

Financial Report

For The Year Ended
30 June 2015

Habitat for Humanity Australia Ltd

Address: Level 4, 20 Berry Street, North Sydney, NSW 2060

Postal Address: PO Box 1048, North Sydney, NSW 2059

Contact Details: info@habitat.org.au

Website: www.habitat.org.au

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

Contents

Directors' Report	1
Directors' Declaration	5
Auditor's Independence Declaration	7
Income Statement	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	11
Notes to the Financial Statements	12
Independent Audit Report	20

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
Chris Franks	Chairperson	Company Director & Governance Consultant	1-Jul-08
Robyn FitzRoy	Director	Company Director, Board Governance & Strategy Specialist	29-Nov-10
Natalie Fuller	Director	Social Planning Consultant, Habitat for Humanity South Australia Board Member and Volunteer Global Village Team Leader	14-Apr-11
Paul Mulroney	Director	Magistrate	12-Feb-10
Doug Talbert	Director	Company Director and Management Consultant with Legal, Financial and Ethical experience and expertise	29-Nov-10
Neill Evans	Director	Building Materials Company Executive	15-Oct-12
Peter Baynard-Smith	Director	International NGO Senior Manager	15-Oct-12
Dennis Green	Director	International NGO Executive	23-Mar-13
Greg Creecy	Director	Company Director and Management Consultant	26-Jun-13

Details of directors' qualification and experience can be found on page XX 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 entity employed eighteen employees as at 30 June 2015 (seventeen as at 30 June 2013).

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, Walker 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. Build Community Impact - to deliver improved housing to poor communities overseas and in Australia
2. Build Sector Impact - to build an evidence-base and network of partners to advocate for change
3. Build Societal Impact - to educate, motivate and mobilise the community to advocate for better housing solutions
4. Build a Sustainable Organisation - to fund the mission, grow skills and leadership capabilities and operate with excellence
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 Affiliates 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 people served in growing sustainable overseas projects
2. Number of people served in growing sustainable projects within Australia
3. Number of volunteers and partner organisations engaged in our work both overseas and in Australia
4. Advocacy activities (media articles, govt. submissions, speaking events) to promote and influence understanding and policy on poverty housing, aid and development policies
5. To assess controls over Company's administrative and other direct costs
6. To assess the cost effectiveness of the fundraising activities

Operating and Financial Review

The total revenue of HFHA was \$ 4,586,970 (2014: \$ 3,978,629) and expenses of \$4,822,722 (2014: \$3,853,326) resulting in a deficit of \$ 235,752 (2014: surplus \$125,303).

Dividends

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

Liability of Members

HFHA has 119 (2013: 104) 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 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 \$5,950 (119 X \$50).

Significant Changes in the State of Affairs

There has been no significant change in the state of affairs of HFHA during the 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 pursuing 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 and independent Board committee members other than conduct involving wilful breach of duty.

The total amount of insurance contract premium paid was \$667.

Directors' Benefits

The Directors did not receive any remuneration for their services. Some expenses incurred by directors in carrying out their 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		Governance & Nominations Committee		International Program Advisory Committee		Global Village Advisory Committee	
	A	B	A	B	A	B	A	B	A	B
Christine Franks	9	9	7	4	5	5	4	2		
Robyn FitzRoy	9	8			5	5				
Natalie Fuller	9	8							1	1
Paul Mulrone	9	9			5	5				
Doug Talbert	9	8	7	7						
Neill Evans	9	7								
Peter Baynard-Smith	9	6					4	4		
Dennis Green	9	8			5	5				
Greg Creecy	9	8	7	7					1	1
Julianne Scenna*										
Mary-Anne Matthews*			7	7						
Aman Mehta*							4	4		
Peter Mason*							3	3		

A: Number of meetings eligible to attend

B: Meetings Attended

* 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 07 of the financial report and forms part of the Directors' Report.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

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 2015 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, Australian Charities and Not-for-profit Commission (ACNC); 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 06 October 2015.

On behalf of the directors



Christine Franks
Chairperson
Sydney, 06 October 2015

Directors' Experience and Qualifications

Chris Franks (Chair)

Chris is a professional company director with over 15 years experience. She was appointed Director of Habitat for Humanity Australia in 2008 and elected Chair in 2010. She is also Chair of RESULTS International (Australia), a Director of NSW Kids & Families, a Director of Family Planning NSW as well as a range of other committee memberships. Chris also convenes the Women in Aid & Development forum. She has worked as a Director on many financial, mutual and not-for-profit boards over the past 15 years, chaired the NSW Charities Ministerial Advisory Committee and the ACFID Code of Conduct Committee, receiving the inaugural ACFID Award for Outstanding Service to the Aid and Development Sector in 2006. Chris has extensive executive experience in sales, marketing, consumer research and customer service in both commercial and not-for-profit sectors.

