

MISSION AUSTRALIA

CONSOLIDATED ANNUAL
FINANCIAL REPORT 2023

ABN 15 000 002 522



TOGETHER WE STAND

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Directors' Report

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

The Directors present their report together with the consolidated financial statements of the Group comprising Mission Australia (the Company) and its controlled entities for the financial year ended 30 June 2023 and the auditor's report thereon.

1. Directors

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

Name, qualifications, and independence status	Experience, special responsibilities and other Directorships
Ian Hammond BA (Hons), FCPA, FCA, FAICD President and Chairman Independent Non-Executive Director	<p>Ian was appointed Chairman of Mission Australia in November 2022 and has been a Director since 2016. He is a Non-Executive Director (and former Chair) of Mission Australia's Social Housing subsidiaries and a member (and former Chair) of the Board Audit and Risk Committee and a member of the Service Impact Committee. Ian is based in Sydney.</p> <p>Ian is Chairman of Quiz Worx Inc. and a Non-Executive Director of Suncorp Group Limited and Perpetual Limited. His previous Non-Executive Director roles have included Venues NSW (NSW Govt authority which manages Stadiums), Chris O'Brien Lifehouse (integrated Cancer Hospital in Sydney) and Citi's Australian retail bank.</p> <p>Previously, Ian was a Partner of PricewaterhouseCoopers for 26 years and has held a range of senior management positions, including lead partner for several major financial institutions.</p>
Debra Stirling BA, GAICD Independent Non-Executive Director	<p>Debra was appointed as a Director of Mission Australia on 22 February 2017 and as a Director of Mission Australia Housing, Mission Australia Housing (Victoria) and Mission Australia Housing Tasmania on 18 August 2022. She is also Chair of the People Culture & Remuneration Committee. Debra is based in Melbourne.</p> <p>Debra is a Non-Executive Director of MaxiPARTS Limited and a member of the Council of Scotch College, Melbourne. She is an experienced Non-Executive Director having formerly held several directorships across the corporate and government sectors. Debra has over 25 years' experience as a senior executive across industries including building & construction, retail, property, mining, financial services, agriculture and manufacturing.</p>

Directors' Report

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

1. Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other Directorships
Dr Robert Mitchell AM LLB, MPhil, GradDipTax, Grad DipTheol, MThSt, GradCertMin, PhD, FAICD Independent Non-Executive Director	<p>Bob was appointed as a Director of Mission Australia on 27 February 2019. Bob is a member of the Board Audit & Risk Committee and is Chair of the Service Impact Committee and the Clinical Quality and Safety Committee. He is based in Melbourne.</p> <p>Bob is Non-Executive Director of Eastern Health and The Company of CSC Australia Limited. Bob is an ordained Anglican minister and is a council member of the University of Divinity. He is the former Chief Executive Officer of Anglican Overseas Aid and previously served World Vision Australia in senior strategic and operational roles. A solicitor by background, Bob was a partner at PricewaterhouseCoopers for nearly 15 years. In 2019 Bob was made a Member of the Order of Australia (AM) for significant services to the community through charitable organisations and to the Anglican Church of Australia.</p>
Michael Codling BSc (Hons), FCA Independent Non-Executive Director	<p>Michael was appointed to the Mission Australia Board on 22 November 2021. He is the Chair of the Board Audit & Risk Committee, a member of the People, Culture and Remuneration Committee and attends the Clinical Quality & Safety Committee. Michael is based in Sydney.</p> <p>Michael is Chairman of the Diocesan Financial Advisory Task Force and the Audit Committee of the General Synod of the Anglican Church in Australia. He previously chaired The Freedom Project and had a 38-year career at PricewaterhouseCoopers in Sydney and London where he held various leadership positions including the senior partner role for a number of large financial institutions.</p>
Jacqueline Kelly BA MBA (Advanced) MAICD AIST Independent Non-Executive Director	<p>Jacqueline was appointed Director of Mission Australia on 21 November 2022 and is a member of the Mission Australia Service Impact Committee. She is based in the Sunshine Coast.</p> <p>Jacqueline has extensive governance and executive experience across the not-for-profit, private and public enterprise sectors, including previous roles as Non-Executive Director on the Board of UnitingCare Queensland and member of the Queensland State Advisory Council for the Committee for Economic Development of Australia. Her experience includes 15 years as chief executive of a significant aged care provider, disability, family and community services, and housing. Jacqueline also serves as a Trustee Director on the Board of Prime Super.</p>

Directors' Report

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

1. Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other Directorships
Nancy Fox AM BA, JD Law, FAICD Independent Non-Executive Director	<p>Nancy was appointed as a Director of Mission Australia on 24 February 2021 and as Director and Chair of Mission Australia Housing, Mission Australia Housing Tasmania and Mission Australia Housing (Victoria) on 22 November 2022. She is a member of the People, Culture & Remuneration Committee. Nancy is based in Sydney.</p> <p>Nancy is a Non-Executive Director of Perpetual Ltd, Aspect Studios and is Chair of Perpetual Equity Investment Company and Deputy Chair of RFS Benevolent Fund. She is an experienced Non-Executive Director having also formerly held directorships with several ASX listed and not for profit companies. Nancy has over 25 years' experience in the finance sector including debt capital markets and infrastructure finance working predominantly in New York, Asia and Australia. In the 2021 Queen's Birthday Honours Nancy was made a member of the Order of Australia (AM) for significant service to the financial and banking sector, and to women in business. Nancy is a Fellow of the Australian Institute of Company Directors (AICD) and a member of Chief Executive Women.</p>
Elle Davidson BTRP GradCert Indigenous Engagement GAICD MPIA Independent Non-Executive Director	<p>Elle was appointed as an Director of Mission Australia on 21 November 2022.</p> <p>Elle Davidson is a proud Balanggarra woman from the East Kimberley and has been a member of the Mission Australia Service Impact Committee since 2019. She is based on the Northern NSW Coast.</p> <p>Elle has worked in community engagement and the planning industry for more than a decade, with extensive experience working alongside First Nations Peoples. Elle previously held various roles at GHD, a global water, energy and urbanisation professional services company including as Indigenous Engagement Leader, Reconciliation Action Plan Coordinator and Stakeholder Engagement and Social Sustainability consultant.</p> <p>Elle currently serves as a Director of Zion Engagement and Planning, an Aboriginal consultancy services and training provider for built environment projects that engages with First Nations communities. Elle is also an Aboriginal Planning Lecturer at the University of Sydney.</p>

