

Hobart City Mission Inc.

ABN: 45 880 587 855

Consolidated Financial Report

For the Year Ended 30 June 2022

Hobart City Mission Inc.

ABN: 45 880 587 855

Contents

For the Year Ended 30 June 2022

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Hobart City Mission Inc.

ABN: 45 880 587 855

Board's Report

For the year ended 30 June 2022

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 2022.

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/(deficit) of the Group for the financial year amounted to \$ (983,306) (2021: \$4,722,272).

Excluding the impact of one off bequest donations of \$90,401 (2021: \$1,983,628) the surplus/(deficit) of the group was (\$1,073,707) (2021: \$2,738,644)

Unidentified difference on Statement of Comprehensive Income

The Accounts (and in particular the Statement of Comprehensive Income) disclose an amount relating to unidentified differences (\$116,194.00). The source of the discrepancy arises from the implementation of a finance system during the 2021/22 financial year. The system was not fit for purpose and in early 2022, Hobart City Mission Inc was released from its contractual obligations in relation to the system implementation and continued use. Another system has been installed. Thus far it is acceptable.

However, in consultation with the auditors, Crowe, the Hobart City Mission Inc Board Members are satisfied that the Accounts are acceptable for the following reasons:

- the Accounts property identify and refer to the difference (as stated above);
- there is no evidence of any fraud or misappropriation;
- the Board are satisfied the difference most likely arose from an error in the unsuccessful finance system implementation. Opening balances for the new and current replacement system were estimated and since early 2022/2023, the new system has been operating successfully;
- the bank account reconciles, which also, most likely, indicates there is no impropriety;
- whilst it is a material amount, a significant effort has been made by staff, managers, accountants and the auditors to identify the difference without success. Further investigation would be costly and financially disadvantage the organisation.

The Board regret that the Accounts necessarily include the difference. However, the issue has been thoroughly investigated and the Board recommends the Accounts be accepted in the current format.

Hobart City Mission Inc.

ABN: 45 880 587 855

Board's Report

For the year ended 30 June 2022

Signed in accordance with a resolution of the Board members:

Board member: 

Board member: 

Dated this 22nd day of MARCH 2023.

Hobart City Mission Inc.

ABN: 45 880 587 855

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

30 June 2022

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 22ND day of MARCH 2023.

Hobart City Mission Inc.

ABN: 45 880 587 855

Consolidated Statement of Comprehensive Income**For the Year Ended 30 June 2022**

	2022	2021
Note	\$	\$
Income		
Capital grant	-	2,100,000
Donations	90,401	1,983,628
Fundraising	2,560,381	1,918,980
Grant income	11,685,073	10,364,686
Interest income	46,586	103,886
Rental income	1,048,273	626,271
Sundry income	205,096	229,836
Trade and operating activities	2,645,954	2,345,630
Unidentified difference	1(d) 116,194	-
Total Income	18,397,958	19,672,917
Less: Expenses		
Advertising	152,158	74,299
Auspicings fees	45,000	45,000
Bad debts	251,254	619
Cleaning	135,125	88,852
Computer expenses	187,858	154,223
Consulting and professional fees	223,591	84,842
Cost of goods sold	1,083,322	516,398
Depreciation & amortisation	831,209	502,077
Equipment hire/purchase	104,348	109,479
Fundraising	67,351	118,770
Impairment	-	561,237
Insurance	77,112	69,564
Interest expense	107,231	37,958
Motor vehicle expenses	71,691	89,775
Postage, Printing and stationery	84,341	85,322
Rates and taxes	95,769	80,815
Rent	153,867	219,928
Repairs and maintenance	210,377	116,476
Employee benefits expense	14,901,406	11,659,931
Sundry expenses	346,053	169,776
Telephone and fax	62,482	56,056
Utilities	189,719	109,248
Total Expenses	19,381,264	14,950,645
Net surplus/(deficit) before income tax	(983,306)	4,722,272
Other comprehensive income		
Market value movement in investment	(256,152)	396,969
Revaluation of land & building	4,566,690	-
Total comprehensive income for the year	3,327,232	5,119,241

The accompanying notes form part of these financial statements.

Hobart City Mission Inc.

