



Financial Report

For The Year Ended
30 June 2013

Habitat for Humanity Australia Ltd

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A.C.N. 131 976 004

A.B.N. Habitat for Humanity Australia Domestic Fund: 66 095 541 841

A.B.N. Habitat for Humanity Australia Overseas Aid Fund: 36 747 459 174

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Directors' Report

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

List of Directors	Position	Experience	Date of Appointment	Date of Resignation	Special Responsibilities
Christine Franks	Chairperson	Company Director and Management Consultant	1-Jul-08		Fundraising and Marketing Committee, Governance & Nominations Committee
Robyn FitzRoy	Director	Company Director and Management Consultant	29-Nov-10		Fundraising and Marketing Committee, Governance & Nominations Committee
Natalie Fuller	Director	Company Director and Management Consultant	14-Apr-11		Global Village Advisory Committee, Australian Program Committee
Suellen Holmes	Director	Company Executive	14-Apr-11	25-Jun-13	Finance and Audit Committee
Paul Mulrone	Director	Magistrate	12-Feb-10		Affiliate Groups Committee, Governance & Nominations Committee
Doug Talbert	Director	Company Director and Management Consultant	29-Nov-10		Finance and Audit Committee, Australian Program Committee
Hugh Martin	Director	Company Director and Management Consultant	11-Dec-09	16-Oct-12	
Neill Evans	Director	Company Executive	15-Oct-12		Australian Program Committee, Affiliates Group Committee
Peter Baynard-Smith	Director	Company Executive	15-Oct-12		International Program Committee
Dennis Green	Director	Company Executive	23-Mar-13		
Greg Creecy	Director	Company Director and Management Consultant	26-Jun-13		Finance and Audit Committee, Australian Program Committee, Global Village Advisory Committee

Details of directors' qualifications can be found on page 7 of this report.

Corporate Information

Habitat for Humanity Australia (HFHA or the Company) is a not-for-profit income tax exempt organisation incorporated as a Company Limited by Guarantee and domiciled in Australia. The registered office of the HFHA is in New South Wales.

The entity employed fourteen employees as at 30 June 2013 (thirteen as at 30 June 2012).

The registered office of the company is Suite 3, Level 4, 20 Berry Street North Sydney, NSW 2060 Australia

Solicitors

Ashurst Australia, 225 George Street, Sydney NSW 2000 Australia

Bankers

ANZ Bank, Miller Street, North Sydney NSW 2060 Australia

Auditors

Ernst & Young, Ernst & Young Centre, 680 George Street, NSW 2000 Australia

Objectives and Strategy

The Company's long term objective is to create a world where everyone has a safe place to live. It does this by working in partnership with communities to address housing poverty and to support integrated community development. Short term objectives are to build or renovate simple, decent affordable homes, advocate on behalf of those in need of housing, engage the community and volunteers to donate and assist program delivery, deliver clean water and sanitation solutions, enhance livelihood and educational access.

The Company's strategy for achieving these objectives includes programs to achieve the following outcomes:

1. Access to secure shelter
2. Improved community health
3. Encouraging community empowerment
4. Greater economic security
5. Enabling educational access

Principal Activities

The principal activities of the Company during the year were:

1. International aid and development delivered by working in partnership with families and communities to provide affordable sustainable housing to low income families. In Australia support is provided to local partners to achieve the same objectives.
2. To raise funds from the Australian community, government and companies for the purpose of delivering aid and development programs.

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

Performance Measures

Management and Board measure performance of the Company through the establishment and monitoring of the program targets annually. Program effectiveness is assessed against stated program objectives through regular monitoring and evaluation processes conducted by staff and partner staff. Overall Company performance measures include the key high level measures below:

1. Number of overseas projects
2. Number of projects within Australia
3. To assess investment in projects to total expenditure
4. To assess controls over Company's administrative and other direct costs
5. To assess the cost effectiveness of the fundraising activities

Operating and Financial Review

The total revenue of HFHA was \$3,734,699 (2012: \$3,556,368) and expenses of \$3,405,119 (2012: \$3,442,057) resulting in a surplus of \$329,580 (2012: surplus \$114,311).

Dividends

The Company's constitution does not permit dividends to be paid.

Liability of Members

HFHA has 105 (2012: 125) 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 also members of HFHA.