Directors' Report

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

1. Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other Directorships
Joanna White BCom MBA GAICD Independent Non-Executive Director	<p>Joanna was appointed as an Director of Mission Australia on 21 November 2022 and is a member of the Mission Australia Board Audit & Risk Committee. She was appointed as an Independent Non-Executive Director of Mission Australia Housing, Mission Australia Housing Tasmania and Mission Australia Housing (Victoria) on 14 August 2023. Joanna is based in Sydney.</p> <p>Joanna previously served as a Director and Chair of Opportunity International Australia. She was a Director of the Commonwealth Bank's employee superannuation fund and was Chair of the Investment Committee. She has also served as a Director and Vice-President of the YWCA NSW and as President of the Harvard Club of Australia.</p> <p>Joanna was most recently a Vice-President at Capgemini Invent and has held executive leadership roles at Westpac, Commonwealth Bank and NAB. She was a founder and CEO of The Australian Charities Fund (now Workplace Giving Australia).</p>
Kenneth Dean BCom (Hons), FCPA, FAICD Independent Non-Executive Director	<p>Ken was appointed President and Chairman of the Mission Australia Board on 23 November 2016 and appointed as a Director of Mission Australia on 1 June 2015. He was appointed a Director of Mission Australia Housing and Mission Australia Housing (Victoria) on 1 February 2021 and Mission Australia Housing Tasmania on 18 August 2022. Ken was a member of the People Culture & Remuneration Committee and as Chair of the Mission Australia Board attended the Board Audit & Risk Committee and Service Impact Committee. Ken is based in Melbourne.</p> <p>Ken resigned as President, Chairman and Director of Mission Australia, and Director of Mission Australia Housing, Mission Australia Housing (Victoria) and Mission Australia Housing Tasmania on 21 November 2022.</p>

Directors' Report

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2. Company Secretary

Ms Sally Ascroft was appointed to the position of Company Secretary on 31 October 2014. She is also General Counsel of Mission Australia.

3. Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Board Meetings		Board Audit and Risk Committee Meetings		People, Culture & Remuneration Committee Meetings		Service Impact Committee Meetings		Clinical, Quality & Safety Committee (CQSC)	
	A	B	A	B	A	B	A	B	A	B
Ian Hammond	13	13	5 [^]	5 [^]	2 [^]	2 [^]	3 [^]	3 [^]	4	4
Debra Stirling	13	13	-	-	4	4	0*	1	-	-
Dr Robert Mitchell AM	11	13	5	5	-	-	3	3	4	4
Michael Codling	13	13	5	5	3*	4	-	-	3 [^] *	4
Jacqueline Kelly	7*	9	-	-	-	-	1	1	-	-
Nancy Fox AM	13	13	1	1	4	4	-	-	-	-
Elle Davidson	9	9	-	-	-	-	3	3	-	-
Joanna White	9	9	4	4	-	-	-	-	-	-
Kenneth Dean	4	4	1 [^]	1	2 [^]	2	2 [^]	2	1 [^]	1

A - Number of meetings attended

B - Number of meetings held during the time the Director eligible to attend

[^] Attended by invitation

*Approved Apology

4. Corporate governance

Mission Australia is committed to proper and effective corporate governance arrangements. As a registered charity regulated by the Australian Charities and Not-for-profit Commission (**ACNC**), Mission Australia applies the ACNC Governance Standards and in applying them is guided by the Not-for-Profit Governance Principles established by the Australian Institute of Company Directors.

The Mission Australia Board has overall responsibility for the financial performance of the Mission Australia Group and the achievement of its founding purpose. The Mission Australia Board recognises its role in overseeing the determination and implementation of policies and processes that reflect good corporate governance aligned with the ACNC Governance Standards, its contractual commitments and stakeholder expectations that together with our Values inform and guide the organisation.

Mission Australia's full Corporate Governance Statement is available on the Mission Australia website at Our Governance www.missionaustralia.com.au.

Directors' Report

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

5. Principal activities and objectives

In pursuit of its founding purpose, the principal activities of Mission Australia during the financial year were to meet human need and spread the knowledge and the love of God through actions and deeds. Mission Australia assists people in need, regardless of their beliefs, through activities such as

- social and affordable housing,
- homelessness services,
- family support services,
- specialist aged care,
- alcohol and drug services,
- community development,
- disability, and
- youth and employment services.

No significant changes in the nature of these activities occurred during the year.

6. Operating and financial review

6.1 Overview of the Group

Reference in this financial report to the Group relates to the consolidated results of Mission Australia and its controlled entities being Mission Australia Housing, Mission Australia Housing (Victoria), Mission Australia Housing Tasmania, Mission Australia Housing Partnership Limited and Sir David Martin Foundation.

6.2 Review of operations and results

The current financial year has seen high levels of inflation, rising interest rates, and dramatic increases in cost of living pressures, and consequently the level of need in the communities we serve has increased substantially.

Mission Australia has concentrated on providing services and meeting human need in the communities it serves, in line with its founding purpose, while ensuring it does so in a way that is financially and operationally sustainable.

Mission Australia has increased revenues from services provided from the prior year by \$20.0m (2023: \$267.8m, 2022: \$247.8m), consistent with an increase in community services delivered.

Rental income has increased from its social and affordable housing clients from prior year, in line with indexed increases in income supports for those clients.