ABN: 45 880 587 855

Consolidated Statement of Financial Position**As At 30 June 2022**

		2022	2021
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,925,715	3,543,331
Investments	4	3,964,035	5,427,063
Inventories		90,327	93,800
Trade and other receivables		1,044,747	539,800
Other assets'		89,158	318,288
TOTAL CURRENT ASSETS		<u>7,113,982</u>	<u>9,922,282</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	19,387,185	12,736,808
Intangible assets		30,935	32,984
Right-of-use assets	6	1,059,773	1,344,960
TOTAL NON-CURRENT ASSETS		<u>20,477,893</u>	<u>14,114,752</u>
TOTAL ASSETS		<u>27,591,875</u>	<u>24,037,034</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	1,087,642	645,063
Lease liabilities		536,828	531,913
Employee benefits	8	1,042,123	865,515
Income received in advance		-	24,953
TOTAL CURRENT LIABILITIES		<u>2,666,593</u>	<u>2,067,444</u>
NON-CURRENT LIABILITIES			
Borrowings	10	1,525,911	1,525,911
Lease liabilities		496,859	868,399
Employee benefits	8	175,040	175,040
TOTAL NON-CURRENT LIABILITIES		<u>2,197,810</u>	<u>2,569,350</u>
TOTAL LIABILITIES		<u>4,864,403</u>	<u>4,636,794</u>
NET ASSETS		<u>22,727,472</u>	<u>19,400,240</u>
EQUITY			
511 Brooker reserve	9, 13	2,053,332	2,053,332
Stoke reserve	9, 13	660,000	660,000
Haig reserve	9, 13	150,000	150,000
Fair value investment reserve	9	78,424	334,576
Bequest reserve	9	7,804,687	7,804,687
Asset revaluation reserve		7,753,920	3,187,230
Accumulated surpluses		4,227,109	5,210,415
TOTAL EQUITY		<u>22,727,472</u>	<u>19,400,240</u>

The accompanying notes form part of these financial statements.

Hobart City Mission Inc.

ABN: 45 880 587 855

Consolidated Statement of Changes in Equity**For the Year Ended 30 June 2022****2022**

	Accumulated surpluses	Fair value investment reserve	Bequest reserve	Asset revaluation reserve	511 Brooker reserve	Stoke reserve	Haig reserve	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	5,210,415	334,576	7,804,687	3,187,230	2,053,332	660,000	150,000	19,400,240
Net surplus/(deficit) for the year	(983,306)	-	-	-	-	-	-	(983,306)
Market value movement in investments	-	(256,152)	-	-	-	-	-	(256,152)
Revaluation	-	-	-	4,566,690	-	-	-	4,566,690
Balance at 30 June 2022	4,227,109	78,424	7,804,687	7,753,920	2,053,332	660,000	150,000	22,727,472

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	5,210,415	334,576	7,804,687	3,187,230	2,053,332	660,000	150,000	19,400,240

The accompanying notes form part of these financial statements.

Hobart City Mission Inc.

ABN: 45 880 587 855

Consolidated Statement of Cash Flows**For the Year Ended 30 June 2022**

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	6,092,584	4,069,375
Receipts from government	12,090,679	13,001,977
Bequests and donations	90,401	1,995,115
Payments to suppliers and employees	(17,947,741)	(14,421,553)
Interest paid	(110,222)	(8,519)
Net cash provided by operating activities	18 <u>215,701</u>	<u>4,636,395</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(2,388,474)	(5,778,297)
Proceeds from/(payment for) investments	1,206,876	(643,346)
Net cash used in investing activities	<u>(1,181,598)</u>	<u>(6,421,643)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Lease payments	(651,719)	(304,326)
Loans received	-	436,364
Funds from financing arrangements	-	1,466,366
Net cash Provided by/(used in) financing activities	<u>(651,719)</u>	<u>1,598,404</u>
Net increase (decrease) in cash and cash equivalents held	(1,617,616)	(186,844)
Cash and cash equivalents at beginning of year	3,543,331	3,730,175
Cash and cash equivalents at end of financial year	3 <u><u>1,925,715</u></u>	<u><u>3,543,331</u></u>

The accompanying notes form part of these financial statements.

Hobart City Mission Inc.

ABN: 45 880 587 855

Notes to the Financial Statements

For the Year Ended 30 June 2022

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 Group 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of significant accounting policies

(b) Principles for consolidation

A list of controlled entities is contained in Note 12 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) Unidentified difference

This figure is unable to be identified and is possible the net error result of inaccurate transfer of data between accounting systems when being implemented.

