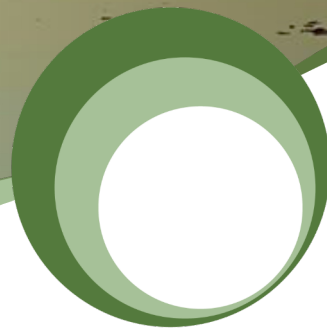




ANNUAL REPORT 2020



RFCS
Gippsland

rural business is our business

RFCS GIPPSLAND

35 years proudly supporting Gippsland Primary Producers and Small Businesses achieve a viable financial future by becoming more profitable, resilient and sustainable

CHAIRS MESSAGE



2019 - 2020 was a year of great challenge navigating through substantial demand and adaption with our community experiencing its most difficult hardships in recent history; ongoing drought, extreme fires and a continuing global pandemic.

RFCS Gippsland responded immediately, aligning with many other agencies providing on-ground support, informing and relieving additional stressors of accessing urgent crisis and recovery assistance. Although demand substantially increased by extending services to small businesses as well as primary producers, the Board Directors and management took pride in overseeing a valuable community service providing the experience; capability and agility to quickly scale-up and ensure our community received personalised and ongoing support.

The future will be continuous change for us all. We are committed to ensuring improved quality support of our respected farmers and business owners through these challenging times.

Aubrey Pellett

HOW WE WORK WITH CLIENTS

Navigate out of financial stress

Analyse Financial Position

Identify Viable Options

Develop Plans to Improve Cash Flow

Implement Changes & Improvements

Access Industry Support & Programs

Reduce Financial Risks

Help Achieve Goals &

Quality of Life

RFCS PROGRAM

Rural Financial Counsellors and experienced Small Business Support Officers **change lives** of rural and regional business operators with independent personalised financial assistance – **tailored** to individual needs

RFCS TEAM

Directed and operated by a team of qualified **experts** in finance, agriculture and small business with a **passion** for supporting Gippsland communities

FUNDING BODIES

RFCS Gippsland is a registered charitable **non-profit** organisation providing Rural Financial Counselling Services and Small Business **Support** Programs, funded by Federal and State Governments

We are grateful for support that ensures viable rural **communities**



We sincerely thank 2019 retiring Board members, Richard Habgood and Garry van Sinderen for their significant years of service and contribution to the growth of RFCS Gippsland

Team member details visit:
rfcsgippsland.org.au/about



CRISIS RESPONSE

While Gippsland struggled through 3 years of **drought**, devastating **fires**... then the **pandemic**

RFCS Gippsland continued to **be there** supporting vulnerable communities



2019-2020 was a year of extreme challenges causing unprecedented pressure on businesses; farmers & families. This also created challenges for service providers & government agencies delivering urgent crisis & recovery support in a covid-restricted environment

EXECUTIVE MESSAGE

“

In the face of extreme pressures, our Rural Financial Counsellors and Support Officers stepped-up to service our community in their time of most need.

I couldn't be more proud of their passion to help - not only in their counselling and service roles, but even as firefighting and support crews, whilst also managing their own personal risks.

I, and on behalf of our community, give my heartfelt gratitude to our team for their dedication, devotion and willingness to help and work with a range of agencies to make peoples lives easier during this unprecedented time in Gippsland.

Kylie Holmes



EXPERIENCE IS CRITICAL

Years of preparation and agility allowed for immediate & practical response to triple crises, ensuring community members continued to receive valuable, on the ground support

Immediately mobilised personnel for on-ground support

Appointed additional personnel

Established remote working capacity

Specialised Support Staff to navigate government programs

Employed additional dedicated business support personnel

Trained clients & provided online capability to apply for assistance, operate, remain informed & keep connected

Implemented internal systems & tools to manage, monitor & improve service & operational efficiencies

Managed staff capacity, development, training & wellbeing

Advocated rural business needs to government & industry

Worked with the RFCS Network & Government funding bodies to improve performance reporting

Are expanding services to support client wellbeing

CLIENT PROFILE

The RFCS program assists a range of **Primary Producers & Small Business** located throughout South-East Victoria

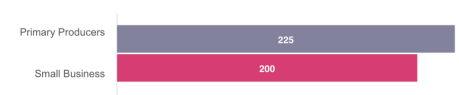
874
BUSINESSES
ASSISTED

↑
57%
COUNSELLOR DEMAND
INCREASE
previous 8 year average

↑
50%
OVERALL CLIENT
INCREASE
previous 8 year average

CUSTOMERS SUPPORTED - 2020

Primary Producers & Small Businesses who received individual assistance with information and access to crisis & recovery support during 2019-2020