There has been a gain on investment property of \$20.0m, driven by property price movements during the year in the locations in which Mission Australia's social and affordable housing assets are located.

Personnel expenses increased by \$14.2m mainly driven by a pay increases across all staff, and increased staffing reflecting the increase in services provided. Occupancy and Accommodation expenses have increased by \$11.2m reflecting an increase in the level of, and the cost of, maintenance to our social and affordable housing portfolio.

Overall, Mission Australia has a net surplus for the year of \$41.3 million (2022: \$89.4 million), reflecting an Operating Surplus of \$9.4m (2022: \$15.4m), Property Revaluation of \$20.0m (2022: \$79.6m) and returns on funds under management \$11.9m (2022: -\$5.7m)

7. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event likely, in the opinion of the directors of the Group, to significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group, in future financial years.

Directors' Report

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

8. Likely developments

In the opinion of the Directors, the Group will continue to seek suitable sustainable opportunities to expand the services it provides, the number of clients it serves, and to expand its social and affordable housing portfolio should suitable opportunities arise.

9. Directors' interests

The Directors had no material interests in contracts or proposed contracts with the Group during the course of the financial year. If Mission Australia enters into contracts with organisations where Directors may have an interest in that organisation, those contracts are entered into on normal commercial terms or terms that are more favourable to Mission Australia. The Directors provide their services to Mission Australia on an honorary basis and receive no direct remuneration in respect of the services provided and no indirect remuneration.

10. Indemnification and insurance of officers and Directors

As Mission Australia is a company limited by guarantee, none of the Directors has any interest in the profit and assets of Mission Australia but each, as a member, is liable to contribute an amount not exceeding 10 cents. Mission Australia pays premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their decisions in the capacity of Director.

To the extent permitted by law, Mission Australia indemnifies every person who is or has been a Director or officer against any liability to any person incurred while acting in that capacity in good faith and against costs and expenses incurred by that person in that capacity in defending legal proceedings and ancillary matters. Mission Australia operates to the extent that the loss or liability is not covered by a valid and current insurance policy.

Mission Australia has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Directors and Officers of Mission Australia. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be indemnified by Mission Australia under Section 199 of the *Corporations Act 2001*. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

11. Performance measurements

The Group monitors its performance against budget and a rolling forecast. The budget is approved by the Board of Directors prior to commencement of the financial year. Financial results are regularly presented to the Board of Directors by senior management of the Group. The Board uses this information for future planning, tracking progress over time and determining whether agreed objectives or standards have been met.

The Board reviews performance based on business segments, which are identified by the type of services being provided.

Directors' Report

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

12. Auditor's independence declaration

The Auditor's Independence Declaration is set out on page 10 and forms part of the Directors' Report for the financial year ended 30 June 2023.

13. Registered office

The registered office and principal place of business is Level 7, 580 George Street, Sydney, New South Wales 2000.

14. Founder

In 1862 Benjamin Short founded the Sydney City Mission - the antecedent organisation of Mission Australia. It came into being three years after the Town and Country Mission (later to be known as the Brisbane City Mission) was established in Queensland. In the decades that followed many more missions were set up to proclaim the gospel of Jesus Christ and to care for the poor. In 1997 many of them officially came together as Mission Australia, a single, unified, non-denominational Christian organisation with an integrated approach to meeting Australia's social needs.

15. Founding Purpose

Inspired by Jesus Christ, Mission Australia exists to meet human need and to spread the knowledge of the love of God without reference to denomination or other distinction.

16. Rounding off

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

17. Notice of meeting

The Annual General Meeting of Mission Australia will be held on 21 November 2023 at Level 7, 580 George Street, Sydney NSW 2000, where this report will be presented.

This report is made in accordance with a resolution of the Directors:



Ian Hammond

President and Chairman

Sydney, 26 October 2023



Michael Codling

Chairman, Board Audit and Risk Committee

Sydney, 26 October 2023



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 Mission Australia

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2023 there have been:

- i. 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
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature of the KPMG firm, appearing as 'KPMG' in a bold, blocky font.

KPMG

A handwritten signature in black ink, appearing to be 'S. Isaac'.

Stephen Isaac

Partner

Sydney

26 October 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

For the year ended 30 June 2023

In thousands of AUD

	Note	2023	2022
Revenue from rendering services	3	267,832	247,817
Revenue from rental of social and affordable housing	3	49,784	40,854
Revenue from fundraising	3	26,409	24,647
Revenue from capital and housing grants	3	4,755	5,643
Other revenue	3	38	86
Total revenue for the year		348,818	319,047
Change in fair value of investment properties	3	20,035	79,620
Personnel expenses	21	(216,757)	(198,680)
Occupancy and accommodation expenses		(41,282)	(30,070)
Transport and equipment hire expenses		(6,896)	(6,132)
Communication expenses		(12,484)	(12,211)
Client expenses		(13,559)	(11,185)
Depreciation and amortisation expense	6,7	(10,102)	(11,087)
Software development expenses		(6,337)	(4,097)
Subcontractor expenses		(12,443)	(12,391)
Other expenses		(19,592)	(17,742)
Total expenses for the year		(339,452)	(303,595)
Results from operating activities for continuing operations		29,401	95,072
Results from operating activities		29,401	95,072
Finance income		14,385	923
Finance costs		(2,413)	(6,627)
Net finance income / (expense)	15	11,972	(5,704)
Net surplus for the year		41,373	89,368
Total comprehensive income for the year		41,373	89,368

The notes on pages 15 to 37 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

