

Annual Report 2019



Vision

Churches empowered and enabled to provide housing for the vulnerable and marginalised.

Mission

Unleashing church resources for housing through collaboration, partnerships, education and capacity building

Our five strategic goals :

Increasing the supply of affordable housing

Advocacy and Support for Affordable Housing

Development of an appropriate technology platform

Brokering partnerships

Ensuring ongoing financial viability

Churches Housing Inc.

Suite 107, 55 Phillip St,

Parramatta, NSW 2150

612-9633-5999

www.churcheshousing.org.au

info@churcheshousing.org.au



Helping churches provide affordable housing.

Report - Chairman

As I write this report, I have taken time to reflect on the past year. I think that it is fair to say that my expectations for the year didn't materialise, however I still feel a sense of accomplishment for our members and those whom we seek to serve. Adding to this, I also feel that there has been a 'changing of the guard' - but more on that later.

2019 began with a sense of expectations on the political front. Both a state election and a federal election were to occur in the first half of the year. On the state level, we were all waiting expectantly for the policies on affordable housing, and unfortunately we were left disappointed from both sides of politics. Fortunately (we thought) on the federal level, with the Labor party's well-articulated affordable housing policy (underpinned with a revamped NRAS Mark II), there was a strong pathway moving forward. But again, we were left disappointed (from a housing policy perspective) with the election outcomes.

Despite these apparent setbacks, there are active affordable housing development programs with many of the church denominations and their associated organisations. This includes the Uniting Church (Uniting), the Catholic Church (Society of St Vincent de Paul), the Baptist Church (BaptistCare), the Anglican Church (Anglicare) and The Salvation Army. Collectively, there will be over 2,000 new social/affordable housing units to assist those in need. Whilst I am reluctant to say this, perhaps it is a good thing that there are not immediate

opportunities available, as each of these organisations needs to make sure they deliver well on their delivery programs.

As we all know, it isn't about who has the largest number of units, the best housing program, the best housing policy - it is about being able to be there to help someone when they are in need. I am reminded of Jesus' words to the 'righteous':

They also will answer, 'Lord, when did we see you hungry or thirsty or a stranger or needing clothes or sick or in prison, and did not help you?' He will reply, 'Truly I tell you, whatever you did not do for

one of the least of these, you did not do for me.' (Matt 25:44-45 NIV)

I think one of the challenges that we all have is how do we think or communicate with our 'consumers'. Do we call them 'customers', 'clients', 'tenants', 'residents' or some other label. I'm sure that we all want to treat them with respect, however each of the labels has some connotations associated with it.

I'd like you to take the time to think for a moment of the following scenario. Imagine that we are presented with an application for a 30-ish dishevelled male with dirty clothes who has been transient for the last few years, with no discernible source of income and quite a rebellious reputation. Not that his name or background should matter, but his name is Jesus. Or I could have provided an alternative description of a violent young man, or an older female who is causing issues, or However I think Jesus is fairly clear in his message. Please



treat these people as if it they were me.

Over the past few months, I've personally been able to witness a few of the moments where I've seen us be able to treat our incoming 'clients/customers/etc' as people created in the image of Jesus. Two particularly come to mind. One who cried tears of joy and questioned why she was so special to have been given this opportunity, despite everything else that had gone wrong in her life. And the other, who is so confident that this will be the place that she will live in for the rest of her life, that she has actually pre-purchased her coffin!

One of the challenges with being a peak body is that it can take many years to actually realise the outcomes from the work that is performed. For Magnus and his team, it can sometimes be frustrating with the apparent lack of progress. It is probably reasonable to say that from the first point of contact with a church, it could take 5-10 years before there is someone being handed the keys to their new home. I would like to ask for all of us to keep the Churches Housing team in your prayers as they help each of us to provide assistance to the vulnerable.

I'm also grateful for the assistance of the Department of Communities and Justice (formerly known as Department of Family and Community Services or FACS) for their ongoing support and commitment to Churches Housing. Without their partnership, we simply could not provide the assistance to our members, which ultimately assists in providing housing to those in need.

Now finally, on to the 'changing of the guard'. Two of our long serving board members have made the decision to step down from the board of Churches Housing.

