

Habitat for Humanity Australia Ltd

ACN 131 976 004

Annual Report - 30 June 2023

Habitat for Humanity Australia Ltd

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30 June 2023

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General information

The financial statements cover Habitat for Humanity Australia Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Habitat for Humanity Australia Ltd's functional and presentation currency.

Habitat for Humanity Australia Ltd is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9
80 Mount Street
North Sydney, NSW 2060

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 October 2023. The directors have the power to amend and reissue the financial statements.

Habitat for Humanity Australia Ltd
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on Habitat for Humanity Australia Ltd ("the Company") for the year ended 30 June 2023.

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
Ian Thomas Graham
Gideon van der Westhuizen
Anna Konotchick (resigned 28 November 2022)
Paul Raymond Mulrone
Bart Mead
Phil Burns
Michael Arman
Sue Boyce
Negaya Chorley
Bernadette Bolo-Duthy (appointed 28 November 2022)
Christa Avery (appointed 19 June 2023)

Details of directors' qualifications and experience can be found on page 5 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 5, 10 Shelly 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 and domestic violence accommodation centres, help in the recovery and build resilience for survivors of bushfires and other disasters, 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 advance 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.

Habitat for Humanity Australia Ltd

Directors' report

30 June 2023

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.
- Build a domestic violence accommodation centre.
- Pilot a social enterprise in Australia, training vulnerable women on the tools so they can access jobs in the construction sector.
- To raise funds from the Australian community, government and companies for the purpose of delivering aid and development programs.

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 2023 were:

	2023	2022
	\$	\$
Revenue	7,060,868	6,105,303
Expenditure	(6,491,717)	(6,165,959)
Surplus/(Deficit) for the year	569,151	(60,656)
Total equity	6,352,947	5,783,796
Cash and cash equivalents	2,452,495	4,633,048

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 \$2,750 (55 x \$50) (in 2022: \$2,700 (54 x \$50)).

Significant Changes in the State of Affairs

No 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

We have gained registration as a Community Housing Provider which we expect will unlock future funding opportunities in the construction area and Social Housing area.

Habitat for Humanity Australia Ltd

Directors' report

30 June 2023

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 \$1,159 in 2023 (2022: \$741).

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.

Meetings of directors

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 of Directors Meetings Held	Attended	Finance, Audit & Risk Committee Held	Attended	International Program Advisory Committee Held	Attended
Duncan Gerald West	6	6	-	-	-	-
Ian Thomas Graham	6	6	5	5	-	-
Gideon van der Westhuizen	6	4	-	-	4	3
Anna Konotchick	2	-	-	-	-	-
Paul Raymond Mulroney	6	6	-	-	-	-
Bart Mead	6	3	-	-	-	-
Phil Burns	6	5	5	5	-	-
Michael Arman	6	5	-	-	-	-
Sue Boyce	6	5	-	-	-	-
Negaya Chorley	6	6	-	-	-	-
Bernadette Bolo-Duthy	6	6	-	-	-	-
Christa Avery	1	1	-	-	1	1

Meetings of directors (continued)

	Governance & Nominations Committee Held	Attended	Australian Program Advisory Committee Held	Attended
Duncan Gerald West	3	3	-	-
Ian Thomas Graham	-	-	-	-
Gideon van der Westhuizen	-	-	-	-
Anna Konotchick	-	-	-	-
Paul Raymond Mulroney	3	3	3	3
Bart Mead	3	1	3	2
Ross Peter Kemp	-	-	-	-
Phil Burns	-	-	-	-
Michael Arman	-	-	3	3
Sue Boyce	-	-	-	-
Negaya Chorley	-	-	-	-
Bernadette Bolo-Duthy	-	-	-	-

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

Directors' experience and qualifications

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

Duncan has over 30 years' experience in Financial Services in the UK, India and Australia including as CEO of some of Australia's largest insurance companies. He is 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, and is also Chair of the Governance and Nominations Committee.

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.

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.

Paul Raymond Mulroney B Com, 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, and became Chair of the Australian Program Advisory Committee in February 2021.

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.

