

Part 3 - Hobart City Mission Financials

STATEMENT BY OFFICERS

In the opinion of Hobart City Mission Inc. (HCM) Board of Management, as the body corporate responsible for the administration of HCM established, constituted and funded pursuant to the Associations Incorporation Act 1964:-

- The accompanying financial statements of HCM are a special purpose financial report properly drawn up so as to present fairly the financial position of HCM as at 30 June 2017 and the results of its operations for the year ending on that date in accordance with the Associations Incorporation Act 1964, Australian Accounting Standards, where applicable and other mandatory professional requirements.
- HCM has been operating in accordance with the provisions of the Rules of Association and Constitution of HCM as approved pursuant to the Associations Incorporation Act 1964.

HCM is funded from a number of sources including government grants, subsidies, contributions, donations and investment income. Other sources of income include resident fees, client fees, fundraising appeals, trusts and bequests which are also vital to the work of HCM. HCM supports various programs that receive government grants by way of extra contributions as well as self-funding a number of important pilot programs.

HCM appreciates the generous financial and in-kind support of government, philanthropic trusts, community groups, the corporate sector, churches and individuals which make it possible to run and support many services and programs.

The Board and Management of HCM continue to ensure that long term investment strategies, planning and budgeting processes are in place to ensure the ongoing viability of the many services it provides which enable HCM to meet its objectives. The Board and Management regularly review programs and services to ensure that people in need receive the best support possible.

HCM supporters can be confident that the resources available are properly and efficiently managed.



Barry Neilsen
PRESIDENT

Date: 2/10/17



John Stubley
CEO AND PUBLIC OFFICER

Date: 2/10/17

STATEMENT OF COMPREHENSIVE INCOME
HOBART CITY MISSION INC
Year Ended 30 June 2017

	Notes	Consolidated Group 2017 \$	2016 \$
INCOME			
Fundraising & Donations		775,978	460,413
Grants	1(o)	4,212,446	4,029,663
NDIA Funding		572,414	617,295
Rent of Mission Properties & Transitional Housing		357,240	354,632
Retail Sales		792,342	924,498
Interest Income		32,042	25,191
Other		108,585	90,741
TOTAL INCOME		6,851,047	6,502,433
EXPENDITURE			
Fundraising Outlays		39,677	33,246
Motor Vehicle Costs		41,056	44,584
Property Costs		125,498	120,423
Rents - Retail Outlets		163,193	168,109
Rents - Transitional Housing		83,916	77,448
Staffing Costs		5,334,151	5,028,976
Other - Operating & Welfare Costs		1,016,515	1,017,995
TOTAL EXPENDITURE		6,804,006	6,490,781
NET SURPLUS/(DEFICIT) FROM OPERATIONS		47,041	11,652
NON OPERATING INCOME			
Trust Fund Allocations		49,226	57,600
Bequests & Donations	1(c)	4,990,030	112,474
TOTAL NON-OPERATING INCOME		5,039,256	170,074
NET SURPLUS AFTER NON-OPERATING ITEMS		5,086,297	181,726
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,086,297	181,726

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
HOBART CITY MISSION INC
As at June 30 2017

	Notes	Consolidated Group	
		2017	2016
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash at Bank	2	292,457	329,767
Investments	3	668,704	394,827
Accrued Revenue		-	25,000
Prepayments		8,960	35,970
Sundry Debtors		99,681	120,016
Properties Available for Sale		762,500	-
Total Current Assets		1,832,302	905,580
NON CURRENT ASSETS			
Investments	4	3,716,430	-
Property, Plant & Equipment	5	6,288,427	6,180,622
Deferred Borrowing Costs		696	1,544
Total Non-Current Assets		10,005,553	6,182,166
TOTAL ASSETS		11,837,855	7,087,746
LIABILITIES			
CURRENT LIABILITIES			
Employee Entitlements	7	449,039	401,671
GST Liability		41,407	62,561
Trust Funds	1(q), 9	73,838	123,064
Other Creditors and Accruals	6	215,187	259,112
Total Current Liabilities		779,471	846,408
NON CURRENT LIABILITIES			
Employee Entitlements	8	155,331	132,079
Murdoch Clarke Mortgage		1,275,000	1,525,000
Property Development Conversion Grant		979,997	1,022,500
Total Non-Current Liabilities		2,410,328	2,679,579
TOTAL LIABILITIES		3,189,799	3,525,987
NET ASSETS		8,648,056	3,561,759
EQUITY		8,648,056	3,561,759

