

HAVELOCK HOUSING ASSOCIATION INCORPORATED
FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2021

**HAVELOCK HOUSING ASSOCIATION INCORPORATED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021**

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HAVELOCK HOUSING ASSOCIATION INCORPORATED

COMMITTEE'S REPORT FOR THE YEAR ENDED 30 JUNE 2021

Your committee members submit the financial report of Havelock Housing Association Incorporated for the financial year ended 30 June 2021.

Committee Members

The names of committee members throughout the year and at the date of this report are:

Dan Carton	Christine Murray
Adrian King	Craig Shannon
Carol Croce	Daniel Landon
Louise Gray	

Principal Activities

The principal activities of Havelock Housing during the financial year were to provide suitable, secure and housing:

- For people on low to moderate incomes
- For people with special needs and
- For people with a disability.

Havelock Housing also provided Community and Social Engagement Programs to our tenants.

Significant Changes

In April 2020 the ACT Government provided rent relief to all Housing ACT properties managed by Community Housing Providers as part of the COVID-19 Stimulus Package. The relief package was extended into this financial year (31 December 2020) and provided approx. \$700,000 in additional cash flow.

The Association passed a component of this savings in the form of rent relief and waiver of rent arrears to those who were impacted by income loss as a result of CV19, plus funding of support services including Mental Health Counselling, food pantry, sanitising and cleaning equipment. We continue to also work with our new partnerships with community groups who support Havelock Housing with charitable donations and other forms of support.

Whilst the rent relief package finished 1 January 2021 – we continue to provide support services plus assess individual requests for rent relief on a case by case basis.

The Association is now in partnership with Summer Housing Foundation managing tenancy arrangements for 10 apartments that fall under Supported Individual Living (SIL) for individual tenants that qualify for NDIS funding. This was the first tranche of properties received in October 2020 and we are expecting a further 10 properties to come on line by the end of October 2021. These properties are managed under a tenancy management fee arrangement.

During this financial year the Association was provided tenancy management over an additional 3 properties from Housing ACT. Each of these purpose built communal living dwellings accommodate 4 tenants and a 24/7 support worker under the Mental Health, Justice Health and Alcohol and Drug Services (MHJHADS) program.

A major boost to the Association was our Community Development Team securing \$343,890 in grant funding to add a 'Sports Program' as part of the support services we provide to our tenants. This is a part of Federal Government (Department of Health) 'Driving Social Inclusion through Sport & Activity' initiative and the grant will fully fund our program over a 30 month period (to 31/12/2022) allowing tenants to participate in sports and social activities.

Operating Result

The result from ordinary activities amounted to a net surplus of \$794,330. This is under our initial budget estimate, however, it is acknowledged that the pandemic has attributed to below rental income forecasts, mainly with increased vacancy periods due to Lockdown restrictions and access to trade services hindering ability to perform maintenance. This is also reflected in the under spend in our maintenance expenditure.

The Association is also working strongly across all programs to improve our occupancy rate including local Care Providers in filling long term vacancies in the Disability Housing portfolio.


As part of the Association rebuild and growth strategy, there is noted increase in employee costs to cover additional staff appointments, including a part-time Property Manager to embed the Summer Housing program, an in-house Maintenance Manager offsetting reliance on contractors/ turnaround for smaller maintenance projects and a Strategic Partnership Manager covering Media and Communication and to develop corporate partnerships. There were also additional consultancy expenses to review and acquire additional properties and or vacant land for development. The Association has been successful in tender for a redevelopment site in Giralang and a townhouse site in Whitlam – these projects are expected to commence 2022.

In line with the operating surplus and grants held in advance, cash assets have increased to \$4.2m. Building assets are scheduled to be revalued in 2021 / 2022.

Increase in liabilities are primarily the grants funds received in advance to fund the remaining 18 months of the 'Sports Program' (to 31/12/2022).

Please refer to note 1a of the financial statements for further details.

Signed in accordance with a resolution of the Members of the Committee.



