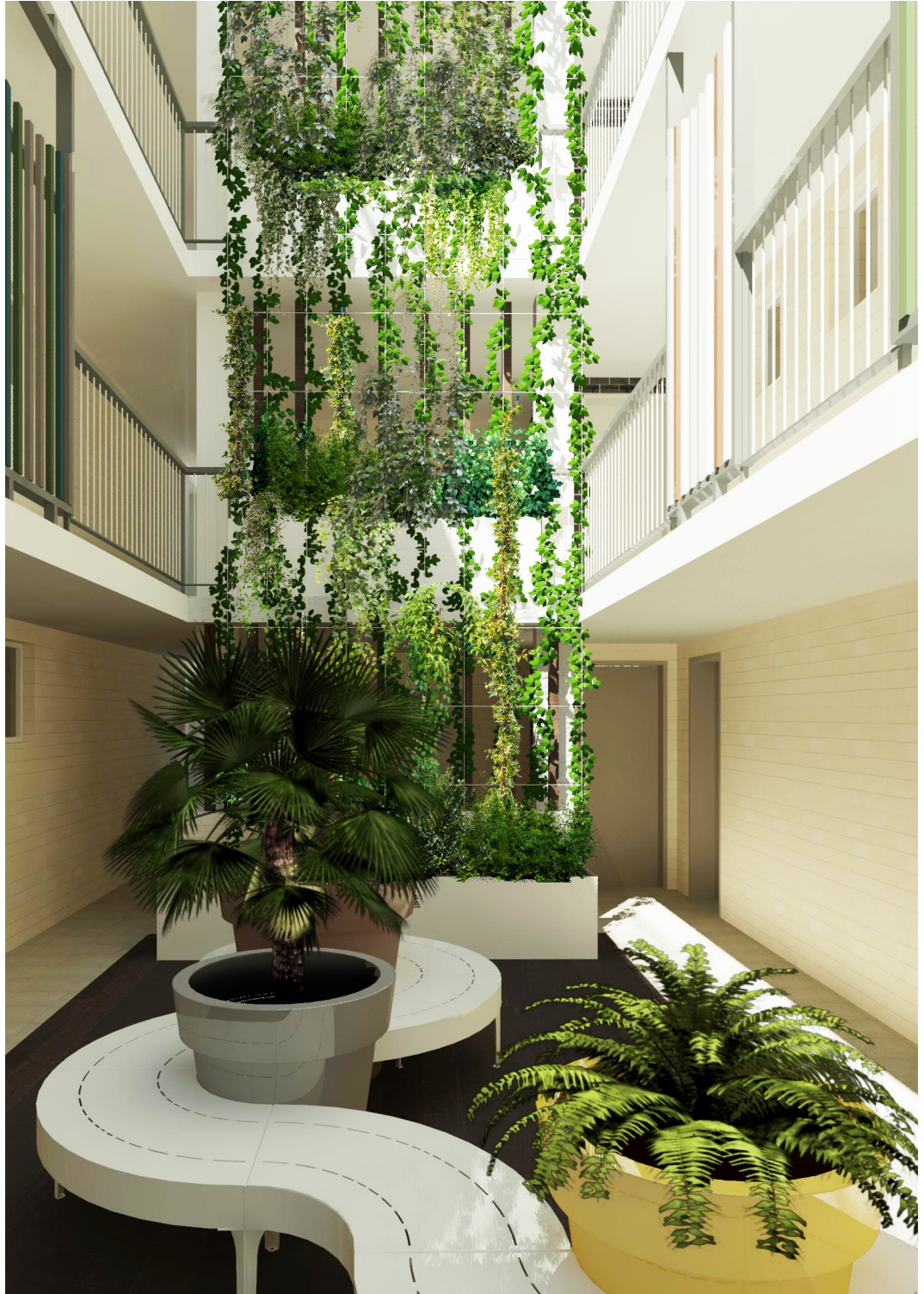


Annual Report 2020





Anglicare Nowra



Fresh Hope Georges River



Wesley RJ Williams Glebe



Anglicare Corrimal



BaptistCare Elderslie



**Sue Blain, Manager of
Community Housing with Kelly
in her new villa.**

Front cover: Wesley RJ Williams Glebe

Back cover: Anglicare Corrimal

Vision

Churches empowered and enabled to provide housing for the vulnerable and marginalized

