

Habitat for Humanity Australia
ABN: 66 095 541 841

FOR THE YEAR ENDED
30 JUNE 2010

Habitat for Humanity Australia

30 June 2010

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Habitat for Humanity Australia

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Directors' Report

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows:

Names, qualifications, experience and special responsibilities

	Position	Experience/Professional background	Date of Appointment	Date of Retirement/Resignation
Christine Franks	Chairperson	Company Director and Management Consultant	1-Jul-08	
David Benn	Director	Company Director and Management Consultant	1-Jul-08	
James Allardice	Director	Company Executive	1-Jul-08	11-Dec-09
Kerry Bartlett	Director	Teacher	1-Jul-08	10-Aug-10
Peter Schulze	Director	Management Consultant	1-Jul-08	
Graeme Sinclair	Director	Company Director	1-Jul-08	
Shannon Hood	Director	Project Officer	11-Dec-09	
Hugh Martin	Director	Company Executive	11-Dec-09	
Paul Mulrone	Director	Magistrate	12-Feb-10	
Zlatko Todorovski	Company Secretary	Corporate Executive	12-Apr-10	
Sue Baker-Finch	Director	Company Director	7-Jun-10	

CORPORATE INFORMATION

Habitat for Humanity Australia (HFHA or the Company) is a non-profit Company Limited by Guarantee and domiciled in Australia.

The registered office of the HFHA is in New South Wales, Australia.

The entity employed twelve employees as at 30 June 2010 (twelve employees as at 30 June 2009)

Corporate Address

Suite 2, Level 9, 20 Berry St
North Sydney NSW 2060
Australia

PRINCIPAL ACTIVITIES

The principal activities during the year of HFHA were activities associated with the provision of affordable housing to low income families.

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

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Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW

The total revenue of HFHA was \$ 3,814,615 (2009: \$ 3,520,415) and expenses of \$4,061,338 (2009: \$ 2,998,517) resulting in a deficit of \$ 246,723 (2009: excess \$ 521,898).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of HFHA during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after balance date which may affect either HFHA's operations or results of those operations or the HFHA's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The business of the organisation is expected to grow significantly both in terms of number of families supported within Australia and Pacific region and volume of financial transactions next year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not subject to any significant environmental regulation.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has an insurance contract to indemnify directors for any breach of the Trade and Employment Practice Act or discrimination laws for which they could be held personally liable.

DIRECTOR'S MEETINGS

Name of Director	Number of meetings held while in office	Number of meetings attended
Christine Franks	6	5
David Benn	6	6
James Allardice	2	2
Kerry Bartlett	6	3
Peter Schulze	6	5
Graeme Sinclair	6	5
Shannon Hood	3	3
Hugh Martin	3	3
Paul Mulrone	2	2
Zlatko Todorcevski	2	1
Sue Baker-Finch	1	1

COMMITTEE MEMBERSHIP

Directors acting on the committees of the Board and the meetings attended are as follows:

Finance and Audit Committee

Name of Director	Number of meetings held while in office	Number of meetings attended
Peter Schulze	2	1
David Benn	2	2
Graeme Sinclair	2	1

AUDITOR'S INDEPENDENCE DECLARATION

The directors have received an Independence Declaration from the Auditors, which is included on page 4 of the financial report.

Habitat for Humanity Australia

30 June 2010

Directors' Declaration

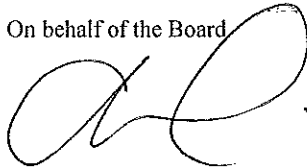
In accordance with a resolution of the directors of Habitat for Humanity Australia, I state that:

In the opinion of the directors:

- (a) the organisation is not a reporting entity as defined in the Australian Accounting Standards
- (b) the financial statements and notes of the HFHA are in accordance with the Corporations Act 2001, and:
 - (i) give a true and fair view of the Company's financial position as at 30 June 2010 and of its financial performance for the year ended on that date; and
 - (ii) comply with Accounting Standards to the extent described in note 2 to the financial statements and the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Christine Franks
Chairperson



Graeme Sinclair
Chairperson, Finance and Audit Committee

Sydney, 11 October 2010

Melbourne, 11 October, 2010

Habitat for Humanity Australia

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Auditor's Independence Declaration

