

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 2018 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: 15/10/18



John Stubley
CEO AND PUBLIC OFFICER

Date: 15/10/18

STATEMENT OF COMPREHENSIVE INCOME
HOBART CITY MISSION INC
Year Ended 30 June 2018

	Notes	Consolidated Group 2018 \$	2017 \$
INCOME			
Fundraising & Donations		616,147	775,978
Grants	1(o)	3,187,289	4,212,446
NDIA Funding		1,826,831	572,414
Rent of Mission Properties & Transitional Housing		335,247	357,240
Retail Sales		902,060	792,342
Interest Income		178,243	32,042
Other		30,328	108,585
TOTAL INCOME		7,076,145	6,851,047
EXPENDITURE			
Fundraising Outlays		69,241	39,677
Motor Vehicle Costs		48,259	41,056
Property Costs		152,329	125,498
Rents - Retail Outlets		186,631	163,193
Rents - Transitional Housing		80,860	83,916
Staffing Costs		5,464,020	5,334,151
Other - Operating & Welfare Costs		1,042,033	1,016,515
TOTAL EXPENDITURE		7,043,373	6,804,006
NET SURPLUS/(DEFICIT) FROM OPERATIONS		32,772	47,041
NON OPERATING INCOME			
Trust Fund Allocations		49,226	49,226
Bequests & Donations	1(c)	626,816	4,990,030
TOTAL NON-OPERATING INCOME		676,042	5,039,256
NET SURPLUS AFTER NON-OPERATING ITEMS		708,814	5,086,297
OTHER COMPREHENSIVE INCOME			
Increase in Market Value of Investments		73,836	-
Revaluation of Land & Buildings		1,534,499	-
TOTAL OTHER COMPREHENSIVE INCOME		1,608,335	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,317,149	5,086,297

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
HOBART CITY MISSION INC
As at June 30 2018

		Consolidated Group	
ASSETS	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash at Bank	2	1,289,630	961,161
Investments	3	5,427,413	3,718,307
Prepayments		14,964	-
Inventory		69,868	18,960
Sundry Debtors		327,845	87,804
Properties Available for Sale		-	762,500
Total Current Assets		<u>7,129,720</u>	<u>5,548,732</u>
NON CURRENT ASSETS			
Property, Plant & Equipment	4	7,883,553	6,288,427
Deferred Borrowing Costs		468	696
Total Non-Current Assets		<u>7,884,021</u>	<u>6,289,123</u>
TOTAL ASSETS		<u>15,013,741</u>	<u>11,837,855</u>
LIABILITIES			
CURRENT LIABILITIES			
Employee Entitlements	6	375,643	449,039
GST Liability		62,092	41,407
Trust Funds	1(q), 8	24,612	73,838
Other Creditors and Accruals	5	1,142,759	215,187
Total Current Liabilities		<u>1,605,106</u>	<u>779,471</u>
NON CURRENT LIABILITIES			
Employee Entitlements	7	230,933	155,331
Murdoch Clarke Mortgage		1,275,000	1,275,000
Property Development Conversion Grant		937,497	979,997
Total Non-Current Liabilities		<u>2,443,430</u>	<u>2,410,328</u>
TOTAL LIABILITIES		<u>4,048,536</u>	<u>3,189,799</u>
NET ASSETS		<u>10,965,205</u>	<u>8,648,056</u>
EQUITY		<u>10,965,205</u>	<u>8,648,056</u>

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
HOBART CITY MISSION INC
As at June 30 2018

	Consolidated Group		
	Revaluation Reserve	Accumulated Funds	Total
	\$	\$	\$
Balance as at 30 June 2016	1,554,504	2,007,255	3,561,759
Surplus / (Deficit) for the Year	-	5,086,297	5,086,297
Other Comprehensive Income	-	-	-
Balance as at 30 June 2017	1,554,504	7,093,552	8,648,056
Surplus / (Deficit) for the Year	-	708,814	708,814
Other Comprehensive Income	1,534,499	73,836	1,608,335
Balance as at 30 June 2018	3,089,003	7,876,202	10,965,205

