



Hobart City Mission Inc.

Financial Statements

30 June 2020

Hobart City Mission Inc. 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 2020 and the results of its operations for the year ending on that date in accordance with the *Associations Incorporation Act 1964*, *Australian Charities and Not-for-Profits Commission Act 2012*, 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.


John Minchin
PRESIDENT
Date: 27/10/2020


John Stubley
CEO AND PUBLIC OFFICER
Date: 27/10/20

STATEMENT OF COMPREHENSIVE INCOME
HOBART CITY MISSION INC.
For The Year Ended 30 June 2020

| | | Consolidated Group | |
|--|-------|--------------------|------------------|
| | Notes | 2020 \$ | 2019 \$ |
| INCOME | | | |
| Fundraising & Donations | | 1,582,266 | 1,132,838 |
| Grants | 1(q) | 2,137,290 | 1,669,791 |
| NDIA Funding | | 5,815,643 | 4,040,331 |
| Rent of Mission Properties & Transitional Housing | | 409,982 | 386,760 |
| Retail Sales | | 1,207,039 | 1,133,171 |
| Interest Income | | 213,689 | 242,120 |
| Other Income | | 219,447 | 115,987 |
| TOTAL INCOME | | 11,585,356 | 8,720,998 |
| EXPENDITURE | | | |
| Fundraising Outlays | | 64,550 | 54,900 |
| Motor Vehicle Costs | | 61,304 | 79,491 |
| Property Costs | | 152,742 | 139,546 |
| Rents - Retail Outlets | | 135,258 | 237,478 |
| Rents - Transitional Housing | | 64,592 | 80,808 |
| Staffing Costs | | 8,639,839 | 6,366,594 |
| Other - Operating & Welfare Costs | | 1,936,545 | 1,192,165 |
| TOTAL EXPENDITURE | | 11,054,830 | 8,150,982 |
| NET SURPLUS FROM OPERATIONS | | 530,526 | 570,016 |
| NON-OPERATING INCOME | | | |
| Trust Fund Allocations | | - | 24,612 |
| Capital Acquisition Donation | | 1,000,000 | - |
| Bequests | 1(c) | 265,214 | 187,312 |
| TOTAL NON-OPERATING INCOME | | 1,265,214 | 211,924 |
| NET SURPLUS AFTER NON-OPERATING ITEMS | | 1,795,740 | 781,940 |
| OTHER COMPREHENSIVE INCOME | | | |
| Increase / (Decrease) in Market Value of Investments | | (186,676) | 50,447 |
| TOTAL OTHER COMPREHENSIVE INCOME | | (186,676) | 50,447 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 1,609,064 | 832,387 |

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
HOBART CITY MISSION INC.
As at June 30 2020

| | | Consolidated Group | |
|---------------------------------------|-------|--------------------|-------------------|
| | | 2020 | 2019 |
| ASSETS | Notes | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash & Cash Equivalents | 2 | 3,722,536 | 1,348,797 |
| Investments | 3 | 4,386,748 | 4,424,957 |
| Inventory | | 85,738 | 59,376 |
| Sundry Debtors | | 440,515 | 615,492 |
| Total Current Assets | | 8,635,537 | 6,448,622 |
| NON-CURRENT ASSETS | | | |
| Property, Plant & Equipment | 4 | 7,749,610 | 7,802,317 |
| Deferred Borrowing Costs | | 12 | 240 |
| Right-of-Use Assets | 5 | 773,266 | - |
| Other Financial Assets | | 436,364 | - |
| Total Non-Current Assets | | 8,959,252 | 7,802,557 |
| TOTAL ASSETS | | 17,594,789 | 14,251,179 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Employee Entitlements | 7 | 752,788 | 534,779 |
| GST Liability | | 174,138 | 73,928 |
| Lease Liabilities | 1(p) | 238,250 | - |
| Other Creditors & Accruals | 6 | 1,372,714 | 742,534 |
| Total Current Liabilities | | 2,537,890 | 1,351,241 |
| NON-CURRENT LIABILITIES | | | |
| Employee Entitlements | 8 | 208,632 | 177,515 |
| Lease Liabilities | 1(p) | 560,055 | - |
| Murdoch Clarke Mortgage | | 29,059 | 29,834 |
| Property Development Conversion Grant | | 852,497 | 894,997 |
| Total Non-Current Liabilities | | 1,650,243 | 1,102,346 |
| TOTAL LIABILITIES | | 4,188,133 | 2,453,587 |
| NET ASSETS | | 13,406,656 | 11,797,592 |
| Accumulated Funds | | 4,372,311 | 2,878,897 |
| Reserves | 9 | 8,847,669 | 8,918,695 |
| EQUITY | | 13,406,656 | 11,797,592 |