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Income Statement for the year ended 30 June 2010

	<i>Notes</i>	2010 \$	2009 \$
REVENUE			
Donations and Gifts			
- <i>Monetary</i>		2,918,583	2,490,438
- <i>Non-monetary</i>		131,278	130,631
Bequests and Legacies		-	2,373
Grants - Overseas		682,891	765,533
Investment Income	3(a)	66,725	99,146
Other Income	3(b)	15,138	32,294
Revenue for Int'l, Political and Religious Proselytisation Programs		-	-
TOTAL REVENUE		3,814,615	3,520,415
EXPENDITURE			
International Aid and Development Programs Expenditure			
International Programs			
- <i>Funds to international programs</i>		1,462,810	752,045
- <i>Program support costs</i>		381,916	335,105
Community Education		-	28,451
Fund Raising Costs			
- <i>Public</i>		656,573	632,511
- <i>Government, multilateral and private</i>		105,546	213,241
Accountability and Administration		403,964	499,827
Non-monetary Expenditure		-	-
- <i>Depreciation</i>	3(c)	17,841	18,382
- <i>Exchange Loss</i>		19,246	11,839
Finance Costs		16,326	24,290
Total International Aid and Development Programs Expenditure		3,064,222	2,515,691
Expenditure for Int'l, Political or Religious Proselytisation Programs		-	-
Domestic Programs Expenditure			
Program expenditure and support cost		478,548	228,766
Non-monetary Expenditure			
- <i>NPV Charge on loan to Affiliates & former Affiliates</i>		220,338	127,904
- <i>Australian Affiliates Loans write off</i>		166,952	-
- <i>Contributed services</i>		131,278	96,135
- <i>Amortisation of Lease Incentive</i>		-	30,021
Total Domestic Programs Expenditure		997,116	482,826
TOTAL EXPENDITURE		4,061,338	2,998,517
EXCESS OF REVENUE OVER EXPENDITURE		(246,723)	521,898

Habitat for Humanity Australia

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Statement of Comprehensive Income

	2010	2009
	\$	\$
Excess of revenue over expenditure for the year	(246,723)	521,898
Other comprehensive (loss)/income	-	-
Other comprehensive (loss)/income for the year	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the year	<u><u>(246,723)</u></u>	<u><u>521,898</u></u>

Habitat for Humanity Australia

30 June 2010

Balance Sheet as at 30 June 2010

	<i>Notes</i>	2010	2009
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	749,329	685,224
Trade and other receivables	5	342,759	284,631
Other financial assets - loans and receivables	6	58,508	118,929
Total Current Assets		1,150,596	1,088,784
Non-Current Assets			
Other financial assets - loans and receivables	6	279,353	708,594
Property, plant and equipment	7	2,964	20,805
Total Non-Current Assets		282,317	729,399
TOTAL ASSETS		1,432,913	1,818,183
LIABILITIES			
Current Liabilities			
Trade and other payables	8	59,063	55,963
Borrowings	9	-	47,046
Current tax liabilities		27,448	10,494
Lease Incentive Liability		21,128	21,128
Provisions	10	25,796	35,782
Deferred revenue	11	417,874	520,600
Total Current Liabilities		551,309	691,013
Non Current Liabilities			
Other financial liabilities		12,126	10,969
Total Non Current Liabilities		12,126	10,969
TOTAL LIABILITIES		563,435	701,982
NET ASSETS		869,478	1,116,201
EQUITY			
Retained Earnings	12	869,478	1,116,201
TOTAL EQUITY		869,478	1,116,201

At the end of financial year Habitat for Humanity Australia had no balance in the Inventories, Assets held for sale, Investment Property and Intangibles categories.

