



Annual Financial Report

For the year ended 30 June 2021

Third Sector Australia Ltd

ABN: 54 213 576 984

Trading as **Momentum Collective**

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Corporate Information

ABN 54 213 576 984

Directors

Andrew Weil (Chair)

Terence Watson

Mark Formaggin

John (Tony) Corcoran

Annette Fale MNZM

John Sturgeon

Beth Barratt-Browne

Angela Stavropoulos

Chief Executive Officer

Tracey Mackie

Company Secretary

John Lemon

Registered Office

35 Wharf Street

Tweed Heads NSW 2485

Principal Place of Business

35 Wharf Street

Tweed Heads NSW 2485

Postal address:

PO Box 793

Coolangatta QLD 4225

Telephone: 1300 900 091

Email: info@mymomentum.org.au

Website: www.mymomentum.org.au

Auditor

KPMG

Chartered Accountants

Level 11 Corporate Centre One

Bundall QLD 4217

Banker

Commonwealth Bank of Australia

Level 1 214 Molesworth Street

Lismore NSW 2489

Domicile and Country of Incorporation

Australia

About Third Sector Australia Ltd (trading as 'Momentum Collective')

Third Sector Australia Ltd trading as 'Momentum Collective' (referred to in this report as **Momentum Collective** or **the Organisation**) is a "for purpose" community service provider, registered as a company limited by guarantee.

The Organisation is registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC).

Momentum Collective is a Public Benevolent Institution endorsed to access the following tax concessions: GST Concession, FBT exemption and Income Tax exemption.

It is also endorsed as a Deductible Gift Recipient (DGR) covered by Item 1 of the table in section 30-15 of the *Income Tax Assessment Act 1997*.

The Organisation does not issue shares to its members. Under the Organisation's constitution there is no capacity to issue dividends to the Organisation's members.

Any surplus on winding up will be distributed to an organisation which has similar objects as dictated by Momentum Collective's constitution.

Details on Members

At 30 June 2021 the number of ordinary members was 13 (2020: 13). There are no life members or honorary life members.

Corporate Governance

The Organisation is committed to proper and effective corporate governance arrangements.

As a registered charity regulated by the ACNC, the Organisation applies the ACNC Governance Standards.

Principal Activities

The principal activities of Momentum Collective in the course of the financial year as a community service provider, charity and public benevolent institution, is to support people experiencing domestic and family violence, homelessness, mental health and people with disability in accessing appropriate services.

Momentum Collective's four principal activities are:

1. **Mental Health Programs**

Community recovery programs, day to day living groups, allied health, outreach supports, and supported independent living.

2. **Disability Services (NDIS)**

Plan management, support coordination, allied health, supported independent living, supported employment, specialist disability accommodation, in-home and centre based activities.

3. **Community Housing**

Crisis and temporary accommodation, social and affordable housing.

4. **Community Programs**

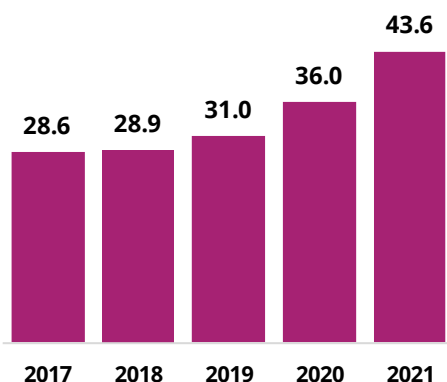
Crisis and after hours support for women experiencing domestic violence, case management, women and children's refuges, homelessness prevention services, child youth and family community programs.

There were no significant changes in the nature of these activities during the financial year.

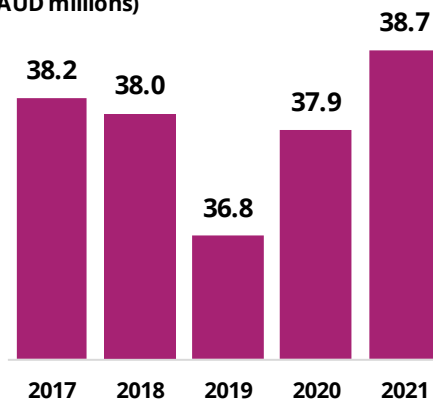
Financial Performance

The Organisation's five year financial performance summary is reflected below:

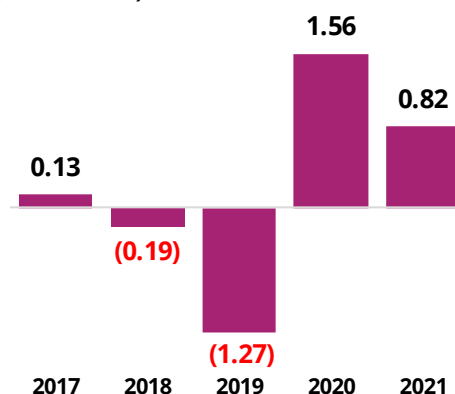
Total Revenue
(AUD millions)



Total Equity
(AUD millions)



Operating Surplus / (Deficit)
(AUD millions)



Summary Operating Profit and Loss	2017	2018	2019	2020	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Grant Revenue	24,652	16,322	11,268	11,609	12,644
Fee for Service Revenue	22	8,820	15,704	20,123	26,051
Community Housing Revenue	2,830	2,791	3,097	3,285	3,689
Social Enterprise Revenue	415	468	629	719	843
Other Revenue	693	496	300	219	341
Operating Revenue	28,612	28,897	30,998	35,955	43,567
Operating Expenses	28,485	29,091	32,268	34,400	42,749
Operating Surplus / (Deficit)	127	(194)	(1,270)	1,555	818
Cash and Equity					
Cash and Cash Equivalents	5,980	3,399	1,942	5,065	4,513
Total Equity	38,206	38,042	36,782	37,876	38,700

Refer to Statement of Profit or Loss and Other Comprehensive Income & Statement of Financial Position

Directors' Report

For the Year Ended 30 June 2021

The Directors present this report together with the financial statements of Third Sector Australia Ltd trading as 'Momentum Collective' for the financial year ended 30 June 2021 and the Auditor's report thereon.

