

Hobart City Mission Inc.

Consolidated Financial Report

For the Year Ended 30 June 2021

Hobart City Mission Inc.

Contents

For the Year Ended 30 June 2021

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Hobart City Mission Inc.

Board's Report

For the year ended 30 June 2021

The Board present their report, together with the financial statements of the Group, being Hobart City Mission Inc. and its controlled entities, for the financial year ended 30 June 2021.

1 General information

Principal activities

The principal activities of the Group during the financial year were to assist those people in the Southern Tasmanian community by providing emotional, physical and financial support and guidance.

Significant changes

No significant change in the nature of these activities occurred during the year.

2 Operating results and review of operations for the year

Operating result

The surplus of the Group for the financial year amounted to 4,722,272 (2020: 1,762,574).

Excluding the impact of one off bequest donations of \$1,983,628 the surplus of the Group was \$2,738,644.

Signed in accordance with a resolution of the Board members:

Board member: 

Board member: 

Dated this 27th day of Oct 2021.

Hobart City Mission Inc.

Boards' Declaration - per section 60.15 of the Australian Charities and Not-for-profit Commission Regulation 2013

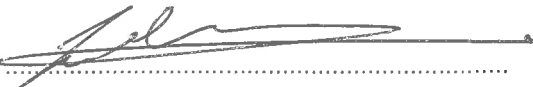
30 June 2021

The Board Members declare that in Board' opinion:

1. there are reasonable grounds to believe that the Hobart City Mission Inc. is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Signed in accordance with a resolution of the Board:

Director 

Director 

Dated this 27th day of Oct 2021.

Hobart City Mission Inc.**Consolidated Statement of Comprehensive Income****For the Year Ended 30 June 2021**

	2021	2020
	\$	\$
Income		
Capital grant	2,100,000	-
Donations	1,983,628	265,214
Fundraising	1,918,980	2,582,266
Grant income	10,364,686	7,930,888
Interest income	103,886	213,689
Rental income	626,271	451,659
Capital surplus	89,164	42,500
Sundry income	140,672	164,493
Trading activities	2,345,630	1,203,153
Total Income	<u>19,672,917</u>	<u>12,853,862</u>
Less: Expenses		
Advertising	74,299	44,921
Auspicings fees	45,000	-
Bad debts	619	172,985
Cleaning	88,852	41,544
Computer expenses	154,223	106,871
Consulting and professional fees	84,842	3,725
Cost of goods sold	516,398	721,446
Depreciation and amortisation	502,077	381,326
Equipment hire/purchase	109,479	76,895
Fundraising	118,770	71,883
Impairment	561,237	-
Insurance	69,564	61,879
Interest expense	37,958	81,086
Motor vehicle expenses	89,775	61,304
Postage, Printing and stationery	85,322	35,665
Rates and taxes	80,815	39,861
Rent	219,928	171,712
Repairs and maintenance	116,476	84,177
Salaries and wages	11,659,931	8,678,502
Security costs	31,605	9,751
Sundry expenses	138,171	139,431
Telephone and fax	56,056	44,480
Utilities	109,248	61,845
Total Expenses	<u>14,950,645</u>	<u>11,091,289</u>
Net surplus/(deficit) before income tax	<u>4,722,272</u>	<u>1,762,573</u>
Other comprehensive income		
Market value movement in investments	396,969	(186,676)
Total comprehensive income for the year	<u>5,119,241</u>	<u>1,575,897</u>

The accompanying notes form part of these financial statements.