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
HOBART CITY MISSION INC.
As at June 30 2020

Consolidated Group

| | Revaluation Reserve | Fair Value Investment Reserve | Bequest Reserve | Accumulated Funds | Total |
|--------------------------------|------------------------|-------------------------------------|--------------------|----------------------|------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance as at 30 June 2018 | 3,089,003 | 73,836 | 5,425,536 | 2,376,830 | 10,965,205 |
| Surplus for the Year | - | - | - | 781,940 | 781,940 |
| Other Comprehensive Income | - | 50,447 | - | - | 50,447 |
| Investment Earnings on Bequest | - | - | 279,873 | (279,873) | - |
| Balance as at 30 June 2019 | 3,089,003 | 124,283 | 5,705,409 | 2,878,897 | 11,797,592 |
| Surplus for the Year | - | - | - | 1,795,740 | 1,795,740 |
| Other Comprehensive Income | - | (186,676) | - | - | (186,676) |
| Investment Earnings on Bequest | - | - | 115,650 | (115,650) | - |
| Balance as at 30 June 2020 | 3,089,003 | (62,393) | 5,821,059 | 4,558,987 | 13,406,656 |

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
HOBART CITY MISSION INC.
As at June 30 2020

| | | Consolidated Group | |
|--|-------|-------------------------|-------------------------|
| | Notes | 2020 | 2019 |
| | | \$ | \$ |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Operating Grants Received | | 2,952,031 | 1,408,545 |
| Receipts from Customers | | 9,946,856 | 6,594,631 |
| Interest Received | | 213,689 | 242,120 |
| Bequest & Donations | | 265,214 | 187,312 |
| Payments to Suppliers & Employees | | (10,513,783) | (8,115,855) |
| Finance Costs | | (38,221) | (11,498) |
| Net Cash Inflow (Outflow) from Operating Activities | 10(b) | <u>2,825,786</u> | <u>305,255</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Payments for Property, Plant & Equipment | | (80,201) | (53,825) |
| Proceeds from / (Payment for) Investments | | (148,467) | 1,052,903 |
| Net Cash Inflow (Outflow) from Investing Activities | | <u>(228,668)</u> | <u>999,078</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Repayment of Borrowings | | - | (1,245,166) |
| Repayment of Lease Liability | | (223,379) | - |
| Net Cash Inflow (Outflow) from Financing Activities | | <u>(223,379)</u> | <u>(1,245,166)</u> |
| Net (Decrease) / Increase in Cash & Cash Equivalents | | 2,373,739 | 59,167 |
| Cash at the Beginning of the Financial Year | | 1,348,797 | 1,289,630 |
| Cash & Cash Equivalents at the End of Year | 10(a) | <u><u>3,722,536</u></u> | <u><u>1,348,797</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 2020

1. SUMMARY OF ACCOUNTING POLICIES

a) Basis of Accounting

Hobart City Mission Inc. (HCM) is a body corporate incorporated under the *Associations Incorporation Act 1964*. The financial statements reflect a consolidated group (refer note 1(b)). 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 provider 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 16 - Leases
- 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.

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC.
FOR THE YEAR ENDED 30 JUNE 2020

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

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.

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 include 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) Sundry Debtors

Debtors expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other debtors are classified as non-current assets.

j) Other Creditors & Accruals

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

k) Interest Bearing Liabilities

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

l) 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.

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2020

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

m) 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.

n) Impairment

The carrying amounts of HCM's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

o) 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:

| | 2020 | 2019 |
|--------------------------|--------|--------|
| • Furniture & Equipment | 7%-25% | 7%-25% |
| • Computer Equipment | 33% | 33% |
| • Motor Vehicles | 15% | 15% |
| • Software Development | 20% | 20% |
| • Leasehold Improvements | 5% | 5% |

p) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

At inception of a contract, the Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Association where the Association is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC.
FOR THE YEAR ENDED 30 JUNE 2020

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

p) Leases (cont'd)

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Association uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- Fixed lease payments less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

Subsequently, the lease liability is measured by a reduction to the carrying amount of any payments made and an increase to reflect any interest on the lease liability.

q) Government and Other Grants

The tables below summarise the distribution of grant funding received in 2018/19 and 2019/20.