Phil Burns **B.Build**

Phil has had a successful career in the construction, property development and project management space. He has a strong understanding of project origination and feasibility, risk assessment and project delivery. In 1986 Phil co-founded Burns Bridge, an active project management and delivery business. In 2004 he founded Sinclair Brook where he is Group Director, responsible for the group's strategic leadership. Phil has been a director of Entrust, a not-for-profit organisation supporting projects in Asia for children at risk, leadership development and community building. Phil has been a member of the Habitat for Humanity Victoria Board since 2020 and joined the Habitat for Humanity Australia Board in November 2021.

Michael Arman **BURbRgnIPlan (Hons), GDip (Bus), MAICD**

Michael has over 15 years' experience in strategy, program design and project management. He has held senior roles with the Local Government Association of SA, Australian Red Cross and in consultancy leading major projects in the areas of urban planning, emergency management and community resilience. Michael's experience includes a two-year posting in the Philippines building organisational capacity in disaster risk reduction. Michael has served as a Director on Habitat for Humanity's South Australian Board since 2017, and he also serves on a Council Development Assessment Panel in South Australia. Michael joined the Habitat for Humanity Board in November 2021.

Sue Boyce **BSc, Post Grad Dip Nut & Diet, Post Grad Bus Admin, MPH (Public Health)**

Sue has been the CEO of Ability Works Australia Ltd since 2017. Ability Works is a not-for-profit social enterprise that provides life changing experiences to people with a disability and those experiencing social disadvantage. Her career spans 10 years in public health which includes 2 years with the United Nations High Commissioner for Refugees in Pakistan; 25 years with commercial organisations such as Nestle, Merck and was co-founder and Managing Director of TMG. Prior to joining Ability Works, Sue was General Manager Fundraising and Community Engagement at beyondblue. Sue joined the Habitat for Humanity Australia Board in November 2021.

Negaya Chorley **BA Hons (International Development), MA (International Development Policy)**

Negaya Chorley has 20 years' experience in international development and human rights spanning Asia, Africa and the Pacific Islands. She is passionate about creating spaces for people at the margins to inform policy-making at the local, national and global level. Negaya has led a number of organisations spanning refugees, youth development and women's rights and is currently the CEO of Results International Australia. She holds a BA Hons in International Development, a Masters in International Development Policy from Duke University and Graduate Certificates in Peace and Conflict Resolution and Non-Profit Leadership. Negaya joined the Habitat for Humanity Australia Board in March 2022.

Bernadette Bolo-Duthy **B Human Ecology (Human Settlements),
M Urban & Regional Planning, M Org Development**

Bernadette is the HFHI Mekong Hub Director and has over 35 years' experience in international aid and development, leading large teams in developing countries in South East Asia. She managed multi-sector projects in Asia and the Pacific on various thematic areas: land, housing, settlement planning, urban planning, water, and sanitation hygiene (WASH), human resource development, climate change adaptation, disaster risk reduction, and disaster response. Bernadette led the development, design, and implementation of community-organizing capacity-building programs. Throughout her career, Bernadette has engaged in empowerment and community-driven development projects. She is a strong advocate for land and property rights with and for informal settlers in urban and rural areas. As an urban and regional planner, she engages in inclusion projects for informal settlers, citywide participatory mapping projects, and localization of SDGs in urban solid waste management at the city level. Bernadette joined the Habitat for Humanity Australia Board in November 2022.

Christa Avery **GAICD, MA (Environmental Management), BA Hons (PSci),
Cert4 Carbon Management**

Christa has over 20 years experience in corporate, not-for-profit, social enterprise and private sector development in the Asia Pacific region. Christa assists companies with environmental, social and governance (ESG) strategies that aim to achieve the globally agreed Sustainable Development Goals for an equitable future. She is passionate about human rights and brings her experience of multilateral programme compliance and diverse stakeholder collaboration to the Habitat Board. Christa joined the Habitat for Humanity Australia Board in June 2023.

Habitat for Humanity Australia Ltd
Directors' report
30 June 2023

Auditor's independence declaration

The Directors have received a declaration of independence from the auditors of the Company, HLB Mann Judd Assurance (NSW) Pty Ltd, which is included on page 8 of the financial report.

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

A handwritten signature in black ink that reads "Duncan West". The signature is written in a cursive, slightly slanted style.

