

Habitat for Humanity Australia Ltd

A.C.N. 131 976 004

FINANCIAL REPORT

For The Year Ended

30 June 2017

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Habitat for Humanity Australia Ltd

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Habitat for Humanity Australia Ltd

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
Christine Franks	Chairperson	Company Director & Governance Consultant	1-Jul-08
Paul Mulroney*	Director	Retired Magistrate	12-Feb-10
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
Denis James Green	Director	Retired, International NGO Executive	23-Mar-13
Gregory Sam Creecy	Director	Company Director and Management Consultant	24-Jun-13
Caroline Michelle Mara	Director	Chartered Accountant	2-May-16
Ian Thomas Graham	Director	Accounting and corporate background, Habitat for Humanity NSW Board Member	21-Nov-16
Guy Winship	Director	Company Director, professional manager in not-for-profit sector	19-Dec-16
Blair Badcock	Director	Company Director, education and public sector housing background, Habitat for Humanity SA Board Member	6-Feb-17
Makala Schofield	Director	Company Director, Senior Executive with experience in corporate and government sectors	28-Apr-17
Lynette Joy Mackenzie	Director	Business Consultant	14-Aug-17
Duncan Gerald West***	Director	Company Director	22-Sep-17

*Resigned 21 November 2016

**Resigned 6 February 2017

*** Chairperson designate

Details of directors' qualifications and experience 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 entity employed 20 employees as at 30 June 2017 (20 as at 30 June 2016).

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, 200 George Street, NSW 2000 Australia

Habitat for Humanity Australia Ltd

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.

The Company's 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 in program delivery, deliver clean water and sanitation solutions, and to 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. Enable 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 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. Number and reach of advocacy activities (media articles, government submissions, speaking events) to promote and influence understanding and policy on poverty housing, aid & development policies.
5. Efficiency and control of the Company's administrative costs and return on investment of its fundraising activities.

Operating and Financial Review

The total revenue of HFHA was \$6,457,852 (2016: \$4,834,224) with expenses of \$6,055,199 (2016: \$5,601,007) resulting in a surplus of \$402,653 a significant improvement on the previous year (2016: deficit \$766,782).

The year saw significant growth in Monetary Donations from 2016: \$2,523,480 to 2017: \$4,157,048, a substantial increase of 64.7% from the prior year primarily due to the Global Village initiative, a \$425,289 increase arising from the change in accounting treatment as explained in Note 2(n), and a significant increase in non-monetary donations from supporting organisations (2017: \$398,191 ; 2016: \$266,487).

Grant funding from the Australian government decreased from 2016 (2017: \$1,135,396; 2016: \$1,261,122), as did the grant from Habitat for Humanity International (2017: \$629,800; 2016: \$695,186).

Overall expenditure increased from 2016: \$5,601,007 to 2017: \$6,055,199. A significant amount of this increase in 2017 was reflected in international programs support costs rising by \$314,349 and non-monetary expenditure funded by supporting organisations \$131,704.

The other significant increase in expenditure from the previous year relates to the investment in fundraising (2017: \$1,474,418; 2016: \$1,291,061). The additional investment in fundraising is a key component of our strategic plan in order to yield income for our important programs in future years.

Habitat for Humanity Australia Ltd

Dividends

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

Liability of Members

HFHA has 65 (2016: 119) members at the end of the year, and there is no limit on the number of members allowed under the HFHA Constitution. All of the directors are also members of HFHA.

In the event of winding up of HFHA, the members undertake (including for a year after membership expiry) to contribute an amount up to but not exceeding \$50 each towards the payment of the 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. At the date of this report, the maximum value that members may be required to contribute amounts to \$3,250 (65 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 \$651.

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.