In the event of the winding up of the HFHA, the members undertake to contribute \$50 towards the payments of debts and liabilities of the Company or the costs, charges and expenses of the winding up of the Company in addition to the amount of unpaid membership fees. The total value members would contribute amounts to \$5,250 (105 x \$50).

Significant Changes in the State of Affairs

Subsequent to achieving full accreditation from AusAID in year 2012, HFHA received increased government funding during the financial year and an increase in donations from individuals. There has been no other significant change in the state of affairs of HFHA during the financial year.

Significant Events after Balance Sheet Date

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

Likely Development and Expected Results

It is not foreseen that the Company will undertake any change in its general direction during the coming financial year. The business of the organisation is expected to steadily grow in terms of number of families supported within Australia and the Asia Pacific region next year.

Environmental Regulation and Performance

The Company is not subject to any significant environmental regulations.

Indemnity Guarantee

During the financial year, the Company has agreed to indemnify directors, independent board committee members and officers and paid premiums in respect of a contract insuring them against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director other than conduct involving wilful breach of duty.

The total amount of insurance contract premium paid was \$2,594.

Directors' Benefits

The Directors did not receive any remuneration for their services. Some expenses incurred by directors in carrying out duties as Directors in attending Company meetings are reimbursed on a cost only basis.

Board of Directors' and Board Committee Meetings

The number of Board of Directors' meetings and Board subcommittee meetings attended by each of the Directors during the financial year is provided below.

Board and Board Committees	Board of Director Meetings		Finance and Audit Committee		Fundraising and Marketing Committee		International Program Advisory Committee		Grants Allocation Committee		Governance & Nominations Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Christine Franks	8	8			5	4	4	4			19	18
Robyn FitzRoy	8	6			5	5					19	18
Natalie Fuller	8	6					4	4				
Suellen Holmes	8	7	7	7								
Paul Mulroney	8	7									19	18
Doug Talbert	8	7	7	7					1	1	3	3
Hugh Martin	3	-										
Neill Evans	7	5							1	1		
Peter Baynard-Smith	7	7					3	3				
Dennis Green	3	3										
Greg Creecy**	-	-	7	7								
Julienne McKay**							2	1				
Julianne Scenna**							3	2				
Laura Roberts**					4	3						
Ned Strong**					5	2						
Pheona Twist**					3	3						

A: Number of meetings eligible to attend

B: Meetings Attended

* Greg Creecy was an independent member of the Finance and Audit Committee prior to becoming a Director

** Honorary independent member of the Committee and non-Director

Auditor's Independence Declaration

The Directors have received a declaration of independence from the auditors of the Company which is included on page 9 of the financial report and forms part of the Directors' Report.

Directors' Declaration

In the opinion of the Directors:

- a) the attached financial statements and notes thereto comply with Australian Accounting Standards – Reduced Disclosure Requirements
- b) the financial statements and notes of the HFHA are in accordance with the Corporations Act 2001, the Corporations Regulations 2001 and;
 - i. give a true and fair view of the Company's financial position as at 30 June 2013 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, the NSW Charitable Fundraising Act 1991, and the Australian Council for International Development (ACFID) Code of Conduct; and
- c) there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the directors on 8 October 2013.

On behalf of the directors



Christine Franks
Chairperson
Sydney, 8 October 2013

Directors' Experience and Qualifications

PETER BAYNARD-SMITH

Pete is a seasoned International Relief and Development professional bringing to the Habitat for Humanity board the benefit of over 15 years' experience in Africa and Asia. As an engineer, Pete has worked across water, infrastructure, renewable energy, and emergency response projects under the auspices of UN, DFID, EU and Irish Aid programs. He was Country Director in Mozambique for the Irish NGO, Concern Worldwide, from 2000-2004 and then served as Regional Director (Asia) for Concern for 4 years before moving with his family to Australia in 2008. Pete worked as Victoria Operations Director with Mission Australia, then Director of Programs at the Foundation for Young Australians enabling young people to gain global experience and build skills and capabilities that equip them to be active, socially aware, global citizens. Pete is currently a Strategy Advisor at World Vision Australia.

GREG CREECY

Greg has had over 30 years' experience in corporate treasury and banking. As a corporate treasurer he has gained extensive exposure to financing property at a corporate and project level both in Australia and overseas. Greg was appointed to the Board in June 2013 after over two years as a member of Habitat for Humanity Australia's Finance and Audit Committee. Outside of HFHA, Greg is involved as a member of the finance sub-committee of the Machado Joseph Foundation and has commercial interests in a music post-production studio. Greg has a degree in Arts (economics) and is a member of AICD, FINSIA and FTA.

