

Habitat for Humanity Australia Ltd

A.C.N. 131 976 004

FINANCIAL REPORT

For The Year Ended

30 June 2020

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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
Warren Sinclair Climenhaga**	Director	18 November 2019
Anna Konotchick	Director	18 August 2020

* Resigned 18 November 2019

**Resigned 11 May 2020

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

Corporate Information

Habitat for Humanity Australia Ltd ("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

Directors' Report (continued)

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 Results for the year

The summary financial statements of Habitat for Humanity Australia for the year ended 30 June 2020 were:

	2020	2019
	\$	\$
Income	5,333,654	5,293,945
Expenditure	5,258,340	4,752,576
Surplus for the year	75,314	541,369
Total Equity	1,036,416	961,102
Cash Balance including Term-Deposits	2,254,198	2,138,567

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 (COVID-19) a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

The Company has minimal assets where the value may be impacted by COVID-19. At the date these financial statements were approved by the directors the extent of the impact that COVID-19 may have on the Company's future operations cannot be reasonably estimated.

While the COVID-19 situation has created economic uncertainty, the Company has been supported by the Australian Government "Jobkeeper" program while much of its activities were curtailed or ceased altogether. It was decided that these funds should be applied to maintain minimum staffing levels to enable the efficient recommencement of these programs when safe operating conditions return. The directors consider that the Company will be able to continue as a going concern as it has as at 30 June 2020 net assets of \$1,036,416, working capital of \$1,029,622 and cash & cash equivalents of \$2,254,198.

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), in 2019: \$2,600 (52 x \$50).

Significant Changes in the State of Affairs

Other than those matters in "review of operations" related to COVID-19 impacts on the operations, no other significant changes in the Company's state of affairs occurred during the financial year.

Significant Events after Balance Date

HFHA is currently in preliminary discussions with HFH NSW/QLD regarding a possible merger. This merger is subject to a member vote at the AGM in November 2020. If the merger is approved by the members, it will result in the consolidation of the HFH NSW/QLD affiliate's financial position and performance in the next financial reporting period.

The directors are not aware of any other material events occurring after balance date of this report that would require further disclosure in these financial statements.

Habitat for Humanity Australia Ltd

Directors' Report (continued)

Likely Development and Expected Results

HFHA is currently in preliminary discussions with HFH NSW/QLD regarding a possible merger. This merger is subject to a member vote at the AGM in November 2020. If the merger is approved by the members, it will result in the consolidation of the HFH NSW/QLD affiliate's financial position and performance in the next financial reporting period.

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.

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Directors' Report (continued)

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		International Program Advisory Committee	
	Number of Meetings *	Meetings attended	Number of Meetings *	Meetings attended	Number of Meetings *	Meetings attended
Duncan Gerald West	6	6				
Blair Badcock	6	4				
Ian Thomas Graham	6	6				
Caroline Michelle Mara	6	6	7	7		
Makala Schofield	6	6				
Lynette Joy Mackenzie	6	6	7	7		
Richard Kevin Hathaway	3	2				
Gideon van der Westhuizen	6	6	7	7	4	4
<i>Ross Peter Kemp</i>	6	5				
Warren Sinclair Climenhaga	1	1				
Anna Konotchick	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 9 of the financial report.

Habitat for Humanity Australia Ltd

Directors' Report (continued)

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 HFHA 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 Board of HFHA 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 HFHA Board in November 2016.

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 HFH's South Australia Affiliate's 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 HFHA 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 HFHA Board in April 2017.

Lynette Joy Mackenzie BComm, DipFinPlan, CPA, GAICD

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

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 former Head of Risk for Oxfam Australia with responsibility for the implementation of an enterprise wide risk management framework across the Australasian business. Gideon is a former director of Area2 Consulting. Gideon joined the HFHA Board in August 2018 and is Chair of the International Program Advisory Committee.

Habitat for Humanity Australia Ltd

Directors' Report (continued)

Directors' Experience and Qualifications (continued)

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 HFHA in November 2018.

Anna Konotchick

M Arch, M Urban Planning (UC), B Arch (MIT)

Anna is Director Operations of HFHI responsible for the Asia Pacific region. She leads a technical team, project management team, and national leadership team that supports affordable housing programs across 17 countries. Anna co-chairs the Pacific Task Force which oversees strategic engagement between Habitat for Humanity Australia, New Zealand and Fiji, and in programs across the Pacific. Prior to returning to Habitat in 2018, she worked for eight years in Haiti on post-earthquake response, recovery and reconstruction with Habitat for Humanity, the World Bank, and the American Red Cross. Prior to Haiti, Anna worked in architectural design in New Orleans, New York and Buenos Aires. Anna is based in Manila, Philippines although during pandemic she is living in San Diego, United States. Anna joined the Board of HFHA in August 2020.