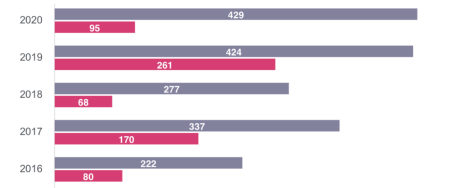


The RFCS Program was **expanded** to support non-primary producing small businesses impacted by drought in Eastern Gippsland

During **2019-2020**, this support was expanded to include **All Small Businesses** impacted by bushfire and the pandemic across **whole of Gippsland**

CLIENT TOTAL - Historical

■ Total Clients ■ New Clients

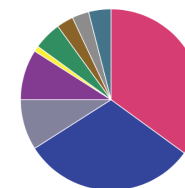
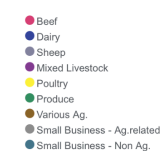


425 Customers – receiving short-term assistance with information & access to crisis and recovery support program

449 Clients – receiving a range of long-term planning & support services

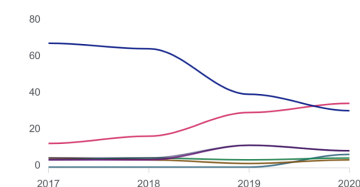
INDUSTRY BREAKDOWN - 2020

% industry types



INDUSTRY BREAKDOWN - Historical

% industry demand 4 year trend



SUCCESS MEASURES

Client feedback & **outcomes** determine our success



CLIENT IMPROVEMENT

100%



SERVICE QUALITY

100%



CLIENT SATISFACTION

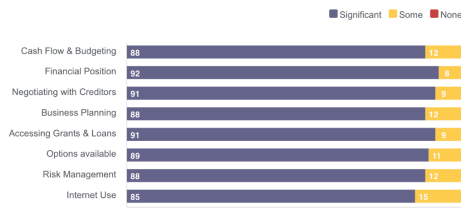
100%

Enhancement of Client **Skills & Business Capabilities**

Success measures result from client responses of both an independent annual survey conducted by Federal Government as well as internal satisfaction surveys completed during 2019-2020

30% of clients completed the surveys, contributing to fantastic results of positive client outcomes and service provision

% Improvement of client engaged in these activities



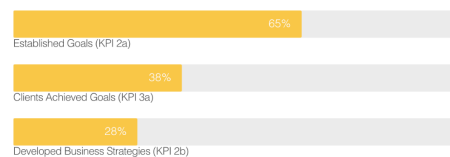
Survey results: clients exiting service during 2019-2020



National survey results: clients >1 year 2019-2020

% Client Activity Outcomes

Data results from government reporting system



Note: Activity data reporting is undergoing improvements to better capture performance & client outcomes

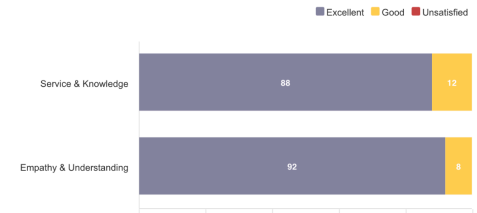
Low results of 'Developed Business Strategies' is due to number of crisis activities undertaken with clients transitioning into strategy planning during 2021

100%

CLIENTS RECOMMEND SERVICE

Counsellor **service excellence** and client **satisfaction**

% Excellence Counsellor Knowledge, Understanding & Service



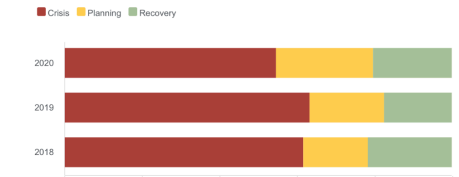
% Satisfaction of client engaged in these activities



Results from surveys completed in 2019-2020 by clients exiting the service

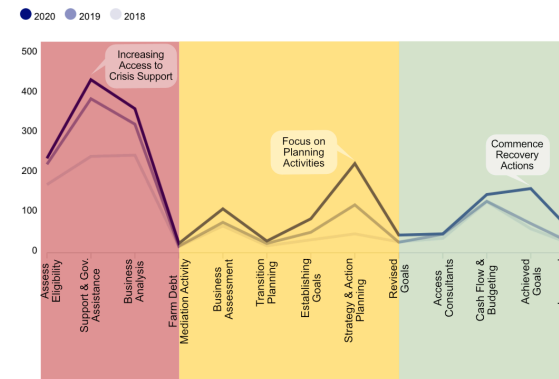
% ACTIVITIES BREAKDOWN

Percentage of phased activities undertaken per year



Clients transition through 3 priority phases from **Crisis support** through to **Planning & Recovery** activities