Habitat for Humanity Australia Ltd

Board of Directors' and Board Committee Meetings

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

Board and Board Committees	Board of Directors Meetings		Finance and Audit Committee		Governance & Nominations Committee		International Program Advisory Committee		Risk Committee	
List of Directors	Number of Meetings *	Meetings attended	Number of Meetings *	Meetings attended	Number of Meetings *	Meetings attended	Number of Meetings *	Meetings attended	Number of Meetings *	Meetings attended
Christine Franks	9	9	7	6	5	4			3	2
Paul Mulroney	3	3			4	4				
Robyn FitzRoy	6	6			4	4				
Natalie Fuller	5	4								
Denis James Green	9	8			5	5	4	4		
Gregory Sam Creecy	9	8	7	7						
Caroline Michelle Mara	9	8	7	7						
Ian Thomas Graham	6	5							3	2
Guy Winship	4	4					1	1		
Blair Badcock	4	4							3	3
Makala Schofield	2	2			1	1				
<u>Committee Members</u>										
Mary-Anne Matthews	n/a	n/a	4	3						
Lynette Joy Mackenzie	n/a	n/a	3	3						
Duane Findley	n/a	n/a			1	1				
Aman Mehta	n/a	n/a					4	4		
Peter Mason	n/a	n/a					4	4		
Peter Baynard-Smith	n/a	n/a	1	1			4	2		
Lucinda Hartley	n/a	n/a					1	1		
Gideon Westhuizen	n/a	n/a							3	2
Guy Freeland	n/a	n/a							3	1

* Number of meetings eligible to attend

Auditor's Independence Declaration

The Directors have received a declaration of independence from the auditors of the Company which is included on page 10 of the financial report and forms part of the Directors' Report.

Habitat for Humanity Australia Ltd

Directors' Experience and Qualifications

Christine Franks

BA (Statistics) MMgmt (Community) FAICD

Chris is a professional company director with over 15 years' experience. She was appointed to the Habitat for Humanity Australia Board 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 the commercial and not-for-profit sectors.

Paul Mulroney

BComm, LLB

Paul joined the Habitat for Humanity Australia board in 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. Paul joined the Habitat for Humanity Australia Board in 2010 and retired from the Board in November 2016.

Robyn FitzRoy

MA, BA, DiM, DiIT, FAICD

Robyn is a governance and board performance specialist, offering these services as principal of her own company. Robyn brought 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 chaired the Governance & Nominations Committee. Robyn is a 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. She is also a winner of the Women in Management Achiever of the Year Award. Robyn resigned from the Board in February 2017.

Natalie Fuller

BSc, BA, BSocAdmin, DiRec

Natalie has been actively involved with Habitat for Humanity since 2001, leading Global Village teams and participating in Jimmy Carter builds. She has been 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. Natalie joined the Habitat for Humanity Australia Board in 2011 and resigned from the Board in February 2017 to take on an Australian Volunteer International Development program assignment in Myanmar.

Habitat for Humanity Australia Ltd

Denis James Green

LLB, BD, MA

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 joined Habitat for Humanity International in 2011 and was Senior Director, Asia-Pacific Operations until his retirement in 2015. In that role, he oversaw the coordination of HFHI with Habitat national offices in key aspects of their ongoing work and operations. Denis joined the Habitat for Humanity Australia board in March 2013. Denis has extensive experience in management, governance, strategic planning, and international aid and development. He has previously served as a member of a number of Habitat for Humanity boards. Denis is Chair of the International Program Advisory Committee and a member of the Governance & Nominations Committee.

Gregory Sam Creecy

BA (Ec), FINSIA, CFTP, FAICD

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 Australia Board in June 2013 after two years as a member of Habitat for Humanity Australia's Finance and Audit Committee. Greg has been Chair of the Finance and Audit Committee since he joined the Board. 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.

Caroline Michelle Mara

BComm, ICAA, RA

Caroline is an Assurance Partner at one of the Big 4 accounting firms based in Newcastle and has over 15 years' experience in professional auditing and accounting, including the provision of external and internal auditing services both to public and private sectors. Caroline has also immersed herself in community projects including the Equal Futures Project (formerly UN Women Hunter Chapter) and the Salvation Army's Hunter Red Shield Appeal. Caroline joined the Habitat for Humanity Australia Board in May 2016 and has been a member of the Finance and Audit Committee since then.

Ian Thomas Graham

CPA, MAICD, MGIA

Ian Graham has a professional accounting and management background. Ian was the CEO/MD of QBELMI (a major subsidiary of the QBE Group) for 21 years. He has also worked in senior management and finance roles in the AMP Group. Ian retired as CEO of QBELMI in 2012 and in the same year became a non-executive Director of Habitat For Humanity NSW. Ian joined the Habitat for Humanity Australia Board in November 2016 and is Chair of the Risk Committee.

Habitat for Humanity Australia Ltd

Guy Winship**BSc, BComm (Hons), MSc, MAICD**

Guy is a former CEO in the not-for-profit and civil society sector with an acknowledged record of social impact delivery. He has worked at both local and national levels and has held technical advisory roles in over 20 developing countries. Guy also serves as a board member of World Education Australia and Salvation Army International Development. Guy joined the Habitat for Humanity Australia Board in December 2016 and is a member of the International Program Advisory Committee.