Company Secretary : Helen Dransfield BA/LLB, FGIA

Helen was appointed as an external consultant in September 2016 to provide the company secretarial function for HFHA. Helen has a corporate law 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 and Barnardos Australia.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Signed in accordance with resolution of the Directors.



Duncan West
Chair

Date: 26 October 2020
Sydney, NSW Australia

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 2020.



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
26 October 2020



K L Luong
Director

Habitat for Humanity Australia Ltd

Statement of Surplus or Deficit and Other Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
REVENUE FROM CONTINUING OPERATIONS			
Community and corporate support			
- Donations and gifts		2,220,538	2,719,577
- Bequest and legacies		5,000	201,351
Grants			
- Government Grants - Department of Foreign Affairs and Trade (DFAT)		1,578,753	1,848,208
- Government Grants - COVID-19 Relief Support		180,500	-
- Other overseas		663,183	211,870
Investment income	3(a)	13,355	21,304
Donations from affiliates		143,989	140,000
In-kind service		528,336	151,635
TOTAL REVENUE AND OTHER INCOME		5,333,654	5,293,945
EXPENDITURE FROM CONTINUING OPERATIONS			
International aid and development programs expenditure			
International Programs			
- Funds to international programs		1,610,189	2,239,065
- Program support costs		854,566	992,464
Community Education		56,871	41,994
Fundraising Costs		493,812	640,726
Bank charges		18,618	26,170
Financing Costs	3(d)	23,683	23,711
Accountability and Administration		361,397	318,380
Depreciation & Amortisation	3(b) & (c)	129,980	8,991
In-kind Service		528,336	151,635
Total International Aid and Development Programs Expenditure		4,077,452	4,443,136
Domestic Programs Expenditure			
- Program expenditure and support cost		1,180,888	309,440
Total Domestic Programs Expenditure		1,180,888	309,440
TOTAL EXPENDITURE		5,258,340	4,752,576
SURPLUS		75,314	541,369
Other comprehensive income/(loss) for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		75,314	541,369

The accompanying notes form part of the financial statements. Refer to Note 21 for detailed information regarding Restatement of comparatives.

Habitat for Humanity Australia Ltd

Statement of Financial Position as at 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	2,254,198	2,138,567
Trade and other receivables	5	131,983	177,789
Other financial assets - loans and receivables	6	27,251	12,160
Total Current Assets		2,413,432	2,328,516
Non-current Assets			
Other financial assets - loans and receivables	6	26,386	36,362
Plant and equipment	7	35,247	15,302
Right-of-use assets	8	304,338	-
Total Non-current Assets		365,971	51,664
TOTAL ASSETS		2,779,403	2,380,180
LIABILITIES			
Current Liabilities			
Trade and other payables	9	492,987	397,781
Lease liabilities	10	49,647	-
Provisions	11	71,069	81,256
Deferred revenue	12	770,107	883,199
Total Current Liabilities		1,383,810	1,362,236
Non-current Liabilities			
Lease liabilities	10	283,290	-
Provisions	11	11,706	2,585
Other financial liabilities	13	64,181	54,257
Total Non-current Liabilities		359,177	56,842
TOTAL LIABILITIES		1,742,987	1,419,078
NET ASSETS		1,036,416	961,102
EQUITY			
Retained surpluses		1,036,416	961,102
TOTAL EQUITY		1,036,416	961,102

The accompanying notes form part of the financial statements. Refer to Note 21 for detailed information regarding Restatement of comparatives.

Habitat for Humanity Australia Ltd

Statement of Changes In Equity For the year ended 30 June 2020

Retained Surpluses

Total
\$

Retained surpluses as at 30 June 2018	419,733
Total comprehensive income for the year to 30 June 2019	541,369
As at 30 June 2019	961,102
 Total comprehensive income for the year to 30 June 2020	 75,314
As at 30 June 2020	1,036,416

The June 2020 equity balance consists of restricted fund \$215,816.

The accompanying notes form part of the financial statements. Refer to Note 21 for detailed information regarding Restatement of comparatives.