The first is Sue King. Sue will be known to many of you through the annual Anglicare Housing Affordability Snapshot, which is often quoted for

highlighting the drastic shortage of affordable accommodation for those on low incomes. As a colleague of mine, I am also acutely aware many of the other responsibilities that she has, however from an affordable housing perspective, I think she should be proud of the advocacy that has emanated as a result of her research. For a number of reasons, Sue has made the decision to step down from the board, and I would like to thank her for her service to Churches Housing.

The other is Derek Yule. It is not possible for me write this part without tears in my eyes. In addition to Derek stepping down as a board member, many of you will know that he is the person who founded Churches Housing and continued as its Executive Officer until his retirement. Magnus has mentioned to me often that Derek was his mentor, and I am proud to also say that Derek also was my mentor. Derek has made the decision to step down as the result of declining health. As much as I yearn to want to deny this, I know that this is the right decision. Thank you, Derek, for the legacy you have created.

Given Derek's long service to the industry, I feel that it is appropriate to point out a few of the pivotal issues that Derek was involved in:

Creation of a collaborative network between Church organisations to assist in tackling homelessness

Engagement with churches in the early days of the National Rental Affordability Scheme (NRAS) recognising the positive contribution that Churches could make through this

Engagement of church leaders in support of NRAS when it was in the process of being dismantled under the previous Labor government. Sources have noted that it was only through the active engagement of church leaders was NRAS maintained at that time

Decision to actively engage with Christian aged care providers, as future potential leaders in the affordable housing sector. Through this, it is fair to now look at the results of this with BaptistCare, Anglicare and Uniting to see the results of this vision.

Whilst it is sad to say farewell to Sue and Derek, we are also looking forward to welcoming new

members to our board. It would be pre-emptive to welcome them before their election, however in anticipation, I am looking forward to the future of Churches Housing.

Yours in Christ

Rob Burnelek

Report - Chief Executive Officer

Thankyou for being a contributing member of our association. You and the communities we serve are the reason we exist. As an association we are about strengthening the work of all our members to provide housing for the vulnerable and marginalised. How do we do this? By unleashing church resources for housing through collaboration, partnerships, education and capacity building. How have we been doing this year? Here are some highlights:

1. SAHF - The Social and Affordable Housing Fund, a 25-year service agreement to provide housing and related service, has seen a massive investment from the church sector. With Uniting, BaptistCare and Vinnies (through Amelie Housing), winning contracts to each deliver > 500 units of housing, followed by Anglicare Sydney winning the largest contract in round two to deliver 550 units of housing, this will see over 2,000 units of housing delivered by the church sector, on their own land, over the next few years. The first tranches of housing are now already being tenanted. It is important to note here that before the work of Churches Housing (and the

vision of retiring Director and former Executive Officer Derek Yule), which formed the first faith-based housing company in Australia, none of the church agencies had their own housing companies. Today these agencies are set to deliver one of the largest boosts to social housing we have seen in this state for decades. Unleashing church resources has taken time and lots of work, but now we are seeing the fruit of many years of hard work.



2. NHFIC - The National Housing Finance Investment Corporation (NHFIC) is the only substantial federal policy in place to boost social and affordable housing from the CHP sector. With \$20k grants available to pay for professional advisory services for Tier 2 and 3 Community Housing Providers, which comprises our membership, this has been a great opportunity for church providers to gain access to cheap finance, save money and, hopefully, be able to invest these savings in more housing. Together with Caldrex Capital, we have run a series of seminars to explain the funding and to invite participation.

Access to these social-bond funded loans could see successful applicants have access to loans at below 3% interest-only for 10 years.

3. ADVOCACY - Churches Housing has taken a lead role in advocacy through leadership within the Sydney Alliance and I have been co-chairing the Housing Team for the last few years. This last year we saw quite a number of local assemblies organised alongside Vinnies in Ryde, Parramatta, Hornsby, North Sydney and others. This culminated in a city-wide assembly at the Sydney Town Hall in the lead-in to the State and Federal elections and we had a wide variety of Local, State and Federal politicians participating. The atmosphere in the full Town Hall was vibrant, multi-cultural and noisy, yet respectful. The Housing Team will continue to push for measures that bring about greater investment in social and affordable housing. Churches Housing has also been working more closely with other peaks in the sector and through collaboration in the Housing and Homelessness Collaboration, reporting back to FONGA (Federation of Non-Government Associations) facilitated by NCOSS. This has seen combined approaches and co-signed submissions put forward on key issues.

