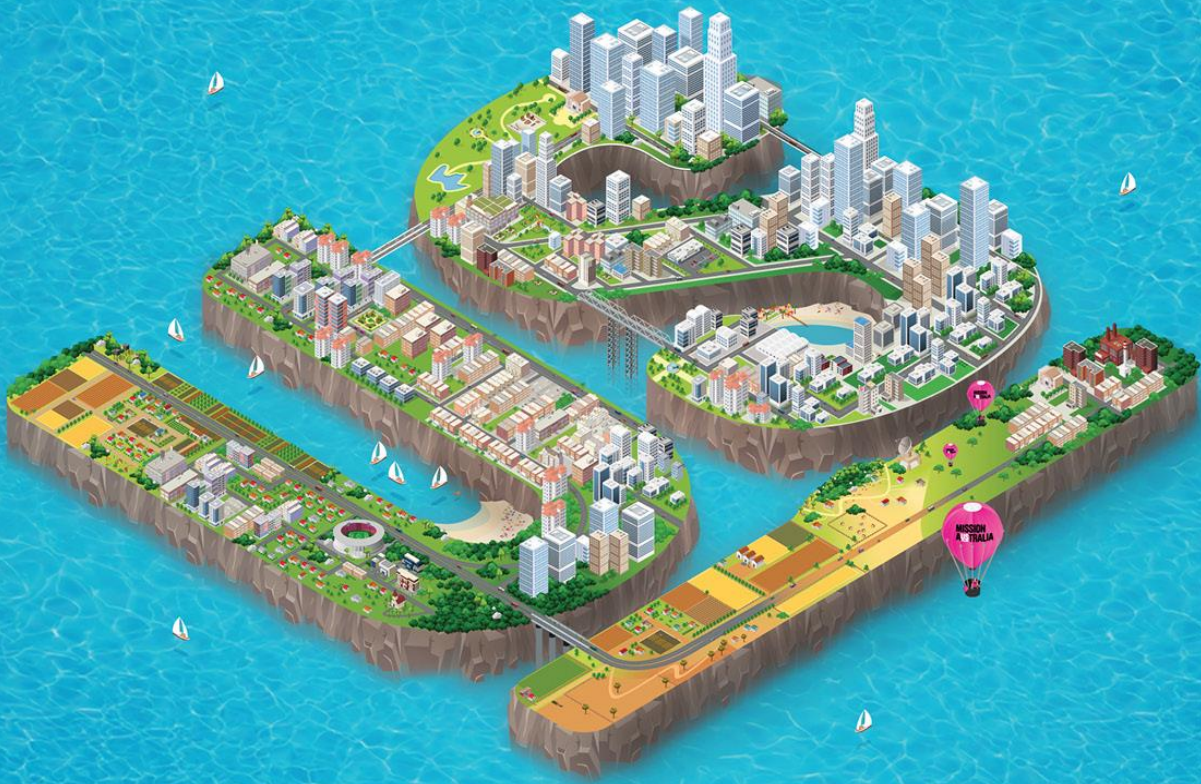
MISSION AUSTRALIA

CONSOLIDATED ANNUAL FINANCIAL REPORT 2020

ABN 15 000 002 522



TOGETHER WE STAND

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 2020 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
Mr Kenneth A Dean **BCom (Hons), FCPA, FAICD** President and Chairman Independent Non-Executive Director	Ken was appointed President and Chairman of the Mission Australia Board on 23 November 2016 and has been a Director of Mission Australia since 1 June 2015. Ken is an Independent Non-Executive Director of Energy Australia Holdings Limited and Virgin Australia Holdings Ltd. He has previously held directorships with Bluescope Steel Limited, Alcoa of Australia Limited, Santos Limited, Woodside Petroleum Limited and Shell Australia Limited, and Chief Financial Officer of Alumina Limited. Ken was a Member of the ASIC Director Advisory Panel and has over 40 years' experience in energy and manufacturing industries. Based in Melbourne, Ken is Chairman of the Housing Committee and a member of the Nomination, Remuneration and Succession Committee of Mission Australia.
Mr Ian Hammond **BA (Hons), FCPA, FCA, FAICD** Independent Non-Executive Director	Appointed as a Director on 1 February 2016, Ian is a Non-Executive Director of Perpetual Limited, Suncorp Group Limited and Chair of Venues NSW and a Board Member for several not-for-profit organisations including Chris O'Brien Lifehouse and Quiz Worx. Ian is also a member of the NSW Government Sport Venues Advisory Board. Previously, he was a non-executive Director of Citigroup Australia. 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. Based in Sydney, Ian is the Chairman of the Board Audit and Risk Committee and a member of the Housing Committee and Service Impact Committee of Mission Australia.
Ms Evelyn Horton **BEc, MSocSci (Econs), FAICD** Independent Non-Executive Director	Appointed as a Director on 22 November 2011, Evelyn is the Chair of the Tasmanian Superannuation Commission and an independent Director of the Tasmanian Public Finance Corporation, and the Glebe Administration Board. She is a member of SMART Advisory Council of University of Wollongong and of the Diocesan Financial Advisory Task Force of the Anglican Church. Evelyn previously held senior executive roles in government, investment banking and risk management. Based in Sydney, Evelyn is a member of the Board Audit and Risk Committee and the Nomination, Remuneration and Succession Committee of Mission Australia.

1. Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other Directorships