Robyn FitzRoy

Robyn is a governance and board performance specialist, offering these services as principal of her own company. She brings considerable financial, marketing, strategy and risk management skills to the Habitat for Humanity Australia Board, to which she was appointed in 2010 and where she chairs the Governance & Nominations Committee. Robyn is also director of Gateway Credit Union, a former Chair of WealthPortal, a former Executive Director of Macquarie Bank, a former Director of Cuscal and a former Councillor of MLC School, Burwood. Other roles include the facilitation and writing of courses for the Australian Institute of Company Directors. Robyn's education includes an MA (UTS); BA (Macquarie), Diploma in Marketing (Macquarie) and a Diploma in the Delivery of Information Technology (Harvard University). She is also a winner of the Women in Management Achiever of the Year Award.

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 and holds degrees in science, social work and recreation planning. Natalie has extensive experience in community development and social planning, and since 1998 has run a consultancy practice primarily focused on designing and managing community engagement processes in relation to urban development and environmental management projects. She has also worked in the university sector and currently supervises Australian social work students on placement in India.

Paul Mulroney

Paul has been a board member since 2009. Paul was a Magistrate from March 2000 until his retirement in November 2014 and was also a Children's Court Magistrate from 2001. He is currently Chair of Habitat for Humanity New South Wales. Paul was previously 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 bodies including legal, church, university and community groups. Paul is a member of Church in the Market Place, the Uniting Church in Bondi Junction and holds a number of leadership positions in the Uniting Church. He is also a lay preacher.

Doug Talbert

Doug is a 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 property management business. Doug is involved in a range of charities and not-for-profit organisations including The Housing Connection, past President and current CEO, The Machado Joseph Foundation (former Treasurer), Calvary Health Care (Ethics Board Member) and Habitat for Humanity Australia (Director). Doug also sits on the Ethics Committee at RNSH covering the Northern Health District. His particular concerns are for the disenfranchised, the disabled and the aged. Doug holds degrees in economics, law and ethics.

Peter Baynard-Smith

Peter Baynard-Smith is an experienced International Relief and Development professional bringing to the Habitat for Humanity Australia Board the benefit of over 20 years experience in Africa and Asia. As an engineer, Peter has worked across water, infrastructure, renewable energy and emergency response projects. He gained experience as Country Director in Mozambique for the Irish NGO, Concern Worldwide from 2000-2004 and then served as Regional Director (Asia) for Concern before moving with his family to Australia in 2008. In Australia, Peter has worked as Victoria Operations Director with Mission Australia, Director of Programs at the Foundation for Young Australians, and is now at World Vision Australia. Here Peter heads up the Technical Business Partners team which provides sectoral expertise across economic development, health, gender, child protection, water, sanitation and hygiene, social accountability, and food security, as well as oversees program effectiveness and evaluation.

Denis Green

Denis joined Habitat for Humanity International in 2011 and is currently Senior Director, Asia-Pacific Operations for Habitat for Humanity International (HFHI) 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 across 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.

Greg Creecy

Greg has 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 Habitat for Humanity Board in June 2013 after two years as a member of Habitat for Humanity Australia's Finance and Audit Committee. Greg is involved as a member of the finance sub-committee of the Machado Joseph Foundation, a Director of Rawson Group, 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 both in Australia and overseas including CSR and GWA. He has also operated his own investment and consulting business. Currently he is CEO for ARCPAC P/L, an ASX listed building products company. He joined the Board in 2012 and is a member of the Australian Program Advisory Committee.