| | | Consolidated Group | |
|---------|---|--------------------|------------------|
| PROGRAM | TASMANIAN GOVERNMENT | 2020 | 2019 |
| | | \$ | \$ |
| | IFSS Partnership | 591,034 | 570,361 |
| | CSP - Personal & Family Counselling | 124,945 | 119,628 |
| | Premier's Grant - Hobart & Glenorchy Welfare | 25,000 | 25,000 |
| | One Community Together | 135,665 | 38,842 |
| | Housing Connect | 392,488 | 376,143 |
| | ISP Program | 2,900 | 129,743 |
| | Property Development - Loan to Grant Conversion | 42,500 | 42,500 |
| | Other | 113,429 | 20,873 |
| | Safe Space | 214,051 | - |
| | | <u>1,642,012</u> | <u>1,323,090</u> |
| | | | |
| PROGRAM | AUSTRALIAN GOVERNMENT | | |
| | | | |
| | DEEWR - Chaplaincy | 45,000 | 90,000 |
| | Commonwealth - Emergency Relief | 450,278 | 256,701 |
| | | <u>495,278</u> | <u>346,701</u> |
| | TOTAL GRANT FUNDING RECOGNISED | <u>2,137,290</u> | <u>1,669,791</u> |

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC.
FOR THE YEAR ENDED 30 JUNE 2020

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

q) Government and Other Grants (cont'd)

| GRANTS CARRIED FORWARD AS A CURRENT LIABILITY | | |
|---|----------------|----------------|
| PROGRAM | | |
| Continuity of Support | 41,341 | 54,441 |
| One Community Together | 70,388 | 55,940 |
| NDIA Advance Funding | 420,544 | - |
| Safe Space | 392,849 | - |
| | <u>6</u> | <u>110,381</u> |
| | <u>925,122</u> | <u>110,381</u> |

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.

s) 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(l).

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC.
FOR THE YEAR ENDED 30 JUNE 2020

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

t) Employee Entitlements

i) Annual Leave

The provision for employees' entitlements for 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.

u) Comparatives

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

v) Initial Application of AASB 16 *Leases*

The Association has adopted AASB 16 *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Association has recognised a lease liability and right-of-use asset for all leases (with the exception for short term and low value leases) recognised as operating leases under AASB 117 *Leases* where the Association is the lessee.

There has been no significant change from prior year treatment for leases where the Association is a lessor. The lease liabilities are measured at the present value of the remaining lease payments. The Association's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right of use assets for property, plant and equipment was measured at its carrying amount as if AASB 16 *Leases* had been applied since the commencement date, but discounted using the Association's weighted average incremental borrowing rate of 4.2% on 1 July 2019.

The right of use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC.
FOR THE YEAR ENDED 30 JUNE 2020

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(v) Initial Application of AASB 16 *Leases* (cont'd)

The following practical expedients have been used by the Association in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases.
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- applying AASB 16 to leases previously identified as leases under AASB 117 *Leases* and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

w) New Accounting Standards for Application in Future Periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been adopted by the Association. There are no standards that are not yet effective and would be expected to have a material impact on the Association in the current or future reporting periods and on foreseeable future transactions

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC
FOR THE YEAR ENDED 30 JUNE 2020

| | Consolidated Group | |
|--|--------------------|------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| 2. CASH & CASH EQUIVALENTS | | |
| Bank Accounts | 3,719,236 | 1,346,097 |
| Cash Floats | 3,300 | 2,700 |
| Total Cash and Cash Equivalents | 3,722,536 | 1,348,797 |

\$1,436,188 (2019: \$1,282,329) of the total cash is restricted as it represents monies held in relation to the Bequest Reserve. The balance of the Bequest Reserve is held in Investments.

| | | |
|------------------------------------|------------------|------------------|
| 3. INVESTMENTS (CURRENT) | | |
| Investments | 4,386,748 | 4,424,957 |
| Total Investments (Current) | 4,386,748 | 4,424,957 |

\$4,384,871 (2019: \$4,423,080) of investments is restricted as it represents monies held in relation to the Bequest Reserve.