Mark Hutchinson **DBus, BCom** Independent Non-Executive Director **MPA, BA, MAICD**	Mark was appointed as a Director of Mission Australia on 3 March 2019. He is a Non-Executive Director of Bluescope Steel Limited and has extensive business and leadership experience at senior executive level. Mark has held various roles at General Electric (GE) over a 25-year career, most recently as President and Chief Executive Officer Europe, and earlier, China. His responsibilities included strengthening GE’s operations, developing, and executing a shared growth strategy for all GE businesses. Mark was formerly President of GE Capital Real Estate International. He previously held various financial services roles at Barclays Capital Asia Limited in Australia and Hong Kong. Mark brings a global perspective including direct operational experience in Asia. He also has extensive experience in companies, which have used technology and digital to undertake transformational change. Based in Brisbane, Mark is a member of the Service Impact Committee and Nomination, Remuneration and Succession Committee of Mission Australia.
Ms Jennifer Lambert **BBus, MEc, CA, FAICD** Independent Non-Executive Director	Appointed as a Director on 27 April 2005, Jennifer is a Non-Executive Director of Bluescope Steel Limited, NEXTDC Limited, the Sydney Church of England Grammar School Council and Chair of the Mosman Church of England Preparatory School. She is also a Member of the Reporting Committee of the Australian Institute of Company Directors. Jennifer is the former Group Chief Financial Officer of 151 Property, which was previously known as Valad Property Group. Based in Sydney, Jennifer is a member of the Board Audit and Risk Committee, the Service Impact Committee and the Housing Committee of Mission Australia.
Mr Simon Miller **MBA, MPA, BA, MAICD** Independent Non-Executive Director	Simon was appointed as a Director of Mission Australia on 22 February 2017. He is a Managing Director and Partner of The Boston Consulting Group and an Independent Director of City to City Australia. Simon is also a Council Member of the Trinity Grammar School. He previously worked with the Commonwealth Government as First Assistant Secretary at the Department of the Prime Minister and Cabinet and with the New South Wales Government including as Deputy Director-General of the Department of Water and Energy, Senior Adviser to the Premier, and Chief of Staff to the Treasurer. Prior to his time in Government, Simon worked with the Social Issues Committee of the Anglican Diocese of Sydney. Based in Sydney, Simon is a member of the Housing Committee of Mission Australia.

