

Habitat for Humanity Australia Ltd

ACN 131 976 004

Financial Report - 30 June 2021

Habitat for Humanity Australia Ltd

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Habitat for Humanity Australia Ltd
Directors' report
30 June 2021

The directors present their report, together with the financial statements, on Habitat For Humanity Australia Ltd ("the Company") for the year ended 30 June 2021.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Duncan Gerald West
Caroline Michelle Mara (*resigned 23 February 2021*)
Ian Thomas Graham
Blair Badcock
Makala Schofield (*retired as at 30 November 2020*)
Lynette Joy Mackenzie (*retired as at 30 November 2020*)
Gideon van der Westhuizen
Ross Peter Kemp
Anna Konotchick (*appointed 18 August 2020*)
Paul Raymond Mulrone (*appointed 30 November 2020*)
Bart Mead (*appointed 30 November 2020*)

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

Corporate information

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 at 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 Australia

Objectives and Strategy

The Company's long term objective is to create a world where everyone has a safe place to live. It does this by working in partnership with communities to address housing poverty and to support integrated community development.

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.

In April 2021, HFHA completed the merger with Habitat NSWQ unlocking new opportunities for HFHA to implement programs in both States. In light of its new responsibilities, HFHA formed an Australian Program Advisory committee, to provide oversight and guidance for our Australian programs in both NSW and QLD.

Habitat for Humanity Australia Ltd

Directors' report

30 June 2021

Principal activities

During the financial year the principal continuing activities of the company consisted of:

- International aid and development delivered by working in partnership with families and communities to provide affordable sustainable housing to low income families.
- Disaster recovery and resilience Programs to support those impacted by the 2019/20 Black Summer Bush Fires in Australia. We also provide support to local Affiliates to achieve the same objectives.
- To raise funds from the Australian community, government and companies for the purpose of delivering aid and development programs.
- To ensure both Domestic and International programs remain a priority post-merger with Habitat for Humanity NSWQ.

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.

Review of operations

The summary financial statements of the Company for the year ended 30 June 2021 were:

	2021	2020
	\$	\$
Income (components below)	9,067,124	5,333,654
Revenue excluding gain on acquisition of affiliate	5,298,259	5,333,654
Gain on acquisition of affiliate	3,768,865	-
Expenditure	(4,312,127)	(5,258,340)
Surplus for the year	4,754,997	75,314
Total equity	5,791,413	1,036,416
Cash and cash equivalents	5,161,575	2,254,198

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 was supported by the Australian Government "Jobkeeper" program until March 2021 while much of its activities were curtailed or ceased altogether. The fund used to maintain minimum staffing levels to enable the efficient recommencement of these programs when safe operating conditions returned. In April 2021, the second wave of Covid-19 delta strain evolved that resulted government to apply lockdown from June 26, 2021. The directors consider that the Company will be able to continue as a going concern as it has as at 30 June 2021 net assets of \$4,755,004, working capital of \$3,714,099 and cash & cash equivalents of \$5,161,576.

Dividends

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

Habitat for Humanity Australia Ltd
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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 \$2,550 (51 x \$50); in 2020: \$2,600 (52 x \$50).

Significant Changes in the State of Affairs

In November 2020, the HFHA members voted in favour of a merger with HFH NSWQ affiliate. HFHA took over all HFH NSWQ assets and liabilities on March 31, 2021. As a result of this merger, HFHA gained A\$3,768,865 worth of net assets.

Other than the merger and 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

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.

Likely development and expected results

Post merger, opportunities for funding have widened from State government and Commonwealth government to the areas of Disaster recovery and resilience programs for the 2nd phase funding around A\$ 1 Mil in addition to 1st phase funding of A\$ 0.5 Mil. The Regional Home Building programs will have opportunities for partnerships with social housing providers and regional banks to benefit 15 families.

Environmental regulation and performance

The Company is subject to various state and federal environmental regulations in Australia. The Directors are not aware of any material non-compliance with environmental regulations pertaining to the operations or activities during the period covered by this report.

Indemnity and insurance of officers and auditor

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 \$612.