Directors' Qualifications, Experience and Special Responsibilities

The Directors of the Organisation at any time during or since the end of the financial year are:

Name	Experience
Andrew Weil	<p>Appointed: 13 September 2017</p> <p>Qualifications: BCom LLB LLM, GradDipAGC, FAICD FGIA FCG</p> <p>Special Responsibilities: Chairman of the Board 13 September 2017 to Present Member of Strategy Committee 29 November 2017 to Present Member of Risk Committee 27 October 2017 to Present Member of Audit and Finance Committee 26 February 2020 to Present</p>

Andrew Weil is a Non-Executive Director/Chair, a Chartered Secretary and a qualified Lawyer with over 20 years of Board experience in the private and Not-for-profit sectors.

Andrew brings to the Organisation skills and experiences gained from chairing one of Queensland's largest and most successful healthcare and community service Not-for-profit organisations from 2010 to 2016.

Terence Watson	<p>Appointed: 25 November 2014</p> <p>Qualifications: MBA, GradDipTourMan</p> <p>Special Responsibilities: Member of Audit and Finance Committee 27 October 2017 to Present Member and Chair of Strategy Committee 27 October 2017 to Present</p>
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Terence Watson has over 35 years' experience in the tourism industry, economic development and employment sectors, with over 25 years in senior management with some of Australia's leading tourism organisations.

Terry has a passion for employment and supporting people with a disability.

Directors' Report (continued)

Name	Experience
Mark Formaggin	<p>Appointed: 27 March 2017</p> <p>Qualifications: GIA Cert</p> <p>Special Responsibilities: Member of Audit and Finance Committee 27 October 2017 to Present</p> <p>Member of Strategy Committee 27 October 2017 to Present</p> <p>Member of Risk Committee 29 November 2017 to Present</p> <p>Member and Chair of Property Committee 29 July 2020 to Present</p>

Mark Formaggin is a Director of First National Real Estate Casino and Principal of the Casino Agency. Mark was a Director of On Focus, an organisation that works with people with severe disabilities and helps them to be part of their local community.

Mark brings his experience in banking, real estate and small business ownership to the Organisation.

John (Tony) Corcoran	<p>Appointed: 19 December 2018</p> <p>Qualifications: BCom LLB, FGIA FCG</p> <p>Special Responsibilities: Member and Chair of Risk Committee 27 March 2019 to Present</p> <p>Member of the People and Culture Committee 26 February 2020 to Present</p>
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Tony Corcoran is a lawyer having held senior management and governance roles with several international financial institutions and ASX listed companies. He is currently the principal of Allora Helidon Pty Limited, a legal and governance consultancy.

Tony is a founding board director of a children's charity, Aid Asia Initiative Australia Limited, which raises funds to build schools and provide education in remote villages in Vietnam.

He holds a bachelor of commerce and a bachelor of law degree from the University of Queensland and brings a wealth of skills and expertise in governance, legal issues and risk management to his role on the Board of Momentum Collective.

Tony is passionate about making a difference in local communities, providing support and opportunities for people dealing with adversity.

Directors' Report (continued)

Name	Experience
Annette Fale MNZM	<p>Appointed: 21 May 2019</p> <p>Qualifications: GovNFP GIA (Affiliate), Certificate of Leadership (CFNI Institute Texas, USA)</p> <p>Special Responsibilities: Member of the People and Culture Committee 26 February 2020 to Present</p> <p>Annette Fale brings strong leadership and project management skills to the Momentum Collective Board, with a focus on promoting a culture of growth and continuous improvement. She was previously CEO of a unique education trust fund assisting young New Zealander's through tertiary education.</p> <p>Her background is in event management, education, working with young people and in particularly with indigenous youth working. Annette was awarded a New Zealand Member Order of Merit (MNZM) for her services to youth and Pacific peoples.</p> <p>Currently Annette is employed part time working for a Not for Profit organisation on the Gold Coast and also has several project management consulting roles. Annette is also a board director for the Pacific Rugby Players Association (Global organisation) and a director of Abundant Storehouse Limited.</p>
John Sturgeon	<p>Appointed: 26 February 2020</p> <p>Qualifications BBus (RPV&A) MPM, PhD, GDipURP, FAPI MRICS SR/WA MPIA MAIPM GMAICD, JP (Qual)</p> <p>Special Responsibilities: Member of Strategy Committee 26 February 2020 to Present</p> <p>Member of Property Committee 29 July 2020 to Present</p> <p>John Sturgeon is a uniquely experienced, qualified and credentialed property specialist having more than 25 years' experience in senior leadership roles in the Public, Private and Academic sectors.</p> <p>Holding degree qualifications in Business, Real Property Valuation, Urban and Regional Planning, Project Management and a Doctorate, John is also a member of numerous peak international industry bodies inclusive of being a Fellow of Australian Property Institute, a Professional Member of the Royal Institution of Chartered Surveyors (UK), SR/WA Designated Senior Right-Away Professional (IRWA USA) and Graduate Member of the Australian Institute of Company Directors.</p> <p>John's key strengths include the ability to work collaboratively on high level projects and implement strategies to mitigate and manage risk. He has proven his multi-disciplinary, practical, hands-on, pragmatic approach by delivering outstanding results throughout his diversified career.</p>

Directors' Report (continued)