Advisory Committees Members

Governance and Nominations Committee (GNC)

Chris Franks
Denis Green
Robyn FitzRoy
Paul Mulroney

International Programs Advisory Committee (IPAC)

Aman Mehta
Julienne Scenna
Peter Baynard-Smith
Chris Franks

Australian Programs Advisory Committee (APAC)

Doug Talbert
Greg Creecy
Natalie Fuller
Neill Evans
Rob McLauchlan

Marketing and Fundraising Advisory Committee (MFAC)

Ned Strong
Robyn FitzRoy
Chris Franks

Finance and Audit Committee (FAC)

Doug Talbert
Mary-Anne Matthews
Greg Creecy

Global Village Advisory Committee (GVAC)

Greg Creecy
Natalie Fuller



Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com

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

Income Statement

For the year ended 30 June 2015

	NOTES	2015	2014
REVENUE		\$	\$
Donations and gifts			
Monetary		2,454,890	2,397,037
Non-Monetary		5,316	25,245
Bequests and Legacies		352,272	21,919
Grants			
Department of Foreign Affairs and Trade (DFAT)		1,238,685	1,022,432
Other overseas		413,478	386,733
Investment Income	3(a)	83,872	98,548
Foreign exchange Gain		32,790	7,805
NPV gain on loan to Affiliates & former Affiliates		5,667	18,660
Other Income	3(b)	0	250
TOTAL REVENUE AND OTHER INCOME	20	4,586,970	3,978,629
EXPENDITURE		\$	\$
International Aid and Development Programs Expenditure			
International Programs			
Funds to international programs		1,785,478	1,509,688
Program support costs		926,783	795,117
Community Education		0	31,390
Fundraising Costs			
Public		939,252	649,925
Government, multilateral and private		0	0
Bank charges		12,579	15,214
Accountability and Administration		522,271	414,602
Depreciation	3(c)	10,258	7,703
Total International Aid and Development Programs Expenditure		4,196,621	3,423,639
Domestic Programs Expenditure			
Program expenditure and support cost		620,785	402,361
Non-monetary Expenditure			
Notional interest on other financial liability			2,081
Contributed services		5,316	25,245
TOTAL DOMESTIC PROGRAMS EXPENDITURE		626,101	429,687
TOTAL EXPENDITURE		4,822,722	3,853,326
EXCESS OF REVENUE OVER EXPENDITURE		(235,752)	125,303

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

Statement of Comprehensive Income

For the year ended 30 June 2015

	2015	2014
	\$	\$
EXCESS OF EXPENDITURE OR INCOME FOR THE YEAR	(235,752)	125,303
Other comprehensive income / (loss)	-	-
Other comprehensive income/(loss) for the year	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(235,752)	125,303

Note: The accompanying notes form part of the financial statements

Balance Sheet

As at 30 June 2015

	NOTES	2015	2014
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	2,241,858	2,051,053
Trade and other receivables	5	551,368	163,795
Lease Incentive Asset		-	15,293
Other financial assets - loans and receivables	6	66,771	67,838
Total Current Assets		2,859,997	2,297,979
Non-Current Assets			
Other financial assets - loans and receivables	6	228,965	258,922
Property, plant and equipment	7	15,612	17,308
Total Non-Current Assets		244,577	276,230
TOTAL ASSETS		3,104,574	2,574,209
LIABILITIES			
Current Liabilities			
Trade and other payables	8	342,902	134,061
Current tax liabilities - employee tax payable		16,833	6,732
Lease incentive liability		22,941	48,429
Provisions	9	103,568	68,911
Deferred revenue	10	1,515,183	998,031
TOTAL CURRENT LIABILITIES		2,001,427	1,256,164
Non Current Liabilities			
Other financial liabilities	11	21,734	19,403
Provisions	9	18,523	
Total Non Current Liabilities		40,257	19,403
TOTAL LIABILITIES		2,041,684	1,275,567
NET ASSETS		1,062,890	1,298,642
EQUITY			
Retained Earnings	12	1,062,890	1,298,642
TOTAL EQUITY		1,062,890	1,298,642

Notes: 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

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

RETAINED EARNINGS	Retained earnings	Total
As at 30 June 2013	\$	\$
Retained earnings at the beginning of the year	1,173,339	1,173,339
Excess of revenue over expenditure for 2014	125,303	125,303
Other amounts transferred (to) or from reserves	-	-
AS AT 30 JUNE 2014	1,298,642	1,298,642
As at 30 June 2014		\$
Retained earnings at the beginning of the year	1,298,642	1,298,642
Excess of revenue over expenditure for 2015	(235,752)	(235,752)
Other amounts transferred (to) or from reserves	-	-
AS AT 30 JUNE 2015	1,062,980	1,062,980

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

The accompanying notes form part of the financial statements.