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
Directors' report
30 June 2021

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Board of Directors Meetings Held	Attended	Finance, Audit & Risk Committee Held	Attended	International Program Advisory Committee Held	Attended
Duncan Gerald West	8	8	-	-	-	-
Blair Badcock	8	7	-	-	-	-
Ian Thomas Graham	8	8	2	2	-	-
Caroline Michelle Mara	5	5	4	4	-	-
Makala Schofield	3	3	-	-	-	-
Lynette Joy Mackenzie	3	3	3	2	-	-
Gideon van der Westhuizen	8	8	5	5	4	3
Ross Peter Kemp	8	8	-	-	-	-
Anna Konotchick	8	6	-	-	-	-
Paul Raymond Mulroney	5	5	-	-	-	-
Bart Mead	5	5	-	-	-	-

			Governance & Nominations Committee Held	Attended	Australian Program Advisory Committee Held	Attended
Duncan Gerald West			3	3	-	-
Blair Badcock			3	3	-	-
Ian Thomas Graham			-	-	-	-
Caroline Michelle Mara			-	-	-	-
Makala Schofield			-	-	-	-
Lynette Joy Mackenzie			-	-	-	-
Gideon van der Westhuizen			-	-	-	-
Ross Peter Kemp			-	-	-	-
Anna Konotchick			-	-	-	-
Paul Raymond Mulroney			3	3	1	1
Bart Mead			-	-	1	1

Held: represents the number of meetings held during the time the director held office.

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.

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 a director 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.

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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 and resigned from HFHA Board and FAC on 23 February 2021.

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 and became Chair of the Finance and Audit Committee in February 2021.

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 and retired on 30 November 2020.

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 was a member of the Finance and Audit Committee and retired from HFHA Board and FAC on 30 November 2020.

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.

Ross Peter Kemp BComm, 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 Baptistcare 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.

Habitat for Humanity Australia Ltd

Directors' report

30 June 2021

Paul Raymond Mulrone **BComm, LLB**

Paul has been actively involved with Habitat for Humanity since 2001. He has extensive experience of governance in not-for-profit organisations. His professional life has made him aware of the needs of people experiencing disadvantage. He has served two previous terms on the board, and has been a member and chair of the board of HFH NSWQ Ltd. Paul has volunteered in construction, repairs and maintenance and bushfire recovery activities and has been on many Global Village builds, most as Team Leader. Paul is a former NSW Magistrate and is a member of the Uniting Church in Bondi Junction, for which he has held various responsible positions as well as holding responsible roles in the wider church. Paul re-joined the board of HFHA in November 2020.

Bart Mead **Bbus (Valuation & Administration) AAPI, CPV, MAICD**

Bart has more than 30 years' experience in Professional Property Advisory with Residential property being a core focus. Bart's current role with a Multi-National is a Global position giving a unique perspective of Residential property around the world. With over 15 years' experience on both Corporate and Not-for-profit Boards, Bart brings Governance, Financial, Strategy and Technology experience to the Board. Bart has been a director of Habitat for Humanity NSWQ for the past 3 years and was a director of Habitat for Humanity QLD prior to that. Bart joined the HFHA Board in November 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.

On behalf of the directors



Duncan West
Chair

19 October 2021
Sydney, NSW

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 2021.

A large, stylized handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
19 October 2021

A handwritten signature in black ink, appearing to be 'K L Luong', with a long horizontal flourish extending to the right.