Habitat for Humanity Australia Ltd

Statement of Cash Flows for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from donors		2,723,316	2,960,867
Grants received		2,422,436	1,858,507
Payments to suppliers and employees		(4,975,271)	(4,165,809)
Interest received		9,798	6,615
Interest expense on lease liability		(13,761)	-
Net cash flows from operating activities		166,518	660,180
Cash flows from investing activities			
Repayment of loans (to) by affiliates		(5,114)	81,179
Purchase of property, plant and equipment		(35,227)	-
Net cash flows from investing activities		(40,341)	81,179
Cash flows from financing activities			
Repayments of loans		9,924	-
Repayments of lease liabilities		(20,470)	-
Net cash flows from financing activities		(10,546)	-
Net increase in cash and cash equivalents		115,631	741,359
Cash and cash equivalents at beginning of year		2,138,567	1,397,208
Cash and cash equivalents at end of year	4	2,254,198	2,138,567

The accompanying notes form part of the financial statements. Refer to Note 21 for detailed information regarding Restatement of comparatives.

Habitat for Humanity Australia Ltd

30 June 2020

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial report of Habitat for Humanity Australia Ltd for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 19 October 2020.

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

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 15 Revenue from Contracts with Customers ('AASB 15')

The Company has adopted *AASB 15* from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases ('AASB 16')

The Company has adopted *AASB 16* from 1 July 2019 which replaces *AASB 117 Leases* ("AASB 117"). *AASB 16* has been applied using the modified retrospective approach and comparative information has not been restated, as permitted under the specific transition provisions in the standard.

The adoption of *AASB 16* has resulted in the Company recognising right-of-use assets and related lease liabilities in connection with all former leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. Operating lease expense is also no longer recognised for these operating leases and is now replaced by interest and depreciation expense in the statement of profit or loss and other comprehensive income. For classification within the statement of cash flows, the interest portion is disclosed in operating activities as finance costs paid and the principal portion of the lease payments are separately disclosed in financing activities, as repayment of lease liabilities.

On adoption, lease liabilities were measured at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate as at 1 July 2019. The weighted average incremental borrowing rate that applied to the lease liabilities on 1 July 2019 was 5.33%.

Right-of-use assets were measured at their carrying amounts as if the standard had been applied since the commencement date of each lease, but discounted using the incremental borrowing rate that applied on 1 July 2019.

Practical expedients applied

In applying *AASB 16* for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review.
- there were no onerous contracts as at 1 July 2019.
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Habitat for Humanity Australia Ltd

30 June 2020

Notes to the Financial Statements (continued)

Measurement of lease liabilities

Below is a reconciliation between the operating lease commitments reported as at 30 June 2019 and lease liabilities recognised under AASB 16 Leases on 1 July 2019.

	2019 \$
Operating lease commitments as at 30 June 2019	403,084
AASB 16 short term leases	(46,585)
Operating lease liabilities before discounting	356,499
Discounted using incremental borrowing rate (5.33%)	(55,080)
Total lease liabilities recognised under AASB 16 at 1 July 2019	301,419

Habitat for Humanity Australia Ltd has the following leases in place:

- For the premises located at Level 9, 80 Mount Street, North Sydney (office premises)
- For a photocopier rented from RICOH

Adjustments recognised in the condensed consolidated statement of financial position on 1 July 2019

- right-of-use assets – increase by \$301,419
- lease liabilities – increase by \$301,419

There was no impact on retained surpluses on 1 July 2019 as the Company has used the practical expedients permitted by the standard.

AASB 1058 Income of Not-for-Profit Entities ('AASB 1058')

The Company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9 Financial Instruments, or provisions in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

(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.

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.

The financial report is presented in Australian dollars which is the Company's functional currency.

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

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.

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.

Habitat for Humanity Australia Ltd

30 June 2020

Notes to the Financial Statements (continued)

(b) Significant accounting judgements and estimates (continued)

Estimates and adjustments have been made with regard to loans and other financial assets in relation to timing of future cash flows and applicable interest rates. In order to estimate the timing of the future cash flows, adjustments are made to the calculation periodically to reflect actual repayments received and then used as a forecast of future cash inflows expected. Refer to Notes 1(n), 1(f) and Note 2.

(c) Revenue recognition

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the incorporated association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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 1(o) 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.

(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.

(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.

Habitat for Humanity Australia Ltd

30 June 2020

Notes to the Financial Statements (continued)

(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) **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised and are expensed on a straight line basis.

The Company used the weighted average incremental borrowing rate of 5.33% as similar to fixed rate of small business per Reserve Bank of Australia published business lending rates.

