

Habitat for Humanity Australia Ltd

A.C.N. 131 976 004

FINANCIAL REPORT

For The Year Ended

30 June 2019

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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	Date of Appointment
Duncan Gerald West	Chair	22 September 2017
Caroline Michelle Mara	Director	2 May 2016
Ian Thomas Graham	Director	21 November 2016
Blair Badcock	Director	6 February 2017
Makala Schofield	Director	28 April 2017
Lynette Joy Mackenzie	Director	14 August 2017
Richard Kevin Hathaway	Director	7 May 2018
Gideon van der Westhuizen	Director	21 August 2018
Ross Peter Kemp	Director	19 November 2018
Late Guy Winship*	Director	19 December 2016

* Resigned 25 July 2018. Passed away shortly thereafter.

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 registered office of the Company is: Level 9, 80 Mount 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

HLB Mann Judd (Assurance) NSW Pty Ltd., Level 19, 207 Kent Street, Sydney, NSW, 2000

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.

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.

Habitat for Humanity Australia Ltd

Performance Measures

Management and the 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 & other income of HFHA was \$5,293,945 (2018: \$4,487,034) with expenses of \$4,932,617 (2018: \$4,963,964) resulting in a surplus of \$361,328 (2018: deficit \$476,930).

The year saw a reduction in Monetary Donations in 2019: to \$2,719,577 from 2018: \$2,751,909.

Grant funding from the Australian government increased in 2019: \$1,848,208; from 2018: \$1,190,818, and the grant from overseas decreased in 2019: \$211,870; 2018: \$360,205.

Overall expenditure decreased from 2018: \$4,963,964 to 2019: \$4,932,617. A significant amount of this decrease in 2019 was reflected in international programs support costs decreasing by \$22,698 and non-monetary expenditure funded by supporting organisations increasing by \$19,302.

The other significant decrease in expenditure from the previous year relates to the investment in public fundraising (2019: \$640,726; 2018: \$1,309,972). This is due to discontinuing of the Face to face fundraising campaign during the year.

Dividends

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

Liability of Members

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 amount that members may be required to contribute is \$2,600 (52 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 to steadily grow in terms of number of families supported within Australia and the Asia Pacific region in 2020.

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 \$628.

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 Audit & Risk Committee		International Program Advisory 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
	Duncan Gerald West	8	8			
	Blair Badcock	8	7			
	Ian Thomas Graham	8	7			
	Caroline Michelle Mara	8	7	5	5	
	Makala Schofield	8	8			
	Lynette Joy Mackenzie	8	7	5	4	
	Richard Kevin Hathaway	8	5			
	Gideon van der Westhuizen	6	6			3
	Ross Peter Kemp	5	4			
	Late Guy Winship	1	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, HLB Mann Judd (Assurance) NSW Pty Ltd., which is included on page 8 of the financial report.

Habitat for Humanity Australia Ltd

Directors' Experience and Qualifications

Duncan Gerald West ANZIIF (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 and became Chair in November 2017.

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 20 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. Caroline became Chair of the Finance and Audit Committee in October 2017.

Ian Thomas Graham CPA, MAICD, AGIA

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.

The Late Guy Winship BSc, BComm (Hons), MSc, MAICD

Guy was a former CEO in the not-for-profit and civil society sector with an acknowledged record of social impact delivery. He worked at both local and national levels and held technical advisory roles in over 20 developing countries. Guy also served 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 was Chair 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.

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.

Habitat for Humanity Australia Ltd

Lynette Joy Mackenzie BComm, DipFinPlan, CPA

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 the Director of Finance Commercial Services at Odyssey House NSW. Lyn was appointed to the Habitat for Humanity Australia Board on 14 August 2017. Lyn is a member of the Finance and Audit Committee.

Richard Kevin Hathaway BSc (Mech Eng), MBA, M(Urban Planning)

Rick is a Vice President of Habitat for Humanity International responsible for the overall success of Habitat's affordable housing activities in dozens of countries throughout Asia and the Pacific. Rick joined Habitat for Humanity in 1989 as a director of US programs and became a Vice President in September 2007. Prior to his Habitat work, Rick was a mechanical engineer with the General Electric Corporation. Rick currently resides in Manila, Philippines. Rick joined the Habitat for Humanity Australia Board in May 2018.