K L Luong
Director

Habitat for Humanity Australia Ltd
Statement of comprehensive income
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
REVENUE FROM CONTINUING OPERATIONS			
Donations and gifts		2,061,263	2,220,538
Bequest and legacies		638	5,000
Government grants - Department of Foreign Affairs and Trade (DFAT)		1,984,836	1,578,753
Government grants - COVID-19 relief support		359,300	180,500
Other overseas		189,329	663,183
Other income		24,261	-
Investment income	3	7,836	13,355
Donations from affiliates		130,424	143,989
In-kind service		540,372	528,336
		<u>678,632</u>	<u>685,680</u>
Total revenue		<u>5,298,259</u>	<u>5,333,654</u>
EXPENDITURE			
Funds to international programs		(1,821,626)	(1,610,189)
Program support costs		(546,416)	(854,566)
Community education		(50,255)	(56,871)
Fundraising costs		(511,796)	(493,812)
Bank charges		(20,486)	(18,618)
Financing costs	3	(25,253)	(23,683)
Accountability and administration		(310,752)	(361,397)
Depreciation & amortisation	3	(91,999)	(64,352)
In-kind service		(540,372)	(528,336)
Program expenditure and support cost		(393,172)	(1,180,888)
Other expenses		-	(65,628)
Total expenditure		<u>(4,312,127)</u>	<u>(5,258,340)</u>
Surplus before gain on acquisition of affiliate		986,132	75,314
Gain on acquisition of affiliate	18	<u>3,768,865</u>	-
Surplus for the year		4,754,997	75,314
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>4,754,997</u></u>	<u><u>75,314</u></u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Habitat for Humanity Australia Ltd
Statement of financial position
As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	4	5,161,575	2,254,198
Trade and other receivables	5	56,507	131,983
Inventories	6	718,909	-
Loans and receivables	7	327,025	27,251
Total current assets		<u>6,264,016</u>	<u>2,413,432</u>
Non-current assets			
Plant and equipment	8	74,235	35,247
Right-of-use assets	9	239,555	304,338
Loans and receivables	7	2,796,274	26,386
Total non-current assets		<u>3,110,064</u>	<u>365,971</u>
Total assets		<u>9,374,080</u>	<u>2,779,403</u>
Liabilities			
Current liabilities			
Trade and other payables	10	485,789	492,987
Lease liabilities	11	67,358	49,647
Employee benefits	12	79,434	71,069
Deferred revenue	13	1,877,055	770,107
Borrowings	14	40,287	-
Total current liabilities		<u>2,549,923</u>	<u>1,383,810</u>
Non-current liabilities			
Trade and other payables	10	75,848	-
Lease liabilities	11	215,932	283,290
Employee benefits	12	18,345	11,706
Borrowings	14	722,619	64,181
Total non-current liabilities		<u>1,032,744</u>	<u>359,177</u>
Total liabilities		<u>3,582,667</u>	<u>1,742,987</u>
Net assets		<u>5,791,413</u>	<u>1,036,416</u>
Equity			
Retained surpluses		<u>5,791,413</u>	<u>1,036,416</u>
Total equity		<u>5,791,413</u>	<u>1,036,416</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Habitat for Humanity Australia Ltd
Statement of changes in equity
For the year ended 30 June 2021

	2021	2020
	\$	\$
Total equity at the beginning of the financial year	1,036,416	961,102
Surplus for the year	4,754,997	75,314
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>4,754,997</u>	<u>75,314</u>
Total equity at the end of the financial year	<u><u>5,791,413</u></u>	<u><u>1,036,416</u></u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Habitat for Humanity Australia Ltd
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from donors		2,544,909	2,723,316
Grants received		3,234,133	2,422,436
Payments to suppliers and employees		<u>(3,512,916)</u>	<u>(4,975,271)</u>
		2,266,126	170,481
Interest received		7,836	9,798
Interest expense on lease liability		<u>(25,253)</u>	<u>(13,761)</u>
Net cash from operating activities		<u>2,248,709</u>	<u>166,518</u>
Cash flows from investing activities			
Repayment of loans from/(to) by affiliates		17,202	(5,114)
Purchase of property, plant and equipment		(14,740)	(35,227)
Receipt from sale of property, plant and equipment		10,728	-
Acquisition of Habitat NSWQ, net of cash acquired	18	<u>661,410</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>674,600</u>	<u>(40,341)</u>
Cash flows from financing activities			
Repayments of loans		(30,272)	9,924
Loan provided to partner families		(7,377)	-
Repayments of partner family loans		71,364	-
Repayments of lease liabilities		<u>(49,647)</u>	<u>(20,470)</u>
Net cash used in financing activities		<u>(15,932)</u>	<u>(10,546)</u>
Net increase in cash and cash equivalents		2,907,377	115,631
Cash and cash equivalents at the beginning of the financial year		<u>2,254,198</u>	<u>2,138,567</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>5,161,575</u></u>	<u><u>2,254,198</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2021

Note 1. Corporate information

The financial report of Habitat for Humanity Australia Ltd for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 18 October 2021.

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.

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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, other than as noted below.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The company has early adopted AASB 1060 effective from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there has been minimal change in the disclosures within these financial statements.

Basis of preparation

The financial report has been prepared on a historical cost basis.

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.

