Hobart City Mission Inc.

ABN: 45 880 587 855

Consolidated Financial Report

For the Year Ended 30 June 2023

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For the Year Ended 30 June 2023

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Hobart City Mission Inc.
ABN: 45 880 587 855

Board's Report
For the year ended 30 June 2023

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 2023.

1 General information

Principal activities

The principal activities of the Group during the financial year were to assist 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 $1,730,277 (2022: ($983,306)).

Excluding the impact of a one off capital grant of $2,400,000 (2022: nil) bequest donations of $291,422 (2022: $90,401) the surplus/(deficit) of the group was ($961,145), (2022 ($1,073,707))

Signed in accordance with a resolution of the Board members:

Board member: ....

Board member: ....

Dated this 23rd day of Oct 2023.

Hobart City Mission Inc.
ABN: 45 880 587 855

Board's Declaration - per section 60.15 of the Australian Charities and Not-for-profit Commission Regulation 2013
30 June 2023

The Board Members declare that in Board's 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 23 day of OCT 2023

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2023

	Note	2023 $	2022 $
Income			
Capital grant		2,400,000	-
Donations		291,422	90,401
Fundraising		2,721,852	2,560,381
Grant income		4,845,701	4,186,276
Interest income		113,519	46,586
NDIS income		9,765,741	7,498,797
Rental income		1,199,270	1,048,273
Sundry income		334,313	205,096
Trade and operating activities		2,979,861	2,645,954
Unidentified difference	1(d)	-	116,194
Total Income		24,651,680	18,397,958
Less: Expenses			
Advertising		660,131	152,158
Auspicing fees		-	45,000
Bad debts		68,741	251,254
Cleaning		134,700	135,125
Computer expenses		161,794	187,858
Consulting and professional fees		163,839	223,591
Cost of goods sold		1,159,126	1,083,322
Depreciation & amortisation		1,064,670	831,209
Equipment hire/purchase		7,492	104,348
Fundraising		72,754	67,351
Insurance		295,699	77,112
Interest expense		169,171	107,231
Motor vehicle expenses		62,623	71,691
Postage, printing and stationery		53,809	84,341
Rates and taxes		127,952	95,769
Rent		288,962	153,867
Repairs and maintenance		364,664	210,377
Employee benefits expense		17,016,083	14,901,406
Sundry expenses		729,825	346,053
Telephone and fax		56,302	62,482
Utilities		263,064	189,719
Total Expenses		22,921,403	19,381,264
Net surplus/(deficit) before income tax		1,730,277	(983,306)
Other comprehensive income			
Market value movement in investment		121,294	(256,152)
Revaluation of land & building		-	4,566,690
Total comprehensive income for the year		1,851,571	3,327,232

Hobart City Mission Inc.
ABN: 45 880 587 855

Consolidated Statement of Financial Position
As At 30 June 2023

	Note	2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,228,810	1,925,715
Investments	4	2,524,310	3,964,035
Inventories		62,650	90,327
Right-of-use assets	6	591,092	-
Trade and other receivables		2,393,881	1,044,747
Other assets		216,597	89,158
TOTAL CURRENT ASSETS		7,017,340	7,113,982
NON-CURRENT ASSETS			
Property, plant and equipment	5	22,852,248	19,387,185
Intangible assets		28,886	30,935
Right-of-use assets	6	756,865	1,059,773
TOTAL NON-CURRENT ASSETS		23,637,999	20,477,893
TOTAL ASSETS		30,655,339	27,591,875
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	1,374,115	1,087,642
Lease liabilities		384,237	536,828
Employee benefits	8	1,374,433	1,042,123
Income received in advance		209,710	-
TOTAL CURRENT LIABILITIES		3,342,495	2,666,593
NON-CURRENT LIABILITIES			
Borrowings	10	1,500,000	1,525,911
Lease liabilities		1,016,570	496,859
Employee benefits	8	217,232	175,040
TOTAL NON-CURRENT LIABILITIES		2,733,802	2,197,810
TOTAL LIABILITIES		6,076,297	4,864,403
NET ASSETS		24,579,042	22,727,472
EQUITY			
511 Brooker reserve	9, 13	1,960,000	2,053,332
Stoke reserve	9, 13	600,000	660,000
Haig reserve	9, 13	125,000	150,000
Fair value investment reserve	9	199,718	78,424
Bequest reserve	9	7,804,687	7,804,687
Asset revaluation reserve		7,753,920	7,753,920
Accumulated surpluses		6,135,718	4,227,109
TOTAL EQUITY		24,579,042	22,727,472