Mission

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

Goals

1. **Increase** the supply of housing that is affordable
2. **Advocate** for and support the provision of housing that is affordable.
3. **Develop** innovative sector solutions and capacity.
4. **Broker partnerships** between churches, government and businesses to facilitate the development of affordable housing
5. **Engage** with faith-based sector. Expanding membership, supporting members through better networking

Churches Housing Inc.

Suite 107, 55 Phillip St,
Parramatta, NSW 2150
612-9633-5999

www.churcheshousing.org.au

info@churcheshousing.org.au



Report - Chairman

In preparation for writing this report, I read over last year's. Not surprisingly, there was no reference for what was to come in the following year. If I recall correctly, we were suffering from bushfires on the NSW/QLD border and also in the midst of a severe drought.

Much has been said about these being unprecedented times, however this isn't really the case. We are regularly impacted by natural disasters, pandemics, conflicts, etc. What perhaps makes this unprecedented, is that we have lived in remarkably peaceful times and for most of us, this is the first time that ordinary Australians have been impacted in such a way.

During the Last Supper, Jesus shared the following with his disciples;

"A time is coming and in fact has come when you will be scattered, each to your own home. You will leave me all alone. Yet I am not alone, for my Father is with me. I have told you these things, so that in me you may have peace. In this world you will have trouble. But take heart! I have overcome the world." John 16.32-33 (NIV)

In our fallen world, Jesus knew that our world would have trouble - both 2,000 years ago and also today. At a time when it may seem as though this pandemic will mean the end of the world as we know it, Jesus' words are reassuring - that 'we may have peace'.

For most who are reading this report, you will have a passion for helping those who are poor and vulnerable. During these times of isolation, quarantining and economic uncertainty, our

residents and clients will need our support more now than ever. In addition, many in our community are also feeling this despair for the first time.

Over the past few years, we have seen many of our member agencies step up and provide additional accommodation and support to the vulnerable in our community. Our larger members are in the latter stages of delivering the new dwellings under the Social and Affordable Housing Fund and a number of other organisations are also gearing for future delivery.

As we all prepare for how we will respond in the coming years, let us remain in prayer for our leaders - our political leaders, our denominational leaders, our organisation leaders and for each other.

As with many other organisations, our team at Churches Housing have needed to adapt quickly to a new way of working. For an organisation that is strongly based on networking - the lack of the opportunity to meet together (in a physical sense) has certainly provided its challenges. Magnus and his team have adapted quickly to the new way of working and providing support to our members. Perhaps more than any other time, this year signals the transition from how we have worked in the past to how we will work in the future.

Over the past year, we also welcomed three new members to our board.

- Mark Nutting - South Sydney Regional Organisation Council



- Lisa Ellis - Wesley Mission
- Brad Braithwaite - Anglicare - South NSW, West NSW and ACT

On behalf of Churches Housing, I'd also like to thank the Department of Communities and Justice (DCJ), for their ongoing financial support. At a time when there appears to be so much uncertainty, Churches Housing is thankful for the continual support from DCJ.

On a final note, we sadly farewelled our founding CEO and former board member, Derek Yule, who passed away during the year. Whilst there is so much that could be said, I'd like to

summarise his legacy with two sentences. Firstly, a thought of how many thousands of households now have safe, secure and affordable accommodation thanks to the Derek's vision and passion. And secondly, the bible verse that inspired Derek in what he did.

"He has shown you, O mortal, what is good. And what does the Lord require of you? To act justly and to love mercy and to walk humbly with your God. " Micah 6.8 (NIV)

For those that knew Derek personally, I'm sure that you'll agree that he 'acted justly, and loved mercy and walked humbly with our God'.