4. PROPERTY, PLANT & EQUIPMENT

Land & Buildings

| | | |
|---|------------------|------------------|
| Barrack Street (Revaluation – June 2018) | 1,645,666 | 1,645,666 |
| Barrack Street Building | 405,222 | 431,478 |
| | <u>2,050,888</u> | <u>2,077,144</u> |
| Haig Street (Revaluation – June 2018) | 1,530,000 | 1,530,000 |
| | <u>1,530,000</u> | <u>1,530,000</u> |
| Stoke Street (Revaluation – June 2018) | 2,900,000 | 2,900,000 |
| | <u>2,900,000</u> | <u>2,900,000</u> |
| 11-13 Main Road, Moonah (Revaluation – June 2018) | 432,266 | 432,266 |
| Moonah Land & Building | 539,495 | 548,615 |
| | <u>971,761</u> | <u>980,881</u> |
| Total Land & Buildings | 7,452,649 | 7,488,025 |

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC.
FOR THE YEAR ENDED 30 JUNE 2020

| | Consolidated Group | |
|---|--------------------|------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| 4. PROPERTY PLANT & EQUIPMENT (CONT'D) | | |
| <i>Furniture & Equipment</i> | | |
| At Cost | 655,965 | 634,121 |
| Accumulated Depreciation | (571,319) | (537,214) |
| Total Furniture & Equipment | 84,646 | 96,907 |
| <i>Computer Equipment</i> | | |
| At Cost | 367,856 | 337,390 |
| Accumulated Depreciation | (314,793) | (278,570) |
| Total Computer Equipment | 53,063 | 58,820 |
| <i>Motor Vehicles</i> | | |
| At Cost | 316,685 | 305,759 |
| Accumulated Depreciation | (262,720) | (241,129) |
| Total Motor Vehicles | 53,965 | 64,630 |
| <i>Leasehold Improvements</i> | | |
| At Cost | 78,043 | 61,078 |
| Accumulated Depreciation | (7,789) | (4,225) |
| Total Leasehold Improvements | 70,254 | 56,853 |
| <i>Rebranding Project</i> | | |
| At Cost | 40,980 | 40,980 |
| Accumulated Amortisation | (5,947) | (3,898) |
| Total Capital Works in Progress | 35,033 | 37,082 |
| Total Property Plant & Equipment | 7,749,610 | 7,802,317 |
| 5. RIGHT OF USE ASSETS | | |
| Right-of-Use Assets | 1,021,684 | - |
| Accumulated Depreciation | (248,418) | - |
| Total Right-of-Use Assets | 773,266 | - |

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC.
FOR THE YEAR ENDED 30 JUNE 2020

| | Consolidated Group | |
|--|--------------------|----------------|
| | 2020 | 2019 |
| | \$ | \$ |
| 5. RIGHT OF USE ASSETS (CONT'D) | | |
| <i>Right-of-Use Assets</i> | | |
| Recognised on Initial Application of AASB 16 | 1,021,684 | - |
| Addition to Right-of-Use Asset | - | - |
| Depreciation Expense | (248,418) | - |
| Total Right-of-Use Assets | 773,266 | - |
| 6. OTHER LIABILITIES | | |
| Trade Creditors | 29,791 | 165,302 |
| Wage Accrual | 289,966 | 159,385 |
| Grants Unexpended | 925,122 | 110,381 |
| Mission Money Outstanding | 3,942 | 10,688 |
| Sundry Accruals | 123,893 | 296,778 |
| Total Other Liabilities | 1,372,714 | 742,534 |
| 7. EMPLOYEE ENTITLEMENTS (CURRENT) | | |
| Annual Leave | 536,538 | 355,360 |
| Long Service Leave | 216,250 | 179,419 |
| Total Employee Entitlements (Current) | 752,788 | 534,779 |
| 8. EMPLOYEE ENTITLEMENTS (NON-CURRENT) | | |
| Long Service Leave | 208,632 | 177,515 |
| Total Employee Entitlements (Non-Current) | 208,632 | 177,515 |

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC.
FOR THE YEAR ENDED 30 JUNE 2020

9. RESERVES

a) Revaluation Reserve

The revaluation reserve is used to record increments in the value of non-current assets.

b) Fair Value Investment Reserve

All investments held by HCM, excluding held to maturity investments, have been designated as fair value through Other Comprehensive Income. In accordance with AASB 9 *Financial Instruments*, increases and decreases in the fair value of investments held are recognised in the Fair Value Investment Reserve. Gains and losses on sale and impairments are recognised through Other Comprehensive Income.

c) Bequest Reserve

This reserve relates to a bequest received by HCM in 2017 for the specific purpose of providing support services over the medium to long term to aged and homeless men. The reserve is reflected by monies held in cash at bank and investments. The transfer of investment earnings from retained profits reflects the returns on the bequest monies.