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 - Simplified Disclosures, Australian Accounting interpretations and other authoritative pronouncements of the Australian Accounting Standard Board.

Significant accounting judgments and estimates

The preparation of financial statements require management to make judgments, 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 judgments. 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.

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.

Note 2. Summary of significant accounting policies (continued)

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.

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.

Note 2. Summary of significant accounting policies (continued)

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 the reporting date. When actual payment is made, the difference between the amount payable due to movements in exchange rates is recognised in the surplus or deficit.

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.

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.

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.

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.

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.

Note 2. Summary of significant accounting policies (continued)

Inventories

The Company purchases and maintains amounts of inventory during the process of building houses. The Company measures its inventories at the lower of cost or net realisable value. Cost includes cost of acquisition, cost of all materials used in construction, cost of utilities, as well as rates, land rates and borrowing costs incurred during construction. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In case where the Company obtains small inventories for no or nominal consideration (donation received in-kind), inventories are accounted for at cost and not revalued.

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.

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 and fixtures	5 years
Computer hardware	3 1/3 years
Computer software	2 years
Vehicles	5 years
Containers and trailers	10 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 surplus or deficit arising from derecognition of an asset is included in surplus or deficit 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.

Note 2. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company 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.

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.

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 a non-current liability. Also refer to note 13 .

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Employee 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.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Note 2. Summary of significant accounting policies (continued)

On the acquisition of a business, the company assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the company's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the company remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 3. Income and expenses

	2021 \$	2020 \$
a. Investment income		
Notional Interest on loan to affiliate	3,855	3,055
Bank interest received	3,981	10,300
Total investment income	<u>7,836</u>	<u>13,355</u>
b. Depreciation expense		
Furniture and fittings	5,868	5,594
Computers	8,213	9,688
Motor vehicles	2,552	-
Other fixed assets	482	-
Right-of-use assets	64,783	49,070
Total depreciation expense	<u>81,898</u>	<u>64,352</u>
c. Financing costs		
Interest on loan	8,757	9,923
Interest on leases	16,496	13,760
Total interest expense	<u>25,253</u>	<u>23,683</u>

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2021

Note 4. Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank	4,589,332	1,684,200
Cash in hand	500	500
Short term deposits	571,743	569,498
	<u>5,161,575</u>	<u>2,254,198</u>

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.

Note 5. Trade and other receivables

	2021	2020
	\$	\$
<i>Current</i>		
Trade and other receivables	18,039	27,598
Prepayments and others	38,468	7,925
Government Stimulus Package and GST receivable	-	96,460
	<u>56,507</u>	<u>131,983</u>

Trade receivables include items which are intended to be used within the next 12 months. The Government Stimulus Support represents JobKeeper and cash boost stage 1 allowances.

Note 6. Inventories

	2021	2020
	\$	\$
<i>Current assets</i>		
Land	553,000	-
Cabin	100,000	-
Work in progress	65,909	-
	<u>718,909</u>	<u>-</u>

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2021

Note 7. Loans and receivables

	2021	2020
	\$	\$
<i>Current</i>		
Loans to partner families	296,323	-
Loans to former affiliate	30,702	27,251
	<u>327,025</u>	<u>27,251</u>
<i>Non-current</i>		
Loans to partner families	2,778,194	-
Loans to former affiliate	18,080	26,386
	<u>2,796,274</u>	<u>26,386</u>

Loan to Partner Families are granted interest free and are secured by the underlying properties. Refer also to note 18 .

Loan to Partner Housing Australia, a 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 2021 was \$36,437 prior to considering the impact of discounting. Refer to Note 2(p) for further details on the recognition and measurement of financial assets.

Note 8. Plant and equipment

	2021	2020
	\$	\$
<i>Non-current assets</i>		
Motor vehicles - at cost	41,168	-
Less: Accumulated depreciation	(2,552)	-
	<u>38,616</u>	<u>-</u>
Computer equipment - at cost	77,884	76,035
Less: Accumulated depreciation	(71,768)	(62,952)
	<u>6,116</u>	<u>13,083</u>
Furniture and fixtures - at cost	42,991	37,491
Less: Accumulated depreciation	(21,195)	(15,327)
	<u>21,796</u>	<u>22,164</u>
Other fixed assets - at cost	8,189	-
Less: Accumulated depreciation	(482)	-
	<u>7,707</u>	<u>-</u>
	<u>74,235</u>	<u>35,247</u>