Name	Experience
Beth Barratt-Browne	<p>Appointed: 26 February 2020</p> <p>Qualifications: MBA</p> <p>Special Responsibilities: Chair and Member of People and Culture Committee 26 February 2020 to Present</p> <p>Beth Barratt-Browne is a human resource and business development professional with experience in delivering and consulting across industries including Government, not-for-profit and various corporate sectors.</p> <p>In a career spanning Australia and the UK geographies she has helped organisations realise greater business outcomes through enabling and empowering human capability.</p> <p>Beth has experience running her own businesses and participating in leadership teams of medium and large multinationals, as well as home grown not-for-profit and government organisations.</p> <p>She has a passion for driving outstanding success in people and organisations and brings to Momentum Collective a drive to support the Organisation in delivering empowerment to the customers it serves and the essential team members who bring the services to life.</p>
Angela Stavropoulos	<p>Appointed: 28 October 2020</p> <p>Qualifications: BBus (Accountancy), FCA GAICD</p> <p>Special Responsibilities: Member of Finance and Audit Committee 28 October 2020 to Present and Chair of Finance and Audit Committee 24 February 2021 to Present</p> <p>Angela Stavropoulos is a qualified accountant and partner of Pilot Partners Chartered Accountants.</p> <p>Her professional experience has been principally in Business Advisory, Accounting, Taxation and Consulting services.</p> <p>Angela's engagements have encompassed a wide variety of industries. She has been a prolific publisher and presenter on accounting and taxation topics.</p>

Directors' Report (continued)

Meeting of Directors

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of Third Sector Australia Ltd during the year ended 30 June 2021 are:

Director	Board		Strategy Committee		Audit and Finance Committee		Risk Committee		People and Culture		Property Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Andrew Weil	8	8	3	3	4	4	3	3	-	-	-	-
Terence Watson	8	7	3	3	4	2	-	-	-	-	-	-
Mark Formaggin	8	7	3	3	4	2	3	3	-	-	2	2
John (Tony) Corcoran	8	8	-	-	-	-	3	3	3	3	-	-
Annette Fale MNZM	8	7	-	-	-	-	-	-	3	2	-	-
Beth Barratt-Browne	8	8	-	-	-	-	-	-	3	3	-	-
John Sturgeon	8	8	3	3	-	-	-	-	-	-	2	2
Angela Stavropoulos	6	6	-	-	3	3	-	-	-	-	-	-

Operational Review

The Organisation reports an operating surplus before gains / losses on investment properties and funds (out of) / to Sinking fund reserve, for the financial year ended 30 June 2021 of \$818K (2020: \$1,555K).

Net operating surplus for the year ended 30 June 2021 was \$824K (2020: \$1,094K).

	2021	2020
	\$'000	\$'000
Revenue	43,567	35,955
Expenditure	(42,749)	(34,400)
Operating Surplus before gains on investment properties and funds (out of) / to sinking fund	818	1,555
Profit on sale of shared equity	-	134
Net Revaluation of investment properties	-	(621)
Asset maintenance fund income	6	26
Net Operating Surplus for the year	824	1,094

The Organisation entered the 2020-21 financial year well positioned after the positive financial turnaround in 2019-20. COVID-19 impacted our service delivery and workforce and brought new challenges and opportunities.

We developed alternative COVID-19 safe ways to deliver services and achieve outcomes for our clients. We were buoyed by increased one-off time limited COVID-19 funding to support our frontline services working with people experiencing domestic and family violence, in addition to temporary NDIS financial support measures.

Directors' Report (continued)

We generated unexpected but consistent business income from our social enterprises reflecting the surge in consumer demand for second-hand goods as a result of COVID-19.

Ongoing modifications to the NDIS framework continued to be a challenge which created increased pressure and continuous adjustment to the internal processes necessary to meet the changing requirements.

We successfully recommissioned our Specialist Homelessness Services with the NSW Department of Communities and Justice to 2024.

We commenced our Community Housing development project of an 8 unit Affordable Housing property in Casino.

We commenced the development of our Strategic initiatives across the 5 strategic priorities:

- **Grow** Grow our impact through doing more of what we're good at, in our current geographies;
- **Connect** Build on our community connections;
- **Innovate** Innovate our delivery of client outcomes;
- **Invest** Enhance our capabilities through investing in our people, systems and processes; and
- **Amplify** Amplify our impact through action, stronger communication and advocacy.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012 (C'th)* is presented on page 10 and forms part of the Directors' Report for the year ended 30 June 2021.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors:



Signature of Director

Andrew Weil

Name of Director

Date: 27 October 2021



Lead Auditor's Independence Declaration under Subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Third Sector Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Third Sector Australia Limited for the financial year ended 30 June 2021 there have been:

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

KPMG

Jeffrey Frazer

KPMG

Jeff Frazer
Partner

Gold Coast
27 October 2021

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Operating Revenue			
Grant revenue	3A	12,644	11,609
Fee for service revenue	3A	26,051	20,123
Property revenue		3,689	3,285
Enterprise revenue		843	719
Other revenue		338	214
Interest revenue		2	5
Total Operating Revenue		43,567	35,955
Operating Expenditure			
Employee benefits, on-costs & training	3B	32,245	25,808
Program specific expenses	3C	3,285	2,727
Property expenses	3D	2,724	2,217
Operating and Administration expenses		2,517	2,068
Infrastructure & equipment expenses		1,410	993
Motor Vehicle expenses		451	476
Borrowing costs		50	64
Interest expense on lease liability	14B	67	47
Total Operating Expenditure		42,749	34,400
Operating Surplus		818	1,555
Other Comprehensive Income			
Gain to profit on sale of shared equity	7	-	134
Net Revaluation of investment properties	7	-	(621)
Asset maintenance fund income	22	6	26
		6	(461)
Net Operating Surplus for the year		824	1,094
Total Comprehensive Income attributable to:			
Members of the company		824	1,094
Total Comprehensive Income		824	1,094