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2023

2023

	Accumulated surpluses	Fair value investment reserve	Bequest reserve	Asset revaluation reserve	511 Brooker reserve	Stoke reserve	Haig reserve	Total
	$	$	$	$	$	$	$	$
Balance at 1 July 2022	4,227,109	78,424	7,804,687	7,753,920	2,053,332	660,000	150,000	22,727,472
Net surplus/(deficit) for the year	1,730,277	-	-	-	-	-	-	1,730,277
Market value movement in investments	-	121,294	-	-	-	-	-	121,294
Transfer to/(from) reserves	178,332	-	-	-	(93,332)	(60,000)	(25,000)	-
Balance at 30 June 2023	6,135,718	199,718	7,804,687	7,753,920	1,960,000	600,000	125,000	24,579,042

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

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		8,385,202	6,092,584
Receipts from government		14,821,153	12,090,679
Bequests and donations		291,422	90,401
Payments to suppliers and employees		(21,031,096)	(17,947,741)
Interest received		113,519	-
Interest paid		(92,387)	(110,222)
Net cash provided by operating activities	18	2,487,814	215,701
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of land and buildings		(3,575,780)	-
Purchase of property, plant and equipment		(238,737)	(2,388,474)
Proceeds from sale of property, plant and equipment		13,382	-
Proceeds from/(payment for) investments		1,561,019	1,206,876
Net cash used in investing activities		(2,240,116)	(1,181,598)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Lease payments		(711,016)	(651,719)
Loans received		(207,676)	-
Funds from financing arrangements		(25,911)	-
Net cash Provided by/(used in) financing activities		(944,603)	(651,719)
Net increase (decrease) in cash and cash equivalents held		(696,905)	(1,617,616)
Cash and cash equivalents at beginning of year		1,925,715	3,543,331
Cash and cash equivalents at end of financial year	3	1,228,810	1,925,715

The accompanying notes form part of these financial statements.

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 124 Related Party Disclosures;

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.

1 Summary of significant accounting policies cont

(b) Principles for consolidation cont.

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.

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 fivestep model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

1 Summary of significant accounting policies cont

(e) Revenue and other income cont.

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations are transferred

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

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

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

1 Summary of significant accounting policies cont

(g) Leases cont

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

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

For leases that have significantly below-market terms and conditions principally to enable the Entity to further its objectives (commonly known as peppercorn/concessionary leases), the Entity has adopted the temporary relief under AASB 2019-8 and measures the right of use assets at cost on initial recognition.

(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.

1 Summary of significant accounting policies cont

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

(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.

1 Summary of significant accounting policies cont

(j) Financial instruments cont

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.

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 asset has increased significantly 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

1 Summary of significant accounting policies cont

(j) Financial instruments cont

- the financial asset 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.

Trade receivables

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.

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses.

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 a 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 the short-term nature of these liabilities.

1 Summary of significant accounting policies cont

(l) Provisions

Provisions are recognised when the Group 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.

(m) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of 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.

1 Summary of significant accounting policies cont

(n) Property, plant and equipment cont

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.

(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 2023 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.

(p) Inventories

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

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.

		2023	2022
		$	$
3	**Cash and cash equivalents**		
	Cash at bank and on hand	1,213,261	585,501
	Short-term deposits	15,549	1,340,214
		1,228,810	1,925,715
4	**Investments**		
	(a) Investments at amortised cost		
	Current		
	Mortgage fund deposit	461,941	1,929,789
		461,941	1,929,789
	(b) Investments at fair value through other comprehensive income		
	Current		
	Shares and managed funds	2,062,369	2,034,246
		2,062,369	2,034,246
	Total Investments	2,524,310	3,964,035

5 Property, plant and equipment

	2023	2022
	$	$
Land and buildings		
Land		
At valuation	6,859,870	4,518,182
Total land	6,859,870	4,518,182
Buildings		
At valuation	15,725,400	14,491,308
Accumulated depreciation	(352,086)	(36,947)
Total buildings	15,373,314	14,454,361
Total Land and buildings	22,233,184	18,972,543
Leasehold improvements		
At cost	200,694	95,159
Accumulated depreciation	(22,074)	-
Total leasehold improvements	178,620	95,159
Furniture, fixtures and fittings		
At cost	862,664	797,284
Accumulated depreciation	(638,398)	(651,891)
Total furniture, fixtures and fittings	224,266	145,393
Motor vehicles		
At cost	294,055	363,267
Accumulated depreciation	(256,811)	(308,055)
Total motor vehicles	37,243	55,212
Computer equipment		
At cost	590,833	523,011
Accumulated depreciation	(411,898)	(404,133)
Total computer equipment	178,935	118,878
Total plant and equipment	619,064	414,642
Total property, plant and equipment	22,852,248	19,387,185

5 Property, plant and equipment cont

(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	18,972,543	145,393	55,212	118,878	95,159	19,387,185
Additions/(Disposals)	3,575,781	65,380	(69,213)	67,822	105,535	3,745,306
Depreciation	(315,140)	13,493	51,244	(7,765)	(7,127)	(265,296)
Revaluation	-	-	-	-	(14,947)	(14,947)
Balance at the end of the year	22,233,184	224,266	37,243	178,935	178,620	22,852,248

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.