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	Bob was appointed as a Director of Mission Australia on 27 February 2019. He is currently Chief Executive Officer of Anglican Overseas Aid and was previously a senior executive at World Vision Australia, serving in both strategic and operational roles. He is a solicitor by background and served as a partner at PricewaterhouseCoopers for nearly 15 years. He is currently a director of Eastern Health and the Global Board of ACT Alliance. Bob is an ordained Anglican minister and is a member of the Council of the University of Divinity, and is Deputy Chair of Global Health and Development (Australia) Inc. In the 2019 Australia Day Honours, he 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. Based in Melbourne, Bob is Chairman of Service Impact Committee and a member of the Board Audit and Risk Committee of Mission Australia.
Ms Debra Stirling **BA, GAICD** Independent Non-Executive Director	Debra was appointed a Director of Mission Australia on 22 February 2017. She is a member and former Chairperson of the Monash University Resources Advisory Board, a non-executive director of MegaRail Pty Limited, a member of the PNG Government Lae Technical Training Centre of Excellence Task Force, the Victorian Government Resources Roundtable and Council of Scotch College, Melbourne. Debra has previously served as a senior executive for over 25 years in Newcrest Mining, Rinker, CSR and Coles Myer, across industries including building & construction, retail, property, mining, financial services, agriculture and manufacturing. Based in Melbourne, Debra is Chairperson of the Nomination, Remuneration and Succession Committee and a member of the Service Impact Committee of Mission Australia.

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		Nomination, Remuneration and Succession Committee		Service Impact Committee Meetings		Housing Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
Kenneth A Dean	13	13	4^	4^	3	3	3^	3^	5	5
Ian Hammond	11	13	4	4	-	-	3	3	5	5
Evelyn Horton	12	13	4	4	3	3	-	-	-	-
Mark Hutchinson	11	13	-	-	3	3	3	3	-	-
Jennifer Lambert	13	13	4	4	-	-	3	3	5	5
Simon Miller	13	13	-	-	-	-	-	-	5	5
Dr Robert Mitchell AM	13	13	4	4	-	-	3	3	-	-
Debra Stirling	12	13	-	-	3	3	3	3	-	-

A - Number of meetings attended

B - Number of meetings held during the time the Director held office during the year

^Attended by invitation

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 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 www.missionaustralia.com.au.

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 accommodation provision, family support services, child care, aged care, 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 including Mission Australia Housing, Mission Australia Housing (Victoria), and Sir David Martin Foundation.

6.2 Review of operations and results

The Group reported an underlying operating surplus of $14.8 million (2019: $6.7 million) which is analysed further below by segment of the Group's operations.

2020	*Community Services*	*Housing Services*	*Family & Children Services*	*Fundraising*	*Other*	*Total*
In thousands of AUD						
Operating revenue	201,152	33,400	38,700	-	14	273,266
Fundraising revenue	-	-	-	25,451	-	25,451
Discontinued operations	-	-	5,852	-	-	5,852
JobKeeper subsidy	-	-		-	17,279	17,279
Changes in fair value of investment properties	-	(11,787)	-	-	(115)	(11,902)
Capital and housing grants	-	3,119	-	-	1,059	4,178
Other	1,941	246	-	-	1	2,188
Segment revenues	**203,093**	**24,978**	**44,552**	**25,451**	**18,238**	**316,312**
Underlying operating surplus / (deficit)	**7,125**	**2,741**	**4,507**	**22,122**	**(21,694)**	**14,801**
JobKeeper subsidy	-	638	-	-	15,014	15,652
Net investing and finance income	(1,198)	(2,550)	-	(242)	61	(3,929)
Capital and housing grants	-	3,120	-	-	1,059	4,179
Result from discontinued operations	-	-	(909)	-	4,848	3,939
Changes in fair value of investment properties	-	(11,787)	-	-	(115)	(11,902)
Reportable segment surplus / (deficit)	**5,927**	**(7,838)**	**3,598**	**21,880**	**(827)**	**22,740**