Blair Badcock**MA (Hons), PhD**

After 30 years in tertiary education, Blair moved into the public housing sector at New Zealand Housing Corporation. His expertise and experience relate to research interests, research management, and policy development in the fields of urban and housing studies. Blair is also a director on Habitat for Humanity's South Australian Board and has served on the Research Advisory Panel of the Australia Housing and Urban Research Institute, which he joins again for 2018. Blair joined the Habitat for Humanity Australia Board in February 2017 and is a member of the Risk Committee.

Makala Schofield**MAcc, MBA**

Makala is a Senior Executive with extensive experience and networks in the Corporate and Government sectors, working and collaborating with some of Australia's most respected brands. Makala joined the Habitat for Humanity Australia Board in April 2017 and is a member of the Governance and Nominations Committee. Makala will chair the Marketing Advisory Committee to commence meeting in the 2018 Financial Year.

Lynette Joy Mackenzie**BComm, DipFinPlan, CPA, CTA**

Lyn has over 20 years' experience in senior finance roles in a number of sectors including healthcare, property, automotive and information technology. She has strong strategic, technical and change management experience in accounting, management and tax. She is currently a Partner at CFO on Call. Lyn was appointed to the Habitat for Humanity Australia Board on 14 August 2017 after being a member of the Finance and Audit Committee since March 2017.

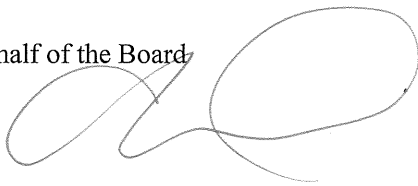
Duncan Gerald West**ANZIF (Snr Assoc.), CIP, FCII, BSc (Econ), GAICD**

Duncan has over 30 years experience in Financial Services in the UK, India and Australia including as CEO of some of Australia's largest insurance companies. He is the current Chair of a number of financial services companies. He has strong leadership, strategic, governance and commercial skills. He joined the Board of Habitat for Humanity Australia in September 2017 as Chair Designate.

Company Secretary appointed Sept 2016: Helen Dransfield BA/LLB, FGIA

Helen was appointed as an external consultant in September 2016 to provide the company secretarial function for Habitat for Humanity Australia. Helen has a corporate background previously working at King & Wood Mallesons and Vodafone Australia. Helen has worked with a number of not-for-profits including the Sydney 2000 Paralympic Games Organising Committee and whilst managing the Vodafone Australia Foundation. Most recently, she has consulted to RESULTS Australia.

On behalf of the Board



Christine Franks

Chairperson

Sydney, 1 October 2017

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 Ltd for the financial year ended 30 June 2017, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.



Ernst & Young



Mark Conroy
Partner
9 October 2017

Habitat for Humanity Australia Ltd

Statement of Comprehensive Income for the year ended 30 June 2017

	Notes	June 2017 \$	June 2016 \$
REVENUE			
Donations and Gifts			
- Monetary		4,157,048	2,523,480
- Non-monetary		398,191	266,487
Bequests and Legacies		82,311	-
Grants			
- Department of Foreign Affairs and Trade (DFAT)		1,135,396	1,261,122
- Other overseas		629,800	695,186
Investment Income	3(a)	28,106	59,389
Other Income		27,000	28,560
TOTAL REVENUE AND OTHER INCOME		6,457,852	4,834,224
EXPENDITURE			
International Aid and Development Programs Expenditure			
International Programs			
- Funds to international programs		2,167,957	2,232,931
- Program support costs		1,180,329	865,980
Fundraising Costs			
- Public		1,474,418	1,291,061
- Bank charges		27,126	22,991
Accountability and Administration		564,965	569,935
Depreciation	3(b)	9,438	13,147
Foreign exchange loss		-	57,638
Non-monetary Expenditure - Contributed Services International Program		398,191	266,487
Total International Aid and Development Programs Expenditure		5,822,424	5,320,171
Domestic Programs Expenditure			
Program expenditure and support cost		232,775	280,835
Total Domestic Programs Expenditure		232,775	280,835
TOTAL EXPENDITURE		6,055,199	5,601,007
SURPLUS / (DEFICIT)		402,653	(766,782)
Other comprehensive income / (loss)		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		402,653	(766,782)