6 Right of use assets

	2023	2022
	$	$
Buildings		
At cost	4,019,718	2,169,588
Accumulated amortisation	(2,671,761)	(1,109,815)
	1,347,957	1,059,773

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:

	2023	2022
Balance at beginning of year	1,059,773	1,059,773
Amortisation	(728,114)	-
Additions to right-of-use assets	1,016,298	-
Balance at end of year	1,347,957	1,059,773

	2023	2022
	$	$

7 Trade and other payables

	2023 $	2022 $
Trade payables	601,287	158,109
Deposits	-	14,208
GST payable	-	310,563
Payroll liabilities	574,459	604,606
Other payables	198,369	156
	1,374,115	1,087,642

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

	2023 $	2022 $
Current liabilities		
Annual leave	1,143,825	789,605
Long service leave	230,608	252,518
	1,374,433	1,042,123

	2023 $	2022 $
Non-current liabilities		
Long service leave	217,232	175,040
	217,232	175,040

9 Reserves

Revaluation reserve

The revaluation reserve is used to record increments and decrements 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.

9 Reserves contd

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.

	2023 $	2022 $
10 Borrowings		
Non-Current		
Loans	1,500,000	1,525,911
	1,500,000	1,525,911

11 Remuneration of auditors

	2023 $	2022 $
Remuneration of the auditor of the Group for:		
- auditing the financial report	11,500	17,750

12 Interests in subsidiaries

Composition of the Group:

	Principal place of business/ Country of Incorportaion	Percentage Owned (%)* 2023
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 2023 the contingent liability was $2.685m (2022: $2.738m).

In the opinion of Board, the Group did not have any other contingencies at 30 June 2023 (30 June 2022: 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:

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 2023 (30 June 2022: Nil).

16 Events occurring after the reporting date

As of the reporting date, a significant subsequent event has occurred that requires disclosure in the annual financial statements of the Group. The event pertains to a donation of land located in Rokeby, on which the Group has developed fifteen units.

The Group is pleased to announce that it is anticipated to receive title to this donated land in November 2023. As a result of this development, the Group will be able to recognise the fair value of the donated land subsequent to a market valuation at inception.

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.

	2023	2022
	$	$
Statement of Financial Position		
Assets		
Current assets	7,194,527	12,078,586
Non-current assets	13,522,061	9,466,423
Total Assets	20,716,588	21,545,009
Liabilities		
Current liabilities	1,307,324	3,163,499
Non-current liabilities	1,233,802	1,208,726
Total Liabilities	2,541,126	4,372,225
Equity		
Accumulated surpluses	14,134,321	13,092,316
Asset revaluation reserve	3,841,424	4,002,043
Investment reserve	199,718	78,425
Total Equity	18,175,462	17,172,784
Statement of Comprehensive Income		
Surplus/(deficit) for the year	700,148	(975,199)
Total comprehensive income	700,148	(975,199)

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:

	2023	2022
	$	$
Net surplus/(deficit) for the year	1,730,277	(983,306)
Non-cash flows in surplus/(deficit):		
- Depreciation and amortisation	1,064,670	830,349
- (Gain) / Loss on sale of assets	(13,382)	-
- Lease interest	76,783	46,768
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	(1,057,386)	(504,947)
- (Increase)/decrease in inventory	27,677	3,473
- (Increase)/decrease in other assets	(211,510)	229,130
- Increase/(decrease) in trade and other payable	443,178	442,579
- Increase/(decrease) in employee benefits	374,502	176,608
- Increase/(decrease) in income in advance	209,710	-
- Increase/(decrease) in other liabilities	(156,705)	(24,953)
Cash flow from operations	2,487,814	215,701

19 Association details

The registered office of the parent is:
Hobart City Mission Inc.
50 Barrack St
Hobart TAS 7000

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

In relation to our audit of the financial report of Hobart City Mission Inc. for the financial year ended 30 June 2023, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and any other applicable code of professional conduct in relation to the audit.

Wise Lord & Ferguson

WISE LORD & FERGUSON

NICK CARTER
Partner
Date: 23/10/2023

INDEPENDENT AUDITOR'S REPORT

To the members of Hobart City Mission Inc.

Report on the Audit of the Financial Report

We have audited the financial report of Hobart City Mission Inc. (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 the financial report of the Group has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Group's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibility of the Board for the Financial Report

The Board of the Group are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act. The Board's responsibility also includes such internal control as the Board determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board are 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 intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

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 our audit.

Independence

We confirm that the independence declaration required by the ACNC Act, which has been given to the responsible entities of Hobart City Mission Inc, would be in the same terms if given to the responsible entities as at the time of this auditor's report.

Wise Lord & Ferguson

WISE LORD & FERGUSON

NICK CARTER
Partner
Date: 23/10/2023