4. CONSULTATION - Our consultation is primarily based around registration as a CHP, either as a new entrant or assistance with re-registration. We are excited to have helped a number of new organisations become registered this year as well as continuing to assist those organisations that need assistance to navigate the NRSCH, assist in policy writing or to clarify directly with the Registrar.

5. NETWORKING - This continues to be a most important part of the work that we provide;

building relationships among our members, between our members and other sectors, including government, and encouraging innovation and new ways of thinking about the long-term intractable problem of low-income housing. Please keep an eye out for our next networking breakfast and subscribe to our quarterly newsletter via our website.

6. WELCOMEMAT - Churches Housing last year decided to invest in an innovative start-up that would provide an on-line listing across the sector for affordable housing rentals, providing a link between the CHP and the tenant. This has been a missing link within the industry and fully supported by many other peaks, CHPs both large and small and individuals within government. So far funding for launch has failed to materialise from government, which is most frustrating when we all know the positive impact this will have on tenants looking for housing as well as the productivity savings for CHPs.

7. RESEARCH - Churches Housing is excited to be a partner in the *Vertical Villages: Community, Place and Urban Density Pilot*, in partnership with Macquarie University, Salvos, BaptistCare NSW/ACT and the Ryde pastors' association. The aim of this research is to explore how faith-based organisations (FBO) can facilitate place-making and community development in multicultural high-rise, mixed-tenure and high-density urban environments. To do this, the project will first review existing literature and interview key actors carrying out community development and place-making in high rise developments. Second, drawing on a case study of the Macquarie Park precinct, the research will explore current resident experiences of belonging in existing multi-cultural high-rise developments. The project will compile an

online toolkit and report that will inform FBO-facilitated community development and place-making in multicultural high-rise urban areas.

I want to acknowledge the contribution of the small, dynamic team here at Churches Housing. Philippa joined us last year and is punching above her weight, recently standing in as acting CEO while I was on extended leave. Feedback from our annual survey had some very positive comments regarding Rob Powell's assistance to many of our members through consultancy and coaching in getting organisations registered with the Community Housing Registrar. And Kathy, our faithful bookkeeper, knows that she is here to assist us in our vision, as she keeps us accountable by tracking our finances.

I wish to thank my board and Chair for their ongoing encouragement, support and sound wisdom and advice. I especially want to thank Derek Yule, retiring as a Director but

acknowledged already as a life member of Churches Housing. Derek's vision for the contribution the Church sector could and should be making in the area of housing is now being realised. When Derek handed over to me six years ago, he was only ever supportive and we continued to catch up regularly for coffee at his favourite café in Parramatta Park, so that I could continue to gain from his wealth of wisdom, experience and history within the sector. Sue King is also retiring as Director as she supports her own family in health issues. Sue was my former boss at Anglicare and her systematic way of thinking, her analysis and approach to research and the way she is able to communicate this research (such as the Rental Affordability Snapshot) has made a significant contribution to our sector. May God bless both of you!

Board Meeting attendance 2018/19		
<i>Board Members</i>	<i>eligible</i>	<i>attended</i>
Rob Burnelek	6	6
Mike Furner	6	5
Sue King	4	3
Mark Khoo	6	6
Michael Kerans	6	5
Brian Murnane	6	5
Derek Yule	4	4

Board Member Profiles



Rob Burnelek

Rob is the General Manager, Housing within Anglicare. He has established the community housing operations within Anglicare and is currently overseeing a large development program to deliver social and affordable housing to older Australians.

Before joining Anglicare, Rob had a number of senior roles in the not-for-profit sector. In 2013, Rob joined The Salvation Army as the General Manager to establish its community and affordable housing operations. During his time at The Salvation Army, Rob expanded operations into New South Wales, Queensland and the Australian Capital Territory. The Salvation Army has had a long history in helping the needy particularly in homelessness, and through his work in Salvos Housing, Rob is seeking to extend this compassion through a range of transitional and affordable housing options.

Rob has a passion for working with churches to assist them realise their mission through the provision of affordable housing.



Derek Yule (retiring)

Derek Yule was the founding Executive Officer of Churches Housing Inc., where he served for 17 years. Previous work experience included 12 plus years with the CBA before moving into the field of church welfare.

Initially, Derek worked for Mission Australia opening one of the first Proclaimed Places that focused on young people with drug and alcohol dependency. This work was initially located in Kings Cross and he was involved in the development and management of supported accommodation for young people. While still employed with Mission Australia he developed training programmes for young people at Green Valley, Campbelltown and Wollongong.