Gideon van der Westhuizen BA (Hons) (Development Studies and Planning), Cert in Economics, Cert in Risk Management, Cert in Professional Management

Gideon has more than 30 years' experience as advisor to major companies globally within both the corporate and not for profit sectors. Gideon has advised on multi-million dollar infrastructure and capital projects internationally including in the USA, China, Singapore, Southern Africa, India, Malaysia as well as Australasia. Currently, Gideon is the Head of Risk for Oxfam Australia with responsibility for the implementation of an enterprise wide risk management framework across the Australasian business. Gideon joined the Habitat for Humanity Australia Board in August 2018 and is Chair of the International Program Advisory Committee.

Ross Peter Kemp BCom, MBA, FCA, FGIA

Ross has over 30 years' senior management experience in both corporate and not-for-profit entities. Ross is a chartered accountant and has an MBA. Ross has been a director and treasurer of Baptcare Ltd and a director of Habitat for Humanity Victoria. Ross joined the Board of Habitat for Humanity Australia in November 2018.

Company Secretary : 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 law background previously working at King & Wood Malletsons 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 and Barnardos Australia.

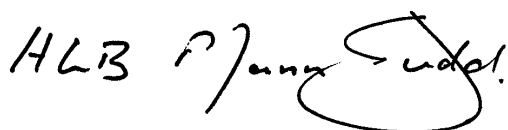
On behalf of the Board



Duncan West
Chairperson
Sydney, 17 October 2019

Auditor's Independence Declaration

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Habitat for Humanity Australia Ltd for the year ended 30 June 2019.



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
17 October 2019



D K Swindells
Director

Habitat for Humanity Australia Ltd

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	<i>Notes</i>	June 2019	June 2018
		\$	\$
REVENUE			
Donations and Gifts			
- Monetary		2,719,577	2,751,909
- Non-monetary		151,635	132,333
Legacies		201,351	15,000
Grants			
- Department of Foreign Affairs and Trade ('DFAT')		1,848,208	1,190,818
- Other overseas		211,870	360,205
Investment income	3(a)	21,304	18,764
Foreign exchange gain		-	1,505
Other income		140,000	16,500
TOTAL REVENUE AND OTHER INCOME		5,293,945	4,487,034
EXPENDITURE			
International Aid and Development Programs Expenditure			
International Programs			
- Funds to international programs		2,172,417	1,681,523
- Program support costs		992,464	1,015,162
Community Education		41,994	
Fundraising Costs			
- Public		640,726	1,309,972
- Bank charges		26,170	30,035
Accountability and Administration		318,380	587,850
Depreciation	3(b)	8,991	9,617
Non-monetary Expenditure - Contributed Services International Program		151,635	132,333
Total International Aid and Development Programs Expenditure		4,352,777	4,766,492
Domestic Programs Expenditure			
Program expenditure and support cost		579,840	197,472
Total Domestic Programs Expenditure		579,840	197,472
TOTAL EXPENDITURE		4,932,617	4,963,964
SURPLUS / (DEFICIT)		361,328	(476,930)
Other comprehensive income / (loss)		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		361,328	(476,930)

The accompanying notes form part of the financial statements

Habitat for Humanity Australia Ltd

Balance Sheet as at 30 June 2019

	Notes	June 2019 \$	June 2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	2,138,567	1,688,966
Trade and other receivables	5	177,785	160,589
Other financial assets - loans and receivables	6	12,160	105,697
Total Current Assets		2,328,512	1,955,252
Non-current Assets			
Other financial assets - loans and receivables	6	36,362	42,539
Plant and equipment	7	15,302	6,996
Total Non-current Assets		51,664	49,535
TOTAL ASSETS		2,380,176	2,004,787
LIABILITIES			
Current Liabilities			
Trade and other payables	8	775,720	675,683
Lease incentive liability		-	20,071
Provisions	9	81,256	56,035
Deferred revenue	10	883,199	988,355
Total Current Liabilities		1,740,175	1,740,144
Non-current Liabilities			
Provisions	9	2,585	12,265
Other financial liabilities	11	54,257	30,547
Total Non-current Liabilities		56,842	42,812
TOTAL LIABILITIES		1,797,017	1,782,956
NET ASSETS		583,159	221,831
EQUITY			
Retained Earnings		583,159	221,831
TOTAL EQUITY		583,159	221,831

The accompanying notes form part of the financial statements.