Hobart City Mission Inc.
Consolidated Statement of Financial Position
As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	3,543,331	3,730,175
Trade and other receivables		539,800	446,733
Investments	4	5,427,063	4,386,748
Inventories		93,800	85,738
Other financial assets		-	436,364
Other assets		318,288	135,841
TOTAL CURRENT ASSETS		<u>9,922,282</u>	<u>9,221,599</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	12,736,808	7,722,365
Intangible assets		32,984	35,033
Right-of-use assets	6	1,344,960	765,477
TOTAL NON-CURRENT ASSETS		<u>14,114,752</u>	<u>8,522,875</u>
TOTAL ASSETS		<u>24,037,034</u>	<u>17,744,474</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	645,063	739,538
Lease liabilities		531,913	-
Employee benefits	8	865,515	752,788
Income received in advance		24,953	904,667
TOTAL CURRENT LIABILITIES		<u>2,067,444</u>	<u>2,396,993</u>
NON-CURRENT LIABILITIES			
Borrowings	11	1,525,911	59,545
Lease liabilities		868,399	798,305
Employee benefits	8	175,040	208,632
TOTAL NON-CURRENT LIABILITIES		<u>2,569,350</u>	<u>1,066,482</u>
TOTAL LIABILITIES		<u>4,636,794</u>	<u>3,463,475</u>
NET ASSETS		<u>19,400,240</u>	<u>14,280,999</u>
EQUITY			
511 Brooker reserve	10, 14	2,053,332	-
Stoke reserve	10, 14	660,000	690,000
Haig reserve	10, 14	150,000	162,500
Fair value investment reserve	10	334,576	(62,393)
Bequest reserve	10	7,804,687	5,821,059
Asset revaluation reserve		3,187,230	3,187,230
Accumulated surpluses		5,210,415	4,482,603
TOTAL EQUITY		<u>19,400,240</u>	<u>14,280,999</u>

The accompanying notes form part of these financial statements.

Hobart City Mission Inc.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Accumulated surpluses	Fair value investment reserve	Bequest reserve	Asset revaluation reserve	511 Brooker reserve	Stoke reserve	Haig reserve	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	4,482,603	(62,393)	5,821,059	3,187,230	-	690,000	162,500	14,280,999
Net surplus/(deficit) for the year	4,722,272	-	-	-	-	-	-	4,722,272
Market value movement in investments	-	396,969	-	-	-	-	-	396,969
Transfer to/(from) reserves	(3,994,460)	-	1,983,628	-	2,053,332	(30,000)	(12,500)	-
Balance at 30 June 2021	<u>5,210,415</u>	<u>334,576</u>	<u>7,804,687</u>	<u>3,187,230</u>	<u>2,053,332</u>	<u>660,000</u>	<u>150,000</u>	<u>19,400,240</u>

2020

	Accumulated surpluses	Fair value investment reserve	Bequest reserve	Asset revaluation reserve	511 Brooker reserve	Stoke reserve	Haig reserve	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	2,793,179	124,283	5,705,409	3,187,230	-	720,000	175,000	12,705,101
Net surplus/(deficit) for the year	1,762,574	-	-	-	-	-	-	1,762,574
Market value movement in investments	-	(186,676)	-	-	-	-	-	(186,676)
Transfer to/(from) reserves	(73,150)	-	115,650	-	-	(30,000)	(12,500)	-
Balance at 30 June 2020	<u>4,482,603</u>	<u>(62,393)</u>	<u>5,821,059</u>	<u>3,187,230</u>	<u>-</u>	<u>690,000</u>	<u>162,500</u>	<u>14,280,999</u>

The accompanying notes form part of these financial statements.

Hobart City Mission Inc.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	4,069,375	5,864,636
Receipts from grants	13,001,977	4,930,888
Bequests and donations	1,995,115	2,582,266
Payments to suppliers and employees	(14,421,553)	(10,513,783)
Interest paid	(8,519)	(38,221)
Net cash used in operating activities	19 <u>4,636,395</u>	<u>2,825,786</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(5,778,297)	(80,201)
Proceeds from/(payment for) investments	(643,346)	(148,467)
Net cash provided by investing activities	<u>(6,421,643)</u>	<u>(228,668)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Lease payments	(304,326)	(223,379)
Loans received	436,364	-
Funds from financing arrangements	1,466,366	-
Net cash used by financing activities	<u>1,598,404</u>	<u>(223,379)</u>
Net increase (decrease) in cash and cash equivalents held	(186,844)	2,373,739
Cash and cash equivalents at beginning of year	3,730,175	1,356,436
Cash and cash equivalents at end of financial year	3 <u><u>3,543,331</u></u>	<u><u>3,730,175</u></u>

The accompanying notes form part of these financial statements.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial report includes the consolidated financial statements and notes of Hobart City Mission Inc. and controlled entities (the Group). Hobart City Mission Inc. is a not-for-profit association incorporated in Tasmania under the *Associations Incorporation Act (Tas) 1964*.