As at 30 June 2023

In thousands of AUD

	Note	2023	2022
Assets			
Cash and cash equivalents	14	43,657	28,987
Restricted cash	14	22,357	38,329
Trade and other receivables and contract assets	9	8,719	9,325
Investments	10	187,223	186,177
Restricted term deposits	10	25,529	25,400
Inventory	11	2,863	-
Prepayments and other assets		10,241	5,296
Total current assets		300,589	293,514
Trade and other receivables and contract assets	9	3,366	3,366
Investments	10	1,100	1,320
Investment property - social and affordable housing	5	548,091	518,415
Property, plant and equipment	6	103,730	101,720
Other assets		23,124	8,028
Total non-current assets		679,411	632,849
Total assets		980,000	926,363
Liabilities			
Trade and other payables		39,041	34,055
Provisions	13	5,208	4,404
Lease liabilities		5,509	5,815
Employee benefits		17,391	16,706
Contract liabilities	16	23,178	25,761
Total current liabilities		90,327	86,741
Provisions	13	1,143	1,075
Loans and borrowings	12	134,921	132,117
Lease liabilities		9,993	11,962
Employee benefits		2,750	2,474
Contract liabilities	16	7,724	225
Total non-current liabilities		156,531	147,853
Total liabilities		246,858	234,594
Net assets		733,142	691,769
Equity			
Accumulated surplus		231,425	214,742
Restricted accumulated surplus	18	501,717	477,027
Total equity		733,142	691,769

The notes on pages 15 to 37 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

For the year ended 30 June 2023

In thousands of AUD

	Note	Accumulated Surplus	Restricted Accumulated Surplus	Total Equity
Balance at 1 July 2021		209,469	392,932	602,401
Total comprehensive income for the year				
Surplus		89,368	-	89,368
Other comprehensive income				
Transfer to restricted surplus		(84,095)	84,095	-
Total comprehensive income for the year		5,273	84,095	89,368
Balance at 30 June 2022		214,742	477,027	691,769
Balance at 1 July 2022		214,742	477,027	691,769
Total comprehensive income for the year				
Surplus		41,373	-	41,373
Other comprehensive income				
Transfer to restricted surplus	18	(24,690)	24,690	-
Total comprehensive income for the year		16,683	24,690	41,373
Balance at 30 June 2023		231,425	501,717	733,142

The notes on pages 15 to 37 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

For the year ended 30 June 2023

In thousands of AUD

	Note	2023	2022
Cash flows from operating activities			
Cash receipts from customers		326,990	313,196
Cash paid to suppliers and employees		(318,093)	(283,194)
Cash generated from operations		8,897	30,002
Interest received	15	2,498	853
Interest paid		(2,413)	(2,098)
Net cash from operating activities		8,982	28,757
Cash flows from investing activities			
Proceeds from dividend	15	32	70
Payments for fixed assets and investment properties		(16,439)	(21,504)
Proceeds from sale of fixed assets and Investment properties		-	229
Proceeds from term deposit		21,770	67,937
Investment in financial assets	10	(10,961)	(84,798)
Net cash (used in) investing activities		(5,598)	(38,066)
Cash flows from financing activities			
Payment of lease liabilities		(7,410)	(8,439)
Proceeds from borrowings	12	2,724	-
Payment from / (to) restricted cash balance		15,972	29,333
Net cash from / (used in) financing activities		11,286	20,894
Net increase in cash and cash equivalents		14,670	11,585
Cash and cash equivalents at 1 July		28,987	17,402
Cash and cash equivalents at 30 June	14	43,657	28,987

The notes on pages 15 to 37 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

About this report

1. Reporting entity

Mission Australia (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 7, 580 George Street, Sydney, NSW 2000 Australia. The consolidated financial statements of the Company as at and for the

year ended 30 June 2023 comprise the Company and its controlled entities (together referred to as "the Group" and individually as "Group entities").

2. Basis of preparation

As a not-for-profit Group these consolidated financial statements are general purpose consolidated financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

These consolidated financial statements were authorised for use by the Company's Board of Directors on 26 October 2023.

These consolidated financial statements are the general purpose financial statements prepared in

accordance with Australian Accounting Standards – Simplified Disclosures.

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value; and
- investment properties are measured at fair value.

The financial report has been prepared on a going concern basis.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

Our key numbers and fundraising

Mission Australia continues to receive generous financial support from a broad cross section of Australian society.

3. Revenue

In thousands of AUD

Revenue recognised under AASB15 Revenue from Contracts with Customers

Revenue from rendering services

Revenue recognised under AASB 1058 Income of NFP entities

Revenue from fundraising - MA/SDMF

Revenue from capital and housing grants

Revenue recognised under AASB 16 Leases

Revenue from rental of social and affordable housing

Other Revenue

Other miscellaneous revenue

Total revenue for the year

Change in fair value of investment properties

2023	2022
267,832	247,817
26,409	24,647
4,755	5,643
49,784	40,854
38	86
348,818	319,047
20,035	79,620

Accounting Policy

Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount, which reflects the expected consideration.

The customer for these contracts is the fund provider. Revenue is recognised by applying a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price
- Recognise revenue

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group has any significant financing terms, as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Revenue from rendering services

Grant revenue arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. This is generally the case for the monies received for providing services under grant funding agreements.

Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the revenue is recognised based on costs incurred which best reflects the transfer of control.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

3. Revenue (Continued)

Accounting Policy (Continued)

Fee for service revenue recognition varies across the funded programs depending on the performance obligation. The Group recognises revenue in line with the delivery of services.

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but may be property which has been donated or sold to the Group at significantly below its fair value.

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Revenue from fundraising

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control of the assets.

Volunteer

The Group does not currently recognise any income for volunteer services as allowed by AASB 1058.

Revenue from capital and housing grants

Capital grants received under an enforceable agreement to enable the Group to acquire or construct an item of property, plant and equipment

to identified specifications which will be controlled by the Group (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Group.

Revenue recognition policy for revenue from rental services (AASB16)

Revenue from lease rental

Future contractual rental payments from tenants are recognised as receivables over the lease term as the payments become receivable.

Lease income from operating leases is recognised by the Group in income on a straight-line basis from the commencement date over the lease term.

Other Income

Change in Fair Value of Investment Properties

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

4. Fundraising information

The following disclosures are provided as required by the *Charitable Fundraising Act (NSW) 1991* and regulations (similar but not identical provisions exist in Queensland, Western Australia and South Australia Fundraising Acts).