Habitat for Humanity Australia Ltd

Statement of Changes In Equity for the year ended 30 June 2019

Retained Earnings	Total \$
As at 30 June 2017	
Retained earnings at the beginning of the year	698,761
Profit / (Loss) for the year to 30 June 2018	<u>(476,930)</u>
As at 30 June 2018	<u>221,831</u>
Profit / (Loss) for the year to 30 June 2019	<u>361,328</u>
As at 30 June 2019	<u>583,159</u>

Habitat for Humanity Australia Ltd

Statement of Cash Flows for the year ended 30 June 2019

	June	June
<i>Notes</i>	2019	2018
	\$	\$
Cash flows from operating activities		
Receipts from donors	2,997,060	2,960,867
Grants received	2,060,078	1,858,507
Payments to suppliers and employees	(4,711,258)	(4,165,809)
Interest received	14,482	6,615
Net cash flows from operating activities	360,362	660,180
Cash flows from investing activities		
Repayment of loans by affiliates	106,536	81,179
Purchase of property, plant and equipment	(17,297)	
Net cash flows from investing activities	89,239	81,179
Cash flows from financing activities		
Receipt of loans	-	-
Repayments of loans	-	-
Net cash flows from financing activities	-	-
Net increase in cash and cash equivalents	449,601	741,358
Cash and cash equivalents at beginning of period	1,688,966	947,608
Cash and cash equivalents at end of period	2,138,567	1,688,966

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Habitat for Humanity Australia Ltd

30 June 2019

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial report of Habitat for Humanity Australia Ltd for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 14 October 2019.

Habitat for Humanity Australia Ltd (the 'Company' or '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 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-profits 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 periods 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 2019

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 \$457,954 (2018 : \$320,999) and is not recognised as income.

(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 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 when the GST is 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.

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. The estimated useful lives are as follows:

Furniture – 5 years

Computer Hardware – 3 1/3 years

Computer Software - 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 an asset is included in profit or loss 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 profit or loss. After initial recognition, financial assets and liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when financial assets and liabilities are derecognised or impaired 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 has calculated deferred revenue at 30 June 2019 with only those amounts restricted and potentially repayable deferred to 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 a non-current liability. 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. Part of 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 2019

Notes to the Financial Statements (continued)

	June 2019 \$	June 2018 \$
3 INCOME AND EXPENSES		
a. Investment income		
Notional Interest on loan to affiliate	6,822	12,149
Bank interest received	14,482	6,615
Total investment income	<u>21,304</u>	<u>18,764</u>
b. Depreciation expense		
Furniture and fittings	206	1,685
Computers	8,785	7,932
Total depreciation expense	<u>8,991</u>	<u>9,617</u>
c. Operating expenses		
Operating lease payments - office	134,135	115,932
Audit Fee	41,708	38,500
	<u>175,843</u>	<u>154,432</u>
d. Financing expense		
Interest expense	23,711	3,286
	<u>23,711</u>	<u>3,286</u>
4 CASH AND CASH EQUIVALENTS		
Cash at bank	1,561,238	1,542,623
Cash in hand	500	500
Short term deposits	576,829	145,843
	<u>2,138,567</u>	<u>1,688,966</u>
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		
Trade receivables	23,764	48,957
Bartercard receivable	82,900	106,039
Prepayments and others	69,473	5,593
GST receivable	1,648	0
	<u>177,785</u>	<u>160,589</u>
6 FINANCIAL ASSETS: LOANS AND RECEIVABLES		
<i>Current</i>	<u>12,160</u>	<u>105,697</u>
Loans to Affiliates and former Affiliates		
<i>Non-current</i>	<u>36,362</u>	<u>42,539</u>
Loans to Affiliates and former Affiliates		
Loans to affiliates and former affiliates are interest free, unsecured and have an average repayment terms ranging between 15 and 20 years. The gross value of the loans as at 30 June 2019 was \$60,757 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 2019

Notes to the Financial Statements (continued)

	June 2019 \$	June 2018 \$
7 PLANT AND EQUIPMENT		
<i>Computers</i>		
At cost	67,741	51,475
Accumulated depreciation	(53,264)	(44,479)
<i>Net carrying amount</i>	<u>14,477</u>	<u>6,996</u>
 <i>Furniture</i>		
At cost	10,558	9,527
Accumulated depreciation	(9,733)	(9,527)
<i>Net Carrying amount</i>	<u>825</u>	<u>0.00</u>
Total Plant and Equipment	<u>15,302</u>	<u>6,996</u>
 8 TRADE AND OTHER PAYABLES		
Trade Creditors	23,816	33,354
GST Payable	0	85,857
Payable to overseas Affiliates	330,919	164,412
Current tax liabilities - employee tax payable	11,142	9,106
Other payables and accruals	409,843	382,954
	<u>775,720</u>	<u>675,683</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	68,701	56,035
Provision for long service leave	12,555	-
	<u>81,256</u>	<u>56,035</u>
<i>Non-current</i>		
Provision for long service leave	<u>2,585</u>	<u>12,265</u>
The annual leave balance has 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	<u>883,199</u>	<u>988,355</u>
Refer to Note 2(n)		
 11 OTHER FINANCIAL LIABILITIES		
Other financial liabilities	<u>54,257</u>	<u>30,547</u>