Various activities and depths of service are undertaken within these phases for clients to achieve immediate & future **financial relief**



3 year comparison of client support from 2018: more clients have been seeking **crisis support** from Government assistance due to drought (2019) and fires (2020). Rural Financial Counsellors spend more time focused on **planning activities** and assisting clients **achieve goals** during recovery phase of client activities

SUPPORT ENABLED FAST RECOVERY

Bushfire
devastation
to operating
in 6 months

I'm a farmer also with a manufacturing facility on my property in East Gippsland. After 35 years of farming we were experiencing impacts of drought. Now this years' bushfire caused extensive asset losses and wasn't sure if the businesses would survive. I was told RFCS Gippsland could help and I am sure glad I called.

I had no way of generating any income, decreasing expenses or selling assets and had a \$300,000 insurance shortfall. Their Rural Financial Counsellor (RFC) understood the financial management; rules; legal structures and eligibility of my different business, including priorities to give either business a chance to survive.

I was lucky to have an opportunity to recover within 6 months.... a significant customer order received prior to the bushfire. Replacing the destroyed equipment in time to fulfil the order would be fundamental in a speedy recovery.

The RFC helped me explore all my options to achieve this and rebuild both the businesses. He found 9 support programs that I was eligible for. Each had their own application requirements which would have been difficult if it wasn't for the RFC who assisted me through them all. I was even able to have kilometres of vital fencing replaced.

Even with all this financial support, I still had a 50% financial shortfall. An option was using the Government Concessional Loan for bushfire impacted businesses to cover remaining costs. The RFC also helped with this application, business plan and financial forecasting.

The loan was approved and I was able to replace all the equipment needed in time to fulfil the customer order.

Without knowing all the support available and receiving the help to apply, I really don't know how else my farm or business would have survived past this, let alone have a chance to recovery so quickly.

CLIENT STORIES

Real stories of **impact** RFCS
Gippsland have on clients' lives...
representing **thousands** of rural
business clients over 35 years

Originally from Melbourne, we moved to Buchan after falling in love with the idyllic tree-change lifestyle. We thought it would be a perfect community to retire, so 5 years ago we took the opportunity and purchased the General Store.

This quickly went from the hope of work life balance to working more hours than we had ever done before... and with no reprieve.

We were already exhausted even before the fires devastated our community. Losing some stock and equipment from power outage, we were able to donate what we could, however, being the essential supplier and town's Post Office, we became busier than ever looking after the community and workers helping rebuild.

Working these long hours every day was taking a toll. Financially the business was viable, but not enough to employ a manager as well as support us both. We love this town and business, but for our personal wellbeing, we needed to free up time for ourselves, and therefore became conflicted about selling the business.

When we visited the local bushfire recovery agency, they recommended we contact RFCS Gippsland to discuss financial options. Their Support Officer, while helping us with a Bushfire Concessional Loan to replace damaged equipment, mentioned it might be worth looking into employing a trainee, which would also create an opportunity for a local to begin their career.

We immediately researched, not knowing businesses were eligible to receive support for apprentices and trainees. We employed a local school leaver offering a business management qualification and experience with Aus. Post operations.

She is absolutely wonderful. This was the best thing we could have done. Not only has she bought life back into the business, we now have our own lives back.

We remain proud owners of the store and now have the time to work on building the business while also enjoying the town and people we love... experiencing true work-life balance we dreamed.

BROKEN DREAMS TO HOPE AGAIN

Bankruptcy
threat to a
win-win
proposal

We are a dairy farming couple in South Gippsland. Honest, hardworking, but not too financially savvy. We were doing well on a leased property, but wanted to fulfil a dream of owning our own farm. With no assets, we took up an offer to purchase land through a vendor and the rest with a bank.

Unfortunately, the land had no equity, nor was it productive as hoped. So when the dairy industry downturned, it put us in financial hardship straight away. We contacted RFCS Gippsland to help manage debt and keep the farm.

Although the Rural Financial Counsellor (RFC) assessed our situation, negotiated with lenders and found ways to free up cash to meet loan payments, these were only short-term arrangements until revenue from the farm improved. The RFC wanted to ensure we were developing an achievable long-term plan. They even engaged our milk company with farm consultants to help improve productivity.