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
HOBART CITY MISSION INC
AS AT 30 JUNE 2017**

		Consolidated Group	
	Notes	2017	2016
		\$	\$
Accumulated Funds Brought Forward		1,846,635	1,664,909
Surplus		<u>5,086,297</u>	<u>181,726</u>
Accumulated Funds Carried Forward		<u>6,932,932</u>	<u>1,846,635</u>
Redevelopment Reserve		160,620	160,620
Revaluation Reserve Barrack & Goulburn St.	1(r), 5	1,311,089	1,311,089
Revaluation Reserve Main Road Moonah	1(r), 5	<u>243,415</u>	<u>243,415</u>
TOTAL EQUITY		<u>8,648,056</u>	<u>3,561,759</u>

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
HOBART CITY MISSION INC
As at June 30 2017

		Consolidated Group	
	Notes	2017	2016
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating Grants Received		4,164,544	4,036,668
Receipts from Customers		2,678,904	2,309,773
Interest Received		32,042	25,191
Bequest & Donations		5,039,256	170,074
Payments to Suppliers and Employees		(6,646,289)	(6,179,077)
Finance Costs		(78,540)	(87,566)
Net Cash Inflow (Outflow) from Operating Activities	12(b)	<u>5,189,917</u>	<u>275,063</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Payments for Property, Plant & Equipment		(224,420)	(185,146)
Proceeds from Sale of Property, Plant & Equipment		-	73,146
Sale of Investment Securities		-	70,000
Payment for Investments		(4,478,930)	-
Net Cash Inflow (Outflow) from Investing Activities		<u>(4,703,350)</u>	<u>(42,000)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of Borrowings		(250,000)	(100,000)
Net Cash Inflow (Outflow) from Financing Activities		<u>(250,000)</u>	<u>(100,000)</u>
Net (decrease) increase in cash and cash equivalents		236,567	133,063
Cash at the beginning of the financial year		724,594	591,531
Cash and Cash Equivalents at the End of Year	12(a)	<u><u>961,161</u></u>	<u><u>724,594</u></u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS HOBART CITY MISSION INC FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES

a) Basis of Accounting

Hobart City Mission Inc. is a body corporate incorporated under the Associations Incorporation Act 1964. In the event of HCM being wound up, the liability of members is determined by its constitution. The financial statements, comprising a statement by the officers, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the statements are a special purpose financial report that has been prepared in accordance with the recognition and measurement elements of Australian Accounting Standards, except for the depreciation of buildings, and the requirements of the Associations Incorporations Act 1964. The Directors have decided that these Statements are appropriate to meet the needs of members and grant accountability to donor organisations. The accounting policies based on accrual accounting principles, have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

The financial report has been prepared in accordance with The Associations Incorporations Act 1964 and the following Accounting Standards and other mandatory professional reporting requirements:

- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cash Flows
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1031 - Materiality
- AASB 110 - Events After Balance Sheet Date
- AASB 1048 Interpretation of Standards
- AASB 1054 Australian Additional Disclosures.

b) Principals of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the entities controlled by Hobart City Mission Inc. at the end of the reporting period. A controlled entity is an entity over which Hobart City Mission Inc. has the power to govern the financial and operating policies so as to obtain benefits from its activities. Hobart City Mission Inc.'s consolidated group consists of:

- Hobart City Mission Inc.
- HCM Property Management Pty Ltd as Trustee for
 - Stoke Street Unit Trust
 - Haig Street No. 1 Unit Trust
 - Haig Street No. 2 Unit Trust

In preparing the consolidated financial statements, all intra group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

c) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Grant and donation income is recognised when the entity obtains control over the funds, which is generally at time of receipt. If conditions are attached to the grant that must be satisfied before HCM is eligible to receive the contribution, recognition of the grant as revenue will be deferred until those conditions are satisfied. Non-monetary bequests and donations are recognised at fair value at the time of receipt.

In 2017, Bequests & Donations are predominantly made up of an unexpected large bequest from a single donor.

d) Interest Revenue

This represents the total income earned on specific purpose and other funds available to maximise returns. Internally this interest is apportioned to various programs and trust funds and is recognised in relevant grant acquittal statements as income, where appropriate. It is included in the individual programs operating income when allocated.