Then followed a period in pastoral ministry, before Derek moved back into the welfare sector for 9 years before commencing his work at Churches Housing Inc.

Derek is an ordained Minister of Religion, holds degrees in Theology, and has completed a Master of Management with a focus on the management of non-profit organisations. Derek has also trained as a Spiritual Director.

Following Derek's retirement from Churches Housing, he was invited to become a member of the board of the company.



Brian Murnane

Brian Murnane has held both paid and voluntary positions in community organisations for the past 45 years. He was a local community representative on the then-Housing Commission's planning project to establish the public housing estates in Campbelltown during the 1970s. He has a deep understanding of the issues generated by the public housing estates, and has spent much of his working life engaged with people living on the estates

In 1982 Brian founded Argyle Community Housing and was Executive Manager-Development at Argyle until December 2010. In this position he coordinated the management transfer of 1,500 properties from Housing NSW to Argyle.

From January 1992 to December 1994, he was President of the St Vincent de Paul Society National Council. In this role he held a seat on the Society's International Council in Paris and participated in development projects throughout Southeast Asia.

Brian has served on ministerial advisory committees in the areas of homelessness, community housing, drug & alcohol and regional development.

In 2007, Brian co-founded BlueCHP Ltd which was established to provide property development services for five community housing member organisations.

From 2013 to the present he has been CEO St Vincent de Paul Housing Limited, which trades under the name of Amélie Housing.



Susan King (retiring)

Susan King is the manager of Advocacy and Research at Anglicare Sydney. Before this, she was attached to the University of Sydney in a research capacity in the Faculty of Economics.

Over the last nine years, she has implemented an advocacy agenda based on a strong evidence base arising from Anglicare's local services. Key research has centred on social exclusion and financial hardship, food and housing insecurity, children living in disadvantage and issues and interventions for carers.

One of the most compelling issues for people accessing services in the last six years has been access to affordable and sustainable accommodation.

The annual Rental Snapshot, conducted in collaboration with a number of Anglicare agencies, provides compelling evidence of housing stress.

Sue is firmly convinced that the best advocacy to government for changing policy, rests on a strong, well-researched evidence platform.



Mike Furner

Mike Furner is the General Manager Housing & Retirement Living at BaptistCare - NSW & ACT. His focus since 2010 has been the establishment and growth of social and affordable housing within BaptistCare. Mike has had 30 years senior management experience in community development, health, rehabilitation, housing and aged care in NSW, the NT and Tasmania across metro, rural, remote and indigenous settings.



Mark Khoo

Mark is a Co-Founder of WelcomeMat Holdings Pty Ltd, an exciting new social impact startup.

Prior to this, he was a property partner at Salvos Legal, which is a social enterprise law firm that is owned by The Salvation Army that provides commercial/property legal services to fee paying clients, in order to self-fund the Salvos' free humanitarian legal services. He has also worked for several top tier/national law firms.

Mark is a Fellow of the Australian Property Institute (FAPI), Member of the Law Society of NSW's Diversity & Inclusion Committee and Member of the Australian Institute of Company Directors.



Michael Kerans

Michael has over 30 years' property industry experience including 12 years' consulting to and researching the development and financing of affordable housing.

Before this, he had 21 years in the unlisted and listed property trust sectors, principally for the ING Group. In these roles he completed the portfolio management of three unlisted residential property trusts, direct property valuations and acquisitions and was employed in the launch of the integrated \$239m Heine Industrial and \$1.6b Armstrong Jones industrial, office and retail property funds with the Mercantile Mutual portfolios.

In 2009 he received the Australian Property Institute medal for research into affordable rental housing financing.

Michael holds a Bachelor of Commerce (Land Economics), a Graduate Diploma in Property Investment and Finance, a Masters in Applied Science (Building Studies) and is an Associate of the Australian Property Institute. Michael is a registered valuer and licenced Real Estate Agent.