(e) 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

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of significant accounting policies

(e) Revenue and other income

Revenue from contracts with customers

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.

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).

(f) 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.

(g) 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

(g) 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.

(h) 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.

(i) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of significant accounting policies

(j) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of significant accounting policies

(j) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of significant accounting policies

(j) 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.

(k) Trade and other payables

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

(l) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of significant accounting policies

(m) 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.

(n) 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.

Land and buildings

Land and buildings are measured using the revaluation model.

The carrying value of properties reflect independent valuations obtained by Acumentis in May 2022.

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%

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of significant accounting policies

(n) Property, plant and equipment

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.

(o) 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 2022 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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Critical accounting estimates and judgments

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

	2022	2021
	\$	\$
Cash at bank and on hand	585,501	754,265
Short-term deposits	1,340,214	2,789,066
	<u>1,925,715</u>	<u>3,543,331</u>

4 Investments

(a) Investments at amortised cost

	2022	2021
	\$	\$
Current		
Mortgage fund deposit	1,929,789	1,344,141
	<u>1,929,789</u>	<u>1,344,141</u>

(b) Investments at fair value through other comprehensive income

	2022	2021
	\$	\$
Current		
Shares and managed funds	2,034,246	4,082,922
	<u>2,034,246</u>	<u>4,082,922</u>
Total Investments	<u>3,964,035</u>	<u>5,427,063</u>

Hobart City Mission Inc.

ABN: 45 880 587 855

Notes to the Financial Statements**For the Year Ended 30 June 2022****5 Property, plant and equipment**

	2022	2021
	\$	\$
Land and buildings		
Land		
At valuation	4,518,182	-
Total land	<u>4,518,182</u>	<u>-</u>
Buildings		
At valuation	14,491,308	-
Accumulated depreciation	(36,947)	-
Total buildings	<u>14,454,361</u>	<u>-</u>
Land and buildings		
At valuation	-	12,567,312
Accumulated depreciation	-	(165,131)
Total Land and buildings	<u>18,972,543</u>	<u>12,402,181</u>
Leasehold improvements		
At cost	95,159	78,043
Total leasehold improvements	<u>95,159</u>	<u>78,043</u>
Furniture, fixtures and fittings		
At cost	797,284	748,209
Accumulated depreciation	(651,891)	(611,387)
Total furniture, fixtures and fittings	<u>145,393</u>	<u>136,822</u>
Motor vehicles		
At cost	363,267	363,267
Accumulated depreciation	(308,055)	(285,376)
Total motor vehicles	<u>55,212</u>	<u>77,891</u>
Computer equipment		
At cost	523,011	398,288
Accumulated depreciation	(404,133)	(356,417)
Total computer equipment	<u>118,878</u>	<u>41,871</u>
Total plant and equipment	<u>414,642</u>	<u>334,627</u>
Total property, plant and equipment	<u><u>19,387,185</u></u>	<u><u>12,736,808</u></u>

Hobart City Mission Inc.

ABN: 45 880 587 855

Notes to the Financial Statements

For the Year Ended 30 June 2022

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	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Opening balance	12,402,181	136,822	77,891	41,871	78,043	12,736,808
Additions	2,198,009	49,076	-	124,723	17,116	2,388,924
Depreciation	(194,337)	(40,505)	(22,679)	(47,716)	-	(305,237)
Revaluation	4,566,690	-	-	-	-	4,566,690
Balance at the end of the year	18,972,543	145,393	55,212	118,878	95,159	19,387,185

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.

ABN: 45 880 587 855

Notes to the Financial Statements**For the Year Ended 30 June 2022****6 Right of use assets**

	2022	2021
	\$	\$
Buildings		
At cost	2,169,588	1,931,263
Accumulated depreciation	(1,109,815)	(586,303)
	<u>1,059,773</u>	<u>1,344,960</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 2022		
Balance at beginning of year	1,344,960	1,344,960
Depreciation	(523,512)	(523,512)
Additions to right-of-use assets	238,325	238,325
Balance at end of year	<u>1,059,773</u>	<u>1,059,773</u>

7 Trade and other payables

	2022	2021
	\$	\$
Trade payables	158,109	46,619
Deposits	14,208	30,950
GST payable	310,563	56,104
Payroll liabilities	604,606	201,517
Other payables	156	309,873
	<u>1,087,642</u>	<u>645,063</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.