Having to take other work to pay bills put pressure on managing the farm. It was supposed to be temporary, but the farm just didn't progress. Continuing to rely on off-farm income and government support, we didn't have enough money to make the vendor payment. We discussed with our RFC what it would cost us to continue farming in hope that it will improve. Financially, the hard decision was, we had to leave this dream of ours.

Our RFC was great in helping us exit plan, renegotiate lending arrangements and made available solicitor fees to extend vendor finance. But the farm didn't sell and we did not want to accept a reduced price causing us to face bankruptcy. We wanted to pay all our debts.

We continued farming with our RFC staying in contact with our situation and lenders, but over time it was getting impossible to continue. Overworked and barely surviving, we had to face the consequences of accepting a reduced sale.

To my surprise the bank supported us. Apparently we were seen favourably because of our strong history, commitment, ethic and communication. With our RFC, they considered and accepted a payout allowing us money to pay ALL debts in-full AND provide enough money to re-establish ourselves.

Having RFCS Gippsland support and backing of a bank who believed we were good operators, gave us confidence and finances to continue our dairy dream.

FINANCIAL FUTURE SAVED BY RFCS

Calculation error
nearly ruined
generational
farmers

I have been a proud generational farmer for over 50 years on a 130 year old family farm in central Gippsland. Recent years have been really difficult since the dairy crisis and extreme weather changes. We had been surviving on credit so decided to apply for the Farm Household Allowance (FHA).

My application was rejected. My wife didn't hear back about her's and didn't have the mental energy to follow it up with Centrelink. After years of trying to operate and survive on no income, I couldn't understand why? I was upset and visited my local MP who recommended RFCS Gippsland - saving us from ruin.

Immediately their Rural Financial Counsellor (RFC) assessed that we were eligible for support. They reviewed my FHA application finding I had made a simple calculation error doubling income, reporting profit rather than losses.

I was gutted. The stress building over the years was affecting us personally. I couldn't sleep. I had never felt this way in all my years of farming. Their RFC was concerned about our wellbeing, putting us in touch with support services and a GP. Visiting my Doc has actually helped me feel a little better.

They contacted Centrelink requesting a review of my FHA application, writing a support letter to back me up, and followed up my wife's lost application. She had copies, so the RFC helped her reapply online with a supporting letter and trained her to use the myGov system.

Both our applications were approved with payment back-dated... what a relief! Unfortunately, we couldn't get other drought support being located on the outer fringe of eligible regions, so the time had come to reassess our retirement.

Carrying on with the family farm was always going to be our future, but we also wanted to have freedom to travel and visit family. If we continued farming in these current conditions, we were never going to have the time - or the finances.

After analysing all our options with the RFC, the difficult decision to sell was made clear as we wouldn't be eligible for the pension due to the property value. During this time the RFC continued to help us manage finances.

By retaining the original homestead with some surrounding land and the rest selling very quickly, we achieved financial freedom and kept our family history.

OVER- WORKED LIFE BALANCE

Discovering
opportunity
out of the
ashes

OUR NEW IDENTITY

Because we do more.
Rural Financial Counselling
Services Gippsland Victoria
is now simply named...
RFCS Gippsland

rfcsgippsland.org.au

STRATEGIC FOCUS

Continuously be industry **leaders**, improve services and **enhance value** to our community and clients

Be a **valuable community service**

Testimonials are sourced from 2019-20 client exit surveys

Important to us was the empathy and understanding when counsellor(s) contacted us to come to our home. Better than a friend. They have both been wonderful. We actually miss seeing them now. Thank you for everything.

Counsellor was worth her weight in gold!! Absolutely fantastic, a wealth of information. Because she has a background in farming she knew and understood the little things, is so friendly and approachable. Good to bounce ideas off. Just good to talk to.

Counsellor helped us to no end. They obviously worked long hours to help submit our application and negotiate with Centrelink.

Counsellor was always available to help us when we had questions or issues with the FHA, and we appreciated being able to contact someone in our local area who was friendly, knowledgeable and understanding during a stressful time.

Applying for FHA was very overwhelming but it was relieving to deal with people who totally understand running a farm has many elements, and we are proud about being efficient business operators. The Newsletter keeps us updated. Thank you all.

If we didn't hear RFCS speak at an event in Stratford, we would not have applied for FHA and grants as it all seemed too difficult. We were successful in receiving these grants and FHA. Thank you.

Found Counsellor to be very helpful with budgeting and cash flows. RFCS is a great service. Gave me direction as to what was available and possibilities for future strategies. I can access the internet for information, but its much better face to face. Counsellor is very approachable, understands the farming business. Very, very good.