Other financial liabilities represents an unsecured, interest free loan. The gross value of the loan amounts to \$75,000 repayable on 30 June 2023. Refer to Note 2(m) for further details on the recognition and measurement of financial liabilities.

Habitat for Humanity Australia Ltd

30 June 2019

Notes to the Financial Statements (continued)

12 EVENTS AFTER BALANCE SHEET DATE

HFHA is committed to assisting our implementing program partner office in Fiji with a grant of \$150,000. HFHI has committed to provide \$100,000 to HFHA for donor acquisition activities.

Other than the above, 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 entered a commercial lease for its premises from 1 April 2016; this lease expired on 30 September 2019.

Future minimum rental payable under the non-cancellable operating lease as at 30 June 2019 were as follows:

	June 2019	June 2018
	\$	\$
Within one year	40,936	111,644
	<u>40,936</u>	<u>111,644</u>

Subsequent to 30 September 2019, a new lease was signed for the Company's premises. The new lease expires on 30 September 2024. Future minimum rental payable under the new lease are as follows:

	June 2019
	\$
Within one year	57,488
After one year but not more than five years	304,660
	<u>362,148</u>

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

14 MEMBERS' GUARANTEE

HFHA has 52 (2018: 61) members as at the end of the year, and there is no limit on the number of members allowed under the HFHA Constitution. All directors are members of HFHA.

In the event of winding up of HFHA, the members undertake to contribute \$50 each 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 \$2,600 (52 x \$50).

In the event of winding up of HFHA, the members undertake to contribute \$50 each 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 \$2,600 (52 x \$50).

Habitat for Humanity Australia Ltd

30 June 2019

Notes to the Financial Statements (continued)

	June	June
	2019	2018
	\$	\$

15 INCOME AND EXPENDITURE OF FUNDRAISING APPEALS

HFHA conducts fundraising appeals as defined by the NSW Charitable Fundraising 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	1,051,645	1,225,250
Cost of fundraising appeals	228,166	863,497
Surplus of proceeds over disbursements from fundraising appeals	823,479	361,753

The following percentages relate to the fundraising appeals:

Total cost of fundraising appeals/Gross income from fundraising	22%	70%
Net surplus from Fundraising appeals/Gross income from fundraising	78%	30%

In FY19 there has been a considerable decrease in fundraising cost compared to FY18 as face to face acquisition of regular donors was discontinued.

16 RELATED PARTY TRANSACTIONS

(i) Key management personnel compensation

Short-term employee benefit	39,154	169,727
Post-employment benefit (Superannuation)	3,424	12,591
Total Compensation	42,578	182,318

Key management personnel are entitled to post employment benefits, but not entitled to share based payments. Key management personnel include only the CEO .

(ii) Directors' compensation

The Directors act in an honorary capacity and receive no compensation. During the year travel expenses totalling \$ NIL (2018: \$934) incurred by the Directors in fulfilling their roles were reimbursed.

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 2019 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



Duncan West
Chairperson
Sydney, 17 October 2019

Independent Auditor's Report to the Members of Habitat for Humanity Australia Ltd

Opinion

We have audited the financial report of Habitat for Humanity Australia Ltd ("the Company") which comprises the balance sheet as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of Habitat for Humanity Australia Ltd is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of 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 auditor independence 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.

Responsibilities of Management the Directors for the Financial Report

The Directors of Habitat for Humanity Australia Ltd 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, the *Australian Charities and Not-for-profits Commission Act 2012*, the Regulations thereto and the *Charitable Fundraising Act 1991 (NSW)* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

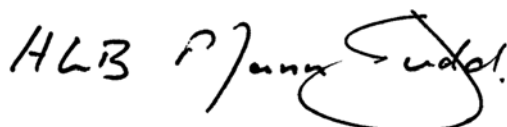
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement 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 management.
- Conclude on the appropriateness of the management's 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
17 October 2019



D K Swindells
Director