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2017**

e) Sale of Non-Current Assets

The net profits/losses of non-current asset sales are included in the Statement of Comprehensive Income at the date control of the asset passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

f) Income Tax

Hobart City Mission Inc. is exempt from Income tax.

g) Goods and Services Tax

Revenues, expenses and assets are recognised net of any amount of goods and services tax (GST). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the Australian Taxation Office is included as a current asset or current liability in the Statement of Financial Position.

h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

i) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the organisation. Accounts payable are normally settled within 30 days. The carrying amount of accounts payable approximates net fair value.

j) Interest Bearing Liabilities

Loans are carried on the Statement of Financial Position at their principal amount.

k) Property, Plant & Equipment

All property, plant and equipment are initially measured at cost and are depreciated over their useful lives on a straight line basis. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

l) Asset Acquisition

All assets acquired, representing property, plant and equipment are initially recorded at their cost of acquisition. HCM premises have been revalued to reflect market value and the revaluation details are clearly shown in the notes and in the Statement of Changes in Equity.

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2017**

m) Depreciation

The components of major assets, that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

All non-current assets have limited useful lives and are depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date of acquisition or project completion. Depreciation rates and methods are reviewed annually for appropriateness. Plant and equipment purchases over \$1,000 are capitalised, assets with a value of \$1,000 or less are expensed.

The depreciation rates used for each class of asset are as follows:

	2017	2016
• Furniture & Equipment	7%-25%	7%-25%
• Computer Equipment	33%	33%
• Motor Vehicles	15%	15%
• Software Development	20%	20%

n) Leases

HCM leases several properties from the Government and the private sector, to run different programs. The tenants are charged a rental where appropriate and the charges are reviewed periodically.

o) Government and Other Grants

The tables below summarise the distribution of grant funding received in 2015/16 and 2016/17.

		Consolidated Group	
PROGRAM	TASMANIAN GOVERNMENT	2017	2016
		\$	\$
	Community Integration Program (Group Homes)	2,099,364	2,019,504
	Community Access Program (Group Homes)	242,365	214,701
	IFSS Partnership	527,104	436,795
	CSP - Personal & Family Counselling	109,509	109,678
	Premier's Grant - Hobart & Glenorchy Welfare	25,000	25,000
	DFACSS	23,772	18,532
	Housing Connect	335,632	333,089
	ISP Program	462,362	472,361
	Small Steps	-	10,000
	Property Development – Loan to Grant Conversion	42,500	42,500
		<u>3,867,608</u>	<u>3,682,160</u>

Note Continued

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2017**

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

		Consolidated Group	
	AUSTRALIAN GOVERNMENT	2017	2016
PROGRAM		\$	\$
	DEEWR - Chaplaincy	92,472	125,000
	Cmwlth - Emergency Relief Hobart & Moonah	252,366	222,503
		344,838	347,503
	TOTAL GRANT FUNDING RECOGNISED	4,212,446	4,029,663
GRANTS CARRIED FORWARD AS A CURRENT LIABILITY			
PROGRAM			
	ISP Worker Receivable	22,469	-
	Emergency Relief	-	27,868
		22,469	27,868

p) Group Homes

The State Government has provided separate funds to run the Community Integration Program, which are disclosed separately in note 1(p). Some items of equipment originally purchased out of grant monies some years ago have been expensed as the equipment is considered to belong to residents (this has not occurred in recent years). Residents pay for rental to the State Government for the properties leased to them as their residence and for other outgoings required for their day to day living. Group home funding has completed its transition from Grant funding to unit price funding. In addition to this Hobart City Mission now receives day support funding to assist client wellbeing and quality of life.

q) Trust Funds

Where a bequest or donation has been given for specified purposes, or where the Board of Management specifies a purpose for funds received by HCM, the amount required for expenditure in future periods is carried as a liability shown in the Statement of Financial Position as Trust Funds.

r) Valuation of Non-Current Assets

i) Barrack Street

The carrying value of this property reflects an independent valuation obtained in July 2014.

ii) Lenah Valley Centre

In June 2012 redevelopment of Haig Street commenced, converting the Church into group homes and construction of a new residence. The two lots were valued by an independent valuer in June 2013 and it is this value that is reflected in the Statement of Financial Position. This property was gifted, by Hobart City Mission Inc. to HCM Property Management Pty Ltd. HCM Property Management Pty Ltd is part of the consolidated group.

iii) 11-13 Main Road, Moonah

The carrying value of this property reflects an independent valuation obtained in July 2014.