NEILL EVANS

Neill has a degree in Engineering and has over 25 years' experience in the building industry. He has held senior management roles with several Australian Securities Exchange listed companies in both Australia and overseas including CSR and GWA. He is currently operating his own successful investment and consulting business. He joined the Board in 2012 and is a member of the Australian Program Advisory Committee.

ROBYN FITZROY

Robyn is a governance and board performance specialist, offering these services as Principal of her own company. Robyn brings considerable financial, marketing, strategy and risk management skills to the Habitat for Humanity Australia Board to which she was appointed in 2010. She is also Chair of WealthPortal Pty Ltd. Robyn is a former Executive Director of Macquarie Bank and a former director of Cuscal where she chaired the Board Governance Committee. Other roles include the facilitation and writing of courses for the Australian Institute of Company Directors and adviser to various Director Nomination Committees. In 2001, Robyn won the Women in Management Achiever of the Year Award.

CHRIS FRANKS

Chris was appointed Director of Habitat for Humanity Australia in 2008 and elected Chair in 2010. She chairs the Governance and Nominations Committee, the Fundraising and Marketing Committee, and is an active Global Village volunteer both in Australia and overseas. Chris is also Chair of Creditcorp Insurance and a director of NSW Kids & Families. She is a member of the International Advisory Committee for CUFA and convenes Women in Aid & Development in Sydney. With over 35 years' experience in the Aid and Development sector, Chris chaired the ACFID Code of Conduct Committee from 2002-2008, and received the inaugural ACFID Award for Outstanding Service to the Aid and Development Sector in 2006. Her experience includes positions as executive or non-executive director of the National Heart Foundation, Starlight Children's Foundation, Oxfam, Save the Children NSW and the Australian Consumers' Association - CHOICE.

NATALIE FULLER

Natalie has been actively involved with Habitat for Humanity since 2001 leading Global Village teams and participating in Jimmy Carter builds. She is also a Board member of Habitat for Humanity South Australia. She has over 30 years' experience in community development and social planning, having held senior positions in State and Local Government as well as the private and non-government sectors. In 1998 Natalie established her own consultancy firm. She has extensive experience in engaging communities and assessing human service planning requirements of greenfield housing developments and urban infill mixed use redevelopments.

DENIS GREEN

Denis joined Habitat for Humanity International in 2011 and is currently Senior Director, Asia-Pacific Operations for Habitat for Humanity International based in Manila, Philippines. He oversees the coordination of HFHI with Habitat national offices in key aspects of their ongoing work and operations. With a professional background in law, Denis has spent the majority of his career in the not-for-profit sector, initially in Indonesia helping to train church leaders and then with World Vision where he worked for 20 years in a number of managerial and senior leadership positions in Australia and overseas. Denis holds degrees in law, theology and intercultural studies and has extensive experience in management, governance, strategic planning, and international aid and development. He serves as a member of a number of Habitat for Humanity boards internationally.

SUELLEN HOLMES

Suellen is a CPA and Chartered Secretary with experience across public practice, commerce and the not-for-profit sector. She chaired the Finance and Audit Committee for Habitat for Humanity Australia. She also has held other governance positions as Company Secretary and Director of Business & Finance for the Australian Industry Trade College on the Gold Coast, Committee Member on the Capital Advisory Committee for the Queensland Independent Schools Block Grant Authority and Treasurer on the Committee of Management of Elevation Church and Elevation Care. She is currently working as the Finance Manager for Christian Outreach Churches in Australia and the Chief Operations Officer of Elevation Church on the Gold Coast.

HUGH MARTIN

Hugh is currently a Non-Executive Director of a listed company Aspen Group, and was previously an Executive Director of Vivas Lend Lease with over 30 years' experience in the property industry, internationally and in Australia. He was the Chief Executive Officer of the most successful joint venture between Mirvac and Lend Lease in the development, construction and sale of the Olympic Village, now known as the suburb of Newington in Sydney. During its development, design innovation – in terms of sustainability – was achieved through the use of photo-voltaic cells, grey water and in particular recycling construction materials on site. Many of these initiatives created a new standard for residential community development in Australia.