The accompanying notes form part of the financial statements

Habitat for Humanity Australia Ltd

Balance Sheet as at 30 June 2017

	Notes	June 2017 \$	June 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	947,608	1,515,570
Trade and other receivables	5	353,889	487,075
Other financial assets - loans and receivables	6	40,895	43,365
Total Current Assets		1,342,392	2,046,009
Non-Current Assets			
Other financial assets - loans and receivables	6	118,958	190,878
Property, plant and equipment	7	16,613	18,320
Total Non-Current Assets		135,571	209,198
TOTAL ASSETS		1,477,963	2,255,207
LIABILITIES			
Current Liabilities			
Trade and other payables	8	125,463	224,957
Current tax liabilities - employee tax payable		17,562	19,712
Lease incentive liability		42,372	27,717
Provisions	9	102,659	114,642
Deferred revenue	10	446,383	1,520,967
Total Current Liabilities		734,439	1,907,995
Non Current Liabilities			
Provisions	9	17,493	26,759
Other financial liabilities	11	27,270	24,345
Total Non Current Liabilities		44,763	51,104
TOTAL LIABILITIES		779,202	1,959,099
NET ASSETS		698,761	296,108
EQUITY			
Retained Earnings		698,761	296,108
TOTAL EQUITY		698,761	296,108

The accompanying notes form part of the financial statements.

Habitat for Humanity Australia Ltd

Statement of Changes In Equity

Retained Earnings	Total
	\$
As at 30 June 2015	
Retained earnings at the beginning of the year	1,062,890
Profit / (Loss) for the year to 30 June 2016	(766,782)
Other amounts transferred (to) or from reserves	-
As at 30 June 2016	296,108
Profit / (Loss) for the year to 30 June 2017	402,653
Other amounts transferred (to) or from reserves	-
As at 30 June 2017	698,761

- The accompanying notes form part of the financial statements

Habitat for Humanity Australia Ltd

Cash Flow Statement for the year ended 30 June 2017

		June	June
	Notes	2017	2016
		\$	\$
Cash flows from operating activities			
Receipts from donors		3,171,301	2,580,018
Grants received		1,765,196	1,956,308
Payments to suppliers and employees	2(d)	(5,599,223)	(5,367,641)
Interest received		28,106	59,389
Net cash flows from operating activities	13	(634,620)	(771,927)
Cash flows from investing activities			
Loans provided to affiliates		-	-
Repayment of loans by affiliates		74,389	61,494
Purchase of property, plant and equipment		(7,731)	(15,855)
Net cash flows from investing activities		66,658	45,638
Cash flows from financing activities			
Receipt of loans		-	-
Repayments of loans		-	-
Net cash flows from/(used in) financing activities		-	-
Net decrease in cash and cash equivalents		(567,962)	(726,288)
Cash and cash equivalents at beginning of period		1,515,570	2,241,858
Cash and cash equivalents at end of period	4	947,608	1,515,570

- The accompanying notes form part of the financial statements

Habitat for Humanity Australia Ltd

30 June 2017

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial report of Habitat for Humanity Australia Ltd for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on x October 2017.

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) Act 2012, 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 are 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, other financial assets and long service leave 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 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 the 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 those contractually restricted contributions that are recognised as deferred revenue.
- (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.

Habitat for Humanity Australia Ltd

30 June 2017

Notes to the Financial Statements (continued)

(c) Revenue recognition (continued)

(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.

(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, taking into account numbers of days on site is \$458,783 (2016 : \$346,646) 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 are recognised as expenses when remitted.

(e) Foreign Exchange gain/loss

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

- a. In case of funds received from Overseas partners HFHA recognises receipts at exchange rate on the date of receipt i.e. the money actually credited to the account by the bank.
- b. Funds transferred for projects to overseas partners are recognised as an expense
- c. For amounts payable to volunteer trip host countries, the liability recognised is measured based on the exchange rate AUD/USD as at balance sheet date. When actual payment is made, the difference between the amount payable due to movements in exchange rates is recognised in the income statement.

(f) Leases

The Company has entered into a 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.

(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:

- a. Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- b. Receivables and payables are stated with the amount of GST included.

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

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

Notes to the Financial Statements (continued)

(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

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.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(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 reflects 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

Management have calculated deferred revenue at 30 June 2017 with only those amounts restricted and potentially repayable deferred. This change will be accounted for prospectively as a change in accounting estimate. The impact of this change, related to revenue recognition, resulted in a reduction of the deferred revenue liability by \$425,289 to the revised balance of \$446,383 at 30 June 2017 and resulting in an increase in donation revenue of \$425,289. It is impractical to estimate the effect of this change in future periods.