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2017**

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

iv) Stoke Street

The carrying value of this property reflects an independent valuation obtained in July 2014.

v) Other Non-Current Assets

These consist of motor vehicles, furniture and equipment and computer equipment and are maintained at cost values less depreciation allowances which are made in accordance with accounting policy in note 1(m).

s) Employee Entitlements

i) Annual Leave

The provision for employees' entitlements to annual leave represents the amount HCM has a present obligation to pay, resulting from employees' services up to balance date. The provision is a current liability and has been calculated on current wage and salary rates and in the 2016 financial year includes the provision for superannuation, workers' compensation insurance and leave loading obligations.

ii) Long Service Leave

A liability for long service leave exists for all employees who have completed five years of service. The current liability provision consists of entitlements at current wage and salary rates plus on-costs for superannuation and workers' compensation.

t) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures, unless otherwise stated.

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2017**

	Consolidated Group	
	2017	2016
	\$	\$
2. CASH AT BANK		
Bank Accounts	290,057	327,037
Cash Floats	2,400	2,730
Total Cash	292,457	329,767
3. INVESTMENTS (CURRENT)		
Investments	668,704	394,827
Total Investments (Current)	668,704	394,827
4. INVESTMENTS (NON-CURRENT)		
Investments	3,716,430	-
Total Investments (Non-Current)	3,716,430	-
5. PROPERTY PLANT & EQUIPMENT		
<i>Land & Buildings</i>		
Barrack Street (Revaluation – July 2014)	1,630,000	1,630,000
Barrack Street Improvements	103,310	45,990
	1,733,310	1,675,990
Haig Street (Revaluation – June 2013)	1,092,000	1,092,000
	1,092,000	1,092,000
Stoke Street (Revaluation – July 2014)	2,200,000	2,200,000
Stoke Improvements	118,527	59,107
	2,318,527	2,259,107
11-13 Main Road, Moonah (Revaluation – July 2014)	790,000	790,000
Moonah Improvements	19,552	15,152
	809,552	805,152
Total Land & Buildings	5,953,389	5,832,249

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2017**

	Consolidated Group	
	2017	2016
	\$	\$
5. PROPERTY PLANT & EQUIPMENT (CONT'D)		
<i>Furniture & Equipment</i>		
At Cost	603,993	572,048
Accumulated Depreciation	(473,913)	(445,107)
Total Furniture & Equipment	130,080	126,941
 <i>Computer Equipment</i>		
At Cost	283,978	261,599
Accumulated Depreciation	(204,453)	(145,355)
Total Computer Equipment	79,525	116,244
 <i>Motor Vehicles</i>		
At Cost	295,305	289,598
Accumulated Depreciation	(182,691)	(185,910)
Total Motor Vehicles	112,614	103,688
 <i>Capital Works in Progress</i>		
Rebranding Project	12,819	1,500
Total Capital Works in Progress	12,819	1,500
Total Property Plant & Equipment	6,288,427	6,180,622
 6. OTHER LIABILITIES		
Trade Creditors	39,846	162,910
Wage Accrual	61,094	52,848
Grants Unexpended	22,469	27,868
Mission Money Outstanding	9,387	4,918
Sundry Accruals	82,391	10,568
Total Other Liabilities	215,187	259,112

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2017**

	Consolidated Group	
	2017	2016
	\$	\$
7. EMPLOYEE ENTITLEMENTS (CURRENT)		
Long Service Leave		
HCM Staff	67,985	53,580
Group Homes	51,287	53,188
	<u>119,272</u>	<u>106,768</u>
Annual Leave		
HCM Staff	211,811	202,085
Group Homes	117,956	92,818
	<u>329,767</u>	<u>294,903</u>
Total Employee Entitlements (Current)	<u>449,039</u>	<u>401,671</u>

8. EMPLOYEE ENTITLEMENTS (NON-CURRENT)		
Long Service Leave		
HCM Staff	53,620	100,528
Group Homes	101,711	31,551
Total Employee Entitlements (Non-Current)	<u>155,331</u>	<u>132,079</u>

9. TRUST FUNDS						
	Bequest Condition or Allocation	Opening Balance 2016	2017 Additional Bequests/ Donations	2017 Draw Down	2017 Notational Interest	Closing Balance 2017
K Grace Bequest	ER 100%	123,064	-	49,226	-	73,838
Total		123,064	-	49,226	-	73,838

At present for managing purposes all the funds have been classified as current liabilities. However, the majority of the capital component of the Kathleen Grace conditional bequest is expected to be progressively applied over a ten-year program, with an expected completion of the 31st December 2018.