PAUL MULRONEY

Paul has been a Magistrate in New South Wales since 2000 and a Children's Court magistrate since January 2001. He is also currently Chairman of Habitat for Humanity, New South Wales, having previously been a member of the Habitat for Humanity Australia Board from 2001 to 2005. Prior to his appointment as a magistrate, he worked for more than 20 years as a lawyer for Legal Aid. Paul has been a director or committee member of a number of church, professional, university and community groups. Paul is a member of the Church in the Market Place, the Uniting Church in Bondi Junction. He is also a lay preacher.

DOUG TALBERT

Doug is a former solicitor and banker with extensive knowledge of property financing and construction. He has been involved on all sides of the property industry and currently owns a successful property management business. Doug is involved in a range of charities and not-for-profit organisations including The Housing Connection (past President), The Machado Joseph Foundation (Treasurer), Calvary Health Care (Ethics Committee Member). Doug also works as a carer for aged people and volunteers at Greenwich Hospital and the MS Society. His particular concerns are for the disenfranchised, the disabled and the aged. Doug holds degrees in economics, law and ethics.

Auditor's Independence Declaration to the Directors of Habitat for Humanity Australia

In relation to our audit of the financial report of Habitat for Humanity Australia for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Mark Conroy
Partner
8 October 2013

Income Statement

For the year ended 30 June 2013

	NOTES	2013	2012
REVENUE		\$	\$
Donations and gifts			
Monetary		2,231,165	2,869,813
Non-Monetary		49,000	171,607
Bequests and Legacies		30,000	-
Grants			
AusAID		1,028,779	150,000
Other overseas		267,231	233,503
Investment Income	3(a)	90,957	88,671
Foreign exchange Gain		27,794	-
NPV gain on loan to Affiliates & former Affiliates		9,773	42,296
Other Income	3(b)	-	478
TOTAL REVENUE AND OTHER INCOME	19	3,734,699	3,556,368
EXPENDITURE			
International Aid and Development Programs Expenditure			
International Programs			
Funds to international programs		1,326,142	1,019,413
Program support costs		754,049	572,137
Community Education		71,588	12,494
Fundraising Costs			
Public		514,072	788,178
Government, multilateral and private		4,293	13,498
Bank charges		18,986	15,942
Accountability and Administration		354,432	338,928
Depreciation	3(c)	3,442	1,933
Exchange Loss		-	12,947
Total International Aid and Development Programs Expenditure		3,047,004	2,775,470
Domestic Programs Expenditure			
Program expenditure and support cost		307,257	493,672
Non-monetary Expenditure			
Notional interest on other financial liability		1,858	2,181
Contributed services		49,000	170,734
TOTAL DOMESTIC PROGRAMS EXPENDITURE		358,115	666,587
TOTAL EXPENDITURE		3,405,119	3,442,057
EXCESS OF REVENUE OVER EXPENDITURE		329,580	114,311

Note a: At the end of the financial year HFHA had no balance for following items:

Revenue: Grants - other Australian, Revenue for International Political or Religious Proselytisation

Programs Expenditure: Expenditure for International, Political or Religious Proselytisation Programs

Note b: The accompanying notes form part of the financial statements

Balance Sheet

As at 30 June 2013

	NOTES	2013	2012
ASSETS		\$	\$
Current Assets			
Cash and cash equivalents	4	1,837,207	1,262,493
Trade and other receivables	5	287,757	208,786
Other financial assets - loans and receivables	6	49,277	50,866
Total Current Assets		2,174,241	1,522,145
Non-Current Assets			
Other financial assets - loans and receivables	6	275,344	298,998
Property, plant and equipment	7	22,942	3,675
Total Non-Current Assets		298,286	302,673
TOTAL ASSETS		2,472,527	1,824,818
LIABILITIES			
Current Liabilities			
Trade and other payables	8	195,435	22,422
Current tax liabilities - employee tax payable		7,644	10,947
Lease incentive liability		22,940	11,732
Provisions	9	56,141	66,533
Deferred revenue	10	999,707	853,962
TOTAL CURRENT LIABILITIES		1,281,867	965,596
Non Current Liabilities			
Other financial liabilities	11	17,321	15,463
Total Non Current Liabilities		17,321	15,463
TOTAL LIABILITIES		1,299,188	981,059
NET ASSETS		1,173,339	843,759
EQUITY			
Retained Earnings	12	1,173,339	843,759
TOTAL EQUITY		1,173,339	843,759