Counsellor was very helpful and very understanding. I was very overwhelmed - don't use the computer much and rely on my daughters who are busy and often not available. Counsellor was terrific - made it all so much easier!

You talk to their Counsellor for a bit - and everything seems okay again. Counsellor has a farming background - she gets it!

Provided excellent financial strategies to allow us to solve problems with our bank. Made us aware of available drought assistance and helped with applications for same. Provided great moral support and encouragement during very difficult times.

We are very grateful for the terrific assistance Counsellor provided and have already referred friends to the RFCS.

I had no idea what was available to assist me until Counsellor helped. She steered me in the right direction, helped apply for Water Grants, etc. The funding was a great help!

Counsellor has been fantastic, terrific help. Now I have a much better understanding of my financial position and feel more in control. I hope that funding will continue to allow such a beneficial service to be available for farmers into the future.

Counsellor just makes everything so much easier. There is always a huge sense of relief after we've discussed our worries. Counsellor is very knowledgeable and keeps me informed of changes in legislation etc. so I'm confident we're not missing out. I have a great rapport with the Counsellor and will continue to work with her to monitor budgets and discuss planning options.

Future Direction is to maintain strategic focus on **Empowering** clients with holistic services targeting

**Wellbeing · Change
Opportunity · Risk
Information · Advocacy**



PERFORMANCE

Effectively engage & support clients with stakeholders to improve financial outcomes



VALUE

Continuously raise awareness & be beneficial to our communities



GOVERNANCE

Implement effective systems & processes to monitor financial & operational compliance



PEOPLE

Develop supportive environment of shared experience with wellbeing a priority

FINANCIAL REPORT 2019-2020

Execution of program
funding is conducted with
strong fiscal responsibility
& governance

Audit

RURAL FINANCIAL COUNSELLING SERVICE VICTORIA - GIPPSLAND

BOARD DECLARATION

FOR THE YEAR ENDED 30 JUNE 2020

The Board of Rural Financial Counselling Service Victoria - Gippsland, declare that the financial statements:

1. Presents a true and fair view of the financial position of Rural Financial Counselling Service Victoria - Gippsland as at 30 June 2020 and its performance for the year ended on that date in accordance with the accounting policies in Note 1 to the financial statements.
2. At the date of this declaration, there are reasonable grounds to believe that Rural Financial Counselling Service Victoria - Gippsland will be able to pay its debts as and when they fall

This declaration is made in accordance with a resolution of the committee and is signed for and on behalf of the Board by:

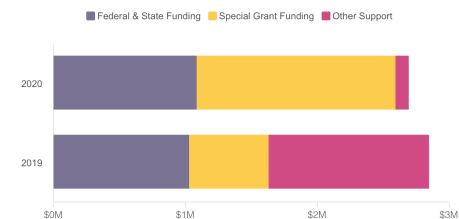
Name: Aubrey Pellett
Position: Chair
Date: 18 September 2020

Name: Kylie Holmes
Position: Executive Officer
Date: 18 September 2020

\$2.697M

TOTAL FUNDING

Significant increase
in **Special Grant Funding** in
2020 due to Governments'
response to crisis providing
additional resources to meet
client demand

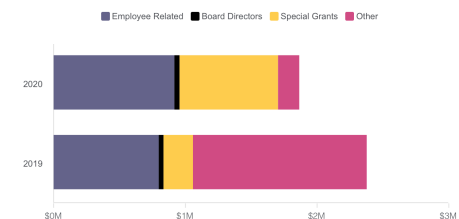


Special **Grant Funding** received to support Small Businesses and clients impacted by drought

\$1.867M

TOTAL EXPENDED

Carry-over funding has put
the service in a **great
position** to continue
providing recovery &
expanded services into 2021



Special Grant Funding received in June 2020 will provide additional **on the ground resources** in 2021 that our clients have asked for – results from National client surveys conducted

Other **Donated funding** in 2019 received by Red Cross Australia (\$1m) was distributed directly to drought affected farmers

Independent Audit Report

To the members of Rural Financial Counselling Service Victoria -Gippsland Incorporated

Opinion

I have audited the accompanying financial report of Rural Financial Counselling Service Victoria -Gippsland Incorporated, which comprises the Statement of Financial Performance and Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position at that date, and the Statement of Changes in Equity, and the Cash Flow Statement for the year then ended, together with Notes to the Financial Statements, and the Board Declaration.

I have relied on the accounts audited by the previous auditor for the accuracy of opening balances and of comparative figures.