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Current Assets			
Cash and cash equivalents	4	4,513	5,065
Trade and other receivables	5	635	1,265
Other current assets	6	682	392
Total Current Assets		5,830	6,722
Non Current Assets			
Investment properties	7	37,931	38,390
Capital work in progress	8	1,078	-
Property, plant and equipment	9A	408	369
Right of use assets	9B	2,277	1,580
Intangible assets	10	90	135
Total Non-Current Assets		41,784	40,474
Total Assets		47,614	47,196
Current Liabilities			
Deferred income	11	1,280	2,887
Trade and Other Payables	12	2,371	2,351
Current Provisions	13	1,741	1,423
Loans and Borrowings	14A	53	-
Lease Liabilities	14B	198	782
Total Current Liabilities		5,643	7,443
Non Current Liabilities			
Non Current Provisions	13	562	461
Loans and Borrowings	14A	580	580
Lease Liabilities	14B	2,129	836
Total Non-Current Liabilities		3,271	1,877
Total Liabilities		8,914	9,320
Net Assets		38,700	37,876
Equity			
Retained surplus		6,676	5,858
Reserves	22	42	36
Restricted accumulated surplus	15	31,982	31,982
Total Equity		38,700	37,876

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Restricted Accumulated Surplus \$'000	Retained Surplus \$'000	Reserves \$'000	Total \$'000
Balance as 1 July 2020				
Total comprehensive income	31,982	5,858	36	37,876
Operating Surplus	-	818	-	818
Other Comprehensive Income/(deficit)	-	-	6	6
Balance as 30 June 2021	31,982	6,676	42	38,700
Balance as 1 July 2019				
Total comprehensive income	32,697	4,303	10	37,010
Operating Surplus	-	1,555	-	1,555
Other Comprehensive Income/(deficit)	(715)	-	26	(689)
Balance as 30 June 2020	31,982	5,858	36	37,876

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the Year Ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash Flows from Operating Activities			
Receipts from funding bodies, tenants & customers		43,619	39,115
Payments to suppliers, funding bodies and employees		(42,168)	(33,587)
Interest received		3	5
Net Cash Provided by Operating Activities		1,454	5,533
Cash Flows from Investing Activities			
Purchase of property, plant & equipment	9A	(362)	(138)
Proceeds from sale of property, plant & equipment	9A	14	-
Proceeds for sinking fund / asset maintenance fund	22	6	26
Proceeds from sale of Investment Properties	7	474	192
Purchase of Investment Properties	7	(15)	(1,818)
Purchase for Capital Works in Progress	8	(1,078)	-
Net Cash Used in Investing Activities		(961)	(1,738)
Cash Flows from Financing Activities			
Proceeds of Loans & Borrowings		53	66
Lease payments (principal and interest)	14B	(1,098)	(738)
Net Cash Used in by Financing Activities		(1,045)	(672)
Net (Decrease)/Increase in Cash Held		(552)	3,123
Cash Held at the beginning of the year		5,065	1,942
Closing Cash Carried Forward	4	4,513	5,065

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements

1. Corporate Information

The financial statements of Third Sector Australia Limited, for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 27 October 2021. The Directors have the power to amend and reissue the financial statements.

Third Sector Australia Limited is an organisation limited by guarantee, incorporated and domiciled in Australia. The nature of the operations and principal activities of the Organisation are described in the Directors' Report.

2. Summary of Significant Accounting Policies

A. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profit Commission Act 2012* as appropriate for not-for-profit oriented entities.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have consistently applied unless otherwise stated.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where the Australian Accounting Standard does not require comparative information to be disclosed. Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a material reclassification has occurred, the nature, amount and reason for reclassification is provided.

B. Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Organisation. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

Leases

The Organisation has entered into leases of premises and motor vehicles as disclosed in Note 14B. The Organisation has elected to use the exemption to lease accounting for leases of low value assets and leases with the period of 12 months or less. Peppercorn or concessionary leases have been recorded at cost rather than fair value.

2 Summary of Significant Accounting Policies (continued)

Grants Received

The Organisation has received a number of government grants during the year. Once the Organisation has been notified of the successful outcome of a grant application, the terms and conditions of each grant are reviewed to determine whether the funds relate to a reciprocal grant (i.e. payment for services rendered) in which case it is accounted for under AASB 15 Revenue or a non-reciprocal grant in which case it is accounted for under AASB 1058 Contributions.

The Organisation receives, from time to time, non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Investment Properties Valuation

The Directors engaged independent valuers with appropriate experience and recognised professional qualifications. They had recent experience with similar properties in the locality. This valuation has been prepared in accordance with established valuation methodologies, valuation standards and Australian Accounting Standards using the fair value model as disclosed in Note 20.

The fair value of investment properties has been arrived at on the basis of a valuation on a portion of the portfolio carried out as at June 2020 by Acumentis Regional Pty Limited. All Investment properties were included in this valuation to ensure all properties are valued once every three years.

Impairment

At the end of each reporting period, the Organisation reviews the carrying values of its tangible and intangible assets not classified as fair value through profit or loss to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in the statement of profit or loss and other comprehensive income.

Economic Dependence

The Organisation is dependent on government funding for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the government departments will not continue to support the Organisation.

The Community Housing Services are partially dependent upon rental revenue generated from properties leased from the NSW Family and Community Services (Community and Private Market Housing Directorate and Land and Housing Corporation). There is no reason to believe that this will not continue to operate.

Restricted Assets

The investment properties portfolio contain vested properties that have titles registered in the Organisation's name but are restricted by caveats placed on the title by the funders. While the properties are able to be sold, the proceeds from the sale of the properties must be used in a restricted manner and for an agreed purpose.

Significant Accounting Estimates and Assumptions

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are provisions for employee benefits. Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 2H. The amount of these provisions would change should any of these factors change in the next 12 months.

Coronavirus disease (COVID-19) is an infection disease caused by a newly discovered coronavirus. On 11 March 2020 the World Health Organisation declared the COVID-19 virus as a pandemic. Governments around the world enacted sweeping measures to counteract and slow the spread of the virus. These same measures however have since had a significant impact on global economies including equity, debt and commodity markets. The Directors have considered the impact of COVID-19 and other market volatility in preparing the organisation's financial statements.

2 Summary of Significant Accounting Policies (continued)

Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, changes to estimates and outcomes that have been applied in the measurement of the Organisation's assets and liabilities may arise in the future. Other than adjusting for events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

The Directors continue to assess the impacts of COVID-19 on the Organisation's operations and have concluded that there is no significant adverse impact expected on the net cash flows or carrying values of the assets as at the date of this report.

C. Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer.

The following provides information about the nature and timing of the satisfaction of the performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Commonwealth and State government grants

Unconditional State and Commonwealth grants are recognised in profit or loss when the grants are received. Other grants are recognised initially as a reserve when the grant is recorded and there is reasonable assurance that the Organisation will comply with the conditions associated with the grant.

Donations and Gifts

Donations and Gifts are recognised as revenue when received, where applicable, any obligations are met.

Interest

Interest revenue is recognised when it is received or when the right to receive payment is established.

Services

Revenue from the rendering of a service is recognised upon the delivery of the service to the clients.

Property

Property Revenue comprises rents and board and lodging charges charged to tenants of Community Housing properties and NSW Health, Family and Community Services NSW managed by the Organisation and tenants of properties owned by the Organisation.

Property (rental) revenue is recognised as income when rents are due.

Asset Sales

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

D. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

Program specific costs are those incurred which are directly related in supporting the Organisation's programs and include program management carried out by the Organisation.

Property expenses are those costs directly relating to management of all properties including rent, rates, electricity, insurance and repairs and maintenance, both ongoing and cyclical. Where the repairs and maintenance leads to an upgrade of the asset, and increase the service potential of the existing asset, the cost is capitalised. Repairs and maintenance costs which do not increase the service potential of the asset are expensed.

Operating and administration expenses are those incurred in connection with administration of the Organisation, including professional fees.

Infrastructure and equipment costs include asset purchases below \$5,000 which have been expensed, computer licences and support, amortisation, depreciation and any loss or gain on the sale of fixed assets.

2 Summary of Significant Accounting Policies (continued)

E. Cash And Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of twelve months or less where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value. For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

F. Property, Plant And Equipment

Bases of measurement of carrying amount

Plant and equipment is stated at cost or fair value as indicated, less, where applicable, accumulated depreciation and any accumulated impairment losses.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date the Organisation obtains control of the asset. Property, plant and equipment with a cost below \$5,000 are not capitalised.

Depreciation

Items of property, plant and equipment (other than land) are depreciated over the asset's useful life to the Organisation commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets with the exception of leasehold improvements which are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

The depreciation rates used for each class of depreciable assets are as follows:

	2021 % pa	2020 % pa
Leasehold improvements	10-33	10-33
Motor vehicles	17	17
Plant and equipment	14-33	14-33

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of the fair value less costs of disposal and value in use. Depreciated replacement cost is used to determine value in use when the assets are not held principally for cash generating purpose and would be replaced if the Organisation was deprived of it. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

G. Investment Properties

Bases of measurement of carrying amount

Investment property is property held to earn income and/or for capital appreciation, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

Following initial recognition at cost, investment properties are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent impairment losses.

Investment properties that have been contributed at no cost or, for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Investment property constructed by the Organisation includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs. Upon completion, the property is measured at fair value and the resulting increase or decrease in value being recognised in the statement of profit or loss and other comprehensive income.

2 Summary of Significant Accounting Policies (continued)

Revaluation of investment properties

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation.

Fair value is the amount that 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.' Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date.

When the carrying amount of investment properties is increased as a result of revaluation, the increase is credited directly to profit or loss in the statement of profit or loss and other comprehensive income.

When the carrying amount of investment properties is decreased as a result of a revaluation, the decrease is recognised directly to profit or loss in the statement of profit or loss and other comprehensive income.

Disposal

An investment property is disposed when the property is no longer used in the operations of the Organisation. Any gain or loss arising on disposal of the asset (calculated as the net disposal proceeds and the carrying amount of the property) is recognised in the statement of profit or loss and other comprehensive income.

Any part of the asset revaluation reserve attributable to the asset disposed of is transferred to retained earnings at the date of disposal.

The NSW Land and Housing Corporation (the Corporation) vested in the Organisation 12 property sites, comprising 138 dwellings, in 2013. The Corporation retains an interest in each of these vested properties, recorded on the titles. The Corporation will have an interest in all land purchased in whole or in part using the proceeds of vested property or proceeds of land to which an interest attaches. Properties are determined to be restricted properties as they are required, under the Nation Building Economic Stimulus Program (NBESP) tender guidelines, to be used for social housing purposes only. Any proceeds from the sale of these properties are required to be invested back into the provision of social housing.

Capital Works In Progress

Capital works in progress are assets being constructed over periods of time in excess of the current reporting period.

Where the outcome of the capital works can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Capital works are transferred to their relevant asset category when the works are complete.

H. Employee Benefits

Employee benefits include wages and salaries, and applicable on-costs. On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual and long service leave. These benefits accrue as a result of services rendered by employees to the end of the reporting period that remain unpaid. They are recorded as a liability and as an expense.

Wages and salaries

Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period and are recognised in other payables.

2 Summary of Significant Accounting Policies (continued)

Annual and Long Service Leave

Annual and long service leave benefits that are expected to be settled within the next 12 months have been measured at the amounts expected to be paid when the leave is taken.

Annual and long service leave, including applicable on-costs, that do not fall due within the next 12 months are measured at the present value of the estimated future cash outflows to be made for those benefits.

In determining the liability, consideration is given to future wage and salary levels, experience of employee departures, periods of service and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Annual leave and long service leave liabilities are classified as current liabilities in the Statement of Financial Position when there are no unconditional rights to defer the settlement of the liability for at least 12 months. However, where there is an unconditional right to defer settlement of the liability for at least 12 months, annual leave and long service leave have been classified as a non-current liability in the Statement of Financial Position.

Superannuation

The Organisation pays superannuation contributions to certain defined contribution superannuation plans. Contributions are recognised in the statement of profit or loss and other comprehensive income when they are incurred. The Organisation has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

I. Deferred Income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions are fulfilled within 12 months of receipt of the grant.

The Organisation is the lead agency for the Going Home Staying Home (GHSH) Alliance funded by Department of Communities and Justice (DCJ), and monies are administered by the Organisation.