Various fundraising activities were conducted during the year including appeals, regular giving, major gifts and corporate partnerships.

Fundraising appeals conducted during the year

In thousands of AUD

Results of fundraising appeals

Gross proceeds from fundraising appeals
Less: direct costs of fundraising appeals
Net surplus obtained from fundraising appeals

2023	2022
26,409	24,647
(4,386)	(3,778)
22,023	20,869

Gross proceeds from fundraising appeals for 2023 includes bequests of \$9.8 million (2022: \$8.9 million).

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Our assets platform

This section provides information relating to the operating assets and liabilities of the Group. Mission Australia is committed to long term financial sustainability and growth.

5. Investment property – social and affordable housing

<i>In thousands of AUD</i>	<i>SHGF</i>	<i>NBESP</i>	<i>Common Ground</i>	<i>Other owned & leased properties</i>	<i>Total</i>
Fair value					
Balance at 1 July 2021	41,962	288,879	35,265	63,223	429,329
Purchased and capital expenditure	-	-	-	10,406	10,406
Received as stock transfer	-	-	-	866	866
Disposal	-	-	-	(1,807)	(1,807)
Change in fair value	9,499	44,784	1,552	23,786	79,620
Balance at 30 June 2022	51,461	333,663	36,817	96,474	518,415
Balance at 1 July 2022	51,461	333,663	36,817	96,474	518,415
Purchased and capital expenditure	-	-	-	9,641	9,641
Disposal	-	-	-	-	-
Change in fair value	91	9,508	7,764	2,672	20,035
Balance at 30 June 2023	51,552	343,171	44,581	108,787	548,091

5.1 Social Housing Growth Fund grant (SHGF)

Mission Australia Housing received grants in the past from the New South Wales Land and Housing Corporation to purchase properties that could be affordably rented by people in need. One of the grant conditions provided that Mission Australia Housing secured finance, by using the properties as security for a loan facility, which was achieved in 2011.

5.2 Nation Building Economic Stimulus Plan (NBESP)

In 2011, Mission Australia Housing assumed ownership of 68 property sites containing 1,055 dwelling units from Housing NSW. The properties are

governed by NSW Nation Building Economic Stimulus Plan (NBESP), a Social Housing Initiative.

5.3 Common Ground

In 2014, Mission Australia Housing became the owner of 104 units at 31 Pyrmont Bridge Road, Camperdown that are part of the Camperdown Common Ground Project.

5.4 Other owned & leased Properties

Mission Australia's other owned and leased properties include investment properties owned by Mission Australia, Mission Australia Housing and Mission Australia Housing Tasmania.

Notes to the Consolidated Financial Statements

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5. Investment property (continued)

5.4 Other owned & leased Properties (continued)

5.4.1 Social Housing Management Transfer program (SHMT)

In July 2019 Mission Australia Housing commenced operation of the Coffs Harbour / Bellingen package under the NSW Government Social Housing Management Transfer Program.

The transfer resulted in the management of over 1,050 social housing dwellings for a 20-year term. Right-of-use assets includes 38 Mission Australia Housing head leases. These 'head leases' are properties leased from private landlords at commercial rates and then leased to tenants in accordance with the requirements of the agreement.

5.4.2 Peppercorn leases

The Group holds a number of peppercorn lease contracts or premises provided for nil or below market consideration. The Group adopted the option not to apply the fair value initial measurement requirement to Right-of-use assets as permitted by AASB 2018-8.

Security

At 30 June 2023, 46 investment properties with a carrying amount of \$290.6 million (2022: \$281.9 million) are subject to a mortgage to secure National Housing Finance and Investment Corporation (NHFIC) loans.

Accounting Policy

Recognition and measurement

Investment property, including both owned property and right-of-use assets, is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

Valuation methodology

Independent valuations are obtained for each investment property at least once every three years. Investment properties in Mission Australia Housing are used for rental purposes to provide social and affordable housing.

In accordance with AASB 13 Fair Value Measurement, the Group has determined the highest and best use for the properties in Mission Australia Housing to be residential dwellings.

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6. Property, plant and equipment

	<i>Land and buildings</i>	<i>Leasehold Improvement</i>	<i>Plant and Equipment</i>	<i>IT Assets</i>	<i>Total</i>
<i>In thousands of AUD</i>					
Carrying amount as at 1 July 2021	92,869	2,123	4,932	922	100,846
Additions	8,491	42	3,090	191	11,814
Disposals	-	-	(8)	-	(8)
Depreciation	(7,986)	(461)	(1,880)	(604)	(10,932)
Balance at 30 June 2022	93,374	1,704	6,134	508	101,720
Assets cost	125,558	12,940	20,880	8,343	167,721
Accumulated depreciation	(33,904)	(11,236)	(14,746)	(7,835)	(67,721)
Carrying amount as at 1 July 2022	91,654	1,704	6,134	508	100,000
Additions	9,536	1,234	2,147	1,760	14,678
Disposals	(750)	(5)	(91)	-	(846)
Depreciation	(6,347)	(625)	(2,613)	(516)	(10,102)
Balance at 30 June 2023	94,093	2,308	5,577	1,752	103,730
Assets cost	134,344	14,169	22,936	10,103	181,552
Accumulated depreciation	(40,251)	(11,861)	(17,359)	(8,351)	(77,822)

Accounting Policy

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of items of property, plant and equipment have different useful lives, then they are accounted for as separate items.

Impairment loss in relation to a right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values, using the straight line method over the estimated useful lives and recognised in profit or loss.

The Group policy for depreciating right-of-use assets is detailed in note 7.

The estimated useful lives are as follows:

- Buildings 40-50 years
- Leasehold Improvements 3-10 years
- Plant, equipment & IT assets 3-5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end.

Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

During the year Group recognised \$1.7 million impairment loss in relation to a right-of-use asset. The Group sublet part of National Office at 580 George Street Sydney for an amount that was less than contracted lease amount.

