to these organisations and the many many individuals whose ideas, energy, and professionalism drive YCH as an organisation.

Special thanks to both MIND Australia and the City of Yarra whose partnerships have contributed to fantastic outcomes for our tenants.

REGISTERED OFFICE

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Yarra Community Housing LTD
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