Where contributions received are contractually restricted, the amounts received are recognised as deferred revenue over the period to which it relates, usually 12 months. Where the amount received for which service is provided over a period exceeding 12 months after the reporting date, the amount is discounted and presented as non-current liabilities. Also refer to note 10.

(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. Long service leave benefit is considered non-current considering when the benefit can be availed at the earliest.

Habitat for Humanity Australia Ltd

30 June 2017

Notes to the Financial Statements (continued)

	June 2017	June 2016
	\$	\$
3 REVENUE AND EXPENSES		
a. Investment income		
Notional interest on affiliate loans	13,040	25,524
Bank interest received	15,066	33,865
Total investment income	28,106	59,389
b. Depreciation expense		
Furniture and fittings	1,905	1,905
Computers	7,533	11,242
Total depreciation expense	9,438	13,147
c. Operating expenses		
Operating lease payments - office	111,326	105,023
Amount paid to Ernst & Young for the audit of financial statements	37,000	37,000
	148,326	142,023
d. Employee benefit expenses		
Wages and salaries	1,356,618	1,471,037
Worker's compensation insurance	1,732	2,831
Defined contribution superannuation plan expenses	133,279	137,536
	1,491,629	1,611,404
e. Financing expense		
Interest expense	4,154	4,325
	4,154	4,325
4 CASH AND CASH EQUIVALENTS		
Cash at bank	475,371	700,102
Cash in hand	500	500
Short-term deposits	471,737	814,968
	947,608	1,515,570
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	0	244,659
Trade receivables	70,896	6,208
Bartercard credit	172,485	216,812
Prepayments and Others	105,424	6,226
GST Receivable	5,084	13,170
	353,889	487,075
Trade receivables includes unused Bartercard credit which can be used within next 12 months		
6 FINANCIAL ASSETS: LOANS AND RECEIVABLES		
<i>Current</i>	40,895	43,365
Loans to Affiliates and former Affiliates	40,895	43,365
<i>Non Current</i>	118,958	190,878
Loans to Affiliates and former Affiliates	118,958	190,878

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 2017 amount to \$180,114 prior to considering the impact of discounting. Refer to Note 2(m) for further details on the recognition and measurement of financial assets.

Habitat for Humanity Australia Ltd

30 June 2017

Notes to the Financial Statements (continued)

	June 2017 \$	June 2016 \$
7 PROPERTY, PLANT AND EQUIPMENT		
<i>Computers</i>		
At cost	51,475	43,744
Accumulated depreciation	(36,547)	(29,015)
<i>Net carrying amount</i>	<u>14,928</u>	<u>14,729</u>
 <i>Furniture</i>		
At cost	9,527	9,527
Accumulated depreciation	(7,842)	(5,937)
<i>Net Carrying amount</i>	<u>1,685</u>	<u>3,591</u>
Total Plant and Equipment	<u>16,613</u>	<u>18,320</u>
 8 TRADE AND OTHER PAYABLES		
Payable to overseas Affiliates for projects	0	108,059
Payable to overseas Affiliates for volunteer trips	61,236	42,414
Other payables	64,227	74,484
	<u>125,463</u>	<u>224,957</u>
Trade payables are non-interest bearing and are normally settled on 30 day terms. Other payables are non-interest bearing and have an average term of 30 days.		
 9 PROVISIONS		
<i>Current</i>		
Provision for employee annual leave entitlements within 12 months	102,659	114,642
	<u>102,659</u>	<u>114,642</u>
<i>Non Current</i>		
Provision for long service leave	17,493	26,759
	<u>17,493</u>	<u>26,759</u>
The annual leave balance have been classified as a current liability since company does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the end of reporting period. The company expects that long service liability will be utilised more than 12 months following the end of the reporting period.		
 10 DEFERRED REVENUE		
Grants and donations received in relation to future projects	446,383	1,520,967
	<u>446,383</u>	<u>1,520,967</u>
Refer to Notes to the Financial Statements 2(n).		
 11 OTHER FINANCIAL LIABILITIES		
Other financial liabilities	<u>27,270</u>	<u>24,345</u>

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.