Note a: At the end of the financial year HFHA had no balances for following items:
 Current Assets : Inventories and Assets Held for Sale
 Non-current Assets: Trade and other receivables, Investment Properties and Intangibles
 Current Liabilities: Borrowing, Other financial liabilities and Others
 Non-current liabilities: Provisions and Borrowings
 Equity: Reserves

Note b: The accompanying notes form part of the financial statements

Statement of Changes in Equity

30 June 2013

RETAINED EARNINGS

As at 30 June 2011	\$
Retained earnings at the beginning of the year	729,448
Excess of revenue over expenditure for 2012	114,311
Other amounts transferred (to) or from reserves	-
AS AT 30 JUNE 2012	843,759
As at 30 June 2012	\$
Retained earnings at the beginning of the year	843,759
Excess of revenue over expenditure for 2013	329,580
Other amounts transferred (to) or from reserves	-
AS AT 30 JUNE 2013	1,173,339

Note a: There are no adjustments or changes due to items for example, adoption of new accounting standards and items in other comprehensive income. There are also no transfers to Reserves

Note b: The accompanying notes form part of the financial statements

Table of Cash Flow Movements for Designated Purposes

Cash movements for designated purposes for the year ended 30 June 2013

	Cash available at beginning of year (\$)	Cash raised during the year (\$)	Cash disbursed during year (\$)	Cash available at end of year (\$)
Designated purposes				
Designated purposes -Overseas Program	1,045,645	2,346,664	2,151,779	1,240,530
Designated purposes -Domestic Program	32,823	430,108	308,798	154,133
Other purposes	184,025	1,029,468	770,949	442,544
TOTAL	1,262,493	3,806,240	3,231,526	1,837,207

Cash movements for designated purposes for the year ended 30 June 2012

	Cash available at beginning of year (\$)	Cash raised during the year (\$)	Cash disbursed during year (\$)	Cash available at end of year (\$)
Designated purposes				
Designated purposes -Overseas Program	600,485	2,036,710	1,591,550	1,045,645
Designated purposes -Domestic Program	143,303	383,192	493,672	32,823
Other purposes	371,974	1,123,679	1,311,628	184,025
TOTAL	1,115,762	3,543,581	3,396,850	1,262,493

Note a: The accompanying notes form part of the financial statements

Statement of Comprehensive Income

For the year ended 30 June 2013

	2013	2012
	\$	\$
EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	329,580	114,311
Other comprehensive income / (loss)	-	-
Other comprehensive income/(loss) for the year	-	-
TOTAL COMPREHENSIVE REVENUE FOR THE YEAR	329,580	114,311

Note a: The accompanying notes form part of the financial statements

Cash Flow Statement

30 June 2013

	NOTES	2013	2012
		\$	\$
Cash flows from operating activities			
Receipts from donors and international affiliate		3,689,227	3,436,820
Payments to suppliers and employees		(3,208,817)	(3,392,775)
Interest received		51,449	43,084
Net cash flows from operating activities	13	531,859	87,129
Cash flows from investing activities			
Loans provided to affiliates		-	-
Repayment of loans by affiliates		65,564	63,677
Purchase of property, plant and equipment		(22,709)	(4,075)
Receipt from sale of property, plant and equipment		-	-
Net cash flows from investing activities		42,855	59,602
Cash flows from financing activities			
Receipt of loans		-	-
Repayments of loans		-	-
Net cash flows from/(used in) financing activities		-	-
Net increase in cash and cash equivalents		574,714	146,731
Cash and cash equivalents at beginning of period		1,262,493	1,115,762
Cash and cash equivalents at end of period	4	1,837,207	1,262,493

Note a: The accompanying notes form part of the financial statements

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial report of Habitat for Humanity Australia Ltd for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 8 October 2013.

Habitat for Humanity Australia Ltd (the 'Company' / 'HFHA') is a company limited by Guarantee incorporated in Australia and a not-for-profit entity.

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 general purpose financial report has been prepared in accordance with the requirements under the Corporations Act 2001, the NSW Charitable Fundraising Act 1991, the Company's constitution, the financial reporting requirements under the Australian Council for International Development (ACFID) Code of Conduct, Australian Accounting Standards – Reduced Disclosure Requirements, Australian Accounting interpretations and other authoritative pronouncements of Australian Accounting Standard Board.