(g) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) **Trade and other receivables**

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

The recognition of lifetime expected credit losses is estimated based on forward-looking assumptions and information regarding expected future conditions affecting historical default rates. Bad debts are written off when identified.

(i) **Income tax**

The Company has separate endorsements per *Division 50 of the Income Tax Assessment Act 1997 (ITAA)* 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 statement of financial position.

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

(k) **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(l) **Property, plant and equipment**

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

Habitat for Humanity Australia Ltd

30 June 2020

Notes to the Financial Statements (continued)

(l) Property, plant and equipment (continued)

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.

(m) 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.

(n) 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.

The Company used the weighted average incremental borrowing rate of 5.33% as similar to fixed rate of small business per Reserve Bank of Australia published business lending rates.

(o) Contract liabilities

Management has calculated deferred revenue at the reporting date 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 12.

(p) 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 2020

Notes to the Financial Statements (continued)

	2020	2019
	\$	\$
3 INCOME AND EXPENSES		
a. Investment income		
Notional Interest on loan to affiliate	3,055	6,822
Bank interest received	10,300	14,482
Total investment income	13,355	21,304
b. Depreciation expense		
<i>Furniture and fittings</i>	5,594	206
Computers	9,688	8,785
Right-of-use assets	49,070	0
Total depreciation expense	64,352	8,991
c. Operating expenses		
Premises outgoing	44,772	134,135
Audit fee	32,000	41,708
	76,772	175,843
d. Financing expense		
Interest expense on Loan	9,923	23,711
Interest paid on leases	13,760	0
Total interest expense	23,683	23,711
e. Amortisation expense		
Barter card amortisation	65,628	0
Total amortisation expense	65,628	0
4 CASH AND CASH EQUIVALENTS		
Cash at bank	1,684,200	1,561,238
Cash in hand	500	500
Short term deposits	569,498	576,829
	2,254,198	2,138,567
The balance includes the designated amount for projects received. 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 and other receivables	27,598	23,763
Bartercard receivable	0	82,900
Prepayments and others	7,925	69,478
Government Stimulus Package and GST receivable	96,460	1,648
	131,983	177,789
Trade receivables include items which are intended to be used within the next 12 months. The Government Stimulus Support represents jobkeeper and boosting cash stage 1 allowances.		
6 FINANCIAL ASSETS: LOANS AND RECEIVABLES		
Current		
Loans to former affiliate	27,251	12,160
Non-current		
Loans to former affiliate	26,386	36,362

Loan to Partner Housing Australia for former affiliate is interest free, unsecured and an average repayment terms ranging between 15 and 20 years. The gross value of the loan as at 30 June 2020 was \$63,688 prior to considering the impact of discounting. Refer to Note 2(n) for further details on the recognition and measurement of financial assets.

Habitat for Humanity Australia Ltd

30 June 2020

Notes to the Financial Statements (continued)

	2020	2019
	\$	\$
7 PLANT AND EQUIPMENT		
<i>Computers</i>		
At cost	76,035	67,741
Accumulated depreciation	(62,952)	(53,264)
<i>Net carrying amount</i>	<u>13,083</u>	<u>14,477</u>
<i>Furniture</i>		
At cost	37,491	10,558
Accumulated depreciation	(15,327)	(9,733)
<i>Net carrying amount</i>	<u>22,164</u>	<u>825</u>
Total Plant and Equipment	<u>35,247</u>	<u>15,302</u>

Summary of reconciliation for the year as per below:

	Furnitures and Fixtures	Computer Equipment	Total
Cost			
Beginning balance	10,558	67,741	78,299
Additions	26,933	8,294	35,227
Disposals	-	-	-
Closing balance	37,491	76,035	113,526
Accumulated depreciation			
Beginning balance	(9,733)	(53,264)	(62,997)
Depreciation for the year	(5,594)	(9,688)	(15,282)
Disposals	-	-	-
Closing balance	(15,327)	(62,952)	(78,279)
WDV	22,164	13,083	35,247

8 RIGHT-OF-USE ASSETS		
At cost	353,408	-
Accumulated depreciation	(49,070)	-
<i>Net carrying amount</i>	<u>304,338</u>	<u>-</u>
Total Right-of-use asset	<u>304,338</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings	Property and equipment	Total
	\$	\$	\$
Balance at 30 June 2019	-	-	-
Additions on adoption of AASB 16, 1 July 2019	301,419	-	301,419
Additions	23,001	28,988	51,989
Depreciation expense	(44,239)	(4,831)	(49,070)
Balance at 30 June 2020	280,181	24,157	304,338