Cash Flow Statement

As at 30 June 2015

	NOTES	JUNE 2015	JUNE 2014
Cash flows from operating activities		\$	\$
Receipts from donors and international affiliate		4,986,582	3,838,543
Payments to suppliers and employees	2(d)	(4,907,779)	(3,737,694)
Interest received		53,793	49,940
Net cash flows from operating activities	13	132,596	150,789
Cash flows from investing activities			
Loans provided to affiliates		-	-
Repayment of loans by affiliates		66,771	65,129
Purchase of property, plant and equipment		(8,562)	(2,072)
Receipt from sale of property, plant and equipment		-	-
Net cash flows from investing activities		58,209	63,057
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		190,805	213,846
Cash and cash equivalents at beginning of period		2,051,053	1,837,207
Cash and cash equivalents at end of period	4	2,241,858	2,051,053

Note: 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 2015 was authorised for issue in accordance with a resolution of the Directors on 06 October 2015.

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 Charities and Not-for-profit Commission (ACNC), Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting interpretations and other authoritative pronouncements of the 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 have been 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 amounts 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 current and future periods.
- (iii) Estimates and adjustments have been made with regard to loans and other financial assets in relation to timing of future cash flows and applicable interest rates. In order to estimate the timing of the future cash flows, adjustments are made to the calculation

periodically to reflect actual repayments received and then used as a forecast of future cash inflows expected. Refer to Notes 2(m), 6 and 11.

(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 and 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 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.

- (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 DFAT criteria. The total value of such contributions, equivalent to the numbers of days on site is \$ 246,252 (2013 : \$378,816) 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 based on head count.

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 lease of premises. Management has determined that all risks and rewards of ownership of the premises remain with the 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 uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that 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 POs. Acquittal and recoverability is assessed on the basis of progress of the 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 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 1/3 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 is 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 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 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 or in situations where there is a change in the amount and timing of future cashflows. 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. Amount reflected in the note 10 is committed for next 12 months to various projects

(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 2015

	2015	2014
	\$	\$
3. REVENUE AND EXPENSES		
a. Investment income		
Notional interest on affiliate loans	30,079	48,608
Bank interest received	53,793	49,940
Total investment income	83,872	98,548
b. Other income		
Other income	0	250
Total other income	0	250
c. Depreciation expense		
Depreciation of non-current assets		
Furniture and fittings	1,905	1,905
Computers	8,353	5,798
Total depreciation expense	10,258	7,703
4. CASH AND CASH EQUIVALENTS		
Cash at bank	897,197	970,210
Cash in hand	500	500
Short-term deposits	1,344,161	1,080,343
	2,241,858	2,051,053

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 and are invested with ANZ Bank.

5. TRADE AND OTHER RECEIVABLES

Advances to international affiliate organisations	357,259	125,971
Trade receivables	2,830	31,479
Bartercard credit	169,609	
Prepayments and others	16,918	-
GST Receivables	4,752	6,345
	551,368	163,795

Trade receivables includes unused Bartercard trade credit that was donated towards projects in Vanuatu and is expected to be used within next 12 months.

6. FINANCIAL ASSETS: LOANS AND RECEIVABLES

<i>Current</i>		
Loans to affiliates and former affiliates	67,838	67,838
<i>Non-current</i>		
Loans to affiliates and former affiliates	258,922	258,922

Loans to affiliates and former affiliates are interest free, unsecured and have an average repayment terms ranging between 15-20 years. The gross value of the loans as at 30 June 2015 amount to \$508,732 prior to considering the impact of discounting. Refer to Note 2(m) for further details on the recognition and measurement of financial assets.

Notes to the Financial Statements (continued)

For the year ended 30 June 2015

	2015	2014
	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT		
<i>Computers</i>		
At cost	27,890	76,128
Accumulated depreciation	(17,773)	(66,219)
<i>Net carrying amount</i>	10,117	9,909
<i>Furniture</i>		
At cost	9,527	16,236
Accumulated depreciation	(4,032)	(8,837)
<i>Net carrying amount</i>	5,495	7,399
Total Plant and Equipment	15,612	17,308

8. TRADE AND OTHER PAYABLES

Payable to overseas Affiliates for projects	110,725	24,426
Payable to overseas Affiliates for volunteer trips	163,245	40,135
Other payables	68,932	69,500
Total Trade and other Creditors	342,902	134,061

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

<i>Current</i>		
Provision for employee annual leave entitlements within 12 months	103,568	68,911
Provision for long service leave	0	0
Total	103,568	68,911
<i>Non Current</i>		
Provision for long service leave	18,523	-
Total	18,523	-

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	1,515,183	998,031
--	------------------	----------------

Refer to Notes to the Financial Statements para 2(n).