- (i) The financial report has been prepared on a historical cost basis except for other financial assets and other financial liabilities which are measured at amortised cost.
- (ii) The financial report is presented in Australian dollars which is the Company's functional currency.
- (iii) Where applicable, certain comparative figures restated in order to comply with current period's presentation of the financial statements.

(b) Significant accounting judgements and estimates

- (i) The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of the assets, liabilities, income and expenses. These assumptions and estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements. Actual results may differ from these estimates.
- (ii) The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future period if the revision affects both the current and future period.
- (iii) Estimates and adjustments have been made with regard to a) loans and other financial assets in relation to future cash flows and applicable interest rates. Refer to Notes 2(m), 6 and 11 and b) Provision of employee benefits in relation to unpaid leave. Refer to Notes 2(o) and 9.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to 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 the contribution;
 - b. it is probable that the economic benefits comprising the contribution will flow to 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.

- (ii) Legacies are recognised when the company receives the legacy.

Revenue from legacies may comprise bequests of cash, shares or other property are recognised at fair value, being the market value of shares or property at the date the company becomes legally entitled to the shares or property.

- (iii) HFHA receives restricted contributions from third parties under the following arrangements:
 - a. Grants received from Habitat for Humanity International (HFHI) for designated purposes.
 - b. Grants received from Government Organisations, Corporate Sponsors and Donors for domestic and international projects.
 - c. Grants received from individual donors for specific projects or countries.

Refer to note 2(n) for the treatment of restricted contributions that are recognised as deferred value.

- (iv) Income arising from the contribution of assets or services (gifts in kind) is recognised when all the following conditions have been met:
 - 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.

- (v) Investment Income

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

Notes to the Financial Statements

(c) Revenue recognition continued

(vi) Global Village

Volunteer hours contributed by the Global Village volunteers in building homes for low income families in the Asia Pacific region have been translated into monetary terms by applying AusAID criteria. The total value of such contributions, equivalent to the number of days on site is \$378,816 (2012: \$213,491) and is not included in the Income Statement.

(d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with the use of resources. Premises and other overheads have been allocated on headcount.

Fundraising costs are those incurred in seeking voluntary contributions by donations and do not include costs of disseminating information relating to the activities carried on by the Company.

Management and administrative costs are those incurred in connection with administration of the Company and compliance with constitutional and statutory requirements.

Transfers to overseas Partner Organisations (PO) are not recognised as expenses until financial reports are received and acquitted. Funds advanced to POs not acquitted at year end are included in Trade and Other Receivables.

(e) Foreign Exchange gain/loss

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

- In the case of funds transferred by HFHA, the overseas PO's 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.
- For the purpose of quarterly financial reports, the PO's convert the local currency into AUD averaging the rate prevailing on the first day and last day of the quarter.
- 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

The Company has entered into the lease of premises. Management has determined that all risks and rewards of ownership of the premises remain with lessor and has therefore classified the lease as an operating lease. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised as a reduction in rental expenses over the lease term on a straight-line basis.

(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 uncollectable 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.

Other receivables (advances to international affiliate organisations) are recognised at cost, and expensed in subsequent financial years as funds are acquitted by the PO's. Recoverability is assessed on the basis of individual projects to which funds are allocated.

(i) Income Tax

The company 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. Both international and domestic funds have deductible gift recipient status.

(j) Other taxes

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

- 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 of the item as applicable; and
- 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 lives to the Company commencing from the time the asset is held ready to use as follows:

Furniture – over 5 years

Computer Hardware – over 3 ½ years

Computer Software – over 2 years

Notes to the Financial Statements

(k) Property, plant and equipment continued

The assets residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. An item derecognised upon disposal, when the item is no longer used in the operations of the Company or when it has no sale value. Any gain or losses arising from the derecognition of the asset is included in the income statement in the year the asset is derecognised.

(l) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to 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. These amounts are usually settled within 30 days. The carrying amount of creditors and payables is to reflect fair value.

(m) Financial assets and liabilities

Financial assets and liabilities designated at fair value through the profit and loss account are initially recognised at fair value through the income statement. 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 income statement 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 12 months after year end.

(n) Deferred revenue

Where contributions received are restricted, the amounts received are recognised as deferred revenue until such time the funds are expensed on the designated project. Where the amount received for which service is provided over a period exceeding 12 months after the reporting date, the liability is discounted and presented as non-current liabilities.