Notes to the Consolidated Financial Statements

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7. Leases

7.1 Leases as lessee

The Group leases property, motor vehicles, computer and printing equipment. The leases typically run for a period of 3 to 10 years, and may include an option to renew the lease after that date. Lease payments are renegotiated at the end of lease period to reflect market rentals.

The Group also leases plant and equipment with contract terms of one to three years which are of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases is presented below.

Right-of-use assets

<i>In thousands of AUD</i>	Land and buildings	Investment Properties	Plant and Equipment	Total
Balance at 1 July 2022	13,095	-	3,910	17,005
Additions during the year	4,449	-	15	4,464
Impairment during the year	(1,720)	-	-	(1,720)
Depreciation charge for the year	(5,162)	-	(1,635)	(6,797)
Balance at 30 June 2023	10,663	-	2,290	12,953

Amounts recognised in profit or loss

<i>In thousands of AUD</i>	2023
Interest on lease liabilities	(672)
Variable lease payments not included in the measurement of lease liabilities	(10,514)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(2,016)

Future lease payments

The total of future lease payments (including those lease payments that are not included in the measurement of the lease liability, e.g. for short-

term leases and leases of low-value items) are disclosed for each of the following periods.

<i>In thousands of AUD</i>	2023	2022
Less than one year	8,783	8,257
Between one and five years	13,553	14,334
More than five years	-	297
Total future lease payments at 30 June	22,336	22,888

Notes to the Consolidated Financial Statements

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7. Leases (continued)

7.1 Leases as lessee (continued)

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

7.2 Leases as lessor

The Group leases out its investment property consisting of its social and affordable housing.

All leases are classified as operating leases from a lessor perspective because the Group does not transfer substantially all of the risks and rewards incidental to the ownership of the assets to its tenants. Note 5 sets out information about the operating leases of investment property.

Accounting Policy

At inception of a contract, the Group assesses 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.

I. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates

the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components.

The Group recognises a right-of-use asset and a lease liability at the lease 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 or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

7. Leases (continued)

Accounting policy (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

II. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease

component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies AASB 15 to allocate the consideration in the contract.

Notes to the Consolidated Financial Statements

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8. Commitments

8.1 Capital commitments

Mission Australia Housing Tasmania has contractual commitments of \$3 million with Housing Tasmania, towards increasing the social and affordable housing stock in Tasmania. Mission Australia Housing Partnership Limited committed \$69.9 million to purchase of 130 residential units at Macquarie Park Sydney.

In 2023 The Group entered into a put and call option to purchase the property at Moorooobool, Cairns. The purchase price for the property is \$1.80 million, with completion due 30 days after call or put option exercise. The Call option period ends September 2023. A non-refundable deposit of \$0.2 million has been paid by MA to the vendor.

8.2 Housing commitments

As a Community Housing Provider, Mission Australia Housing has set aside investment and cash assets for scheduled repairs and maintenance of housing properties. Refer to Note 10 *Investments* and Note 14 *Cash and Cash Equivalents* for details of assets set aside in the current financial year.

Failure to meet maintenance obligations may result in withdrawal of the Group's registration as a Community Housing Provider and other consequences of default within its contracts with Housing NSW and Housing Tasmania.

The Group leases a number of properties, motor vehicles and IT equipment under operating leases. The commitments greater than five years all relate to rental property leases. Other leases typically run for a period of three years, with an option to renew the lease after that date.

Notes to the Consolidated Financial Statements

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9. Trade and other receivables and contract assets

In thousands of AUD

Current

Trade receivables

Other receivables

Non Current

Subordinated notes in Goodstart Early Learning

	2023	2022
Trade receivables	8,577	9,227
Other receivables	142	98
	8,719	9,325
Subordinated notes in Goodstart Early Learning	3,366	3,366
	3,366	3,366
	12,085	12,691

Accounting Policy

Trade and other receivables are classified as financial assets at amortised cost.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade and other receivables are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The group has no contract assets as at 30 June 2023.

The Group applied an 'expected credit loss' ("ECL") model in assessing impairment losses.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Notes to the Consolidated Financial Statements

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10. Investments

In thousands of AUD

Current investments

	2023	2022
Opening balance	151,086	70,548
Additions	10,961	84,798
Movement in fair value	11,855	(4,260)
Financial assets designated at fair value through profit or loss	173,902	151,086
Term deposits	13,321	35,091
Restricted term deposit	25,529	25,400
	212,752	211,577
Non Current investments		
Term deposits	1,100	1,320

The Group held the restricted term deposit balance of \$25.5 million under its subsidiary Mission Australia Housing Partnership upon securing a loan to finance

the construction of 130 residential units at Macquarie Park Sydney (refer Note 12).

Accounting Policy

The financial assets at fair value through profit or loss are funds managed by an external manager. Fair value represents the market value of the financial assets at balance date.

Term deposits held with Australian Authorised Deposit-taking Institutions are classified as financial assets at amortised cost.

Mission Australia sets aside resources for future potential commitments of capital. The capital commitments held are assets in the form of investments included in the above amounts.

Investments include funds reserved for the periodic repair and maintenance of freehold and social and affordable housing properties in accordance with long-term asset management plans.

Financial assets at fair value through profit or loss

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

11. Inventory

The Group recognised \$2.9 million inventory representing 26 lots of land to be sold.

In thousands of AUD

	2023	2022
Inventory	2,863	-
	2,863	-

Accounting Policy

Inventories are measured at cost, adjusted when applicable for any loss of service potential. The cost

of inventories is based on the specific identification of their individual costs.

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Our financing and capital structure

This section provides information relating to the Group's capital structure and its exposure to financial risk, how they affect the Group's financial position and performance and how the risks are managed.

12. Loans and borrowings

This note provides information about the Group's interest-bearing loans and borrowings which are measured at amortised cost.