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2021

Note 8. Plant and equipment (continued)

Reconciliations

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

	Motor Vehicles	Computer Equipment	Furniture and Fixtures	Other Fixed Assets	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	-	13,083	22,164	-	35,247
Additions	-	-	5,500	-	5,500
Additions through business combinations (note 18)	41,168	1,246	-	8,189	50,603
Depreciation expense	(2,552)	(8,213)	(5,868)	(482)	(17,115)
Balance at 30 June 2021	<u>38,616</u>	<u>6,116</u>	<u>21,796</u>	<u>7,707</u>	<u>74,235</u>

Note 9. Right-of-use assets

	2021	2020
	\$	\$
Right-of-use assets - at cost	353,408	353,408
Less: Accumulated depreciation	(113,853)	(49,070)
	<u>239,555</u>	<u>304,338</u>

Reconciliations

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

	Right-of-use assets	Total
	\$	\$
Balance at 1 July 2020	304,338	304,338
Depreciation expense	(64,783)	(64,783)
Balance at 30 June 2021	<u>239,555</u>	<u>239,555</u>

Note 10. Trade and other payables

	2021	2020
	\$	\$
<i>Current</i>		
Trade creditors	248,742	5,523
PAYG payable	13,938	10,494
GST payable	40,519	-
Other payables and accruals	182,590	476,970
	<u>485,789</u>	<u>492,987</u>
<i>Non-current</i>		
Deferred GST payable	<u>75,848</u>	<u>-</u>

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2021

Note 10. Trade and other payables (continued)

Trade payables are non-interest bearing and are normally settled on 30 day terms. 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.

Trade payables as at 30 June 2021 includes \$227,114 (2020: \$Nil) owed to Habitat for Humanity Fiji, an affiliate of the company.

Note 11. Lease liabilities

	2021	2020
	\$	\$
<i>Current liabilities</i>		
Liability for premise and printer lease	<u>67,358</u>	<u>49,647</u>
<i>Non-current liabilities</i>		
Liability for premise and printer lease	<u>215,932</u>	<u>283,290</u>

Note 12. Employee benefits

	2021	2020
	\$	\$
<i>Current liabilities</i>		
Annual leave	75,531	71,069
Long service leave	<u>3,903</u>	<u>-</u>
	<u>79,434</u>	<u>71,069</u>
<i>Non-current liabilities</i>		
Long service leave	<u>18,345</u>	<u>11,706</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.

Note 13. Deferred revenue

	2021	2020
	\$	\$
<i>Current liabilities</i>		
Grants and donations received in relation to future projects	<u>1,877,055</u>	<u>770,107</u>

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2021

Note 14. Borrowings

	2021 \$	2020 \$
<i>Current liabilities</i>		
Other financial liabilities	<u>40,287</u>	<u>-</u>
<i>Non-current liabilities</i>		
Other financial liabilities	<u>722,619</u>	<u>64,181</u>

The ANZ Bank provided the Company with a \$700,000 loan facility which is secured by mortgage over two properties and expires in March 31, 2051. The facility bears interest at a floating rate and is repayable in monthly instalments.

The ANZ Bank provided the Company with a \$200,000 overdraft facility which is secured by mortgage over two properties. The facility bears interest at a floating rate of 3.88%. As at 30 June 2021, the overdraft facility remains unutilised.

Other financial liabilities represents an unsecured, interest free loan. The gross value of the loan amounts to \$75,000 repayable on 30 June 2023.

Note 15. COVID-19 impact and support

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 was supported by the Australian Government "Jobkeeper" program until March 2021 while much of its activities were curtailed or ceased altogether. The fund used to maintain minimum staffing levels to enable the efficient recommencement of these programs when safe operating conditions returned. In April 2021, the second wave of Covid-19 delta strain evolved that resulted government to apply lockdown from June 26, 2021. The directors consider that the Company will be able to continue as a going concern as it has as at 30 June 2021 net assets of \$4,755,004, working capital of \$3,714,099 and cash & cash equivalents of \$5,161,576.