The functional and presentation currency of Hobart City Mission Inc. is Australian dollars.

1 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*. The Board has determined that the Association is a not-for-profit entity for financial reporting purposes.

The financial statements have been prepared in accordance with the minimum requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and therefore comply with the following Australian Accounting Standards as issued by the Australian Accounting Standards Board:

AASB 101 Presentation of Financial Statements;

AASB 107 Statement of Cash Flows;

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors;

AASB 1048 Interpretation of Standards; and

AASB 1054 Australian Additional Disclosures.

These special purpose financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards. No other Accounting Standards have been intentionally applied in the compilation of this financial report.

The financial report, except for the cash flow information, has been prepared on an accruals basis is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. The amounts presented within the financial statements have been rounded to the nearest dollar.

(b) Principles for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of significant accounting policies

(b) Principles for consolidation

A list of controlled entities is contained in Note 13 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(c) Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(d) Revenue and other income

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of significant accounting policies

(d) Revenue and other income

Interest revenue

Interest revenue is recognised over the period for which the funds are invested. Interest revenue 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.

Donations

Donation revenue is recognised when the Group obtains control over the funds which is generally at the time of receipt.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Leases

Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

1 Summary of significant accounting policies

(f) Leases

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions made by the Group to an employee superannuation fund are charged as expenses when incurred.

(h) Trade and other receivables

The Group provides an allowance for losses on trade receivables based on a review of the current status of existing receivables, and an assessment, including forward looking information.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of significant accounting policies

(i) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of significant accounting policies

(i) Financial instruments

Financial assets

Financial assets at fair value through profit and loss

All financial assets not classified as measured at amortised cost or fair value through other profit and loss as described above are measured at FVTPL. These comprise mortgage fund deposits.

Net gains or losses, including any interest or dividend income are recognised in profit and loss.

Financial assets at fair value through other comprehensive income

There are financial assets classified or measured at fair value through other comprehensive income. These comprise shares and managed funds.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of significant accounting policies

(i) Financial instruments

Financial assets

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities depending on the purpose for which the liability was acquired.

The financial liabilities of the Group comprise of trade and other payables and lease liabilities, which are measured at amortised cost using the effective interest rate method.

(j) Trade and other payables

Trade and other payables are stated at cost, which approximates fair value due to short-term nature of these liabilities.

(k) Provisions

Provisions are recognised when Hobart City Mission Inc. has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of significant accounting policies

(l) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(m) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the revaluation model.

Barrack Street, Main Road Moonah & Stoke Street

The carrying value of these properties reflect independent valuations obtained by Saunders & Pitt in August 2018. The Group 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.

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 this is reflected in the Statement of Financial Position. The Group 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.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of significant accounting policies

(m) Property, plant and equipment

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5 - 15%
Furniture, fixtures and fittings	10 - 33%
Motor vehicles	15%
Computer equipment	20%
Leasehold improvements	5%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(n) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time during the year ending 30 June 2021 and made all required changes in respect of adopting these standards. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group .