Financial Reports

CHURCHES HOUSING INCORPORATED

FINANCIAL REPORT

For the year ended

30th June, 2019

The Accompanying notes form part of these Financial Statements





THOMAS DAVIS & CO
CHARTERED ACCOUNTANTS
ESTABLISHED 1894

www.thomasdavis.com.au
mail@thomasdavis.com.au

4 October, 2019

The Committee of Management of the Association,
Churches Housing Incorporated
Suite 107, 55 Phillip Street
PARRAMATTA N.S.W. 2150

Dear Sirs

We have completed our examination of Churches Housing Incorporated's books of account for the year ended 30th June, 2019 and have pleasure in furnishing herewith the following statements:-

- (1) Statement of Financial Position as at 30th June, 2019.
- (2) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2019.
- (3) Statement of Changes in Members' Funds for the year ended 30 June 2019.
- (4) Statement of Cashflows for the year ended 30 June 2019.
- (5) Notes to and Forming part of the Financial Statements for the year ended 30th June, 2019.
- (6) Statement by Committee of Management of the Association, Auditor's Independence Declaration & Auditor's Report in respect to the Financial Report for the year ended 30th June, 2019.

Yours faithfully,



L13, 56 Pitt St GPO Box 492 T: (02) 9232 1188
Sydney 2000 Sydney 2001 F: (02) 9231 6792

Liability limited by a scheme approved under professional standards regulation



The Accompanying notes form part of these Financial Statements

CHURCHES HOUSING INCORPORATED
A.B.N. 94 142 146 245

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

2018 \$		2019 \$
	Notes	
	CURRENT ASSETS	
84,680.88	Cash and Cash Equivalents	2 67,346.75
20,876.57	Other	3 7,039.51
467.50	Trade and Other receivables	4 2,228.60
<u>106,024.95</u>	TOTAL CURRENT ASSETS	<u>76,614.86</u>
	NON-CURRENT ASSETS	
6,273.42	Plant & Equipment	5 4,850.69
-	Financial Assets	6 50,000.00
<u>6,273.42</u>	TOTAL NON-CURRENT ASSETS	<u>54,850.69</u>
<u>112,298.37</u>	TOTAL ASSETS	<u>131,465.55</u>
	CURRENT LIABILITIES	
20,865.41	Other Payables	7 18,445.12
<u>20,865.41</u>	TOTAL CURRENT LIABILITIES	<u>18,445.12</u>
	NON-CURRENT LIABILITIES	
-	Provisions	8 23,094.20
<u>-</u>	TOTAL NON-CURRENT LIABILITIES	<u>23,094.20</u>
<u>20,865.41</u>	TOTAL LIABILITIES	<u>41,539.32</u>
<u>91,432.96</u>	NET ASSETS	<u>89,926.23</u>
	MEMBERS FUNDS	
91,432.96	Retained Profits/(Losses)	9 89,926.23
<u>91,432.96</u>	TOTAL MEMBERS' FUNDS	<u>89,926.23</u>

The Accompanying notes form part of these Financial Statements

CHURCHES HOUSING INCORPORATED
A.B.N. 94 142 146 245

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019

2018		2019
\$		\$
	INCOME	
297,159.55	Government Grants Received	307,163.59
625.20	Interest Income	408.28
2,600.00	Membership Fees Income	1,495.45
2,380.00	Fee for Service Income	7,900.20
<u>5,181.79</u>	Miscellaneous Income	<u>-</u>
307,946.54	Total Income	316,967.52
	EXPENDITURE	
850.00	Audit Fees	880.00
1,563.40	Computer Software / Website Maintenance	1,472.09
2,208.00	Computer Support	2,240.20
	Contactors & Consultants	1,649.50
11,470.88	Conferences & Meetings	7,276.01
2,403.75	Depreciation	2,435.62
994.22	Electricity Expenses	911.45
3,690.00	Insurance	4,088.90
-	Loss on Sale of Assets	112.56
451.08	Miscellaneous Expenses	378.12
3,003.07	Motor Vehicle Allowances	3,432.41
2,198.51	Office Supplies	973.37
203,857.18	Salaries & Wages	214,216.59
805.72	Provision for Annual & Long Service Leave	21,923.52
204.55	Staff Advertising	-