Subject to this comment in my opinion, the financial report presents fairly, in all material respects, the financial position of Rural Financial Counselling Service Victoria-Gippsland Incorporated as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards -Reduced Disclosure Requirements.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in The Auditors Responsibility for the Audit of the Financial Report section of this report. I am independent of the Service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Boards APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of Management and the Board for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards-Reduced Disclosure Requirements and the Associations Incorporation Reform Act 2012, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

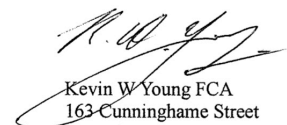
In preparing the financial report, management is responsible for assessing the Services ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis of accounting

The Board is responsible for overseeing the Services financial reporting process.

Auditors Responsibility for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement ,whether due to fraud or error ,and to issue an auditor's report that includes my opinion .Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

I am independent of the Service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants that are relevant to my audit of the financial report .I have also fulfilled all other ethical responsibilities in accordance with APES 110.


Kevin W Young FCA
163 Cunnninghame Street
Sale Vic 3850
Registered Company Auditor 10027

Date 18 September 2020

Statement of Financial Performance and Comprehensive Income

RFCS Gippsland

As at 30 June 2020	Notes	2019-2020	2018-2019
Revenue			
Australian & State Government funding	2	1,086,941	1,029,135
Special grant funding	3	1,508,490	602,500
Other revenue	4	101,506	1,218,526
Total Revenue		2,696,937	2,850,161
Expenditure			
Employment related expenses	5	891,296	766,130
Vehicle costs		27,287	33,551
Board costs		39,118	36,330
Special grant funding expenditure	6	749,062	244,196
Other expenses	7	160,699	1,321,244
Total Expenditure		1,867,462	2,401,452
Net profit before income tax		829,475	448,709
Income tax		-	-
Other comprehensive income		-	-
Net Profit for the year		829,475	448,709

This statement should be read in conjunction with the notes to the financial statements

RFCS Gippsland

Statement of Financial Position

As at 30 June 2020	Notes	2019-2020	2018-2019
Assets			
Current Assets			
Cash and cash equivalents	8	2,219,494	1,288,609
Trade and other receivables	9	264,000	205,000
Other current assets	10	9,229	6,302
Total current assets		2,492,723	1,499,911
Non Current Assets			
Motor Vehicles	11	164,046	122,566
Total Non Current Assets		164,046	122,566
Total Assets		2,656,769	1,622,477
Liabilities			
Current Liabilities			
Trade and other payables	12	124,426	76,931
Employee provisions	13	163,709	157,012
Total Current liabilities		288,135	233,944
Non-Current Liabilities			
Employee provisions	13	159,076	8,451
Total Non-Current Liabilities		159,076	8,451
Total Liabilities		447,211	242,395
Net Assets		2,209,558	1,380,082
Equity			
Retained surplus		1,380,082	931,374
Current year surplus / (deficit)		829,475	448,709
Total Equity		2,209,558	1,380,082

This statement should be read in conjunction with the notes to the financial statements

RFCS Gippsland

Statement of Changes in Equity

for the year ended 30 June 2020

	Notes	Reserves \$	Retained Earnings \$	Total Equity \$
Changes in equity for the year 2018				
Balance at 1 July 2018		-	931,374	931,374
Net profit for the year		-	448,709	448,709
Balance at 30 June 2019		-	1,380,082	1,380,082
Changes in equity for the year 2020				
Net profit for the year		-	829,475	829,475
Balance at 30 June 2020		-	2,209,558	2,209,558

This statement should be read in conjunction with the notes to the financial statements

RFCS Gippsland

Cash flow Statement

for the year ended 30 June 2020

	Notes	2019-2020 \$	2018-2019 \$
Net Profit		829,475	448,709
Adjustments for:			
Increase in trade and other receivables		(61,927)	(204,754)
Increase in trade and other payables		204,816	89,388
Depreciation		35,115	32,936
Net cash provided by operating activities	18	1,007,479	366,279
Cash flows from investing activities			
Proceeds from sale of assets		14,713	59,720
Purchase of plant and equipment	11	(91,308)	(126,148)
Net cash (used in) investing activities		(76,595)	(66,428)
Net increase (decrease) in cash held		930,884	299,851
Cash at the beginning of the financial year		1,288,609	988,758
Cash at the end of the financial year	8	2,219,494	1,288,609

This statement should be read in conjunction with the notes to the financial statements

Notes to the accounts

RFCS Gippsland

Note 1: Summary of Significant Accounting Policies

These financial statements cover Rural Finance Counselling Service Victoria - Gippsland as an individual entity. Rural Finance Counselling Service Victoria - Gippsland is an incorporated association incorporated in Victoria and domiciled in Australia.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the requirements of the Associations Incorporation Reform Act 2012. RFCS Gippsland is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income Tax

The association is exempt from tax for income tax purposes.