9 TRADE AND OTHER PAYABLES		
Trade Creditors	5,523	23,816
Payable to overseas Affiliates	-	252,297
PAYG payable	10,494	11,142
Other payables and accruals	476,970	110,526
	<u>492,987</u>	<u>397,781</u>

Trade payables are non-interest bearing and are normally settled on 30 day terms. The Company has signed agreements with its affiliates to support the bushfire victims in New South Wales and South Australia. In June 2020, the Company has accrued a liability of \$287,633 (2019: Nil) for the amount received from Overseas grants and remaining bequest. The both funds are determined the amounts be payable in the next 12 months. Other payables and accruals at balance date, payable in 6 months and are non-interest bearing.

10 LEASE LIABILITIES		
<i>Current</i>	49,647	-
Liability for premise and printer lease		

Habitat for Humanity Australia Ltd

30 June 2020

Notes to the Financial Statements (continued)

	2020	2019
	\$	\$
10 LEASE LIABILITIES (continued)		
<i>Non-current</i>	283,290	-
Liability for premise and printer lease		
Lease liabilities are as a result of first time adoption of AASB 16. Refer to Notes 2 and 2(f) for further details.		
11 EMPLOYEE LEAVE PAYABLE		
<i>Current</i>		
Employee annual leave entitlements	71,069	68,701
Employee long service leave	-	12,555
	<u>71,069</u>	<u>81,256</u>
<i>Non-current</i>		
Employee long service leave	<u>11,706</u>	<u>2,585</u>
The annual leave balance has been classified as a current liability. The 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.		
12 DEFERRED LIABILITIES		
Grants and donations received in relation to future projects	<u>770,107</u>	<u>883,199</u>
Refer to Note 2(o).		
13 OTHER FINANCIAL LIABILITIES		
<i>Other financial liabilities</i>	<u>64,181</u>	<u>54,257</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(n) for further details on the recognition and measurement of financial liabilities.		
14 COVID-19 SUPPORT AND IMPACT		
The Australian Federal, NSW and Local Governments have released monetary and fiscal stimulus packages to minimise the adverse economic impact of COVID-19 on the Australian economy, the efficacy of which is not yet certain. Our revenue includes job keeper allowances as well as 1st stage boosting cash as follows:		
Job keeper allowance	130,500	-
Boosting cash flow	<u>50,000</u>	<u>-</u>
	<u>180,500</u>	<u>-</u>
The Coronavirus disease 2019 ("COVID-19") has been declared a pandemic by the World Health Organisation and has had a significant impact on domestic and global markets and economies. The impact of the COVID-19 pandemic which continues to evolve on a daily basis has significantly affected market volatility, exchange rates, supply chains, consumer demand, liquidity and credit conditions and unemployment rates and in a bid to curtail the spread of COVID-19, travel, trade and social restrictive measures have been imposed by the Australian Government.		
Australia's charitable sector has been hit hard by COVID-19. At a time where charities and social services are being relied upon more than ever, the economic downturn has meant that Australian's have tighten their purse strings, putting unprecedented financial stress on the sector. The restriction on travel has forced the Company to postpone its Global Village program that impacts revenue reduction in the reporting year. The Company revisited the business plan and target goals.		
15 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.		
However, a probable merger with HFH NSW/QLD affiliate will occur if the Company's members vote for in favour of the motion in the Annual General Meeting in November 2020. If the merger is approved by the members, it will result in the consolidation of the HFH NSW/QLD affiliate financial position and performance in the next financial reporting period.		
16 MEMBERS' GUARANTEE		
HFHA has 52 (2019: 52) 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 2019: \$2,600 for 52 members).		

Habitat for Humanity Australia Ltd

30 June 2020

Notes to the Financial Statements (continued)

	2020	2019
	\$	\$

17 FINANCIAL RISK MANAGEMENT

The Company is not exposed to any significant financial risks in respect to the financial instruments that it held at the end of the reporting period.

The board of directors have the overall responsibility for identifying and managing operational and financial risks.

The Company's financial instruments consist mainly of deposits with banks, trade receivables, loans receivables, trade payables, loan payables and lease liabilities.