Terms and conditions of outstanding loans were as follows:

<i>In thousands of AUD</i>	Currency	Fixed interest rate	Year of maturity	30 June 2023		30 June 2022	
				Face Value	Carrying amount	Face Value	Carrying amount
Non - Current							
Secured loan - NHFIC (MAH)	AUD	2.06%	2032	64,487	64,487	64,430	64,430
Secured loan - NHFIC (MAHPL)	AUD	2.39%	2031	67,710	67,710	67,687	67,687
Secured loan - NHFIC (MAHT)	AUD	6.81%	2025	2,724	2,724	-	-
Total interest-bearing liabilities				134,921	134,921	132,117	132,117

On 30 June 2020, Mission Australia Housing successfully completed a refinancing of its corporate loan facilities through a \$65.0 million loan facility with National Housing Finance and Investment Corporation (NHFIC).

The NHFIC facility is secured over 46 investment properties with a carrying value of \$290.6 million; (2022: \$281.9 million).

In June 2021, Mission Australia Housing Partnership Limited (MAHPL) secured a \$67.9 million loan facility with NHFIC. The new NHFIC facility enabled the Group to commit to purchase of 130 residential units at Macquarie Park Sydney. The facility is secured up until purchase through the restricted cash as per

Note 14, through restricted Term Deposits as per Note 10 and through security over \$23.2 million for money paid to Frasers as progress payments to the builder.

The NHFIC facility is fixed at the rate of 2.39% for a term of 10 years.

In April 2022, Mission Australia Housing Tasmania (MAHT) secured a \$3.75 million loan facility to fund construction costs with NHFIC, secured on the underlying property. As at 30 June 2023 \$2.7 million of the loan facility had been drawn down.

Notes to the Consolidated Financial Statements

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13. Provisions

<i>In thousands of AUD</i>	Provision for Make Good	Provision for Legal Claims	Total
Current			
Balance at 1 July 2022	2,683	1,722	4,404
Provision made during the year	1,235	1,155	2,390
Provision used during the year	(1,114)	(472)	(1,586)
Balance at 30 June 2023	2,804	2,405	5,208
Non - Current			
Balance at 1 July 2022	1,075	-	1,075
Provision made during the year	68	-	68
Provision used during the year	-	-	-
Balance at 30 June 2023	1,143	-	1,143

Accounting Policy

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Make good provision

The Group recognises a make good provision in relation to its leasehold properties. The make good

provisions are recognised at the best estimate of the costs to be incurred in settling the obligation.

Legal claim provision

The Group recognised a legal claim provision in relation to claims made against the Group. The legal claim provision is recognised at the best estimate of costs to be incurred in settling the claims.

Notes to the Consolidated Financial Statements

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14. Cash and cash equivalents

In thousands of AUD

	2023	2022
Bank balances	43,657	28,987
Cash and cash equivalents in the statement of cash flows	43,657	28,987

The Group held the restricted cash balance of \$22.5 million (2022: \$38.3 million) under its subsidiary MAHPL upon securing a loan to finance the

construction of 130 residential units at Macquarie Park Sydney (Refer Note 12).

15. Finance income and finance costs

In thousands of AUD

	2023	2022
Recognised in profit or loss:		
Interest income on financial assets	2,498	853
Dividend income	32	70
Net change in fair value of financial assets at fair value through profit or loss	11,855	-
Finance income	14,385	923
Interest expense on lease liabilities	(672)	(759)
Interest expense on financial liabilities	(1,741)	(1,608)
Net change in fair value of financial assets at fair value through profit or loss	-	(4,260)
Finance expense	(2,413)	(6,627)
Net finance income / (expense)	11,972	(5,704)

Accounting Policy

The Group's finance income and finance costs include:

- interest income;
- interest expenses;
- dividend income; and
- changes in the fair value of financial assets at fair value through profit or loss.

Interest income or expenses are recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

16. Contract liabilities

Contract liabilities for the Group of \$30.9 million (2022: \$26.0 million) consists of government grants

received in advance for services to be rendered by the Group.

Notes to the Consolidated Financial Statements

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17. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

17.1 Investment property

Investment properties are held at fair value based on a determination of their highest and best use. An external, independent company, having appropriate professional qualifications and experience in the location and category of property is appointed to undertake investment property valuations. Properties are selected for independent valuation on a rotational basis to ensure each property is valued at least once every three years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property.

A yield that reflects the specific risks inherent in the net cash flows are then applied to the net annual cash flows to arrive at the property valuation.

Valuations consider, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

17.2 Investments in equity and debt securities

The value of financial assets at fair value through profit or loss is determined by reference to their quoted closing bid price at the reporting date.

18. Capital and reserves

18.1 Accumulated surplus

Accumulated surplus comprises an aggregate of the retained earnings.

18.2 Restricted accumulated surplus

The Group has restricted accumulated surplus of \$501.7 million (2022: \$477.0 million) in the current financial year. Restricted Surplus consists of the

Retained Surplus of all the controlled entities where there is a restriction on capital flows. This includes the controlled entities of Mission Australia Housing Group and Mission Australia Housing Victoria where no capital or dividends can flow to Mission Australia and, also, the Sir David Martin Foundation where there are restrictions over any distribution to Mission Australia.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2023 | Mission Australia and its controlled entities

Our group structure

This section explains significant aspects of the Mission Australia group structure including joint arrangements that the Group has an interest in. It also provides information on Mission Australia's related entities.

19. Group entities

Active controlled entities of Mission Australia Housing, Mission Australia Housing (Victoria), Mission Australia Housing Tasmania, Mission Australia Housing Partnership Limited and Sir David Martin Foundation are all incorporated in Australia and 100% owned by Mission Australia.

Mission Australia Housing, Mission Australia Housing (Victoria), Mission Australia Housing Tasmania and Mission Australia Housing Partnership Limited have restrictions on the distribution of dividends and capital to the Company.