(b) Motor Vehicles

Motor vehicles are measured at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of motor vehicles is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present. The recoverable amount is assessed as the depreciated replacement cost of an asset.

Depreciation

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Motor vehicles	DV 25%
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Gains and losses on disposals

Determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss in the period in which they occur.

(c) Leases

Lease payments for operating and finance leases are recognised as a asset at cost value for the term of the lease, and unpaid lease payments will be recognised as a lease liability. RFCS Gippsland does not recognise any Right of Use Assets or corresponding Lease Liabilities under AASB 16.

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into amortised costs.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss (FVPL)):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The entity's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

(d) Financial Instruments (continued)

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment of Financial Assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The entity considers a broader range of information when assessing credit risk and measuring

expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(f) Employee Provisions

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year of the end of the reporting period have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and related on-costs and the probability that the employee may not satisfy any vesting requirements. The estimated cash outflows are discounted using market yields on national government bonds with maturity terms that match the expected timing of cash outflows.

Obligations for long term employee benefits are classified as non-current except where there is no unconditional right to defer payment, in which case they are presented as current.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(h) Trade and Other Receivables

Accounts receivable and other debtors include amounts due from customers for events, services, and goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

(i) Revenue and other income

Revenue from the sale of goods and rendering of a service is recognised upon the delivery of the goods or service to the customer.

Funding revenue is recognised in the reporting period that funds are received in accordance with AASB1058 and as per the guidelines applicable to the Commonwealth and State funding deeds. Delivery of services may be provided in future reporting periods.

Donations, fundraising revenue and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

(j) 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.

Receivables and payables in the statement of financial position are shown inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by the entity during the reporting period that remain unpaid. The balance is recognised a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Critical Accounting Estimates and Judgments

The entity evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

The financial statements and associated notes may contain rounding of some figures.

Notes to the accounts

RFCS Gippsland		2019-2020	2018-2019
Note 2:	Australian Government Funding	764,026	703,290
Government grants received as per Funding Deeds	Victorian Government Funding	322,915	325,845
	Total Government grants received	1,086,941	1,029,135
		2019-2020	2018-2019
Note 3:	Australian Government Funding - Contingency	1,235,990	100,000
Special Government grants received	Victorian Government Funding - Contingency	272,500	502,500
	Total Special Grants received	1,508,490	602,500
		2019-2020	2018-2019
Note 4:	Interest	3,104	5,059
Other revenue	Donations	18,800	1,053,811
	Other Non Gov Funding (Small Business Support)	-	85,800
	Other sundry income	79,602	73,856
	Total Other revenue	101,506	1,218,526
		2019-2020	2018-2019
Note 5:	Employment costs (including super)	718,887	687,333
Employment related expenses	Allowances/other	14,031	12,764
	<i>Total remuneration package</i>	<i>732,917</i>	<i>700,097</i>
	Workers compensation insurance	1,325	1,275
	Other	157,054	64,758
	Total Employment Costs	891,296	766,130
		2019-2020	2018-2019
Note 6:	Australian Government Funding - Contingency	1,235,990	100,000
Special Grant Funding Expenditure	Employment costs (including super)	401,941	81,524
	Vehicle costs	27,839	13,520
	Office Accommodation / IT costs / Other	76,571	14,628
	Total contingency funding expenditure	506,351	109,672
	Victorian Government Funding - Contingency	272,500	502,500
	Employment costs	191,689	118,000
	Vehicle costs	9,061	957
	Office Accommodation / IT costs / Other	41,960	15,567
	Total contingency funding expenditure	242,711	134,524
	Total Special Contingency Funding (as per Note 3)	1,508,490	602,500
	Total Special Contingency Funding Expenditure	749,062	244,196