Mr Dan Carton, Chair



Mr Adrian King, Treasurer

Dated this25th.....day of October 2021

HAVELOCK HOUSING ASSOCIATION INCORPORATED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021	2020
		\$	\$
Revenue	2	4,258,510	4,357,558
Operating expenses			
Rent expense		(700,083)	(1,021,968)
Employee benefits expense		(1,450,778)	(1,243,596)
Utilities and rates expense		(445,484)	(451,653)
Maintenance expense		(288,878)	(288,736)
Depreciation and amortisation expense		(184,828)	(173,977)
Insurance expense		(26,027)	(23,548)
Professional and audit fees	3	(20,900)	(20,300)
Telephone & internet expense		(17,126)	(26,247)
Provision for impairment of receivables		(11,270)	(2,422)
Motor vehicle expense		(17,622)	(5,246)
Finance expense		(1,543)	-
Other expenses		(299,641)	(167,644)
Total Operating expenses		<u>(3,464,180)</u>	<u>(3,425,337)</u>
Surplus from operations		<u>794,330</u>	<u>932,221</u>
Other comprehensive income			
Movement in asset revaluation reserve		-	-
Total comprehensive income attributable to the members		<u>794,330</u>	<u>932,221</u>

The accompanying notes form part of these financial statement

HAVELOCK HOUSING ASSOCIATION INCORPORATED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	4	4,160,393	2,892,408
Trade and other receivables	5	25,203	71,162
Prepayments		18,304	24,429
TOTAL CURRENT ASSETS		4,203,900	2,987,999
NON-CURRENT ASSETS			
Property, plant and equipment	6	7,716,019	7,832,210
Intangible asset	6	5,489	10,979
TOTAL NON-CURRENT ASSETS		7,721,508	7,843,189
TOTAL ASSETS		11,925,408	10,831,188
CURRENT LIABILITIES			
Trade and other payables	7	549,798	308,013
Financial liabilities	8	12,163	-
Employee benefits	9	60,121	47,809
TOTAL CURRENT LIABILITIES		622,082	355,822
NON-CURRENT LIABILITIES			
Financial liabilities	8	33,630	-
TOTAL NON-CURRENT LIABILITIES		33,630	-
TOTAL LIABILITIES		655,712	355,822
NET ASSETS		11,269,696	10,475,366
EQUITY			
Asset revaluation reserve		5,250,362	5,250,362
Retained earnings		6,019,334	5,225,004
TOTAL EQUITY		11,269,696	10,475,366

The accompanying notes form part of these financial statements.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Asset revaluation reserve	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 2019	5,250,362	4,292,783	9,543,145
Surplus attributable to members	-	932,221	932,221
Balance as at 30 June 2020	5,250,362	5,225,004	10,475,366
Surplus attributable to members	-	794,330	794,330
Balance as at 30 June 2021	5,250,362	6,019,334	11,269,696

The accompanying notes form part of these financial statements

HAVELOCK HOUSING ASSOCIATION INCORPORATED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from clients		3,899,457	4,103,251
Payments to suppliers and employees		(3,070,246)	(3,539,080)
Government grants		448,030	196,866
Interest received		9,641	25,738
Interest paid		(1,543)	-
Net cash from operating activities	10	<u>1,285,339</u>	<u>786,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	6	<u>(63,147)</u>	<u>(33,770)</u>
Net cash used in investing activities		<u>(63,147)</u>	<u>(33,770)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan		56,600	-
Repayment of loan		(10,807)	-
Net cash used in financing activities		<u>45,793</u>	<u>-</u>
Net increase in cash held		1,267,985	753,005
Cash and cash equivalents at beginning of financial year		2,892,408	2,139,403
Cash and cash equivalents at end of financial year	4	<u><u>4,160,393</u></u>	<u><u>2,892,408</u></u>

The accompanying notes form part of these financial statements.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Havelock Housing Association Incorporated is an association incorporated in the ACT under the *Associations Incorporations Act (ACT) 1991*.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

Havelock Housing Association Incorporated has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of Havelock Housing Association Incorporated.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Associations Incorporations Act (ACT) 1991* and the *Australian Charities and Not-for-profits Commission Act 2012*.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Havelock Housing Association Incorporated's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(g).

a) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

b) Income tax

Havelock Housing Association Incorporated is exempted from income tax due the exemption granted under section 6.2 of section 50-30 of the Income Tax Assessment Act 1997.