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Statement of Changes In Equity

As at 1 July 2008	\$
Retained earnings at the beginning of the year	594,303
Excess of revenue over expenditure for 2009	521,898
Other amounts transferred (to) or from reserves	-
As at 30 June 2009	<u>1,116,201</u>
Changes in equity from adjustments	-
Excess of revenue over expenditure for 2010	(246,723)
Other amounts transferred (to) or from reserves	-
As at 30 June 2010	<u>869,478</u>

Habitat for Humanity Australia

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Table of Cash Movements for the Designated Purposes

Cash Movements for the year ended 30 June 2010

	Cash available at beginning of year (\$)	Cash raised during year (\$)	Cash disbursed during year (\$)	Cash available at end of year (\$)
Designated purposes				
Designated purposes -Overseas Program	460,583	1,550,041	1,518,213	492,411
Designated purposes -Domestic Program	43,587	477,687	373,864	147,410
Other purposes	181,054	1,602,990	1,674,536	109,508
Total	685,224	3,630,717	3,566,613	749,329

Cash Movements for the year ended 30 June 2009

	Cash available at beginning of year (\$)	Cash raised during year (\$)	Cash disbursed during year (\$)	Cash available at end of year (\$)
Designated purposes				
Designated purposes -Overseas Program	437,638	1,551,635	1,528,690	460,583
Designated purposes -Domestic Program	154,822	446,903	558,138	43,587
Other purposes	36,691	1,958,897	1,814,534	181,054
Total	629,151	3,957,435	3,901,362	685,224

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Cash Flow Statement

	<i>Notes</i>	<i>2010</i>	<i>2009</i>
			<i>\$</i>
Cash flows from operating activities			
Receipts from customers		3,567,006	3,590,677
Payments to suppliers and employees		(3,610,041)	(3,244,556)
Interest received		15,898	25,111
Interest paid		(16,326)	(24,290)
Net cash flows from operating activities	13	(43,463)	346,942
Cash flows from investing activities			
Loans provided to affiliates		-	(509,714)
Repayment of loans by affiliates		154,614	266,239
Purchase of property, plant and equipment		-	(2,000)
Receipt from property, plant and equipment		-	408
Net cash flows (used in) investing activities		154,614	(245,067)
Cash flows from financing activities			
Receipt of loans		-	75,000
Repayments of loans		(47,046)	(120,802)
Net cash flows from/(used in) financing activities		(47,046)	(45,802)
Net increase in cash and cash equivalents		64,105	56,073
Cash and cash equivalents at beginning of period		685,224	629,151
Cash and cash equivalents at end of period	4	749,329	685,224

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Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial report of Habitat for Humanity Australia for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 11 October 2010.

Habitat for Humanity Australia is a Company Limited by Guarantee incorporated in Australia.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This special purpose financial report has been prepared for distribution to the members to fulfil the Company's financial reporting requirements under the Corporations Act 2001 and the Company's constitution. The accounting policies used in the preparation of this financial report, as described below, are consistent with the financial reporting requirements of the Corporations Act 2001 and the Company's constitution, and with previous years, and are, in the opinion of the National Board of Directors, appropriate to meet the needs of members:

- (i) The financial report has been prepared on a historical cost basis except for loans to the Affiliates and former Affiliates which are measured at fair value.
- (ii) The financial report is presented in Australian dollars.
- (iii) The disclosure requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to Habitat For Humanity Australia because it is not a 'reporting entity'. However, management have prepared the financial report in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia. Disclosure requirements have not been adopted with the exception of the following:

AASB 101: Presentation of Financial Statements

AASB 107: Cash Flow Statement

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1048: Interpretation and Application of Standards

(b) Statement of Compliance

The special purpose financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the HFHA and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- (i) Cash contributions received or receivable are recognised as revenue when:
 - a. HFHA obtains control of the contribution or the right to receive contribution
 - b. it is probable that the economic benefits comprising the contribution will flow to the HFHA, and
 - c. the amount of the contribution can be measured reliably

Income is measured at the fair value of the contributions received or receivable.

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Notes to the Financial Statements (continued)

(e) Revenue recognition (continued)

(ii) HFHA receive restricted contributions from third parties under the following arrangements:

- Grants received from Habitat for Humanity International (HFHI) for the designated purpose such as for mass marketing.
- Grants received from Corporate Sponsors and Donors for the domestic and international projects.
- Grants received from individual donors for specific projects or countries.

Where the funds are restricted, the amounts received are recognised as deferred income until such time the funds are expensed on the designated project.