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2017**

10. HCM OPERATIONS FROM OTHER PREMISES

HCM leases external premises for the Retail Opportunity Shop outlets, in the following locations:

- Warrane
- Huonville
- Goodwood
- Sorell
- Kingston
- Glenorchy

HCM also operates Retail outlets from its own property being:

- Moonah – both Retail and Furniture warehouse
- Partridge Nest

11. RELATED PARTY TRANSACTIONS

During the course of the financial year Hobart City Mission secured, on a commercial basis, services of organisations in which Members of the Board have a relationship. In all such cases the HCM Boards Conflict of Interest Policy was strictly adhered to and where appropriate members declined to participate in Board discussion and decision making. The related party relationships for which costs were incurred by HCM declared were:

- Gil Sawford, WLF Accounting & Advisory, Accounting and Taxation Consultants with respect to provision of Audit Services and Taxation advice.
- Damian Egan, Partner of Murdoch Clarke, Barristers and Solicitors and Director of Murdoch Clarke Mortgage Fund, provision of legal advice with respect to Estates and Bequests; and loans from and investment of funds in the Murdoch Clarke Mortgage Fund.

All transactions with related parties have been based on normal commercial terms.

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2017**

	Consolidated Group	
	2017	2016
	\$	\$
12. CASHFLOW INFORMATION		
(a) Cash and Cash Equivalents		
Bank Accounts	290,057	327,037
Cash Floats	2,400	2,730
Investments – Murdoch Clarke	668,704	394,827
	<u>961,161</u>	<u>724,594</u>
(b) Reconciliation of cash flow from operations with surplus from operations:		
Surplus for the year	5,086,297	181,726
Depreciation	116,615	109,558
Profit/Loss on Sale of Assets	-	16,854
Changes in assets and liabilities		
Decrease / (Increase) in Sundry Debtors	20,335	(72,325)
Decrease / (Increase) in Prepayments	27,010	(28,460)
Decrease / (Increase) in Accrued Revenue	25,000	(25,000)
Decrease / (Increase) in Deferred Borrowing Costs	848	774
(Decrease) / Increase in GST Liability	(21,154)	25,930
(Decrease) / Increase in Provisions	70,620	87,200
(Decrease) / Increase in Trust Funds	(49,226)	(49,381)
(Decrease) / Increase in Other Creditors & Accruals	(43,925)	70,687
(Decrease) / Increase in Property Development Grant	(42,503)	(42,500)
	<u>5,189,917</u>	<u>275,063</u>
13. AUDIT REMUNERATION		
Remuneration of the auditor, Wise Lord & Ferguson for: Auditing the financial statements	12,000	11,500
Total	<u>12,000</u>	<u>11,500</u>

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2017**

14. PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 1 for a summary of the significant accounting policies relating to the group.

FINANCIAL POSITION

	2017	2016
	\$	\$
ASSETS		
Current Assets	5,866,430	877,619
Non-current Assets	3,716,430	2,829,515
Total Assets	9,582,860	3,707,134
 LIABILITIES		
Current Liabilities	779,469	13,354
Non-current liabilities	155,331	132,080
Total Liabilities	934,800	145,434
 NET ASSETS	8,648,056	3,561,700
 EQUITY	8,648,056	3,561,700
 FINANCIAL PERFORMANCE		
 Net Surplus After Non-Operating Items	5,086,356	181,718
 Other Comprehensive Income	-	-
 Total Comprehensive Income	5,086,356	181,718

INDEPENDENT AUDITOR'S REPORT

To the members of Hobart City Mission Incorporated

Report on the Audit of the Financial Report

We have audited the financial report of Hobart City Mission Inc. which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 30 June 2017 then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion, the financial report of Hobart City Mission Inc. has been prepared in accordance with the *Associations Incorporation Act* and Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2017 and of its financial performance for the year 30 June 2017 then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the registered entity in accordance with the *Associations Incorporation Act*, the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the *Associations Incorporation Act* and Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibility of the Board of Management for the Financial Report

The Board of Management are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporation Act* and Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*. The Board of Management's responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of responsible entities' 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 registered entity'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 registered entity 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 those charged with governance 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.



JOANNE DOYLE

Partner

Wise Lord & Ferguson

Date: 2 October 2017