c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in Havelock Housing Association Incorporated's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in Havelock Housing Association Incorporated's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

e) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

f) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

g) Critical Accounting Estimates

Havelock Housing Association Incorporated evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the organisation. No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 2. REVENUE AND OTHER INCOME		
Rental income	2,028,215	2,144,185
Commonwealth rent assistance income	1,217,817	1,240,809
Government grant income	407,300	178,969
Gas/electricity levy	476,245	512,239
Community rental	58,421	80,763
Management fees	16,682	-
Interest income	9,641	25,738
Other income	44,189	74,855
Government Stimulus	-	100,000
	4,258,510	4,357,558
	4,258,510	4,357,558

Accounting policy

Revenue recognition

Havelock Housing Association Incorporated recognises revenue as follows:

Rental income

Rental income is recognised when it is due.

Grants

Grant revenue is recognised in profit or loss when Havelock Housing satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before Havelock Housing is eligible to retain the contribution, the grant will be recognised in the Statement of Financial Position as a liability until those conditions are satisfied.

All revenue is stated net of the amount of goods and services tax (GST).

NOTE 3. AUDITOR'S RENUMERATION

Remuneration of the auditor of Havelock Housing for:

Auditing or reviewing the financial report	20,900	20,300
	20,900	20,300
	20,900	20,300

NOTE 4. CASH AND CASH EQUIVALENTS

Cash on hand	700	700
Cash at bank	1,900,692	1,390,248
Term deposits	2,259,001	1,501,460
	4,160,393	2,892,408
	4,160,393	2,892,408

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
NOTE 5. TRADE AND OTHER RECEIVABLES		
Rental in arrears	40,357	21,282
Less: Provision for impairment	(15,154)	(6,749)
Accrued income	-	50,000
Other receivables	-	6,629
	<u>25,203</u>	<u>71,162</u>

Accounting policy

Trade and other receivables including rental income are recognised at amortised cost, less any allowance for expected credit losses.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSET

Leasehold Land and Buildings*

Leasehold land at fair value	2,855,000	2,855,000
Buildings at fair value	4,887,000	4,887,000
Accumulated depreciation	(355,000)	(232,825)
	<u>7,387,000</u>	<u>7,509,175</u>

Leasehold Improvements

Leasehold Improvements at cost	508,326	509,019
Accumulated depreciation	(262,709)	(236,100)
	<u>245,617</u>	<u>272,919</u>

Plant and Equipment

Equipment at cost	218,492	213,022
Accumulated depreciation	(197,510)	(189,311)
	<u>20,982</u>	<u>23,711</u>

Motor vehicles

Motor vehicles at cost	87,066	36,356
Accumulated depreciation	(24,646)	(9,951)
	<u>62,420</u>	<u>26,405</u>

Total property, plant and equipment

	<u>7,716,019</u>	<u>7,832,210</u>
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Intangible Asset

Website development at cost	<u>5,489</u>	<u>10,979</u>
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* The ACT Government's interest in the leasehold land and buildings is secured by way of mortgages. Refer to Note 15.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 6. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSET (CONTINUED)

Movement in the carrying amounts for each class of non-current asset between the beginning and the end of the current financial year:

	Leasehold Land and Buildings	Leasehold Improvements	Plant and equipment	Motor vehicles	Website Development	Total
	\$	\$	\$	\$	\$	\$
Carrying amount at 1 July 2020	7,509,175	272,919	23,711	26,405	10,979	7,843,189
Additions	-	6,968	5,469	50,710	-	63,147
Depreciation	(122,175)	(34,270)	(8,198)	(14,695)	(5,490)	(184,828)
Carrying amount at 30 June 2021	7,387,000	245,617	20,982	62,420	5,489	7,721,508

Accounting policy

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Leasehold land and buildings

Leasehold land and buildings are measured at fair value less accumulated amortisation and impairment losses.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity.

The fair value of the leasehold land and buildings is obtained on a periodic basis by an independent valuer.

Revaluation

On 30 June 2018, an independent valuer, JLL conducted a comprehensive revaluation of all land and buildings. Revaluation adjustments were made on a class basis.

Any revaluation increments are credited to an asset revaluation reserve. Revaluation decrements for a class of asset are recognised directly in the surplus/deficit except to the extent that they reverse previous revaluation increments for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 6. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSET (CONTINUED)

Accounting policy (continued)

Depreciation

The depreciable amount is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use.