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
HOBART CITY MISSION INC
As at June 30 2018

		Consolidated Group	
	Notes	2018	2017
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating Grants Received		3,187,289	4,164,544
Receipts from Customers		3,829,467	2,678,904
Interest Received		178,243	32,042
Bequest & Donations		626,816	5,039,256
Payments to Suppliers and Employees		(6,440,297)	(6,646,289)
Finance Costs		(9,669)	(78,540)
Net Cash Inflow (Outflow) from Operating Activities	11(b)	<u>1,371,849</u>	<u>5,189,917</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Payments for Property, Plant & Equipment		(170,610)	(224,420)
Payment for Investments		(1,635,270)	(4,478,930)
Proceeds from Available for Sale Assets		762,500	-
Net Cash Inflow (Outflow) from Investing Activities		<u>(1,043,380)</u>	<u>(4,703,350)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of Borrowings		-	(250,000)
Net Cash Inflow (Outflow) from Financing Activities		<u>-</u>	<u>(250,000)</u>
Net (decrease) increase in cash and cash equivalents		328,469	236,567
Cash at the beginning of the financial year		961,161	724,594
Cash and Cash Equivalents at the End of Year	11(a)	<u>1,289,630</u>	<u>961,161</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 2018**

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 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 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.

In 2017, Bequests & Donations are predominantly made up of an unexpected large bequest from a single donor. Bequest and Donation revenue is recognised on receipt.

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 2018**

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 2018**

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:

	2018	2017
• Furniture & Equipment	7%-25%	7%-25%
• Computer Equipment	33%	33%
• Motor Vehicles	15%	15%
• Software Development	20%	20%
• Leasehold Improvements	5%	-

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 2016/17 and 2017/18.

		Consolidated Group	
TASMANIAN GOVERNMENT		2018	2017
PROGRAM		\$	\$
Community Integration Program (Group Homes)		1,304,851	2,099,364
Community Access Program (Group Homes)		151,061	242,365
IFSS Partnership		548,233	527,104
CSP - Personal & Family Counselling		100,260	109,509
Premier's Grant - Hobart & Glenorchy Welfare		25,000	25,000
DFACSS		-	23,772
Housing Connect		364,901	335,632
ISP Program		294,832	462,362
Property Development - Loan to Grant Conversion		42,500	42,500
		<u>2,831,638</u>	<u>3,867,608</u>

Note Continued

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2018**

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

			Consolidated Group	
	AUSTRALIAN GOVERNMENT	Note	2018	2017
PROGRAM			\$	\$
	DEEWR - Chaplaincy		101,000	92,472
	Cmwth - Emergency Relief Hobart & Moonah		254,651	252,366
			355,651	344,838
	TOTAL GRANT FUNDING RECOGNISED		3,187,289	4,212,446
GRANTS CARRIED FORWARD AS A CURRENT LIABILITY				
PROGRAM				
	Group Homes	5	332,138	-
	ISP Worker Receivable		-	22,469
			332,138	22,469

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.

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, Main Road Moonah & Stoke Street

The carrying value of these property reflects independent valuations obtained by Saunders & Pitt in August 2018. The Association asserts the valuations reflect the fair value of the properties as at 30 June 2018. The valuations have been completed by Mr Andrew Pitt, Certified Practising Valuer and endorsed by Mr Russell Cripps & Bill Parsons, Certified Practising Valuers and Principals of Saunders & Pitt.

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 independent valuer Saunders & Pitt in August 2018 and it is this value that is reflected in the Statement of Financial Position. The Association asserts this valuation reflects the fair value of the property as at 30 June 2018. The valuation has been completed by Mr Andrew Pitt, Certified Practising Valuer.

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.