(o) Employee leave benefits

Wages, salaries and annual leave balances

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long-service leave at the end of the financial year are recognised in provisions in respect of employees' services up to the balance sheet date. These are expected to be settled within 12 months of the reporting date. Liabilities in respect of non-accumulating sick leave are recognised when the leave is taken and are measured at the rate paid or payable.

Notes to the Financial Statements

For the year ended 30 June 2013

	2013	2012
	\$	\$
3. REVENUE AND EXPENSES		
a. Investment income		
Notional interest on affiliate loans	30,548	41,839
Bank interest received	60,409	46,832
Total investment income	90,957	88,671
b. Other income		
Other income	-	478
Total other income	-	478
c. Depreciation expense		
Depreciation of non-current assets		
Furniture and fittings	221	1,532
Computers	3,221	401
Total depreciation expense	3,442	1,933
4. CASH AND CASH EQUIVALENTS		
Cash at bank	644,257	706,988
Cash in hand	500	500
Short-term deposits	1,192,450	555,005
	1,837,207	1,262,493

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short Term deposits are made for varying periods between one day and three months, depending on the Company's cash requirements. These deposits earn interest at market rates.

5. TRADE AND OTHER RECEIVABLES

Advances to international affiliate organisations	163,832	153,989
Trade Receivables	100,125	48,171
Accrued Interest	8,959	3,748
GST Receivables	14,841	2,878
	287,757	208,786

Trade receivables includes advances provided to international affiliates for projects and are expected to be acquitted within the next 12 months.

6. FINANCIAL ASSETS: LOANS AND RECEIVABLES

<i>Current</i>		
Loans to affiliates and former affiliates	49,277	50,866
	49,277	50,866
<i>Non-current</i>		
Loans to affiliates and former affiliates	275,344	298,998
	275,344	298,998

Loans to affiliates and former affiliates are interest free, unsecured and have an average repayment term ranging between 15-20 years. The gross value of the loans as at 30 June 2013 amount to \$1,261,750 prior to considering impairment and discounting. Refer to Note 2(m) for further details on the recognition and measurement of financial assets.

Notes to the Financial Statements

For the year ended 30 June 2013

	2013	2012
	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT		
<i>Computers</i>		
At cost	74,059	60,879
Accumulated depreciation	(60,423)	(57,204)
<i>Net carrying amount</i>	13,636	3,675
<i>Furniture</i>		
At cost	16,236	6,709
Accumulated depreciation	(6,930)	(6,709)
<i>Net carrying amount</i>	9,306	-
Total Plant and Equipment	22,942	3,675
8. TRADE AND OTHER PAYABLES		
Trade and other creditors	195,435	22,422
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. PROVISIONS		
Provision for employee annual leave entitlements	56,141	66,533
Employee leave entitlements are considered current as the Company does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the end of the reporting period.		
10. DEFERRED REVENUE		
Donations received in relation to future projects	999,707	853,962
Refer to Notes to the Financial Statements para 2(n).		
11. OTHER FINANCIAL LIABILITIES		
Other financial liabilities	17,321	15,463
Other financial liabilities represents an unsecured, interest free loan. The gross value of the loan amounts to \$75,000 repayable on 30 June 2026. Refer to Note 2(m) for further details on the recognition and measurement of financial liabilities.		
12. EQUITY - RETAINED EARNINGS		
Balance at the beginning of the year	843,759	729,448
Excess of revenue over expenditure	329,580	114,311
Balance at the end of the year	1,173,339	843,759

Notes to the Financial Statements

For the year ended 30 June 2013

	2013	2012
	\$	\$
13. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS AFTER INCOME TAX		
Operating surplus after income tax	329,580	114,311
<i>Adjustments for non-cash income and expense items:</i>		
Depreciation expenses	3,422	1,933
Amortisation of lease incentives	11,208	(5,893)
Foreign exchange (gain) / loss	(27,794)	12,947
Non monetary revenue	(49,000)	(171,607)
Non monetary expenditure	49,000	170,734
Imputed interest income on affiliate loans	(30,548)	(41,839)
Increase in financial liability	1,861	2,180
NPV charge on loan to affiliates	(9,773)	(42,296)
<i>Working capital adjustments</i>		
(Increase) in trade and other receivables	(51,177)	(44,959)
(Decrease) / Increase in trade payables	(13,694)	20,942
Increase / (decrease) in other payables	173,009	(89,025)
Increase in deferred value	145,745	159,701
Net cash provided from operating activities	531,859	87,129