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

Class of fixed assets	Depreciation rate
Buildings	2.5%
Motor vehicles	12.5%
Plant and equipment	10% - 33%
Leasehold improvements	10%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains and losses are included in the income statement. When revaluated assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

	2021	2020
	\$	\$
NOTE 7. TRADE AND OTHER PAYABLES		
Trade payables	90,398	123,765
Accrued expenses	36,597	-
Rent received in advance	120,681	104,696
Grant received in advance	205,341	-
PAYG	25,460	19,596
Other payables	71,321	59,956
	<u>549,798</u>	<u>308,013</u>

Accounting policy

These amounts represent liabilities for outstanding goods, services and rent (landlord) payments under our Service Funding Agreement as at the end of the financial year. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are paid within agreed terms of trade.

NOTE 8. FINANCIAL LIABILITIES

CURRENT

Motor vehicle loan	<u>12,163</u>	-
	<u>12,163</u>	-

NON-CURRENT

Motor vehicle loan	<u>33,630</u>	-
	<u>33,630</u>	-
	<u>45,793</u>	-

A loan agreement was signed on 17 August 2020 by the Incorporated Association to purchase a motor vehicle. The loan is for 3 years.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 9. EMPLOYEE BENEFITS		
CURRENT		
Annual leave provision	59,176	47,809
Time-in-lieu provision	945	-
	60,121	47,809
	60,121	47,809

Accounting policy

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

NOTE 10. CASH FLOW INFORMATION

Reconciliation of Cash Flow from operations with profit after income tax

Surplus after income tax	794,330	932,221
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus:		
- Depreciation expense	184,828	173,977
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- Decreases / (increases) in trade and other receivables	45,959	(65,162)
- Decreases / (increases) in prepayments	6,125	(6,174)
- Increases / (decreases) in accounts payable and other payables	241,785	(246,375)
- Increases / (decreases) in employee benefits	12,312	(1,712)
	1,285,339	786,775
	1,285,339	786,775

NOTE 11. FINANCIAL INSTRUMENTS

Financial risk management objectives

Havelock Housing's activities do not expose it to many financial risks, with only liquidity risk being needed to be actively managed.

Market risk

Foreign currency risk

Havelock Housing is not exposed to any significant foreign currency risk.

Price risk

Havelock Housing is not exposed to any significant price risk.

Interest rate risk

Havelock Housing is not exposed to any significant interest rate risk.

Credit risk

Havelock Housing is not exposed to any significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires Havelock Housing to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11. FINANCIAL INSTRUMENTS (CONTINUED)

Havelock Housing manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail Havelock Housing's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 year and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
2021		\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	126,995	-	-	-	-
Other payables	-	422,803	-	-	-	-
Total non-derivatives		<u>549,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Weighted average interest rate	1 year or less	Between 1 year and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
2020		\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	123,765	-	-	-	-
Other payables	-	184,248	-	-	-	-
Total non-derivatives		<u>308,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 12. FAIR VALUE MEASUREMENTS

Havelock Housing Association Incorporated does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 12. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in level 3.

Valuation techniques

Havelock Housing selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by Havelock Housing are consistent with one or more of the following valuation approaches:

- *Market approach*: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach*: converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.
- *Cost approach*: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, Havelock Housing gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair value of Havelock Housing's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:					
Leasehold land and buildings	6	-	7,387,000	-	7,387,000
Total assets recognised at fair value		-	7,387,000	-	7,387,000

NOTE 13. RELATED PARTY TRANSACTIONS

The Committee Members of Havelock Housing throughout the year were as follows:

Dan Carton	Christine Murray
Adrian King	Craig Shannon
Carol Croce	Daniel Landon
Louise Gray	

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13. RELATED PARTY TRANSACTIONS (CONTINUED)

A Committee Member listed above is a partner with a firm that was involved in a consultancy paper on development options. The committee member abstained from being involved in any procurement decision to engage this service. It should be noted that the evaluation is no longer receiving any further consideration.

NOTE 14. KEY MANAGEMENT PERSONNEL

Any person(s) having authority and responsibility for planning, directing and controlling the activities of Havelock Housing, directly or indirectly, including its committee members, is considered key management personnel.