The contract with Alliance members expires in June 2024. Any surpluses from the programme must either be repaid to DCJ or reapproved for expenditure in the next year. The Organisation is not at risk from the programme as it may withhold moneys payable in the future to the members of the Alliance.

J. Taxation

Income Tax

The Organisation is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

Deductible Gift Recipient

The Organisation is a Public Benevolent Institution, as such any gift or contribution to that institution must only be used for the principal purpose for which the Organisation was granted Deductible Gift Recipient status.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the ATO is included as part of receivables or payables.

Cash flow is included in the statement of cash flow on a gross basis. The GST component of cash flow arising from investing and financing activities that is recoverable from or payable to the ATO is classified as operating cash flow.

2 Summary of Significant Accounting Policies (continued)

Fringe Benefits Tax (FBT)

The Organisation self-assesses its liability on Fringe Benefits Tax on an annual basis.

K. Unrealised gain/(loss)

Representing the increase or decrease between the cost price and independent market value of an asset held at year end, that has yet to be sold.

L. Leases

At inception of a contract, the Organisation assessed whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys the right to control the use of an identified asset, the Organisation uses the definition of a lease under AASB16.

At commencement on or modification of a contract that contains a lease component, the Organisation allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. The Organisation recognises a right-of-use asset at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Organisation at the end of the lease term or the cost of the right-of-use asset reflects that the Organisation will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property plant and equipment. In addition the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounting using the interest rate implicit in the lease, or if that rate cannot be readily determined the organisation incremental borrowing rate. Generally the Organisation uses its incremental borrowing rate as the discount rate.

The Organisation determines its incremental borrowing rate by obtaining interest rates from its financiers, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in- substance fixed payments.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of printers.

M. New and Amended Accounting Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2020 and earlier application is permitted; however the Organisation has not early adopted the new or amended standards in preparing these financial statements.

The new standards are not expected to have a significant effect on the financial statements of the Organisation.

3. Revenue and Expenses

A. Grant and Fee for Service Revenue

	2021 \$'000	2020 \$'000
Grants Received - by Source		
State Grants		
NSW Dept of Communities and Justice*	8,601	7,272
NSW Health	2,672	2,618
QLD Justice & Attorney General	-	30
	11,273	9,920
Commonwealth Grants		
Dept of Social Services	613	811
Dept Health & Ageing	747	768
Australian Taxation Office	-	100
	1,360	1,679
Other Grants		
Other funding entities	11	10
	11	10
Total Grant Revenue	12,644	11,609
Fee for service revenue		
NDIS	26,051	20,123
	38,695	31,732

*The Organisation is a lead agency for the "Going Home Staying Home" program. \$1,761k has been passed on to the Alliance Members and recognised as Program Specific Expenses (Note 3C).

3. Revenue and Expenses (continued)

B. Employee benefits, on-costs and training

	2021	2020
	\$'000	\$'000
Wages & salaries	26,197	21,208
Superannuation	2,593	2,094
Movements in employee benefits provisions	2,277	1,777
Total Employee Benefits	31,067	25,079
Workers compensation insurance	1,072	651
Training & development expenses	106	78
Total On-costs & Training	1,178	729
Total Employee benefits, on-costs & training	32,245	25,808

C. Program Specific Expenses

	2021	2020
	\$'000	\$'000
Alliance members expenses*	1,761	1,492
Brokerage expenses	883	614
Client related expenses	210	168
Other	431	453
Total Program Specific Expenses	3,285	2,727

*Alliance members' expenses, refer to Note 3A.

D. Property expenses

	2021	2020
	\$'000	\$'000
Rent	214	430
Repairs & maintenance	1,089	842
Other property outgoings	693	196
Rates & electricity	523	521
Insurance	205	228
Total Property Expenses	2,724	2,217

4. Cash and Cash Equivalents

	2021	2020
	\$'000	\$'000
Cash at bank	4,513	5,065
Total Cash and Cash Equivalents	4,513	5,065

5. Trade and Other Receivables

	2021	2020
	\$'000	\$'000
Trade debtors	584	1,260
Less: Provision for doubtful debts	(17)	(20)
Other debtors	68	25
Total Trade and Other Receivables	635	1,265

6. Other Current Assets

	2021	2020
	\$'000	\$'000
Accrued Income	499	262
Prepaid Expenses	183	130
Total Other Current Assets	682	392

7. Investment Properties

On 4 December 2013 a total of 12 property sites comprising 138 dwellings from the NSW Land and Housing Corporation (the Corporation) were vested to the Organisation under the Nation Building Economic Stimulus Plan (NBESP), a social housing initiative.

The Corporation has an interest in each vested property recorded against the title to each vested property. The Corporation will have an interest in all land purchased in whole or in part using the proceeds of vested property or proceeds of land to which an interest attaches.

The vesting agreement specifies several conditions including:

- Delivery of tenancy and property management services to clients eligible for public housing;
- Allocation of accommodation to particular client groups within specific target quotas;
- Utilisation of vested properties to leverage finance for property development of a minimum agreed target of affordable housing properties.

These properties are classified as investment properties under AASB140 Investment Property. Properties are determined to be restricted properties as they are required, under the NBESP tender guidelines, to be used for social housing purposes only. Any proceeds from the sale of these properties is required to be invested back into the provision of social housing.

	2021 \$'000	2020 \$'000
Investment properties, restricted		
Fair value amount at the beginning of the financial year	36,626	35,994
Property additions	1	1,247
Unrealised gain/(loss) from market revaluation	-	(615)
Total investment properties, restricted	36,627	36,626
Investment properties, other		
Fair value amount at the beginning of the financial year	1,764	1,324
Additions	14	504
Property disposals	(474)	(192)
Profit on sale of shared equity properties	-	134
Realised gain/(loss) from market revaluation	-	14
Unrealised gain/(loss) from market revaluation	-	(20)
Total investment properties other	1,304	1,764
Fair value amount of investment properties at the end of the financial year	37,931	38,390

8. Capital Works in Progress

An eight unit affordable housing development was 20% complete as at 30 June 2021.