The Accompanying notes form part of these Financial Statements

806.41	Staff Amenities	735.08
3,104.20	Staff Development Costs	845.46
205.28	Staff Functions/Gifts	-
19,369.50	Superannuation	20,350.71
1,414.25	Workers Compensation Insurance	1,529.40
7,566.36	Fringe Benefits Tax	7,567.00
22,632.22	Rent	21,329.17
2,237.54	Subscriptions	1,956.63
1,436.22	Telephone / Internet Expenses	1,050.90
<u>1,019.57</u>	Travel Expenses	<u>1,119.56</u>
293,491.91	Total Expenditure	318,474.25
<u>14,454.63</u>	Profit/(loss) from ordinary activities	<u>(1,506.73)</u>
-	Other Comprehensive Income for the year	-
<u>14,454.63</u>	Total Comprehensive Income for the year	<u>(1,506.73)</u>
<u>14,454.63</u>	Profit/(loss) attributable to the members of the entity	<u>(1,506.73)</u>
<u>14,454.63</u>	Total Comprehensive Income attributable to members of the entity	<u>(1,506.73)</u>

The Accompanying notes form part of these Financial Statements

CHURCHES HOUSING INCORPORATED
A.B.N. 94 142 146 245

STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 30TH JUNE 2019

	Retained Profits/ (Losses)	Total
Balance as at 30 June 2017	76,978.33	76,978.33
Profit/(loss) attributable to the entity for the year	14,454.63	14,454.63
Total Other Comprehensive Income for the year	-	-
Balance as at 30 June 2018	91,432.96	91,432.96
Profit/(loss) attributable to the entity for the year	(1,506.73)	(1,506.73)
Total Other Comprehensive Income for the year	-	-
Balance as at 30 June 2019	89,926.23	89,926.23

The Accompanying notes form part of these Financial Statements

CHURCHES HOUSING INCORPORATED
A.B.N. 94 142 146 245

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

2018 \$ Inflows (Outflows)		Note	2019 \$ Inflows (Outflows)
	Cash flows from operating activities		
625.20	Interest received		408.28
297,159.55	Grants received		307,163.59
9,694.29	Other receipts		7,634.55
(301,645.36)	Payments to suppliers and employees		(296,415.10)
<u>5,833.68</u>	Net cash provided by / (used in) operating activities	10	<u>18,791.32</u>
	Cash flow from investing activities		
(15,000.00)	Payments for investments		(35,000.00)
(3,108.99)	Payments for property, plant and equipment		(1,125.45)
<u>(18,108.99)</u>	Net cash provided by / (used in) investing activities		<u>(36,125.45)</u>
(12,275.31)	Net increase / (decrease) in cash held		(17,334.13)
96,956.19	Cash at the beginning of the financial year		84,680.88
<u>84,680.88</u>	Cash at the end of the financial year	2	<u>67,346.75</u>

The Accompanying notes form part of these Financial Statements

CHURCHES HOUSING INCORPORATED
A.B.N. 94 142 146 245

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

Financial Reporting Framework

These financial statements are special purpose financial statements which have been prepared to meet the requirements of the Australian Charities and Not-for-Profits Commission Act 2012 (ACNC Act) and for use by the Committee of Management and the member churches of Churches Housing Incorporated.

The Committee has determined that the Association is not a reporting entity and hence these statements have been prepared in accordance with the relevant applicable Accounting Standards and other mandatory professional reporting requirements.

Not all applicable Accounting Standards or other mandatory professional reporting requirements have been applied.

The financial statements have been prepared on an accrual basis in accordance with the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies

Accounting Policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Recognition of Income

The timing of the recognition of grants, donations, fundraising, entrance fees and annual subscriptions from members depends when control of these monies is obtained, usually receipt of monies.

Investment Income

Investment interest is recognised in the statement of comprehensive income when received.

Income Tax

The Association is recognised as a non-profit organisation for Australian Income Tax purposes and is exempt from Income Tax.

Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- (a) where the GST incurred on purchases of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable.
- (b) receivables and payables are stated inclusive of GST.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, Plant & Equipment

Each class of property plant and equipment is carried at cost or deemed cost, where applicable, any accumu-

Plant & Equipment is depreciated over the expected economic life of each asset.

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

Plant & Equipment 7.5% - 40%

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

Employee Benefits

Provision is made for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, and long service leave which will be settled after one year, have been measured at the amount expected to be paid.

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

Payables

Sundry Creditors and Accruals are shown in the Statement of Financial Position at the aggregate value of monies owed for goods and services provided and other amounts unpaid as at 30th June, 2016. These amounts are unsecured and usually paid within 30 days of recognition.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and cash held with financial institutions which are subject to insignificant risk of changes in value.

Financial assets

Investments in financial assets are initially recognised at cost, which includes transaction costs, and are subsequently measured at fair value at the end of the reporting period.