	2021	2020
	\$	\$
Key management personnel compensation:		
Aggregate compensation	<u>456,724</u>	<u>610,714</u>

NOTE 15. CONTINGENT LIABILITIES

The ACT Government holds mortgages over 18 Association properties acquired with funds from a Commonwealth grant scheme between 1993-97 and 2004-05. These acquisitions pre-dated the National Regulatory System for Community Housing, and in the absence of this the mortgages were established to secure the use of the properties as social housing.

Under the terms and conditions of the mortgage, the mortgage would only be crystallised and actionable by the ACT Government if there is a breach of any of the specified conditions as set out in clause 3 of the annexure to the Memorandum of Mortgage. Examples where Havelock Housing would be liable to settle the liability to the ACT Government would be where Havelock Housing:

- Ceases to use the property for the agreed purposes
- Fails to maintain the property adequately
- Becomes insolvent/bankrupt, seeks to come to an arrangement with its creditors or otherwise cannot continue to trade, etc.
- Wishes to sell or otherwise dispose of the property
- Seeks to remove the mortgage.

In 2014, the ACT Government was consulted about the appropriate treatment of these mortgages on Havelock Housing's accounts, with the resulting decision that no liability was recognised on Havelock Housing's Balance Sheet, and the mortgages were instead disclosed as a contingent liability.

Havelock Housing initiated discussions with the ACT Government to negotiate an outcome that allowed these assets to be recycled or renewed. These discussions are on-going at this point.

Havelock Housing and Housing ACT have identified that there may be historical amounts owing to Housing ACT for invoices that relate to "fire call out" and "Tenant Responsible Maintenance" matters. Housing ACT have indicated favourable terms to rectify any amounts identified. At this time the amount outstanding cannot be determined. An assessment by the Committee indicates that it is unlikely that any significant liability will arise. The Committee are of the view that no material losses will arise in respect of the "fire call out" matters at the date of these financial statements.

NOTE 16. COMMITMENTS

Havelock Housing has a 5-year Managed Service Plan on 2 office photocopiers – the agreement expired in August 2021. A new rental arrangement has been entered into under a rental arrangement.

As part of the Sports Program, the Association acquired a new 12 seater bus financed through an Asset Purchase Arrangement through Bendigo Bank. The principal and interest are fully funded through the grant.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 17. EVENTS AFTER THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for Havelock Housing up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect Havelock Housing's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

NOTE 18. ASSOCIATION DETAILS

The registered office of Havelock Housing is:

Havelock Housing Association Incorporated
85 Northbourne Avenue
TURNER ACT 2612


HAVELOCK HOUSING ASSOCIATION INCORPORATED

**COMMITTEE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2021**

In the opinion of the Committee

1. The financial report, including notes, as set out on pages 5 to 19 are in accordance with the *Associations Incorporation Act (ACT) 1991*, and the *Australian Charities and Not-for-profits Commission Act 2012*, and
 - (a) Comply with the Accounting Standards; and
 - (b) Give a true and fair view of the Association's financial position as at June 30 2021 and of its performance for the year ended on that date.
2. In the Committee Member's opinion there are reasonable grounds to believe that Havelock Housing will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:



.....
Mr Dan Carton, Chair



.....
Mr Adrian King, Treasurer

Dated this 25th day of October 2021

RSM Australia Pty Ltd

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Havelock Housing Association Incorporated for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.



RSM Australia Pty Ltd



Ged Stenhouse
Director

Canberra, Australian Capital Territory
Dated: 1 November 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HAVELOCK HOUSING ASSOCIATION INCORPORATED

Opinion

We have audited the financial report of Havelock Housing Association Incorporated, which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the committee's declaration.

In our opinion, the financial report of Havelock Housing Association 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 registered entity's financial position as at 30 June 2021 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of 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 Havelock Housing Association Incorporated 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.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in Havelock Housing Association Incorporated's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The Committee Members of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Committee Members determine is necessary to enable the preparation of the 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, management is responsible for assessing Havelock Housing Association Incorporated's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Havelock Housing Association Incorporated or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



RSM Australia Pty Ltd



Ged Stenhouse
Director

Canberra, Australian Capital Territory
Dated: 1 November 2021