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2018**

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

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 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.

u) New Accounting Standards for Application in Future Period

Accounting Standards issued by the AASB that are not yet mandatorily applicable to HCM, together with an assessment of the potential impact of such pronouncements on HCM when adopted in future periods are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reports beginning on or after 1 January 2018). Includes requirements for the classification and measurement of financial instruments and will not have a financial impact on the financial statements HCM will need to make a determination on the treatment of its equity investments.
- AASB 16: *Leases* (applicable to annual reports beginning on or after 1 January 2019). Introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The impact for HCM is being investigated.
- AASB1058: *Income for Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2018). This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations. This will have a minimal impact on the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2018**

	Consolidated Group	
	2018	2017
	\$	\$
2. CASH AT BANK		
Bank Accounts	1,287,030	958,761
Cash Floats	2,600	2,400
Total Cash	1,289,630	961,161
3. INVESTMENTS (CURRENT)		
Investments	5,427,413	3,716,430
Total Investments (Current)	5,427,413	3,716,430
4. PROPERTY PLANT & EQUIPMENT		
<i>Land & Buildings</i>		
Barrack Street (Revaluation – June 2018)	1,645,666	1,311,089
Barrack Street Building	454,334	422,221
	2,100,000	1,733,310
Halg Street (Revaluation – June 2018)	1,530,000	1,092,000
	1,530,000	1,092,000
Stoke Street (Revaluation – June 2018)	2,900,000	2,200,000
Stoke Improvements	-	118,527
	2,900,000	2,318,527
11-13 Main Road, Moonah (Revaluation – June 2018)	432,266	251,818
Moonah Land & Building	557,734	557,734
	990,000	809,552
Total Land & Buildings	7,520,000	5,953,389

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2018**

	Consolidated Group	
	2018	2017
	\$	\$
4. PROPERTY PLANT & EQUIPMENT (CONT'D)		
<i>Furniture & Equipment</i>		
At Cost	614,155	603,993
Accumulated Depreciation	<u>(504,626)</u>	<u>(473,913)</u>
Total Furniture & Equipment	<u>109,529</u>	<u>130,080</u>
 <i>Computer Equipment</i>		
At Cost	310,531	283,978
Accumulated Depreciation	<u>(250,591)</u>	<u>(204,453)</u>
Total Computer Equipment	<u>59,940</u>	<u>79,525</u>
 <i>Motor Vehicles</i>		
At Cost	305,759	295,305
Accumulated Depreciation	<u>(212,805)</u>	<u>(182,691)</u>
Total Motor Vehicles	<u>92,954</u>	<u>112,614</u>
 <i>Leasehold Improvements</i>		
At Cost	63,168	-
Accumulated Depreciation	<u>(1,169)</u>	<u>-</u>
Total Leasehold Improvements	<u>61,999</u>	<u>-</u>
 <i>Capital Works in Progress</i>		
Rebranding Project	40,980	12,819
Accumulated Amortisation	<u>(1,849)</u>	<u>-</u>
Total Capital Works in Progress	<u>39,131</u>	<u>12,819</u>
Total Property Plant & Equipment	<u>7,883,553</u>	<u>6,288,427</u>
 5. OTHER LIABILITIES		
Trade Creditors	49,384	39,846
Wage Accrual	162,480	61,094
Grants Unexpended	332,138	22,469
Mission Money Outstanding	12,067	9,387
Sundry Accruals	<u>586,690</u>	<u>82,391</u>
Total Other Liabilities	<u>1,142,759</u>	<u>215,187</u>