New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Standards AASB 2020-1 Amendments to Australian Accounting Standards Classification of Liabilities as Current or Non-current amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. This standard applied to annual reporting periods beginning on or after 1 January 2022. The Association has decided against early adoption of this Standards.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Critical accounting estimates and judgments

The Board make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - revenue recognition - grants

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions, review of the grant documents and consideration of the terms and conditions. Grants received by the Group have been accounted for under AASB 15 and/or AASB 1058 depending on the terms and conditions and decisions made. If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

Key estimates - impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - property held at fair value

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

3 Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	754,265	3,481,000
Short-term deposits	2,789,066	249,175
	<u>3,543,331</u>	<u>3,730,175</u>

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Cash and cash equivalents

Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

	2021	2020
	\$	\$
Cash and cash equivalents	<u>3,543,331</u>	<u>3,730,175</u>

4 Investments

(a) Investments at amortised cost

	2021	2020
	\$	\$
Current		
Mortgage fund deposit	<u>1,344,141</u>	<u>876,906</u>
	<u>1,344,141</u>	<u>876,906</u>

(b) Investments at fair value through other comprehensive income

	2021	2020
	\$	\$
Current		
Shares and managed funds	<u>4,082,922</u>	<u>3,509,842</u>
	<u>4,082,922</u>	<u>3,509,842</u>

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

5 Property, plant and equipment

Land and buildings		
At valuation	12,567,312	7,523,400
Accumulated depreciation	(165,131)	(70,752)
Total land and buildings	<u>12,402,181</u>	<u>7,452,648</u>
Furniture, fixtures and fittings		
At cost	748,209	655,965
Accumulated depreciation	(611,387)	(571,319)
Total furniture, fixtures and fittings	<u>136,822</u>	<u>84,646</u>
Motor vehicles		
At cost	363,267	316,685
Accumulated depreciation	(285,376)	(262,720)
Total motor vehicles	<u>77,891</u>	<u>53,965</u>
Computer equipment		
At cost	398,288	367,856
Accumulated depreciation	(356,417)	(314,793)
Total computer equipment	<u>41,871</u>	<u>53,063</u>
Leasehold Improvements		
At cost	78,043	78,043
Total plant and equipment	<u>334,627</u>	<u>269,717</u>
Total property, plant and equipment	<u>12,736,808</u>	<u>7,722,365</u>

In association with funding agreements with the Director of Housing, the Director holds security over the properties owned by the Group including 511 Brooker Highway, Goodwood, 17 Stoke Street, New Town, 128a Augusta Road and 2 Haig Street, Lenah Valley.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

5 Property, plant and equipment

(a) Movements in carrying amounts of plant and equipment

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment
	\$	\$	\$	\$
Opening balance	7,452,648	84,646	53,965	53,063
Additions	5,043,912	92,243	46,582	30,432
Depreciation	<u>(94,379)</u>	<u>(40,067)</u>	<u>(22,656)</u>	<u>(41,624)</u>
Balance at the end of the year	<u>12,402,181</u>	<u>136,822</u>	<u>77,891</u>	<u>41,871</u>

	Leasehold Improvements	Total
	\$	\$
Opening balance	78,043	7,722,365
Additions	-	5,213,169
Depreciation	<u>-</u>	<u>(198,726)</u>
Balance at the end of the year	<u>78,043</u>	<u>12,736,808</u>

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

6 Right of use assets

	2021	2020
	\$	\$
Buildings		
At cost	1,931,263	1,021,684
Accumulated depreciation	(586,303)	(256,207)
	<u>1,344,960</u>	<u>765,477</u>

Movements in carrying amounts of right of use assets

Movement in the carrying amounts for each class of right of use assets between the beginning and the end of the current financial year:

	Buildings	Total
	\$	\$
Year ended 30 June 2021		
Balance at beginning of year	765,477	765,477
Depreciation	(330,096)	(330,096)
Additions to right-of-use assets	909,579	909,579
Balance at end of year	<u>1,344,960</u>	<u>1,344,960</u>

7 Trade and other payables

	2021	2020
	\$	\$
Trade payables	46,619	147,599
Deposits	30,950	23,800
GST payable	56,104	41,658
Payroll liabilities	201,517	200,432
Other payables	309,873	326,049
	<u>645,063</u>	<u>739,538</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Employee benefits