Total costs associated with the development at that date were \$1,078k and have been applied in accordance with Note 2G.

9. Property, Plant and Equipment

A. Property, Plant and Equipment

	Plant & Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Cost				
At 1 July 2020	740	1,279	356	2,375
Additions	240	56	66	362
Disposals	(10)	(57)	(23)	(90)
At 30 June 2021	970	1,278	399	2,647
Accumulated depreciation				
At 1 July 2020	677	1,018	311	2,006
Charge for year	160	120	28	308
Disposals	(6)	(52)	(17)	(75)
At 30 June 2021	831	1,086	322	2,239
Net carrying amount				
At 1 July 2020	63	261	45	369
At 30 June 2021	139	192	77	408

9 Property, Plant and Equipment (continued)

B. Right of use assets

	2021 \$'000	2020 \$'000
Right of Use Asset - Cost	3,319	2,309
Less: Accumulated Depreciation	(1,042)	(729)
	2,277	1,580

The Organisation has lease contracts for various items of property, motor vehicle and other equipment used in its operations. Lease property has a term of 1 to 5 years while other plant and equipment is between 1 and 5 years. The Organisation's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period for AASB 16 Leases:

	Buildings \$'000	Motor Vehicles \$'000	Other \$'000	Total \$'000
Balance at 30 June 2020	1,485	95	-	1,580
Additions to right-of-use assets	1,375	50	314	1,739
Depreciation charge	(867)	(106)	(69)	(1,042)
Balance at 30 June 2021	1,993	39	245	2,277

10. Intangible Assets

	2021 \$'000	2020 \$'000
Opening balance	135	181
Amortisation	(45)	(46)
Total Intangible Assets	90	135

11. Deferred Income

	2021 \$'000	2020 \$'000
Funding Body		
NSW Dept of Communities and Justice	1,039	1,319
	1,039	1,319
Dept of Social Services	-	90
Other	241	36
NDIS	-	1,442
Total Deferred Income	1,280	2,887

Deferred income classified as current consists of government grants received in advance for services to be rendered by the Organisation.

12. Trade and Other Payables

	2021 \$'000	2020 \$'000
Current		
Accounts payable	772	789
Accrued expenses	755	141
Payroll liabilities	663	1,242
GST payable	86	156
Other	95	23
Total Trade and Other Payables	2,371	2,351

13. Provisions

	2021 \$'000	2020 \$'000
Employee Entitlements		
Annual Leave	1,462	1,192
Long Service Leave	836	679
Total Employee Entitlements	2,298	1,871
Other	5	13
Balance at the end of the year	2,303	1,884
Analysis of Total Provisions		
Current	1,741	1,423
Non Current	562	461
Total Provisions	2,303	1,884

14. Loans and borrowings

A. Loans and borrowings

	2021 \$'000	2020 \$'000
Secured Liabilities		
Current Liabilities		
Insurance Premium Finance	53	-
Non-Current Liabilities		
Commercial Bills	580	580
Total Secured Liabilities	633	580

The carrying amount of assets pledged as security are:

First Mortgage and Floating Charges over assets	47,614	47,196
-------------------------------------------------	--------	--------

The commercial bill has a limit of \$580k with expiry date of July 2022 and is interest only. As at 30 June 2021 a variable interest rate of 2.64% is payable on the loan and the commercial bill has been utilised to purchase a property in South Grafton. Subsequent to year end, the commercial bill with Commonwealth Bank of Australia was refinanced on 12 July 2021 with the same lender and a repayment date of 11 July 2026. The new facility limit was \$2,042,000.

Terms and conditions of outstanding loans are as follows:

	Nominal interest rate	Year of maturity	30 June 2021		30 June 2020	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Market Rate Loan	BBSY+2.64%	2022	580	580	580	580
Insurance Premium Finance	4.19%	2021	53	53	-	-
			633	633	580	580

Assets Pledged as Security

The land and buildings at Ocean Shores, Lismore and South Grafton are subject to a mortgage held by Commonwealth Bank of Australia as security for the financing arrangements provided to purchase and construct the facilities, and to finance future property acquisitions or developments.

In addition, there is a general security charge over all existing and future assets and undertakings of the Organisation.

14 Loans and borrowings (continued)

B. Lease Liabilities

	2021 \$'000	2020 \$'000
Lease Liabilities - Current	198	782
Lease Liabilities - Non Current	2,129	836
Total Lease Liabilities	2,327	1,618

The lessee's incremental borrowing rate applied to the lease liabilities was between 2.49% and 3.84%. Peppercorn or concessionary leases have been recorded at cost rather than fair value.

Set out below are the carrying amounts of the lease liabilities recognised:

	Buildings \$'000	Motor Vehicles \$'000	Other \$'000	Total \$'000
Balance at 30 June 2020	1,522	96	-	1,618
Additions to lease liabilities	1,375	51	314	1,740
Accretion of interest	53	4	10	67
Lease payments	(912)	(112)	(74)	(1,098)
Balance at 30 June 2021	2,038	39	250	2,327

	Buildings \$'000	Motor Vehicles \$'000	Other \$'000	Total \$'000
Balance at 30 June 2019	-	-	-	-
Adjustment on Adoption	1,670	219	-	1,889
Additions to lease liabilities	420	-	-	420
Accretion of interest	43	4	-	47
Lease payments	(611)	(127)	-	(738)
Balance at 30 June 2020	1,522	96	-	1,618

15. Restricted Accumulated Surplus

The Investment properties, restricted, in Note 7, are determined to be restricted properties as they are required, under the NBESP tender guidelines, to be used for social housing purposes only. Any proceeds from the sale of these properties is required to be invested back into the provision of social housing.

The agreement with the Corporation specifies that whilst the Nation Building properties can be sold, the proceeds from sale of these properties must be used in a restricted and agreed purpose, consequently, the surplus resulting from the recognition of the grant revenue to acquire the restricted properties and any fair value adjustment is recognised as Restricted Accumulated Surplus in the Statement of Financial Position.