Duncan West
Chair

16 October 2023
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 2023.



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
16 October 2023



K L Luong
Director

hlb.com.au

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HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

Habitat for Humanity Australia Ltd
Statement of comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Sales - land and cabins		-	328,518
Donations and gifts		2,110,330	1,927,675
Bequest and legacies		1,111,020	95,695
Government grants - Department of Foreign Affairs and Trade (DFAT) and other		2,793,239	2,758,309
Government grants - COVID-19 relief support		-	130,050
Other overseas		221,308	245,543
Other income		47,964	70,268
Investment income	3	33,847	5,824
Donations from affiliates		63,705	40,435
In-kind service		679,455	502,986
		<u>777,007</u>	<u>549,245</u>
Total revenue		<u>7,060,868</u>	<u>6,105,303</u>
Expenditure			
Funds to international programs		(1,753,225)	(2,194,838)
International program support costs		(429,470)	(425,328)
Domestic program expenditure and support cost		(2,002,276)	(1,329,365)
Volunteer program support		(254,114)	(266,956)
Community education		(57,886)	(54,168)
Fundraising costs		(613,699)	(525,375)
Bank charges		(33,423)	(22,587)
Financing costs	3	(12,762)	(17,445)
Accountability and administration		(531,589)	(429,465)
Depreciation & amortisation	3	(123,818)	(125,486)
Cost of sales		-	(271,960)
In-kind service		(679,455)	(502,986)
Total expenditure		<u>(6,491,717)</u>	<u>(6,165,959)</u>
Surplus/(deficit) for the year		569,151	(60,656)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		<u><u>569,151</u></u>	<u><u>(60,656)</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 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	4	2,452,495	4,633,048
Trade and other receivables	5	232,351	49,207
Inventories	6	267,283	255,193
Loans and receivables	7	337,249	282,472
Other assets	10	2,054,522	60,840
Total current assets		<u>5,343,900</u>	<u>5,280,760</u>
Non-current assets			
Property, plant and equipment	8	695,235	567,223
Right-of-use assets	9	109,989	174,772
Loans and receivables	7	2,375,208	2,618,172
Other assets	10	25,955	25,955
Total non-current assets		<u>3,206,387</u>	<u>3,386,122</u>
Total assets		<u>8,550,287</u>	<u>8,666,882</u>
Liabilities			
Current liabilities			
Trade and other payables	11	311,931	307,086
Lease liabilities	12	74,079	74,079
Employee benefits	13	102,330	98,305
Deferred revenue	14	868,024	1,442,159
Borrowings	15	128,641	40,287
Total current liabilities		<u>1,485,005</u>	<u>1,961,916</u>
Non-current liabilities			
Trade and other payables	11	67,475	71,850
Lease liabilities	12	67,771	141,852
Employee benefits	13	22,870	20,067
Borrowings	15	554,219	687,401
Total non-current liabilities		<u>712,335</u>	<u>921,170</u>
Total liabilities		<u>2,197,340</u>	<u>2,883,086</u>
Net assets		<u>6,352,947</u>	<u>5,783,796</u>
Equity			
Reserves	16	53,039	53,039
Retained surpluses		<u>6,299,908</u>	<u>5,730,757</u>
Total equity		<u>6,352,947</u>	<u>5,783,796</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 2023

	Note	2023 \$	2022 \$
Total equity at the beginning of the financial year		5,783,796	5,791,413
Surplus/(deficit) for the year		569,151	(60,656)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		569,151	(60,656)
Revaluation reserve	16	<u>-</u>	<u>53,039</u>
Total equity at the end of the financial year		<u><u>6,352,947</u></u>	<u><u>5,783,796</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 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from donors		3,889,981	2,986,663
Grants received		1,775,922	1,946,976
Payments to suppliers and employees		(5,731,784)	(5,252,264)
Interest received		12,631	11,638
Interest expense on lease liability		(9,361)	(13,126)
		<u>(62,611)</u>	<u>(320,113)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Repayment of loans by former affiliate		12,160	12,160
Purchase of property, plant and equipment		(187,047)	(278,691)
Acquisition of term deposits		(2,000,000)	-
		<u>(2,174,887)</u>	<u>(266,531)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Repayments of loans		(48,229)	(43,535)
Loan provided to partner families		(54,640)	(60,224)
Repayment proceeds from partner family loans		233,894	255,190
Repayments of lease liabilities		(74,080)	(67,359)
		<u>56,945</u>	<u>84,072</u>
Net cash from financing activities			
Net decrease in cash and cash equivalents		(2,180,553)	(502,572)
Cash and cash equivalents at the beginning of the financial year		4,633,048	5,135,620
		<u>4,633,048</u>	<u>5,135,620</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>2,452,495</u></u>	<u><u>4,633,048</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 2023