	2021	2020
	\$	\$
Current liabilities		
Annual leave	599,452	536,538
Long service leave	266,063	216,250
	<u>865,515</u>	<u>752,788</u>
	2021	2020
	\$	\$
Non-current liabilities		
Long service leave	175,040	208,632
	<u>175,040</u>	<u>208,632</u>

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Retrospective restatement

(a) In previous years, Hobart City Mission has received grants from the Director of Housing to facility the purchase and refurbishment of properties to be used for approved purposes. As part of the arrangements, if those approved purposes are not met, the Directors of Housing is entitled to demand a repayment of the capital contribution less the amount converted into a non-repayable grant. The Group was previously of the view that the existence of the approved purposes terms and conditions resulted in a liability being recognised over time. This view has been reconsidered and amended to reflect that this is not a current obligation, but a contingent liability and therefore the financial statements have been restated accordingly.

The aggregate effect of the error on the annual financial statements for the year ended 30 June 2021 is as follows:

	30 June 2020			1 July 2019		
	Previously stated \$	Adjustments \$	Restated \$	Previously stated \$	Adjustments \$	Restated \$
Consolidated statement of financial performance						
Other income	219,447	42,500	261,947	115,987	42,500	158,487
Consolidated Statement of Financial Position						
Property Development Conversion Grant liability	852,497	(852,497)	-	897,997	(897,997)	-
Accumulated funds	1,260,089	897,997	2,158,086	11,797,592	852,497	12,650,089

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Reserves

Revaluation reserve

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

Fair value investment reserve

All investments held by the Group, excluding financial assets held at amortised cost, 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.

Bequest reserve

This reserve relates to a bequest received by the Group 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 accumulated surpluses reflects the returns on the bequest monies.

Property reserves

As outlined in Note 14 Contingencies, the Group has received funding under agreements with the Director of Housing, which, if the Group does not comply with the covenants under the agreement(s), the Director's security and all other securities held by the Director, the Director may demand the repayment of the secured sum. The secured sum amortises over a period of 20 to 30 years in accordance with an amortisation schedule. The balance at 30 June is set aside in a Restricted Reserve in Equity to represent these funds that are not available for general use.

In association with funding agreements with the Director of Housing, the Director holds security over the properties owned by the Group including 511 Brooker Highway, Goodwood, 17 Stoke Street, New Town, 128a Augusta Road and 2 Haig Street, Lenah Valley.

11 Borrowings

	2021	2020
	\$	\$
Non-Current Loans	1,525,911	59,545
	<u>1,525,911</u>	<u>59,545</u>

12 Remuneration of auditors

	2021	2020
	\$	\$
Remuneration of the auditor of the Group, Crowe Australia (2020: WLF), for:		
- auditing the financial report	11,500	13,280
	<u>11,500</u>	<u>13,280</u>

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Interests in subsidiaries

Composition of the Group:

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2021
Subsidiaries:		
Stoke St Unit Trust	Australia	100
Haig St No. 1 Unit Trust	Australia	100
Haig St No. 2 Unit Trust	Australia	100
HCM Foundation Ltd	Australia	100

* The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

14 Contingencies

Under the agreement with the Director of Housing, if the group does not comply with the covenants under the agreement(s), the Director's security and all other securities held by the Director, the Director may demand the repayment of the secured sum. The secured sum amortises over a period of 20 to 30 years in accordance with an amortisation schedule. As at 30 June 2021 the contingent liability was \$2.863m (2020: \$852k).

In the opinion of Board, the Group did not have any other contingencies at 30 June 2021 (30 June 2020:None).

15 Related Parties

The Group's main related parties are as follows:

During the course of the financial year the Group secured, on a commercial basis, services of organisations in which Members of the Board have a relationship. In all such cases the Group's Board 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 the Group declared were:

- Gil Sawford, WLF Accounting & Advisory, provision of 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.