8 Employee benefits

	2022	2021
	\$	\$
Current liabilities		
Annual leave	789,605	599,452
Long service leave	252,518	266,063
	<u>1,042,123</u>	<u>865,515</u>

Hobart City Mission Inc.

ABN: 45 880 587 855

Notes to the Financial Statements**For the Year Ended 30 June 2022****8 Employee benefits**

	2022	2021
	\$	\$
Non-current liabilities		
Long service leave	175,040	175,040
	<u>175,040</u>	<u>175,040</u>

9 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 13 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.

10 Borrowings

	2022	2021
	\$	\$
Non-Current		
Loans	1,525,911	1,525,911
	<u>1,525,911</u>	<u>1,525,911</u>

Hobart City Mission Inc.

ABN: 45 880 587 855

Notes to the Financial Statements

For the Year Ended 30 June 2022

11 Remuneration of auditors

	2022	2021
	\$	\$
Remuneration of the auditor of the Group, Crowe Audit Australia, for:		
- auditing the financial report	17,750	11,500

12 Interests in subsidiaries

Composition of the Group:

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2022
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
HCM Property Management Pty Ltd	Australia	100

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

13 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 2022 the contingent liability was \$2.738m (2021: \$2.863m).

In the opinion of Board, the Group did not have any other contingencies at 30 June 2022 (30 June 2021:None).

14 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.

Hobart City Mission Inc.

ABN: 45 880 587 855

Notes to the Financial Statements**For the Year Ended 30 June 2022****14 Related Parties****The Group's main related parties are as follows:**

- 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.

15 Capital commitments

There are nil capital commitments at 30 June 2022 (30 June 2021: Nil).

16 Events occurring after the reporting date

No 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.

17 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.

	2022	2021
	\$	\$
Statement of Financial Position		
Assets		
Current assets	12,078,586	13,235,667
Non-current assets	9,466,423	5,762,354
Total Assets	21,545,009	18,998,021
Liabilities		
Current liabilities	3,163,499	1,680,426
Non-current liabilities	1,208,726	1,575,352
Total Liabilities	4,372,225	3,255,778
Equity		
Accumulated surpluses	13,092,316	13,177,515
Asset revaluation reserve	4,002,043	2,230,150
Investment reserve	78,425	334,578
Total Equity	17,172,784	15,742,243
Statement of Comprehensive Income		
Surplus/(deficit) for the year	(975,199)	3,186,301
Total comprehensive income	(975,199)	3,186,301

Hobart City Mission Inc.

ABN: 45 880 587 855

Notes to the Financial Statements**For the Year Ended 30 June 2022****18 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:

	2022	2021
	\$	\$
Net surplus/(deficit) for the year	(983,306)	4,722,272
Non-cash flows in surplus/(deficit):		
- Depreciation and amortisation	830,349	502,077
- Impairment of goodwill	-	561,237
- Lease interest	46,768	29,439
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	(504,947)	(93,067)
- (Increase)/decrease in inventory	3,473	(8,062)
- (Increase)/decrease in other assets	229,130	(182,447)
- Increase/(decrease) in trade and other payables	442,579	(94,475)
- Increase/(decrease) in employee benefits	176,608	79,135
- Increase/(decrease) in other liabilities	(24,953)	(879,714)
Cash flow from operations	<u>215,701</u>	<u>4,636,395</u>

19 Association details

The registered office of the parent is:

Hobart City Mission Inc.

50 Barrack St

Hobart TAS 7000



Crowe Audit Australia

ABN 13 969 921 386
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Hobart City Mission Inc.

ABN: 45 880 587 855

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 2022, 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.

Alison Flakemore

Crowe Audit Australia

Alison Flakemore
Senior Partner

Dated this...21...day of...March...2023.

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 the Crowe Australasia external audit division. 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.

ABN: 45 880 587 855

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 2022, 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 2022 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 unidentified difference of \$116,194 noted in the Consolidated Statement of Comprehensive Income has not been subject to audit including policy notes and information contained within the Board's Report to explain the cause of this unidentified difference. Accordingly no opinion is expressed on this balance which includes any adjustment necessary in the rectification of the unidentified difference which may be a net figure.

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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**Crowe Audit Australia**

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Hobart City Mission Inc.

ABN: 45 880 587 855

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 2022, 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.

ABN: 45 880 587 855

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.

ABN: 45 880 587 855

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 this...22...day of...March...2023.

Hobart, Tasmania.

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