Habitat for Humanity Australia Ltd

30 June 2017

Notes to the Financial Statements (continued)

12 EVENTS AFTER BALANCE SHEET DATE

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

13 COMMITMENTS AND CONTINGENCIES

Operating lease commitments – HFHA as lessee

HFHA have entered in a commercial lease on its premises from 01 April 2016, as it is not in the best interests of HFHA to purchase this asset.

The lease has a total life of 36 months.

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

Future minimum rental payable under the non-cancellable operating lease as at 30 June 2017 is as follows:

	June 2017	June 2016
	\$	\$
Within one year	119,755	114,690
After one year but not more than five years	111,644	217,952
	<u>231,399</u>	<u>332,642</u>

Project Commitments

Refer to 2 (n) for policy regarding project commitments for the next twelve months

14 MEMBERS' GUARANTEE

HFHA has 65 (2016: 119) 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 maximum value members may be required to contribute amounts to \$3,250 (65 x \$50).

Habitat for Humanity Australia Ltd

30 June 2017

Notes to the Financial Statements (continued)

	June 2017	June 2016
	\$	\$

15 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	1,168,102	897,873
Cost of fundraising appeals	652,357	436,807
Surplus of proceeds over disbursements from fundraising appeals	515,745	461,066

The following percentages relate to the fundraising appeals:

Total cost of fundraising appeals/Gross income from fundraising	56%	49%
Net surplus from Fundraising appeals/Gross income from fundraising	44%	51%

During the year, \$301,774 (2016: \$317,847) was received as a grant from HFHI for the purpose of fundraising investment. This amount was fully spent during the year.

16 RELATED PARTY TRANSACTIONS

(i) Key management personnel compensation

Short-term employee benefits	339,981	318,506
Total Compensation	339,981	318,506

Key management personnel are not entitled to post employment, long term benefits, termination or share based payments. Key management personnel include the CEO and the COO/Head of Finance.

(ii) Directors' compensation

The Directors act in an honorary capacity and receive no compensation. During the year travel expenses totalling \$ 3,712 (2016: \$3,628) incurred by the directors in fulfilling their roles were reimbursed.

Habitat for Humanity Australia Ltd

30 June 2017

Notes to the Financial Statements (continued)

		June 2017	June 2016
		\$	\$
17	REVENUE, OTHER INCOME AND EXPENSES		
(i)	Revenue		
	Donations and Gifts		
	- Monetary	4,157,048	2,523,480
	- Non monetary	398,191	266,487
	Bequests and Legacies	82,311	-
	Grants		
	- Department of Foreign Affairs and Trade	1,135,396	1,261,122
	- Other overseas from Habitat for Humanity International	629,800	695,186
	Total Revenue	<u>6,402,746</u>	<u>4,746,275</u>
(ii)	Other Income		
	Investment Income	28,106	59,389
	Other Income	27,000	28,560
	Total other income	<u>55,106</u>	<u>87,950</u>
	Total revenue and other income	<u>6,457,852</u>	<u>4,834,224</u>
(iii)	Expenses		
	Depreciation	9,438	13,147
	Operating lease payments - office	111,326	105,023
	Auditor's remuneration	37,000	43,875
	Amount paid to Ernst & Young for the audit of financial statements	37,000	37,000
	Amount paid to Grant Thornton	-	6,875
(iv)	Employee benefit expenses		
	Wages and salaries	1,356,618	1,471,037
	Worker's compensation insurance	1,732	2,831
	Defined contribution superannuation plan expenses	133,279	137,536
	Total employee benefit expenses	<u>1,491,629</u>	<u>1,611,404</u>

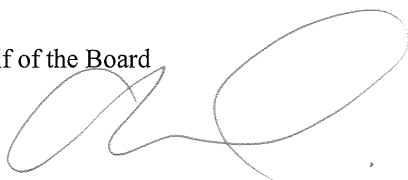
Habitat for Humanity Australia Ltd

Directors' Declaration

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

- (a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date;
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the Statement of Comprehensive Income gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals;
- (d) the Statement of Financial Position gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;
- (e) the provisions and regulations of the NSW Charitable Fundraising Act 1991 and the conditions attached to the authority to fundraise have been complied with by the Company; and
- (f) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

On behalf of the Board



Christine Franks
Chairperson

Sydney, 9 October 2017

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

Report on the Financial Report

Opinion

We have audited the financial report of Habitat for Humanity Australia Ltd (the Company) which comprises the balance sheet as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Mark Conroy
Partner
Sydney
9 October 2017