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2018**

	Consolidated Group					
	2018	2017				
	\$	\$				
6. EMPLOYEE ENTITLEMENTS (CURRENT)						
Long Service Leave						
HCM Staff	13,918	67,985				
Group Homes	<u>48,982</u>	<u>51,287</u>				
	<u>62,900</u>	<u>119,272</u>				
Annual Leave						
HCM Staff	192,281	211,811				
Group Homes	<u>120,462</u>	<u>117,956</u>				
	<u>312,743</u>	<u>329,767</u>				
Total Employee Entitlements (Current)	<u>375,643</u>	<u>449,039</u>				
7. EMPLOYEE ENTITLEMENTS (NON-CURRENT)						
Long Service Leave						
HCM Staff	154,724	53,620				
Group Homes	<u>76,209</u>	<u>101,711</u>				
Total Employee Entitlements (Non-Current)	<u>230,933</u>	<u>155,331</u>				
8. TRUST FUNDS						
	Bequest Condition or Allocation	Opening Balance 2017	2018 Additional Bequests/ Donations	2018 Draw Down	2018 Notational Interest	Closing Balance 2018
K Grace Bequest	ER 100%	73,838	-	49,226	-	24,612
Total		<u>73,838</u>	<u>-</u>	<u>49,226</u>	<u>-</u>	<u>24,612</u>

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 2018**

9. 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:

- Partridge Nest
- Moonah Warehouse

10. 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 2018**

	Consolidated Group	
	2018	2017
	\$	\$
11. CASHFLOW INFORMATION		
(a) Cash and Cash Equivalents		
Bank Accounts	1,287,030	958,761
Cash Floats	2,600	2,400
	<u>1,289,630</u>	<u>961,161</u>
(b) Reconciliation of cash flow from operations with surplus from operations:		
Surplus for the year	708,814	5,086,297
Depreciation	109,983	116,615
Profit/Loss on Sale of Assets	-	-
Changes in assets and liabilities		
Decrease / (Increase) in Sundry Debtors	(240,041)	30,335
Decrease / (Increase) in Prepayments	(14,964)	-
Decrease / (Increase) in Inventory	(50,908)	17,010
Decrease / (Increase) in Accrued Revenue	-	25,000
Decrease / (Increase) in Deferred Borrowing Costs	228	848
(Decrease) / Increase in GST Liability	20,685	(21,154)
(Decrease) / Increase in Provisions	2,206	70,620
(Decrease) / Increase in Trust Funds	(49,226)	(49,226)
(Decrease) / Increase in Other Creditors & Accruals	927,572	(43,925)
(Decrease) / Increase in Property Development Grant	(42,500)	(42,503)
	<u>1,371,849</u>	<u>5,189,917</u>
12. AUDIT REMUNERATION		
Remuneration of the auditor, Wise Lord & Ferguson for:		
Auditing the financial statements	12,400	12,000
Total	<u>12,400</u>	<u>12,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2018**

13. 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

	2018	2017
	\$	\$
ASSETS		
Current Assets	8,328,219	5,866,430
Non-current Assets	<u>3,453,553</u>	<u>3,716,430</u>
Total Assets	<u>11,781,772</u>	<u>9,582,860</u>
 LIABILITIES		
Current Liabilities	1,610,220	779,469
Non-Current Liabilities	<u>230,933</u>	<u>155,331</u>
Total Liabilities	<u>1,841,153</u>	<u>934,800</u>
 NET ASSETS	<u>9,940,619</u>	<u>8,648,056</u>
 EQUITY	<u>9,940,619</u>	<u>8,648,056</u>
 FINANCIAL PERFORMANCE		
 Net Surplus After Non-Operating Items	<u>703,700</u>	<u>5,086,356</u>
 Other Comprehensive Income	73,836	-
 Total Comprehensive Income	<u>777,536</u>	<u>5,086,356</u>

Report on the Audit of the Financial Report of Hobart City Mission Incorporated

Opinion

We have audited the financial report of Hobart City Mission Inc. which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 30 June 2018 then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion, the accompanying 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 2018 and of its financial performance for the year 30 June 2018 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 and fair presentation of the financial report in accordance with the reporting 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: 15 October 2018

Auditor's Independence Declaration to the Directors of Hobart City Mission Inc.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of the auditor independence requirements of the *Corporation Act 2001* or any applicable code of professional conduct in relation to the audit of the abovementioned entities.



JOANNE DOYLE
Partner
WLF Accounting & Advisory

15 October 2018