Notes to the accounts

RFCS Gippsland		2019-2020	2018-2019
Note 7:	Communication Costs	11,183	12,269
Other expenses	Depreciation	14,931	32,936
	IT Costs	14,026	6,561
	Marketing & Promotions	2,045	41,511
	Office expenses	51,206	92,820
	Contractors	7,628	16,546
	Staff Training incl travel/accommodation	25,718	24,844
	Other	17,162	29,768
	Distribution of charitable funds and associated costs	16,800	1,063,987
	Total Other expenses	160,699	1,321,244
		2019-2020	2018-2019
Note 8:	Cash at Bank - Operating Account	106,102	55,620
Cash and cash equivalents	Cash at Bank - Online Saver Account	95,085	173,989
	Cash at Bank - DEDJTR & Reserve Funds	1,024,358	947,503
	Cash at Bank - RFCSVG Emergency Account	21,014	19,014
	Cash at Bank - Other	92,935	92,482
	Total cash and cash equivalents	2,219,494	1,288,609
		2019-2020	2018-2019
Note 9:	Other receivables - State Funding (Drought)	264,000	165,000
Trade and other receivables	Other receivables - RFCS Network	-	40,000
	Total Trade and other receivables	264,000	205,000
		2019-2020	2018-2019
Note 10:	Prepaid expenses	9,229	6,302
Other current assets	Total other current assets	9,229	6,302
		2019-2020	2018-2019
Note 11:	Motor Vehicles	217,457	154,197
Property, plant and equipment	Less accumulated depreciation	(53,411)	(31,631)
	Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:		
	Motor vehicles	Motor vehicles	
	Balance 1 July	122,566	89,074
	Additions	91,308	126,148
	Disposals	(14,713)	(59,720)
	Less depreciation	(35,115)	(32,936)
	Balance 30 June 2019	164,046	122,566

Notes to the accounts

RFCS Gippsland		2019-2020	2018-2019
Note 12:	Accounts Payable	8,995	3,606
Trade and other payables	Accrued expenses	33,491	32,798
	PAYG payable	10,831	9,179
	GST Payable	71,109	31,348
	Total trade and other payables	124,426	76,931
		2019-2020	2018-2019
Note 13:	Short term provisions (Payable within 12 months)		
Provisions	Provision for employee annual leave entitlements	79,878	79,412
	Provision for employee long service leave entitlements	83,831	77,600
		163,709	157,012
	Long term provisions (Payable after 12 months)		
	Provision for employee long service leave entitlements	13,581	8,451
	Redundancy Provisions	145,495	-
		159,076	8,451
Note 14:	There are no prior year adjustments		
Prior year reporting adjustments			
Note 15:	Any person having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including committee members, is considered key management personnel. The totals of remuneration paid to key management personnel of the entity during the year are as follows:		
Key Management Personnel Compensation		2019-2020	2018-2019
	Key management personnel	115,020	111,675
Note 16:	During the year the Service did not enter into any transactions with related parties, (2019: \$Nil).		
Other related party transactions			
Note 17:	There are no contingent assets or liabilities at balance date.		
Contingent Assets/Liabilities			

Notes to the accounts

RFCS Gippsland		2019-2020	2018-2019
Note 18:	<i>Cash in the statement of cash flows is reconciled to the statement of financial position</i>		
Cash Flow Reconciliation	Cash and cash equivalents	2,219,494	1,288,609
	Reconciliation of cash flows from operating activities		
	Net profit after income tax	829,475	448,709
	Depreciation	35,115	32,936
	Decrease/ (increase) in trade and other receivables	(59,000)	(205,000)
	Decrease/ (increase) in other current assets	(2,927)	246
	Increase/ (decrease) in trade and other payables	47,495	47,455
	Increase/ (decrease) in provisions	157,321	41,933
	Net cash provided by/ (used in) operating activities	1,007,479	366,279
Note 19:	The entity's financial instruments consist mainly of deposits with banks, loans to related entities, accounts receivable and payable. The carrying amounts for each category of financial instruments are as follows:		
Financial Risk Management		2019-2020	2018-2019
	Cash and cash equivalents	2,219,494	1,288,609
	Loans and receivables	-	-
	Total financial assets	2,219,494	1,288,609
	Financial liabilities		
	Financial liabilities at amortised cost:		
	Trade and other payables	124,426	76,931
	Total financial liabilities	124,426	76,931
Note 20:	Rural Financial Counselling Service Victoria Gippsland is dependent on funding from the Victorian State Government Department of Jobs, Precincts and Regions and the Commonwealth Government Department of Agriculture, Water and Environment for the majority of its revenue used to operate the business. At the date of this report the Board of Directors have no reason to believe that the respective Governments will not continue to support Rural Financial Counselling Service Victoria - Gippsland.		
Economic Dependence			
Note 21:	The board of directors has resolved to provide for payment of redundancies for permanent employees should the organisation's funding agreements not be renewed. This is disclosed in the accounts as a non current liability.		
Provision for Redundancy			
Note 22:	The registered office and principal place of business of the entity is:		
Entity Details	1 Peart Street, Leongatha VIC 3953		