The title of these properties is registered in the Organisation's name and is restricted by a caveat placed on the title by the funder.

	2021 \$'000	2020 \$'000
Carrying amount at the beginning of the financial	31,982	32,697
Unrealised gain/(loss) from market revaluation	-	(537)
Shared equity properties	-	(178)
Carrying amount at the end of the financial year	31,982	31,982

16. Commitment and Contingencies

	2021 \$'000	2020 \$'000
Contingent Liabilities		
Bank guarantees	28	62

17. Related Party Transactions

Under the Organisation’s constitution, the Organisation may pay fees to a director for acting as a director, provided that the total amount or value of remuneration to all directors must not exceed an aggregate maximum annual amount determined by the Organisation in a general meeting. (The current aggregate maximum annual amount determined by the Organisation in general meeting is \$250,000).

During the financial year to 30 June 2021 the Organisation paid a total of \$138k to the Organisation’s directors for their services as directors of the Organisation.

Transactions between the Organisation and related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

18. Key management personnel

The Organisation’s key management personnel are those persons who have the responsibility and authority for planning, directing and controlling the day to day activities and strategic direction of the Organisation.

In addition to the Directors (refer Note 17) the Organisation’s key management personnel consists of the Chief Executive Officer, Finance Director, Director of People Culture and Change, Director of Property and Housing, Service Director of Community Programs, Service Director of Disability Assisted Living, Service Director of Mental Health and Service Manager of Disability Outreach.

	2021 \$'000	2020 \$'000
During the year ended 30 June 2021, the Organisation paid Directors Reimbursements:	22	5
The remuneration of other Key Management Personnel consists entirely of short term employees. The total remuneration of the Organisation’s key management personnel, which is included in the statement of profit or loss and other comprehensive income under the heading of employee benefits, on-costs & training is:	1,464	1,256

Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled, or significantly influenced by those personnel, either individually or collectively with their immediate family members.

19. Notes to the Cash Flow Statement

	Notes	2021 \$'000	2020 \$'000
Surplus from Operating Activities		824	1,094
Adjustments for:			
Depreciation and Amortisation		1,395	1,085
Gain to profit on sale of shared equity	7	-	(134)
Revaluation of investment properties		-	621
Interest expense on lease liability		67	47
Asset maintenance fund income		(6)	(26)
Recognition of shared equity		-	68
Changes in Assets and Liabilities			
Decrease/(Increase) in Trade and Other receivables		631	(878)
(Increase)/Decrease in Other current assets		(291)	507
Increase in Trade and Other Payables		20	616
Increase in Employee Provisions		420	270
(Decrease)/Increase in Deferred Income		(1,606)	2,263
Net Cash Provided by Operating Activities		1,454	5,533

20. Fair Value Measurement

Fair value hierarchy

The Organisation's assets and liabilities are measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Assets and liabilities held for sale are measured at fair value on a non-recurring basis. There were no transfers between levels during the financial year. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

Investment properties have been valued based on similar assets, location and market conditions.

Level 3 assets and liabilities

Movements in Level 3 assets and liabilities during the current financial year are set out below:

	2021 \$'000	2020 \$'000
Investment Properties balance at the beginning of the financial year	38,390	37,317
Additions	15	1,752
Disposals	(474)	(192)
Profit on sale of shared equity properties	-	134
Realised gain/(loss) from market revaluation	-	14
Unrealised gain/(loss) from market revaluation	-	(635)
Carrying amount at the end of the financial year	37,931	38,390

The unobservable inputs applied in the valuation methods used included rental market data, rental levels, rental demands and other unobservable inputs. The Directors have formally adopted the June 2020 valuation of Investment Properties by Acumentis Regional Pty Ltd, however, the Directors acknowledge that valuations contain a certain degree of estimation and uncertainty.

21. Events after reporting period

There have been no adjusting events after the balance sheet date which would impact any element of these financial statements.

22. Reserves

	2021 \$'000	2020 \$'000
Asset Maintenance Fund / Sinking Fund	42	36
Total Reserves	42	36
Opening Balance	36	10
Movements in Reserves	6	26
Closing Balance	42	36

The Organisation has entered into an agreement as Accommodation Provider with the NSW Minister for Disability Services for a period of 5 years from 1 July 2018 to manage maintenance services for five properties.

Under this agreement, the Organisation receives a monthly fee which must be allocated to an Asset maintenance reserve and then utilised to undertake these services. Any residual amount will remain in the Asset maintenance fund and accumulate.

Directors' Declaration

In the opinion of the Directors of Third Sector Australia Ltd (**the Organisation**):

- a) The Organisation is not publicly accountable;
- b) The financial statements and notes as set out on pages 11 - 35 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and:
 - (i) give a true and fair view of the Organisation's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - (ii) comply with Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Regulation 2013 ; and
- c) There are reasonable grounds to believe that the Organisation will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors:



Signature of Director

Andrew Weil

Name of Director

Date: 27 October 2021



Independent Auditor's Report

To the members of Third Sector Australia

Opinion

We have audited the **Financial Report** of Third Sector Australia ("the Company").

In our opinion, the accompanying **Financial Report** of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance and cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* ("ACNC").

The **Financial Report** comprises the:

- Statement of financial position as at 30 June 2021;
- Statement of profit or loss and comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies and other explanatory information; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and 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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other information is financial and non-financial information in the Company's annual reporting which is provided in addition to the Financial Statements and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report.

Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- ii. Implementing necessary internal control 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.
- iii. Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

Our responsibilities include:

- i. Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- ii. Designing and performing audit procedures responsive to those risks, and obtaining 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. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- iii. Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- iv. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- v. Concluding on the appropriateness of the Directors' 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 Company'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 Company to cease to continue as a going concern.
- vi. Evaluating 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 Directors of the Company 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.

KPMG

KPMG

Jeff Frazer
Partner
Gold Coast
27 October 2021