Vinnies Burraneer



BaptistCare Narralling



Anglicare Corrimal



Kelly and her NDIS Support Worker Meg cooking up a storm in her new Villa at St Agnes Parish Housing.

Report - Executive Officer

2020 will be remembered for COVID and what it has unleashed: incredible uncertainty, the demise of international and interstate travel, the impact on aged care, churches, hospitality and the arts and entertainment and countless other businesses and of course the loss of life and incredible spread of this dreadful virus.

In the midst of all of this, we report that a small peak body working in the area of social and affordable housing is perhaps more important than before.

As the impact of the virus and its related economic impact spreads, we remember that we most certainly have an important role to advocate for the vulnerable, needy, poor and marginalised and ensure that we as a society do all we can to ensure that those who are the most powerless and financially disadvantaged receive appropriate assistance.

This year our highlights include:

- advocating strongly with the rest of our sector for protection for renters from eviction in the midst of the pandemic
- urging Stimulus spending on social and affordable housing
- submitting a response on behalf of the faith-based sector to the NSW Government's Housing Policy Discussion Paper

- rolling-out many hundreds of new units of housing by our members
- taking-up of finance from the National Housing Finance and Investment Corporation (NHFIC) within our membership, providing discounted finance and releasing extra funds within our sector



- collaborating with Macquarie University and BaptistCare on research exploring the role and potential of faith-based organisations (FBOs) to facilitate place-making and community development in multicultural high-rise/ high-density urban environments

- collaborating with Western Sydney University on research 'Co-creating Climate Readiness in Community Housing'

- launching WelcomeMat - an online platform to advertise affordable rental housing. Check out:

www.welcomemat.com.au

I would like to thank the contribution of our small staff team who continue to punch above their weight. I also acknowledge the ongoing strategic vision of our sector from our board, which is now being realised as we see an incredible wave of growth in the contribution of faith-based providers in numbers and quality of both housing units and also support services.

Magnus Linder

CEO

Board Member Profiles



Rob Burnelek (Chairman)

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.



Brian Murnane

Brian is the CEO of Amelie Housing with 30 years' experience in the community housing sector. From founding Macarthur Community Tenancy in 1983 through its evolution into Argyle Community Housing, Brian has been at the forefront of the development in this sector. While at Argyle, he was responsible for the successful tender and transfer of over 1,000 properties. Brian has also had a distinguished voluntary career with the St Vincent de Paul Society culminating as President and Australian delegate to the SVdP International Council (Paris) in 1991. Brian is a member of the SVdP NSW Social Justice Committee and the NSW Government's Community Housing Advisory Committee.



Mike Furner

General Manager Housing & Retirement Living BaptistCare NSW & ACT Mike joined BCS in 2001 to head up the newly created Aged and Community Care Operations Division and has undertaken GM level roles within the Aged Care operational structures, managing residential and community care and retirement villages. For four years he took on the broader role as GM Strategic Development for the whole Organisation. This role was to improve the Organisation's capability to achieve its strategic objectives through effective long term property planning, research analysis, service design and service delivery models. This led to the establishment of social housing within BCS. Mike is now the GM Housing and Retirement Living Division. Prior to joining BCS Mike had 20 years senior management experience in the community development, health, rehabilitation and aged care fields in NSW, the Northern Territory and Tasmania. A significant part of his work has been in rural and remote areas of Australia including Aboriginal communities. Social justice issues are an important part of Mike's life. This combined with his qualifications in human services management has led to many opportunities to pursue these social development interests and use of his business management skills.



Michael Kerans

Michael has over 25 years industry experience including 4 years consulting to and researching the development and financing of affordable housing, and prior to this 21 years' experience in the unlisted and listed property trust sectors principally for the ING Group. Within 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. Michael received a national award in 2009 from the Australian Property Institute for his 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 licensed Real Estate Agent.