(iii) Income arising from the contribution of assets or services (gifts in kind) is recognised when all the following conditions have been satisfied:

- a. HFHA obtains control of the contribution or the right to receive the contribution;
- b. it is probable that the economic benefits comprising the contribution will flow to the HFHA; and
- c. the amount of the contribution can be measured reliably

Income is measured at the fair value of the contributions received or receivable

(iv) Interest

Finance income on financial assets is recognised as it accrues using the effective interest rate.
Interest income from banks is recognised as and when it accrues to the company.

(v) Global Village

Voluntary hours contributed by the Global Village volunteers in building homes for the low income families in the Asia Pacific region have been translated into monetary terms by applying AusAID criteria. The total monetary value of the volunteer hours in 2010 is \$193,523 This amount has not been recognised as income in the Income Statement.

(d) Program expenses

Transfers to the overseas Partner Organisations (PO) are not recognised as expenses until financial reports are received and acquitted.

Transfers to the domestic affiliates are recognised as an expense on transfer unlike in previous years when transfers were made as a loan arrangement. The program transfers to Australian affiliates during the financial year 2010 amounted to \$ 373,864.

(e) Exchange gain/loss

HFHA has the following policy with regards to exchange gain/loss:

- a. In case of funds transferred by HFHA, the overseas PO convert the AUD into local currency using the rate prevailing on the day i.e. the money actually credited to their account by the bank
- b. For the purpose of quarterly financial reports, the PO convert the local currency into AUD averaging the rate prevailing on the first day and last day of the month during the Quarter.
- c. assets and liabilities for each balance sheet presented such as closing cash balance pending acquittal are translated at the closing rate at the date of that balance sheet.

(f) Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(g) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand.

(h) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the HFHA will not be able to collect the debts. Bad debts are written off when identified.

Habitat for Humanity Australia

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Notes to the Financial Statements (continued)

(i) Income tax

HFHA has separate endorsements as an income tax exempt charitable entity for international and domestic funding and as such incurs no liability to pay income tax.

(j) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

a. where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

b. receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Furniture – over 5 years

Computer Hardware – over 3 1/3 years

Computer Software – over 2 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(l) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the HFHA prior to the end of the financial year that are unpaid and arise when it becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Financial Assets and Liabilities

Financial assets and liabilities are initially recognised at fair value through the profit and loss account. After initial recognition, financial assets and liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when financial assets and liabilities are derecognised or impaired. Financial assets and liabilities are classified as current when they are expected to be settled within twelve months from year end.

(n) Employee leave benefits

Wages, salaries and leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long-service leave at the end of fiscal year are recognised in provisions in respect of employees' services up to the period.

Habitat for Humanity Australia

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Notes to the Financial Statements (continued)

	June 2010	June 2009
	\$	\$
3 REVENUE AND EXPENSES		
a. Finance income		
Notional Interest on Affiliate Loans	50,827	74,035
Bank Interest Received	15,898	25,111
Total finance income	66,725	99,146
b. Other income		
Miscellaneous Income	15,138	32,294
Total other income	15,138	32,294
c. Depreciation expense		
Depreciation of non-current assets		
Furniture and fittings	1,342	972
Computers	1,525	2,436
Computers-software	14,974	14,974
Total depreciation expense	17,841	18,382
4 CASH AND CASH EQUIVALENTS		
Cash at bank	748,829	684,724
Cash in hand	500	500
	749,329	685,224
Cash at bank earns interest at floating rates based on daily bank deposit rates.		
5 TRADE AND OTHER RECEIVABLES		
Trade receivables	299,482	266,219
Accrued Interest	1,484	-
Prepayments and Others	20,834	-
GST Receivables	20,959	18,412
	342,759	284,631
6 FINANCIAL ASSETS: LOANS AND RECEIVABLES		
<i>Current</i>		
Loans to Affiliates and former Affiliates	58,508	118,929
	58,508	118,929
<i>Non Current</i>		
Loans to Affiliates and former Affiliates	279,353	708,594
	279,353	708,594

- (i) Loans to affiliates and former affiliates are interest-free and unsecured.
- (ii) Donations provided by HFHA corporate sponsors for housing projects to the Affiliates were treated as long-term loans until the prior year. From financial year 2010, the affiliates are required to only pay half of the monthly instalments of the loan. The balance of 50% has been forgiven by HFHA. The present value of the future forgiveness has been written off during the year.