Note 1. Corporate information

The financial report of Habitat for Humanity Australia Ltd for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 16 October 2023.

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.

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.

Note 2. Summary of significant accounting policies (continued)

Expenditure (continued)

Transfers to overseas partner organisations are recognised as expenses when remitted.

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 incremental borrowing rate of 5.33% as similar to fixed rate of small business per Reserve Bank of Australia published business lending rates at the time of the lease commencement.

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.

Note 2. Summary of significant accounting policies (continued)

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

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

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Valuations of land

The land was last revalued on 13 September 2021 based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuation is based on current prices for similar properties in the same location and condition.

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

Note 2. Summary of significant accounting policies (continued)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. An item is derecognised upon disposal, when the item is no longer used in the operations of the Company or when it has no sale value. Any surplus or deficit arising from derecognition of an asset is included in surplus or deficit in the year the asset is derecognised.

Asset under construction

Asset under construction is stated at cost and not depreciated until it becomes available for use, that is, when it is in the condition necessary for it to be capable of operating in the manner intended by management.

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.

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.

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 14.

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.

Note 2. Summary of significant accounting policies (continued)

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.

Note 3. Income and expenses

	2023	2022
	\$	\$
a. Investment income		
Bank interest received	30,631	3,024
Notional interest on loan to former affiliate	3,216	2,800
Total investment income	<u>33,847</u>	<u>5,824</u>
b. Depreciation expense		
Furniture and fittings	7,243	7,243
Computers	10,527	8,127
Motor vehicles	41,265	37,627
Other fixed assets	-	7,706
Right-of-use assets	64,783	64,783
Total depreciation expense	<u>123,818</u>	<u>125,486</u>
c. Financing costs		
Interest on loan	3,401	4,319
Interest on leases	9,361	13,126
Total interest expense	<u>12,762</u>	<u>17,445</u>

Note 4. Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	2,378,233	4,086,402
Cash in hand	500	500
Short term deposits	73,762	546,146
	<u>2,452,495</u>	<u>4,633,048</u>

The balance includes the amount received which the company restricts usage for designated projects. 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.

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2023

Note 5. Trade and other receivables

	2023	2022
	\$	\$
<i>Current</i>		
Trade and other receivables	232,351	33,228
GST receivable	-	15,979
	<u>232,351</u>	<u>49,207</u>

Trade receivables include items which are intended to be used within the next 12 months.

Note 6. Inventories

	2023	2022
	\$	\$
<i>Current assets</i>		
Land	139,000	139,000
Cabin	50,000	50,000
Work in progress	78,283	66,193
	<u>267,283</u>	<u>255,193</u>

Note 7. Loans and receivables

	2023	2022
	\$	\$
<i>Current</i>		
Loans to partner families	325,089	270,323
Loans to former affiliate	12,160	12,149
	<u>337,249</u>	<u>282,472</u>
<i>Non-current</i>		
Loans to partner families	2,375,208	2,609,228
Loans to former affiliate	-	8,944
	<u>2,375,208</u>	<u>2,618,172</u>

Loan to Partner Families are granted interest free, secured by the underlying properties and have average repayment terms ranging between 15 to 20 years .

Loan to Partner Housing Australia, a former affiliate, is interest free, unsecured and requires a fixed quarterly repayment of \$3,040 over 9 years. The gross value of the loan as at 30 June 2023 was \$12,160 prior to considering the impact of discounting. Refer to Note 2 for further details on the recognition and measurement of financial assets.