Brad Braithwaite

Brad is currently deputy CEO at Anglicare NSW South, NSW West & ACT. He has had 20 years as a senior executive and consultant across the public, private and not-for-profit sectors. His expertise is in social and economic policy research and analysis, corporate strategy, serving cross-functional teams, facilitating strategic and operational transformation, and driving business development and IP commercialisation. Other skills include complex contract negotiation and stakeholder engagement, CX insight and management, consumer research, predictive modelling, and change management. Before joining Anglicare, Brad was deputy CEO at Argyle Housing, working on the efficiency and productivity of corporate services, operations, and asset management.



Mark Nutting

Mark has had a long career in the NSW Government advising on housing policy, strategic resource allocation and service improvement. As a senior officer in the then Department of Family and Community Services (and its many iterations), he led the design phase of the housing common access project that is now known as Housing Pathways, along with housing and homelessness policy reforms, inter-government negotiations, research and funding of social and affordable housing programs. Mark began his career in community housing helping to establish the Eastern Suburbs Rental Housing Association (now a part of Bridge Housing) in 1983. Housing people well has remained a continuing passion. He was the Principal of a housing focussed consultancy, Mark Nutting Consulting, working primarily for the not-for-profit housing clients from 2016 to July 2018. He is currently the Strategic Planning Manager of the Southern Regional Organisation of Councils undertaking advocacy and policy work on behalf of member councils. Mark holds a Bachelor of Architecture and a Masters of Town and Country Planning.



Lisa Ellis

Lisa is Operations Manager, Community Housing at Wesley Mission, managing a portfolio of housing ranging from crisis accommodation and transitional housing through to social and affordable housing.

She has over 10 years' experience working in not-for-profit and government organisations including community housing, health services (cancer control and prevention), disabilities and aged care.

Her roles have focussed on operational management, tenancy management, community engagement, quality assurance and risk management.

Lisa has completed a Bachelor of Arts (Community Development) and holds various qualifications in quality and risk management.

Creating opportunities for young people living in community housing is Lisa's passion as well as facilitating opportunities to reduce loneliness as people age.

Another passion is community housing being provided with a whole-of-person mindset, rather than a transactional real-estate model.



Mark Khoo, (FAPI)

Mark is the Co-Founder and CEO of WelcomeMat – Australia's first bespoke tenant-matching platform for affordable rental housing.

Before this, he was a Property Partner at The Salvation Army's award-winning social enterprise law firm, Salvos Legal, for over 6 years and before that, worked in top tier/ national law firms for over 9 years. Mark also had the privilege of being an Associate to Justice Murray Wilcox at the Federal Court of Australia, and served on the Law Society of NSW's Diversity & Inclusion Committee for 3 years.

Mark is a Fellow of the Australian Property Institute (API) under its Property Leaders Program, and holds a Bachelor of Laws degree with first class honours.

Board Meeting attendance 2019/20		
<i>Board Members</i>	<i>eligible</i>	<i>attended</i>
Rob Burnelek	6	6
Mike Furner	6	5
Lisa Ellis	5	4
Mark Khoo	6	6
Michael Kerans	6	4
Brian Murnane	6	4
Mark Nutting	5	5
Brad Braithwaite	5	4



Financial Reports

CHURCHES HOUSING INCORPORATED

FINANCIAL REPORT

For the year ended

30th June, 2020

The Accompanying notes form part of these Financial Statements



___ October, 2020

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, 2020 and have pleasure in furnishing herewith the following statements:-

- (1) Statement of Financial Position as at 30th June, 2020.
- (2) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2020.
- (3) Statement of Changes in Members' Funds for the year ended 30 June 2020.
- (4) Statement of Cashflows for the year ended 30 June 2020.
- (5) Notes to and Forming part of the Financial Statements for the year ended 30th June, 2020.
- (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

Thomas Davis & Co.