| | Consolidated Group | |
|---|--------------------|------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| 10. CASHFLOW INFORMATION | | |
| (a) Cash and Cash Equivalents | | |
| Bank Accounts | 3,719,236 | 1,346,097 |
| Cash Floats | 3,300 | 2,700 |
| | <u>3,722,536</u> | <u>1,348,797</u> |
| (b) Reconciliation of cash flow from operations with surplus from operations: | | |
| Surplus for the year | 1,795,740 | 781,940 |
| <i>Add / (Less) Non-Cash Items in Surplus</i> | | |
| Depreciation Expense | 381,326 | 125,971 |
| Landlord Contribution to Leasehold Improvements | - | 9,090 |
| <i>Changes in Assets and Liabilities</i> | | |
| Decrease / (Increase) in Sundry Debtors | 174,977 | (287,647) |
| Decrease / (Increase) in Prepayments | - | 14,964 |
| Decrease / (Increase) in Inventory | (26,362) | 10,492 |
| Decrease / (Increase) in Deferred Borrowing Costs | 228 | 228 |
| Decrease / (Increase) in Other Financial Assets | (436,364) | - |
| (Decrease) / Increase in GST Liability | 100,210 | 11,836 |
| (Decrease) / Increase in Provisions | 249,126 | 105,718 |
| (Decrease) / Increase in Trust Funds | - | (24,612) |
| (Decrease) / Increase in Other Creditors & Accruals | 629,405 | (400,225) |
| (Decrease) / Increase in Property Development Grant | (42,500) | (42,500) |
| | <u>2,825,786</u> | <u>305,255</u> |

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC.
FOR THE YEAR ENDED 30 JUNE 2020

11. 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

| | 2020 | 2019 |
|---------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| ASSETS | | |
| Current Assets | 9,389,620 | 6,723,294 |
| Non-Current Assets | 6,304,138 | 5,583,580 |
| Total Assets | <u>15,693,758</u> | <u>12,306,874</u> |
| LIABILITIES | | |
| Current Liabilities | 2,475,778 | 1,351,241 |
| Non-Current Liabilities | 810,345 | 177,515 |
| Total Liabilities | <u>3,286,123</u> | <u>1,528,756</u> |
| NET ASSETS | <u>12,407,635</u> | <u>10,778,118</u> |
| EQUITY | <u>12,407,635</u> | <u>10,778,118</u> |
| FINANCIAL PERFORMANCE | | |
| Net Surplus After Non-Operating Items | <u>1,816,193</u> | <u>731,493</u> |
| Other Comprehensive Income | (186,676) | 50,447 |
| Total Comprehensive Income | <u>1,629,517</u> | <u>781,940</u> |

12. AUDIT REMUNERATION

Remuneration of the auditor, WLF Accounting & Advisory for:

| | | |
|-----------------------------------|---------------|---------------|
| Auditing the financial statements | 13,280 | 12,890 |
| Total | <u>13,280</u> | <u>12,890</u> |

NOTES TO THE FINANCIAL STATEMENTS
HOBART CITY MISSION INC.
FOR THE YEAR ENDED 30 JUNE 2020

13. RELATED PARTY TRANSACTIONS

During the course of the financial year HCM 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, 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.

14. CAPITAL COMMITMENTS

In May 2020, HCM entered into an agreement to purchase the Balmoral Motor Inn for consideration of \$4.3m. As at 30 June 2020, HCM has paid a deposit sum of \$430k, representing 10% of the purchase consideration of the property. As at the date of this report, settlement of the property is pending fulfilment of the conditions precedent to completion, as set out in the agreement.

15. SUBSEQUENT EVENTS

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies and restrictive measures put in place to contain it, as at the date of these financial statements, HCM is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of HCM. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of HCM, the results of those operations, or the state of affairs of HCM in subsequent financial periods.

16. HCM OPERATIONS FROM OTHER PREMISES

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

- Warrane
- Huonville
- Sorell
- Kingston
- Glenorchy
- Rosny Park

HCM also operates Retail outlets from its own property being:

- Partridge Nest
- Moonah Warehouse

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 2020 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

27 October 2020

Report on the Audit of the Financial Report of Hobart City Mission Inc.

Opinion

We have audited the financial report of Hobart City Mission Inc. which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 30 June 2020 then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Association's 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 Association's financial position as at 30 June 2020 and of its financial performance for the year 30 June 2020 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 Association 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 Association'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 Association'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 Association 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.

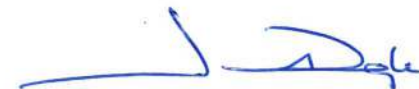
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 Association'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 Association'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 Association 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: 27 October 2020