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Notes to the Financial Statements (continued)

	June 2010	June 2009
	\$	\$
7	PROPERTY, PLANT AND EQUIPMENT	
<i>Computers</i>		
At cost	58,210	58,210
Accumulated depreciation	(58,120)	(56,595)
<i>Net carrying amount</i>	<u>90</u>	<u>1,615</u>
<i>Computer Software</i>		
At cost	29,948	29,948
Accumulated depreciation	(29,948)	(14,974)
<i>Net carrying amount</i>	<u>-</u>	<u>14,974</u>
<i>Furniture</i>		
At Cost	6,709	6,709
Accumulated depreciation	(3,835)	(2,493)
<i>Net Carrying amount</i>	<u>2,874</u>	<u>4,216</u>
Total Plant and Equipment	<u>2,964</u>	<u>20,805</u>
8	TRADE AND OTHER PAYABLES	
Trade and other creditors	36,443	52,925
Habitat programs	22,620	3,038
	<u>59,063</u>	<u>55,963</u>
Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of 30 days.		
9	BORROWINGS	
Bank line of credit	-	47,046
	<u>-</u>	<u>47,046</u>
Bank line of credit account has a credit limit of \$200,000.		
10	PROVISIONS	
Provision for employee entitlements	<u>25,796</u>	<u>35,782</u>
11	DEFERRED REVENUE	
Donations received in relation to future projects	417,874	520,600
	<u>417,874</u>	<u>520,600</u>
Refer to Notes to the Financial Statements para 2(c).		
12	EQUITY	
Balance at the beginning of the year	1,116,201	594,303
Excess of revenue over expenditure	(246,723)	521,898
Balance at the end of the year	<u>869,478</u>	<u>1,116,201</u>

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Notes to the Financial Statements (continued)

	June 2010	June 2009
	\$	\$
13 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS AFTER INCOME TAX		
Operating (loss)/surplus after income tax	(246,723)	521,898
<i>Adjustments for non-cash income and expense items:</i>		
Depreciation expense	17,841	18,382
Amortisation of lease incentives	-	30,021
Exchange loss	19,246	11,839
Non monetary revenue	(131,278)	(130,631)
Non monetary expenditure	131,278	96,135
Imputed interest income on affiliate loans	(50,827)	(74,045)
Loan write offs	166,952	-
Increase in financial liability	(1,157)	-
NPV charge on loan to affiliates	220,339	127,904
<i>Working capital adjustments:</i>		
(Increase)/decrease in trade and other receivables	(76,477)	(90,126)
Increase/(decrease) in trade payables	3,100	(9,968)
Increase/(decrease) in provisions	(9,986)	1,793
Increase/(decrease) in other payables	16,955	1,671
Increase/(decrease) in deferred revenue	(102,726)	(157,931)
Net cash provided from operating activities	<u>(43,463)</u>	<u>346,942</u>

14 EVENTS AFTER BALANCE SHEET DATE

There have been no significant events occurring after balance date which may affect either HFHA's operations or results of those operations or HFHA's state of affairs.

15 COMMITMENTS AND CONTINGENCIES

Operating lease commitments – HFHA as lessee

HFHA have entered into commercial lease on its premises where it is not in the best interest of HFHA to purchase these assets.

The lease has a life of 36 months with renewal terms included in the contracts. Renewal is at the option of HFHA.

There are no restrictions placed upon the lessee by entering into this lease.

Future minimum rentals payable under the non-cancellable operating lease as at 30 June are as follows:

	Jun-10	Jun-09
	\$	\$
Within one year	68,354	84,510
After one year but not more than five years	101,556	169,020
More than five years	-	-
	<u>169,910</u>	<u>253,530</u>

Contingent liabilities

HFHA has indemnity guarantees in relation to its lease for a total amount of \$ 61,406.

16 MEMBERS GUARANTEE

HFHA has 182 members as at the end of the year, and there is no limit on the number of members allowed under the HFHA Constitution. All the directors are members of the HFHA Constitution.

In the event of winding up of the HFHA, the members have no liability to contribute towards the payment of debts and liabilities of the Company or the cost, charges and expenses of the winding up of the Company except to the amount of unpaid membership fees.