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 2020

2019 \$		2020 \$
	Notes	
	CURRENT ASSETS	
67,346.75	Cash and Cash Equivalents	106,130.83
7,039.51	Other	4,250.00
<u>2,228.60</u>	Trade and Other receivables	<u>3,286.00</u>
76,614.86	TOTAL CURRENT ASSETS	113,666.83
	NON-CURRENT ASSETS	
4,850.69	Plant & Equipment	6,962.35
<u>50,000.00</u>	Financial Assets	<u>35,000.00</u>
54,850.69	TOTAL NON-CURRENT ASSETS	41,962.35
<u>131,465.55</u>	TOTAL ASSETS	<u>155,629.18</u>
	CURRENT LIABILITIES	
<u>18,445.12</u>	Other Payables	<u>22,938.86</u>
18,445.12	TOTAL CURRENT LIABILITIES	22,938.86
	NON-CURRENT LIABILITIES	
<u>23,094.20</u>	Provisions	<u>28,385.40</u>
<u>23,094.20</u>	TOTAL NON-CURRENT LIABILITIES	<u>28,385.40</u>
41,539.32	TOTAL LIABILITIES	51,324.26
<u>89,926.23</u>	NET ASSETS	<u>104,304.92</u>
	MEMBERS FUNDS	
<u>89,926.23</u>	Retained Profits/(Losses)	<u>104,304.92</u>
89,926.23	TOTAL MEMBERS' FUNDS	<u>104,304.92</u>

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 2020

2019		2020
\$		\$
	INCOME	
307,163.59	Government Grants Received	316,333.79
408.28	Interest Income	194.79
1,495.45	Membership Fees Income	2,100.00
7,900.20	Fee for Service Income	3,615.00
-	Vertical Villages Research Income	18,181.82
-	Government Stimulus - Cash Flow Boost	16,416.00
-	Miscellaneous Income	3,875.45
316,967.52	Total Income	360,716.85
	EXPENDITURE	
880.00	Audit Fees	900.00
1,472.09	Computer Software / Website Maintenance	2,854.23
2,240.20	Computer Support	387.64
1,649.50	Contactors & Consultants	4,456.73
7,276.01	Conferences & Meetings	6,988.27
2,435.62	Depreciation	1,811.50
911.45	Electricity Expenses	842.40
-	Impairment Loss on Financial Asset	15,000.00
4,088.90	Insurance	4,469.59
112.56	Loss on Sale of Assets	-
378.12	Miscellaneous Expenses	164.89
3,432.41	Motor Vehicle Allowances	362.00
973.37	Office Supplies	1,759.80
214,216.59	Salaries & Wages	219,846.18
21,923.52	Provision for Annual & Long Service Leave	8,384.70

735.08	Staff Amenities	900.36
845.46	Staff Development Costs	361.82
-	Staff Functions/Gifts	256.55
20,350.71	Superannuation	20,851.51
1,529.40	Workers Compensation Insurance	1,746.45
7,567.00	Fringe Benefits Tax	7,564.00
21,329.17	Rent	22,326.92
1,956.63	Subscriptions	2,063.63
1,050.90	Telephone / Internet Expenses	1,155.54
1,119.56	Travel Expenses	883.45
-	Vertical Village Research Expenses	20,000.00
318,474.25	Total Expenditure	346,338.16
<u>(1,506.73)</u>	Profit/(loss) from ordinary activities	<u>14,378.69</u>
-	Other Comprehensive Income for the year	-
<u>(1,506.73)</u>	Total Comprehensive Income for the year	<u>14,378.69</u>
<u>(1,506.73)</u>	Profit/(loss) attributable to the members of the entity	<u>14,378.69</u>
<u>(1,506.73)</u>	Total Comprehensive Income attributable to members of the entity	<u>14,378.69</u>

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

**STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 30TH JUNE 2020**

	Retained Profits/ (Losses)	Total
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
Profit/(loss) attributable to the entity for the year	14,378.69	14,378.69
Total Other Comprehensive Income for the year	-	-
Balance as at 30 June 2020	<u>104,304.92</u>	<u>104,304.92</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2020

Westmead development - Uniting

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 2020

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 because there no users dependent on general purpose financial statements and have been prepared in accordance with the relevant applicable Accounting Standards and other mandatory professional reporting requirements.