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2023

Note 8. Property, plant and equipment

	2023 \$	2022 \$
<i>Non-current assets</i>		
Land - at cost	275,000	275,000
Motor vehicles - at cost	206,322	206,322
Less: Accumulated depreciation	(81,445)	(40,180)
	<u>124,877</u>	<u>166,142</u>
Computer equipment - at cost	76,746	101,466
Less: Accumulated depreciation	(48,868)	(79,895)
	<u>27,878</u>	<u>21,571</u>
Furniture and fixtures - at cost	37,899	42,991
Less: Accumulated depreciation	(30,588)	(28,437)
	<u>7,311</u>	<u>14,554</u>
Other fixed assets - at cost	8,189	8,189
Less: Accumulated depreciation	(8,189)	(8,189)
	<u>-</u>	<u>-</u>
Asset under construction - at cost	260,169	89,956
	<u>695,235</u>	<u>567,223</u>

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 \$	Asset under construction \$	Land \$	Total \$
Balance at 1 July 2022	166,142	21,571	14,554	-	89,956	275,000	567,223
Additions during the year	-	16,833	-	-	170,213	-	187,046
Depreciation expense	(41,265)	(10,526)	(7,243)	-	-	-	(59,034)
Balance at 30 June 2023	<u>124,877</u>	<u>27,878</u>	<u>7,311</u>	<u>-</u>	<u>260,169</u>	<u>275,000</u>	<u>695,235</u>

Asset under construction represents the Safe Places Emergency Accommodation being constructed by the Company to fulfill its obligation under the government grant received from Department of Social Services.

The fair value of the land was reviewed by the directors at 30 June 2023.

Management has valued the land based on the last revaluation and the additions for the asset under construction at cost to approximate fair value.

Note 9. Right-of-use assets

	2023 \$	2022 \$
Right-of-use assets - at cost	353,408	353,408
Less: Accumulated depreciation	(243,419)	(178,636)
	<u>109,989</u>	<u>174,772</u>

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2023

Note 9. Right-of-use assets (continued)

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 \$
Balance at 1 July 2022	174,772
Depreciation expense	<u>(64,783)</u>
Balance at 30 June 2023	<u><u>109,989</u></u>

Note 10. Other assets

	2023 \$	2022 \$
<i>Current assets</i>		
Term deposits	2,000,000	-
Prepayments	<u>54,522</u>	<u>60,840</u>
	<u><u>2,054,522</u></u>	<u><u>60,840</u></u>
<i>Non-current assets</i>		
Security deposit	<u><u>25,955</u></u>	<u><u>25,955</u></u>

These term deposits earn interest rates between 4.58% to 4.90%, with original terms of 6 months and are invested with Macquarie Bank and ANZ.

Note 11. Trade and other payables

	2023 \$	2022 \$
<i>Current</i>		
Trade creditors	22,190	78,296
PAYG payable	39,778	32,518
GST payable	19,526	6,523
Other payables and accruals	<u>230,437</u>	<u>189,749</u>
	<u><u>311,931</u></u>	<u><u>307,086</u></u>
<i>Non-current</i>		
Deferred GST payable	<u><u>67,475</u></u>	<u><u>71,850</u></u>

Trade payables as at 30 June 2023 includes \$nil (2022: \$43,200) owed to Habitat for Humanity Fiji, a partner of the company.

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2023

Note 12. Lease liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Liability for premise and printer lease	<u>74,079</u>	<u>74,079</u>
<i>Non-current liabilities</i>		
Liability for premise and printer lease	<u>67,771</u>	<u>141,852</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	74,079	74,079
One to five years	<u>67,771</u>	<u>141,852</u>
	<u>141,850</u>	<u>215,931</u>

Note 13. Employee benefits

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Annual leave	97,529	94,094
Long service leave	<u>4,801</u>	<u>4,211</u>
	<u>102,330</u>	<u>98,305</u>
<i>Non-current liabilities</i>		
Long service leave	<u>22,870</u>	<u>20,067</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 14. Deferred revenue

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Grants and donations received in relation to future projects	<u>868,024</u>	<u>1,442,159</u>

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2023

Note 15. Borrowings

	2023 \$	2022 \$
<i>Current liabilities</i>		
Bank loan	53,641	40,287
Other financial liabilities	75,000	-
	<u>128,641</u>	<u>40,287</u>
<i>Non-current liabilities</i>		
Bank loan	554,219	615,802
Other financial liabilities	-	71,599
	<u>554,219</u>	<u>687,401</u>

The ANZ Bank provided the Company with a \$700,000 loan facility which is secured by mortgage over two properties and expires in 31 March 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% (2022: 3.88%). As at 30 June 2023, the overdraft facility remains unutilised (2022: unutilised).