14. EVENTS AFTER BALANCE SHEET DATE

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

15. COMMITMENTS AND CONTINGENCIES

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

The lease has a life of 36 months with an option to renew for another two years. Renewal is 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 2013 are as follows:

Within one year	81,567	101,566
After one year, but not more than five years	193,722	91,409
More than five years	-	-
	275,289	192,975

16. MEMBERS' GUARANTEE

HFHA has 105 (2012: 125) members 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 also members of HFHA.

In the event of winding up of the HFHA, the members undertake to contribute \$50 towards the payment of debts and liabilities of the Company or the cost, charges and expenses of the winding up of the Company in addition to the amount of unpaid membership fees.

Notes to the Financial Statements

For the year ended 30 June 2013

	2013	2012
	\$	\$

17. INCOME AND EXPENDITURE OF FUNDRAISING APPEALS

HFHA conducts fundraising appeals as defined by the NSW Charitable Act (1991) and the regulations thereto. The income and cost of fundraising have been recognised in the Financial Report and are summarised below:

Proceeds of fundraising appeals	552,487	751,748
Cost of fundraising appeals	148,598	197,431
Surplus of proceeds over disbursements from fundraising appeals	403,889	554,317

The following percentages relate to the fundraising appeals:

Total cost of fundraising appeals / Gross income from fundraising	27%	26%
Net surplus from fundraising appeals / Gross income from fundraising	73%	74%

18. RELATED PARTY TRANSACTIONS

i. Key management personnel compensation

Short-term employee benefits	539,268	508,145
Total compensation	539,268	508,145

During the period HFHA paid fees to its current Chief Executive Officer (CEO) for consulting services prior to his appointment as CEO. The consultancy fee amounted to \$5,500 and is in addition to the total compensation shown above

Key management personnel are not entitled to post employment, long-term benefits, termination or share based payments. Key management personnel include CEO, Finance Manager, International Program Manager, Fundraising and Marketing Manager, Australian Program Manager and Global Village Team Leader.

ii. Directors' compensation

The Directors act in an honorary capacity and receive no compensation. During the year travel expenses totalling \$2,628 (2012: \$479) incurred by the directors in fulfilling their roles were reimbursed.

Notes to the Financial Statements

For the year ended 30 June 2013

	2013	2012
	\$	\$
19. REVENUE AND EXPENSES		
(i) Revenue		
Donations and Gifts		
– Monetary	2,231,165	2,869,813
– Non monetary	49,000	171,607
Bequests and Legacies	30,000	-
Grants		
– AusAID	1,028,779	150,000
– Other overseas	267,231	233,503
Total revenue	3,606,175	3,424,923
(ii) Other income		
Investment Income	90,957	88,671
Exchange Gain	27,794	-
NPV gain on loans to Affiliates & former Affiliates	9,773	42,296
Other income	-	478
Total other income	128,524	131,445
Total revenue and other income	3,734,699	3,556,368
(iii) Expenses		
Depreciation	3,442	1,933
Operating lease payments	99,115	86,283
Auditor's remuneration		
Amount paid to Ernst & Young for the audit of financial statements	36,000	36,600
(iv) Employee benefit expenses		
Wages and salaries	883,127	1,068,603
Worker's compensation insurance	4,164	2,199
Defined contribution superannuation plus expenses	77,098	88,152
Total employee benefit expenses	964,389	1,158,954

Independent auditor's report to the members of Habitat for Humanity Australia

Report on the financial report

We have audited the accompanying financial report of Habitat for Humanity Australia, 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 controls as the directors determine are necessary to enable the preparation of the financial report that 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- a. the financial report of Habitat for Humanity Australia 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*;

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*

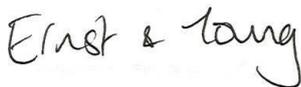
We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the requirements described in the above-mentioned Act and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

- a) the financial report of Habitat for Humanity Australia has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2013, in all material respects, in accordance with:
 - (iii) sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - (iv) sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*;
- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2013 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.



Ernst & Young



Mark Conroy
Partner
Sydney
8 October 2013