11. OTHER FINANCIAL LIABILITIES

Other financial liabilities	21,734	19,403
------------------------------------	---------------	---------------

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

Movement in retained earnings

Detail of the movement in retained earnings are provided in the statement of the change in equity.

Notes to the Financial Statements

For the year ended 30 June 2015

	2015	2014
	\$	\$
13. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS AFTER INCOME TAX		
Operating surplus after income tax	(235,752)	125,303
<i>Adjustments for non-cash income and expense items:</i>		
Depreciation expenses	10,258	7,703
Amortisation of lease incentives	40,785	10,196
Foreign exchange (gain) / loss	(34,114)	(7,805)
Non monetary revenue	(5,316)	(25,245)
Non monetary expenditure	5,316	25,245
Imputed interest income on affiliate loans	(35,747)	(48,608)
Increase in financial liability		2,082
NPV charge on loan to affiliates	5,667	(18,660)
<i>Working capital adjustments</i>		
(Increase)/Decrease in trade and other receivables	(387,573)	131,768
Increase/(Decrease) in trade payables	262,021	11,858
Increase/(Decrease) in other payables	(10,100)	(61,372)
Increase/(Decrease) in deferred revenue	517,151	(1,676)
Net cash provided from operating activities	132,596	150,789

14. EVENTS AFTER BALANCE SHEET DATE

There have been no significant events occurring after the balance date which may affect 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 in a commercial lease from 01 April 2013 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 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 2015 are as follows:

Within one year	99,251	106,462
After one year, but not more than five years	0	99,251
More than five years		-
	99,251	205,713

HFHA has 104 (2013: 105) 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.

16. MEMBERS' GUARANTEE

HFHA has 119 (2014: 104) 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 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. The total value members would contribute amounts to \$5,950 (119 x \$50).

Notes to the Financial Statements

For the year ended 30 June 2015

	2015	2014
	\$	\$

17. INCOME FURNISHED UNDER ACFID CODE OF CONDUCT

1. No single appeal or other form of fundraising for a designated purpose generated more than 10% or more of total income for the year.
2. No revenue was earned nor expenditure incurred for the year on international political or religious proselytisation programs.

18. 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	825,718	614,321
Cost of fundraising appeals	310,785	209,250
Surplus of proceeds over disbursements from fundraising appeals	514,933	405,071

The following percentages relate to the fundraising appeals:

Total cost of fundraising appeals / Gross income from fundraising	38%	34%
Net surplus from fundraising appeals / Gross income from fundraising	62%	66%

19. RELATED PARTY TRANSACTIONS

i. Key management personnel compensation

Short-term employee benefits	671,054	715,578
Total compensation	671,054	715,578

Key management personnel are not entitled to post employment, long term benefits, termination or share based payments. Key management personnel include CEO, Head of Finance and Company Secretary, Head of International Program, Head of Marketing, Communications and Fundraising, Business Development Manager – Australian Program.

ii. Directors' compensation

The Directors act in an honorary capacity and receive no compensation. During the year travel expenses totalling \$3,086 (2014: \$3,247) incurred by the directors in fulfilling their roles were reimbursed.

Notes to the Financial Statements

For the year ended 30 June 2015

	2015	2014
	\$	\$
20. REVENUE, OTHER INCOME AND EXPENSES		
(i) Revenue		
Donations and Gifts		
– Monetary	2,454,890	2,397,037
– Non monetary	5,316	25,245
Bequests and Legacies	352,272	21,919
Grants		
– Department of Foreign Affairs and Trade	1,238,685	1,022,432
– Other overseas	413,478	386,733
Total revenue	4,464,641	3,853,366
(ii) Other income		
Investment Income	83,872	98,548
Exchange Gain	32,790	7,805
NPV gain on loans to Affiliates & former Affiliates	5,667	18,660
Other income	0	250
Total other income	122,329	125,263
Total revenue and other income	4,856,970	3,978,629
(iii) Expenses		
Depreciation	10,258	7,703
Operating lease payments	106,462	91,896
<i>Auditor's remuneration</i>		
Amount paid to Ernst & Young for the audit of financial statements	37,000	37,000
(iv) Employee benefit expenses		
Wages and salaries	1,396,004	1,150,214
Worker's compensation insurance	2,668	2,351
Defined contribution superannuation plus expenses	133,694	99,739
Total employee benefit expenses	1,531,694	1,252,304



Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com

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

- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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