The carrying amounts for each category of financial instruments are as follows:

	\$	\$
Financial assets		
Cash and cash equivalents	2,254,198	2,138,567
Trade and other receivables	27,598	23,763
Financial assets - loans and receivables	53,637	48,522
	<u>2,335,433</u>	<u>2,210,852</u>
	\$	\$
Financial liabilities		
Trade and other payables	492,987	397,781
Financial liabilities - loans	64,181	54,257
Lease liabilities	332,937	-
	<u>890,105</u>	<u>452,038</u>

18 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. 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 non-cancellable operating lease as at 30 June 2019 were as follows:

	2020	2019
	\$	\$
Within one year	-	98,424
After one year but not more than five years	-	304,660
	<u>-</u>	<u>403,084</u>

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. Refer to Note 2.

19 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	786,854	1,051,645
Cost of fundraising appeals	288,579	228,166
Surplus of proceeds over disbursements from fundraising appeals	<u>498,275</u>	<u>823,479</u>

The following percentages relate to the fundraising appeals:

Total cost of fundraising appeals/Gross income from fundraising	37%	22%
Net surplus from Fundraising appeals/Gross income from fundraising	63%	78%

The substantial decrease to Fundraising cost is attributed to discontinuance of Face to face appeal.

Habitat for Humanity Australia Ltd

30 June 2020

Notes to the Financial Statements (continued)

	2020	2019
	\$	\$
20 RELATED PARTY TRANSACTIONS		
(i) Key management personnel compensation		
Total key management personnel compensation	106,148	42,348

Key management personnel are entitled to superannuation 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 \$950 (2019: \$ NIL) incurred by the Directors in fulfilling their roles were reimbursed.

21 CORRECTION OF ACCRUED EXPENDITURE

The company's past practice has been to recognise as a liability any planned or internally committed funding towards its various programs. During the year the company reviewed whether these accrued expenditures met the definition of a liability under Australian Accounting Standards. Whilst the accruals reflected the fundamental operating structure of the company, with funds being distributed to affiliates and partners to deliver on programs and were considered constructive obligations, it was concluded they didn't meet the definition of a liability as there was no present obligation to deliver cash or another financial asset to another party at balance date. As a result those accruals related to the financial year ended 30 June 2018 and 30 June 2019 have been retrospectively corrected in compliance with the requirements of *AASB 108 Accounting Policies, Accounting Estimates and Errors*. Below is an extract representation to show the previously stated figures, the prior year adjustment and the final restated information.

	\$ Reported	\$ Adjustments	\$ Restated
Statement of Surplus or Deficit and Other Comprehensive Income 2019			
Total Revenue and other income	5,293,945	-	5,293,945
Funds to international programs	2,172,417	66,648	2,239,065
Domestic program expenditure and support costs	556,129	(246,689)	309,440
Total Other expenditure	2,204,071	-	2,204,071
Surplus	361,328	180,041	541,369
Statement of Financial Position 2019			
Current assets	2,328,516	-	2,328,516
Non-current assets	51,664	-	51,664
Trade and other payables	775,724	(377,943)	397,781
Other current liabilities	964,455	-	964,455
Non-current liabilities	56,842	-	56,842
Net Assets	583,159	377,943	961,102
Statement of Changes in Equity			
Retained surpluses as at 30 June 2018	221,831	197,902	419,733
Retained surpluses as at 30 June 2019	583,159	377,943	961,102

Statement of Cash Flows

There was no impact on Cash Flows.

Habitat for Humanity Australia Ltd

30 June 2020

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 2020 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, 26 October 2020

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 statement of financial position as at 30 June 2020, the statement of surplus or deficit 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 the Company has been prepared in accordance with Division 60 of 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 2020 and of its financial performance 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*.

In accordance with the provisions of the *Charitable Fundraising Act 1991* and the regulations thereto, any money received as a result of fundraising appeals conducted during the financial year has been properly accounted for and applied with the following provisions:

- (a) the financial report shows a true and fair view of the financial result of fundraising appeals for the year to which they relate;
- (b) any money received as a result of fundraising appeals conducted during the year ended 30 June 2020 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* and the Regulations thereto;
- (c) the financial report and associated records have been properly kept during the financial year in accordance with the provisions of the *Charitable Fundraising Act 1991* and the Regulations thereto; and
- (d) at the date of this statement there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

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 confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to those charged with governance, would be in the same terms if given as at the time of this auditor's report.

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

Emphasis of Matter – Current and Possible Effects and Uncertainties of COVID-19

We draw attention to Note 12 to the financial report, which describes the current and possible effects and uncertainties on the Company arising from the on-going issues associated with COVID-19. Our opinion is not modified in respect of this matter.

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 there to 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 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 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
27 October 2020



K L Luong
Director