Economic Dependence

The Association is dependent on government funding for financial support.

New and amended accounting policies

The Association has adopted AASB 9 with a date of initial application of 1 July 2018. On the application of this standard there were no restropective changes required to prior period comparatives.

There were no financial assets/liabilities which the company had previously designated as fair value through profit or loss under AASB 139 that were subject to reclassification upon the application of AASB 9. There were no financial assets/liabilities which the Association had elected to designate as at fair value through profit or loss at the date of initial applicaton.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

New accounting standards applicable for future periods

The AASB has issued a number of new accounting and amended accounting standards that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The committee have decided not to early adopt any of these new and amended pronouncements.

The following standards are expected to have some impact on the entity in future periods;

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

AASB 1058: Income for Not-For-Profit Entities and AASB 15: Revenue from Contracts with Customers

2018
\$

2019
\$

NOTE 2 - CURRENT ASSETS - CASH AND CASH EQUIVALENTS

84,480.88	Cash at Bank	67,146.75
200.00	Cash at Hand	200.00
<u>84,680.88</u>		<u>67,346.75</u>

NOTE 3 - CURRENT ASSETS - OTHER

4,250.00	Security Deposit - Bond	4,250.00
1,626.57	Prepayments	2,789.51
15,000.00	Deposit - WelcomeMat shares	-
<u>20,876.57</u>		<u>7,039.51</u>

NOTE 4 - CURRENT ASSETS - TRADE & OTHER RECEIVABLES

467.50	Trade & Other Receivables	2,228.60
<u>467.50</u>		<u>2,228.60</u>

NOTE 5 - NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT

18,090.24	Plant & Equipment - at cost	17,225.69
11,816.82	Less: Accumulated Depreciation	12,375.00
<u>6,273.42</u>		<u>4,850.69</u>

NOTE 6 - NON-CURRENT ASSETS - FINANCIAL ASSETS

-	WelcomeMat Holdings Pty Limited - Shares (at cost)	50,000.00
<u>-</u>		<u>50,000.00</u>

2018
\$

2019
\$

NOTE 7 - CURRENT LIABILITIES - OTHER PAYABLES

8,317.32	Sundry Creditors	5,323.83
7,057.69	Annual Leave	5,887.01
5,490.40	GST Payable	7,234.28
-	Income in Advance	-
<u>20,865.41</u>		<u>18,445.12</u>

NOTE 8 - NON-CURRENT LIABILITIES - PROVISIONS

-	Long Service Leave	23,094.20
<u>-</u>		<u>23,094.20</u>

NOTE 9 - RETAINED PROFITS/(LOSSES)

76,978.33	Retained Profits at the Beginning of the Financial Year	91,432.96
14,454.63	Net Profit/(Loss) for the year	(1,506.73)
-	Other Comprehensive Income	-
<u>91,432.96</u>	Retained Profits/(Loss) at the End of the Financial Year	<u>89,926.23</u>

NOTE 10 - RECONCILIATION OF CASH FLOWS

14,454.63	Operating Profit / (Loss) from Ordinary Activities	(1,506.73)
	<i>Non cash items</i>	
2,403.75	Amortisation and Depreciation	2,435.62
-	(Profit) / loss on sale of assets	112.56
	<i>Change in operating assets and liabilities</i>	
(467.50)	(Increase) / Decrease in Trade and Other Receivables	(1,761.10)
(1,626.57)	(Increase) / Decrease in Other Assets	(1,162.94)
-	Increase / (Decrease) in Accounts Payable	-
(8,930.63)	Increase / (Decrease) in Other Payable	(2,420.29)
-	Increase / (Decrease) in Provisions	23,094.20
<u>5,833.68</u>	Cash flows provided by / (used in) Operating Activities	<u>18,791.32</u>

NOTE 11 - OPERATING LEASES

	Non-cancellable operating lease rentals are payable as follows:	
19,511	Less than one year	20,291
25,884	Between one and five years	5,593
<u>45,395</u>		<u>25,884</u>

NOTE 12 - EVENTS SUBSEQUENT TO THE REPORTING DATE

During the year the Association acquired shares in WelcomeMat Holdings Pty Limited with the total investment amounting to \$50,000. Subsequent to year end expected funding in relation to the WelcomeMat project has not been able to be obtained from the Government. This has severely affected the expected revenue streams of WelcomeMat and in turn impacts the value of the investment the Association holds in that company. At this point in time the exact value of the shares cannot be measured but it expected that the current fair value will be significantly less than the original cost and an impairment will be recognised at the end of the next reporting period.