Other financial liabilities represents an unsecured, interest free loan. The gross value of the loan amounts to \$75,000 which is due and demandable as at 30 June 2023.

Note 16. Reserves

	2023 \$	2022 \$
Revaluation surplus reserve	<u>53,039</u>	<u>53,039</u>

The asset revaluation reserve records movements in the fair value of the Company's parcel of land in Western Sydney NSW.

Note 17. 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 18. Commitments

	2023 \$	2022 \$
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	86,515	83,440
One to five years	61,625	148,140
	<u>148,140</u>	<u>231,580</u>
Total commitment	148,140	231,580
Less: Future finance charges	(6,290)	(15,649)
	<u>141,850</u>	<u>215,931</u>
Net commitment recognised as liabilities	<u>141,850</u>	<u>215,931</u>

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2023

Note 18. Commitments (continued)

	2023	2022
	\$	\$
<i>Capital expenditure commitments</i>		
Committed at the reporting date but not recognised as liabilities:		
Within one year	<u>323,469</u>	<u>739,904</u>

Note 19. Members' guarantee

HFHA has 55 (2022: 54) 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 \$2,750 (55 x \$50) (in 2022: \$2,700 for 54 members).

Note 20. 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:

	2023	2022
	\$	\$
Financial assets		
Cash and cash equivalents	2,452,495	4,633,048
Trade and other receivables	232,351	49,207
Loans and receivables	2,762,545	2,910,359
Other current assets	<u>2,025,955</u>	<u>25,955</u>
	<u>7,473,346</u>	<u>7,618,569</u>
	2023	2022
	\$	\$
Financial liabilities		
Trade and other payables	379,406	378,936
Borrowings	682,860	727,688
Lease liabilities	<u>141,850</u>	<u>215,931</u>
	<u>1,204,116</u>	<u>1,322,555</u>

Note 21. 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:

Habitat for Humanity Australia Ltd
Notes to the financial statements
30 June 2023

Note 21. Income and expenditure of fundraising appeals (continued)

	2023	2022
	\$	\$
Proceeds of fundraising appeals	1,741,206	1,108,808
Cost of fundraising appeals	<u>(142,192)</u>	<u>(122,401)</u>
Surplus of proceeds over disbursements from fundraising appeals	<u><u>1,599,014</u></u>	<u><u>986,407</u></u>

The following percentages relate to the fundraising appeals:

	2023	2022
Total cost of fundraising appeals/Gross income from fundraising	8%	11%
Net surplus from Fundraising appeals/Gross income from fundraising	92%	89%

Note 22. Remuneration of auditors

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

	2023	2022
	\$	\$
<i>Audit services - HLB Mann Judd Assurance (NSW) Pty Ltd</i>		
Audit of the financial statements	<u>45,000</u>	<u>42,000</u>
<i>Other services - HLB Mann Judd (NSW) Pty Ltd</i>		
Other non-assurance services	<u>4,000</u>	<u>4,000</u>
	<u><u>49,000</u></u>	<u><u>46,000</u></u>

Note 23. Related party transactions

(i) Key management personnel compensation

	2023	2022
	\$	\$
Total key management personnel compensation	<u><u>147,318</u></u>	<u><u>137,091</u></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 (2022: \$nil) reimbursements for travel expense incurred by the Directors in fulfilling their roles.

Habitat for Humanity Australia Ltd
Directors' declaration
30 June 2023

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 2023 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 2022*;
- (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

16 October 2023
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 2023, 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 2023 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 2022*.

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 2023 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.

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Liability limited by a scheme approved under Professional Standards Legislation.

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* 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.

A handwritten signature in black ink that reads 'HLB Mann Judd' in a cursive style.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
17 October 2023

A handwritten signature in black ink that reads 'K L Luong' in a cursive style.

K L Luong
Director