16 Capital commitments

There are nil capital commitments at 30 June 2021 (30 June 2020: \$4.3m).

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Events occurring after the reporting date

The Coronavirus (COVID-19) pandemic continues to impact both communities and businesses throughout the world including the community where the Group operates. The scale, timing and duration or any potential impact on the Group into the future is unknown, as are any future mitigating factors. The Board continues to closely monitor the impacts of COVID-19 and will respond as appropriate.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

18 Parent entity

The following information has been extracted from the books and records of the parent, Hobart City Mission Inc. and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Hobart City Mission Inc. has been prepared on the same basis as the consolidated financial statements except as disclosed below.

	2021	2020
	\$	\$
Statement of Financial Position		
Assets		
Current assets	13,235,667	11,350,883
Non-current assets	5,762,354	4,092,874
Total Assets	18,998,021	15,443,757
Liabilities		
Current liabilities	1,680,426	2,279,185
Non-current liabilities	1,575,352	1,006,937
Total Liabilities	3,255,778	3,286,122
Equity		
Accumulated surpluses	13,177,515	9,989,877
Revaluation surplus	2,230,150	2,230,150
Asset realisation reserve	334,578	(62,392)
Total Equity	15,742,243	12,157,635
Statement of Comprehensive Income		
Profit for the year	3,186,301	1,803,743
Total comprehensive income	3,186,301	1,803,743

Hobart City Mission Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2021

19 Cash flow information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Net surplus/(deficit) for the year	4,722,272	1,762,574
Non-cash flows in surplus/(deficit):		
- Depreciation and amortisation	502,077	381,326
- Impairment of goodwill	561,237	-
- Lease interest	29,439	-
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	(93,067)	174,977
- (Increase)/decrease in inventory	(8,062)	(26,362)
- (Increase)/decrease in other assets	(182,447)	(436,136)
- Increase/(decrease) in trade and other payables	(94,475)	729,615
- Increase/(decrease) in employee benefits	79,135	249,126
- Increase/(decrease) in other liabilities	(879,714)	(9,334)
Cash flow from operations	<u>4,636,395</u>	<u>2,825,786</u>

20 Association details

The registered office of the parent is:

Hobart City Mission Inc.

50 Barrack St

Hobart TAS 7000

Hobart City Mission Inc.

Auditor Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 (Cth)

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Audit Australia

Crowe Audit Australia



Alison Flakemore
Senior Partner

Dated this 25th day of October 2021.

Hobart, Tasmania.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.

Hobart City Mission Inc.

Independent Audit Report to the members of Hobart City Mission Inc.

Qualified Opinion

We have audited the financial report of Hobart City Mission Inc (the Group), which comprises the statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Boards' declaration.

In our opinion, except for the effects on the financial report of the matter referred to in our qualification paragraph, if any, the accompanying financial report of the Group has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*, including:

1. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance and cash flows for the year then ended; and
2. complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements, and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Qualified Opinion

The comparative 2020 financial year figures have not been subject to audit by Crowe. As a result our audit and audit report is limited to the 2021 financial statements and transactions within that financial year. Accordingly, no opinion is expressed on the accuracy of the 2020 financial information, nor its consistency with the accounting policies outlined in the Notes to the Financial Statements.

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 Group in accordance with 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 statements, which describes the basis of accounting. The financial report has been prepared to assist the Group to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Hobart City Mission Inc.

Independent Audit Report to the members of Hobart City Mission Inc.

Other Information

The Board are responsible for the other information. The other information comprises the Board's Report the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the Group'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 Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

The Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 this financial report.

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Hobart City Mission Inc.

Independent Audit Report to the members of Hobart City Mission Inc.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group 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.

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Hobart City Mission Inc.

Independent Audit Report to the members of Hobart City Mission Inc.

We communicate with the Board 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 the audit.

Crowe Audit Australia

Crowe Audit Australia



Alison Flakemore
Senior Partner

Dated this27th..... day ofOctober..... 2021.

Hobart, Tasmania.

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