Statement of Compliance

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101: Presentation of Financial Statements, AASB 107: Cash Flow Statements, AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors, AASB 1031: Materiality and AASB 1054: Australian Additional Disclosures.

The association has concluded that the requirements set out in AASB 10 and AASB 128 are not applicable as the initial assessment on its interests in other entities indicate that it does not have any subsidiaries, associates or joint ventures. Hence, the financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards.

Basis of Preparation

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Significant Accounting Policies

Going Concern

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Committee of Management consider that the associations financial statements be prepared as a going concern on the basis that expected government funding will continue to be provided.

Revenue Recognition

The association has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions.

On the application of these standards there were no adjustments required to be made to the opening balance of equity.

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

Revenue Recognition (continued)

Grants and Donations

Contributed assets

If the association receives assets from the government and other parties for nil or nominal consideration in order to further its objectives, these assets would be recognised in accordance with the recognition requirement of other applicable standards (AASB 9, AASB 16, AASB 116 and AASB 138).

On initial recognition of an asset, the association recognises related amounts (being contribution from owners, lease liabilities, financial instruments, revenue or contract liabilities arising from a contract with a customer).

The association recognises income immediately in profit and loss and the difference between the initial carrying amount and the asset and the related amount.

Operating grants and donations

When the association receives operating grant revenue or donations, it assesses whether the contract is enforceable and has sufficient specific performance obligations in accordance with AASB 15. When both these conditions are satisfied the association identifies each performance obligation relating to the grant, recognises a contract liability for these obligations and recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations the association either recognises the asset received in accordance with the requirements of other applicable accounting standards, recognises related amounts or recognises income immediately in profit and loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the association recognises income in profit and loss when or as it satisfies its obligations under the contract.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes paid. Revenue is recognised for other items as follows:

Investment Income

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

Other Income

Other revenue is recognised when the right to receive the revenue has been established.

Income Tax

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

Trade and Other Receivables

Trade receivables and other debtors are recognised at fair value less provision for doubtful debts. Trade receivables are due for settlement based on normal terms of credit from the date of invoice.

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

Goods and Services Tax

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.

Property, Plant & Equipment

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

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, 2020. 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.

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

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself either purchase or sell the asset (trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at transaction price if the trade receivables do not contain significant financing components.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

As per AASB 9 an expected credit loss model is applied, and not an incurred credit loss model as per the previous applicable standard (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the association to account for expected credit losses since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing financial difficulty default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

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

Financial Instruments (continued)

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to the 12 month expected credit loss is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

The association has adopted the simple approach under AASB 9 in relation to trade receivables, as the loss allowance is measured at the lifetime expected credit loss.

The association reviewed and assessed the existing financial assets on 1 July 2019. It was determined that there was no significant change in credit risk from the date they were initially recognised and no adjustment was required.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Leases

Leases are recognised under Accounting Standard AASB 16: Leases. Applicable leases whether finance or operating in nature are to be recognised on the statement of financial position as liabilities with corresponding right-of-use assets. These leases are measured at their net present values and include future lease payments under an option where that option is reasonably expected to be taken up. The leases are amortised on a straight-line basis over the term of the lease. For operating leases that do not need to meet the requirements under this standard being leases that are less than 12 months or of minor values, and where substantially all the risks and benefits remain with the lessor, these are recognised as expenses over the term of the lease.

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

The association only holds low value or short-term leases and therefore no adjustments were required on the application of this standard.

Economic Dependence

The Association is dependent on government funding for financial support.

Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

New and Amended Accounting Policies

The association has considered all new and amended accounting standards effective from 1 July, 2019 being AASB 16: Leases, AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities which have been disclosed in the notes to the financial statements.