Accounting Policy

Basis of consolidation

Controlled entities

The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of controlled entities have been changed when necessary to align them with the policies adopted by the Group.

Mission Australia Housing, Mission Australia Housing Tasmania, Mission Australia Housing Partnership Limited and Mission Australia Housing (Victoria) have been registered as Housing Associations, which are subject to various restrictions in New South Wales,

Tasmania and Victoria, in particular around their ability to make distributions of profit or capital to the Company. AASB 10 Consolidated Financial Statements require that these entities be consolidated, as control, rather than appropriation of capital, is the overriding determinant of whether an entity is consolidated.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Notes to the Consolidated Financial Statements

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20. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2023 the parent entity of the Group was Mission Australia.

In thousands of AUD

Result of parent entity

Surplus for the period

Total comprehensive income for the period

Financial position of parent entity at year end

Current assets

Non-current assets

Total assets

Current liabilities

Non-current liabilities

Total liabilities

Net assets

Total equity of the parent entity comprising of:

Accumulated surplus

Total equity

	2023	2022
	16,684	5,272
	16,684	5,272
	227,155	206,540
	110,046	107,349
	337,201	313,889
	82,845	83,694
	22,931	15,454
	105,776	99,148
	231,425	214,741
	231,425	214,741
	231,425	214,741

Notes to the Consolidated Financial Statements

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Our people

This section provides details of the Group's employee costs, including Key Management Personnel.

21. Personnel expenses

In thousands of AUD

	2023	2022
Wages and salaries	168,575	158,555
Other associated personnel expenses	28,934	23,332
Contributions to defined contribution plans	19,248	16,793
	216,757	198,680

Accounting Policy

Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Defined contribution plan

Obligations for contribution to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in future payments is available.

Notes to the Consolidated Financial Statements

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22. Related parties

22.1 Key Management Personnel compensation

The Key Management Personnel compensation included in 'personnel expenses' (see Note 21) is as follows:

<i>In AUD</i>	2023	2022
Short-term employee benefits	2,943,888	2,745,836
Other long-term benefits	255,089	191,642
Post-employment benefits	209,989	190,547
	3,408,966	3,128,025

22.2 Individual Directors' disclosures

The Directors provide their services to Mission Australia on an honorary basis and receive no direct remuneration in respect of the services provided and no indirect remuneration.

No Director has personally entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end other than as disclosed in the Directors' Report.

Notes to the Consolidated Financial Statements

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Other disclosures

This section provides details of other disclosures relating to the Group to comply with accounting standards and other pronouncements.

23. Contingencies

The Directors are of the opinion that provisions are not required in respect of contingencies, as it is not probable that a future sacrifice of economic benefits

will be required or that the amount is not capable of reliable measurement.

24. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event likely, in the opinion of the directors of the Group, to significantly affect the

operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years.

25. Members' guarantee

Mission Australia is a company limited by guarantee. In the event of the Company being wound up, each

member is liable to contribute an amount not exceeding 10 cents.

26. Auditor's remuneration

In AUD

Auditor of the Group - KPMG

Audit and review of financial statements

Other assurance services

2023	2022
267,000	249,900
14,000	13,000
281,000	262,900

KPMG also provided audit services for approximately 150 projects that require an audited acquittal statement by the funding bodies. The cost of the

acquittal audit services provided by KPMG in 2023 was \$208,000 (2022: \$195,000). These costs were acquitted to the individual projects.

Notes to the Consolidated Financial Statements

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27. Significant and changed accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements of all Group entities.

27.1 Income tax

The Mission Australia entities are appropriately endorsed as required by the Australian Taxation Office from 1 July 2005, or as otherwise incorporated, for income tax exemption. Donations of two dollars or more given to the following entities attract income tax deductibility for the donors to:

- Mission Australia
- The Trustee for Sir David Martin Foundation

- Mission Australia Housing
- Mission Australia Housing (Victoria)
- Mission Australia Housing Partnership Limited
- Mission Australia Housing Tasmania

27.2 Changes in accounting policy

New and amended standards adopted by the Group

A number of new standards were effective from 1 July 2022 but did not have a material effect on the Group's financial statements.

Directors' Declaration

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Directors' Declaration

In the opinion of the Directors of Mission Australia ('the Company'):

- a) the consolidated financial statements and notes set out on pages 11 to 37 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance, for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2022*.
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Dated at Sydney, 26 October 2023.



Ian Hammond
President and Chairman



Michael Codling
Chairman, Board Audit and Risk Committee

Chairman's Declaration

Declaration to be furnished under the Charitable Fundraising Act 1991 NSW. This declaration is made in accordance with Authority Conditions 7(4) and 7(5) issued by the Minister under Section 19 of the Charitable Fundraising Act 1991 NSW.

I, Ian Hammond, President and Chairman of the Board of Mission Australia, declare that in my opinion:

- a) the consolidated financial statements give a true and fair view of all income and expenditure of Group with respect to fundraising appeals; and
- b) the Consolidated Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- c) the provisions of the Charitable Fundraising Act 1991 NSW, the Regulations under the Act and the conditions attached to the fundraising authority have been complied with by Group; and
- d) the internal controls exercised by the Group are appropriate and effective in accounting for all income received and applied by the Group from any of its fundraising appeals.

Dated at Sydney, 26 October 2023.



Ian Hammond
President and Chairman



Independent Auditor's Report

To the members of Mission Australia

Opinion

We have audited the **Financial Report**, of Mission Australia (the Company) and its controlled entities (the Group).

In our opinion, the accompanying Financial Report of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2023, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022 (ACNCR)* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 30 June 2023.
- ii. Consolidated statement of profit or loss, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration.
- v. Declaration by Chairman of the Company.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

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 Report* section of our report.

We are independent of the Group 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



Other information

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

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. In doing so, we 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.

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 are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNC and ACNCR and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.
- 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 Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 Group 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.



We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude 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 registered Group and 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 registered Group and Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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

Stephen Isaac

Partner

Sydney

26 October 2023