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:

	2021 \$	2020 \$
Job keeper allowance	309,300	130,500
Boosting cash flow	<u>50,000</u>	<u>50,000</u>
	<u>359,300</u>	<u>180,500</u>

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2021

Note 16. Contingent assets

In respect of the loans to Partner Families which are secured by underlying properties, additional consideration will be payable to the Company for its share on the capital appreciation over the property in case the property is sold, transferred or assigned before the loan is paid in full.

No gain has been recognised during the financial year, as the receipt of the additional consideration is not virtually certain as it is dependent on the occurrence of future events.

Note 17. Commitments

	2021
	\$
Committed at the reporting date and recognised as liabilities, payable:	
Within one year	67,358
One to five years	219,178
	<hr/>
Total commitment	286,536
Less: Future finance charges	(26,681)
	<hr/>
Net commitment recognised as liabilities	<u>259,855</u>

Note 18. Business combination

In November 2020, the Company's members voted for in favour of the motion in the Annual General Meeting to merge with its affiliate Habitat for Humanity Australia New South Wales and Queensland (HFHNSWQ). The Company did not pay any purchase consideration relating to this merger. Effective 1 April 2021, the Company acquired the assets and liabilities of (HFHNSWQ) for no consideration in what was considered a business combination under AASB 3 Business Combinations.

The fair value of assets and liabilities acquired are as follows:

	Fair value
	\$
Cash and cash equivalents	661,410
Other receivables	14,907
Inventories	719,671
Loans receivable	3,138,504
Property and equipment	50,603
Trade and other payables	(54,427)
Bank loan	(685,610)
Other non-current liability	(76,193)
	<hr/>
Net assets acquired	3,768,865
Goodwill	-
	<hr/>
Gain on acquisition of HFHNSWQ	<u>3,768,865</u>

Note 19. Events after the reporting period

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.

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2021

Note 20. Members' guarantee

HFHA has 51 (2020: 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 \$2,550 (51 x \$50) (in 2020: \$2,600 for 52 members).

Note 21. 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:

	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	5,161,575	2,254,198
Trade and other receivables	3,108,148	124,060
Loans and receivables	48,782	53,637
	<u>8,318,505</u>	<u>2,431,895</u>
	2021	2020
	\$	\$
Financial liabilities		
Trade and other payables	561,637	492,987
Borrowings	762,906	64,181
Lease liabilities	283,290	332,937
	<u>1,607,833</u>	<u>890,105</u>

Note 22. 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:

	2021	2020
	\$	\$
Proceeds of fundraising appeals	729,069	786,854
Cost of fundraising appeals	(120,337)	(288,579)
	<u>608,732</u>	<u>498,275</u>

The following percentages relate to the fundraising appeals:

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2021

Note 22. Income and expenditure of fundraising appeals (continued)

	2021	2020
	%	%
Total cost of fundraising appeals/Gross income from fundraising	17.00%	37.00%
Net surplus from Fundraising appeals/Gross income from fundraising	83.00%	63.00%

The substantial decrease to Fundraising cost is attributed to the reduced number of appeals and fundraising staff.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by, the auditor of the company:

	2021	2020
	\$	\$
<i>Audit services - HLB Mann Judd Assurance (NSW) Pty Ltd</i>		
Audit of the financial statements	<u>46,000</u>	<u>32,000</u>

Note 24. Related party transactions

(i) Key management personnel compensation

	2021	2020
	\$	\$
Total key management personnel compensation	<u>123,663</u>	<u>106,148</u>

Key management personnel are entitled to superannuation benefits, but not to any share-based payments.

(ii) Directors' compensation

The Directors act in an honorary capacity and receive no compensation. During the year, there were no (2020: \$950) reimbursements for travel expense incurred by the Directors in fulfilling their roles.

Habitat for Humanity Australia Ltd
Directors' declaration
30 June 2021

In the directors' opinion:

- (a) the attached financial statements and notes comply 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 2021 and of its performance for the year ended on that date;
 - (ii) complying with the Australian Accounting Standards - Simplified Disclosures 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 NSW provisions and regulations of the *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.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Duncan West
Chair

19 October 2021
Sydney, NSW

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

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 2021, the statement of 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 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures 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 2021 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.

Responsibilities of Management and the Directors for the Financial Report

The Directors of the Company is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Simplified Disclosures and 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, 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 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
19 October 2021



K L Luong
Director