CHURCHES HOUSING INCORPORATED

A.B.N. 94 142 146 245

STATEMENT BY THE COMMITTEE OF MANAGEMENT

The Committee of Management of the Association has determined that these financial statements are special purpose financial statements prepared in accordance with the accounting policies outlined in Note 1 to the accounts.

In the opinion of the Committee of Management of Churches Housing Incorporated (the Associa-

- (a) the accompanying Statement of Profit or Loss and Other Comprehensive Income gives a true and fair view of the surplus/(deficit) of the Association for the year ended 30 June 2019;
- (b) the accompanying Statement of Financial Position gives a true and fair view of the state of affairs of the Association as at that date;
- (c) at the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and
- (d) the financial statements have satisfied the requirements of the ACNC Act.

This declaration is made in accordance with a resolution of the Committee and is signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.



ROBERT BURNELEK



MICHAEL FURNER

SYDNEY,

4 October, 2019



THOMAS DAVIS & CO
CHARTERED ACCOUNTANTS
ESTABLISHED 1894

www.thomasdavis.com.au
mail@thomasdavis.com.au

CHURCHES HOUSING INCORPORATED
A.B.N. 94 142 146 245

Auditor's Independence Declaration to the Committee of Management of Churches Housing Incorporated under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

- (a) no contraventions of the auditor independence requirements of section 60-40 of the ACNC Act in relation to the audit; and.
- (b) no contraventions of any applicable code of professional conduct in relation to the

Thomas Davis & Co.

THOMAS DAVIS & CO.

J.G. Ryan

J.G. RYAN PARTNER

Chartered Accountants

Sydney

4 October, 2019



L13, 56 Pitt St GPO Box 492 T: (02) 9232 1188
Sydney 2000 Sydney 2001 F: (02) 9231 6792

Liability limited by a scheme approved under professional standards regulation





THOMAS DAVIS & CO
CHARTERED ACCOUNTANTS
ESTABLISHED 1894

www.thomasdavis.com.au
mail@thomasdavis.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHURCHES HOUSING INCORPORATED
A.B.N. 94 142 146 245

Opinion

We have audited the financial report of Churches Housing Incorporated, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in members' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by committee of management.

In our opinion, the financial report of Churches Housing Incorporated 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 associations financial position as at 30 June, 2018 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 the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the association in accordance with the 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 and Restriction on Distribution and Use

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 Churches Housing Incorporated's financial reporting responsibilities under the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Committee of Management for the Financial Report

The committee of management of Churches Housing Incorporated is 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 needs of the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and is appropriate to meet the needs of the members. The committee of managements' responsibility also includes such internal control as the committee of management determines 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 committee of management is responsible for assessing Churches Housing Incorporated'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 committee of management either intend to liquidate Churches Housing Incorporated or to cease operations, or have no realistic alternative but to do so.

A member of



Independent legal & accounting firms

L13, 56 Pitt St GPO Box 492 T: (02) 9232 1188
Sydney 2000 Sydney 2001 F: (02) 9231 6792

Liability limited by a scheme approved under professional standards regulation



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.
- Conclude on the appropriateness of the Committee of Managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee of management 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.



THOMAS DAVIS & CO.



J.G. RYAN

PARTNER

Chartered Accountants

SYDNEY,

4 October, 2019

Liability limited by a scheme approved under Professional Standards Legislation



Affordable Housing Australia



Amelie Housing



Anglicare Sydney



Anglicare North Coast



Centacare Port Macquarie



Baptistcare NSW/ACT



Fresh Hope Housing



Catholic Diocese of Maitland-Newcastle



Ecclesia Housing



Habitat for Humanity NSW



Gethsemane Community Inc.



Ashfield Baptist Homes



Anglicare NSW South West ACT



Integricare



Muslim Care



Parramatta Mission



Salvos Legal



The Salvation Army



Samaritans



Uniting



Wesley Mission



Churches Housing Inc.

Suite 107, 55 Phillip St,

Parramatta, NSW 2150

612-9633-5999

www.churcheshousing.org.au

info@churcheshousing.org.au



Helping churches provide affordable housing.