2019
\$

2020
\$

NOTE 2 - CURRENT ASSETS - CASH AND CASH EQUIVALENTS

67,146.75	Cash at Bank	106,130.83
200.00	Cash at Hand	-
<u>67,346.75</u>		<u>106,130.83</u>

NOTE 3 - CURRENT ASSETS - OTHER

4,250.00	Security Deposit - Bond	4,250.00
2,789.51	Prepayments	-
<u>7,039.51</u>		<u>4,250.00</u>

NOTE 4 - CURRENT ASSETS - TRADE & OTHER RECEIVABLES

2,228.60	Trade & Other Receivables	3,286.00
<u>2,228.60</u>		<u>3,286.00</u>

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

17,225.69	Plant & Equipment - at cost	21,148.85
12,375.00	Less: Accumulated Depreciation	14,186.50
<u>4,850.69</u>		<u>6,962.35</u>

NOTE 6 - NON-CURRENT ASSETS - FINANCIAL ASSETS

50,000.00	WelcomeMat Holdings Pty Limited - Shares (at cost)	50,000.00
-	Less: Provision for Impairment	(15,000.00)
<u>50,000.00</u>		<u>35,000.00</u>

NOTE 7 - CURRENT LIABILITIES - OTHER PAYABLES

5,323.83	Sundry Creditors	6,907.01
5,887.01	Annual Leave	8,980.51
7,234.28	GST Payable	7,051.34
<u>18,445.12</u>		<u>22,938.86</u>

NOTE 8 - NON-CURRENT LIABILITIES - PROVISIONS

23,094.20	Long Service Leave	28,385.40
<u>23,094.20</u>		<u>28,385.40</u>

2019
\$

2020
\$

NOTE 9 - RETAINED PROFITS/(LOSSES)

91,432.96	Retained Profits at the Beginning of the Financial Year	89,926.23
(1,506.73)	Net Profit/(Loss) for the year	14,378.69
-	Other Comprehensive Income	-
<u>89,926.23</u>	Retained Profits/(Loss) at the End of the Financial Year	<u>104,304.92</u>

NOTE 10 - RECONCILIATION OF CASH FLOWS

(1,506.73)	Operating Profit / (Loss) from Ordinary Activities	14,378.69
	<i>Non cash items</i>	
2,435.62	Amortisation and Depreciation	1,811.50
-	Impairment loss on financial asset	15,000.00
112.56	(Profit) / loss on sale of assets	-
	<i>Change in operating assets and liabilities</i>	
(1,761.10)	(Increase) / Decrease in Trade and Other Receivables	(1,057.40)
(1,162.94)	(Increase) / Decrease in Other Assets	2,789.51
(2,420.29)	Increase / (Decrease) in Other Payable	4,493.74
23,094.20	Increase / (Decrease) in Provisions	5,291.20
<u>18,791.32</u>	Cash flows provided by / (used in) Operating Activities	<u>42,707.24</u>

NOTE 11 - OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

20,291	Less than one year	-
5,593	Between one and five years	-
<u>25,884</u>		<u>-</u>

NOTE 12 - FINANCIAL ASSET

During the 2019 year the Association acquired shares in WelcomeMat Holdings Pty Limited with the total investment amounting to \$50,000. A review of the value of the investment as at 30 June 2020 indicates that the recoverable value is less than the carrying value and therefore is impaired. An impairment of \$15,000 has been brought to account in the year on the basis of valuing the investment at its current Net Asset Value at balance date.

NOTE 12 - EVENTS SUBSEQUENT TO THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company in financial years subsequent to the financial year ended 30 June 2020.

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 Association):

- (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 2020;
- (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

29 October, 2020



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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 2020 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 audit.

Thomas Davis & Co.

THOMAS DAVIS & CO.

J.G. Ryan

J.G. RYAN PARTNER

Chartered Accountants

Sydney

29 October, 2020



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**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 2020, 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, 2020 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 Incorporation'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.



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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

J.G. RYAN

PARTNER

Chartered Accountants

SYDNEY,

29 October, 2020

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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



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Helping churches provide affordable housing.