2019	*Community Services*	*Housing Services*	*Family & Children Services*	*Fundraising*	*Other*	*Total*
Operating revenue	185,448	20,787	36,500	-	592	243,327
Fundraising revenue	-	-	-	24,016	-	24,016
Discontinued operations			37,342			37,342
Changes in fair value of investment properties	-	(15,080)	-	-	-	(15,080)
Capital and housing grants	-	2,055	-	-	58	2,113
Other	1,825	-	4	-	612	2,441
Segment revenues	**187,273**	**7,762**	**73,846**	**24,016**	**1,262**	**294,159**
Underlying operating surplus / (deficit)	**1,823**	**(3,167)**	**4,572**	**16,536**	**(13,030)**	**6,734**
Net investing and finance income	8	(910)	(9)	(3)	4,600	3,686
Capital and housing grants	-	2,055	-	-	57	2,112
Result from discontinued operations	-	-	(3,270)	-		(3,270)
Changes in fair value of investment properties	-	(15,080)	-	-	-	(15,080)
Reportable segment surplus / (deficit)	**1,831**	**(17,102)**	**1,293**	**16,533**	**(8,373)**	**(5,818)**

6. Operating and financial review (continued)

6.2 Review of operations and results (continued)

The underlying operating surplus reflects an increase in community Services delivered during the year particularly in respect of services provided under the National Disability Insurance Scheme. Housing Services increased significantly during the year as the Group commenced operation of services in the Coffs Harbour/ Bellingen region under the NSW Government Social Housing Management Transfer Program.

The underlying operating surplus has increased over prior year partly from reduced expenditure in response to the COVID-19 pandemic as strategic, major operational initiatives were suspended or cancelled, and fundraising and marketing campaigns were reduced.

Services, operations and financial results have inevitably been impacted by the COVID-19 pandemic. While cost reduction responses noted above have increased the operational results, several services have experienced significant limitations on their delivery capacity from restrictions imposed in response to the pandemic. All services have had to change their mode of operation in some way to accommodate greater social and physical distancing between both clients and staff. The Group has incurred increased expenditure because of COVID-19 and to enable services to operate remotely.

Fundraising has been challenging during the year from both COVID-19 and bushfires. Reduced expenditure on campaigns donor acquisition and marketing has had a positive impact on the financial result; however, risks to future income are expected to materialise as a result of reduction in the number of supporters and limitations on campaigns to attract and retain new supporters.

The net surplus for the year of $22.7 million (2019 deficit of $5.8 million) includes a significant contribution from JobKeeper income which is offset partially by net losses from investments and declines in the fair value of social and affordable housing properties. The most significant changes compared with the prior year result are the receipt of JobKeeper income and a gain from discontinued operations (loss in 2019) offset by net losses from investments (gains in 2019).

The Group was eligible for the first phase of the Commonwealth Government's JobKeeper subsidy which has enabled the Group to extend employment and wages to many staff who would otherwise have seen their employment reduced or ended. The income received from JobKeeper has also enabled the Group to defray increased costs and reduced income arising from COVID-19 and thereby minimise impacts on consumers of services and staff who deliver services.

The financial impacts arising from COVID-19, directly and indirectly, are expected to continue in future. JobKeeper income will continue to be received until September 2020 to provide funds to mitigate the negative impacts in future periods.

6.3 Significant changes in the state of affairs

In June 2019, the Board of Mission Australia resolved to enter into a transfer of Mission Australia Early Learning with Good Start Early Learning Ltd. The transfer completed on 15 September 2019.

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.

In June 2020, Mission Australia Housing successfully completed the financing of a $65.0 million loan facility with National Housing Finance and Investment Corporation (NHFIC). The new facility enabled the repayment of the $37.0 million Commonwealth Bank Australia facility and, also, enabled the repayment of $20.0 million parent company loans from Mission Australia. The NHFIC facility is fixed at a rate of 2.06% for a term of 12 years.

The COVID-19 pandemic has required significant changes to the operation of services and support functions across the Group. The impact on individual services and functions is varied and not necessarily uniform across the Group.

7. Events subsequent to reporting date

The financial impacts arising from COVID-19, directly and indirectly, are expected to continue in future. The Directors acknowledge that there exists uncertainty over the impacts given the changes that may arise in the course of the pandemic and subsequent responses by Governments. JobKeeper income will continue to provide funds to mitigate the negative impacts in future periods.

In the opinion of the Directors, there are no other likely known changes in the operations of the Group that will adversely or significantly affect the results of the Group in subsequent financial years.

8. Likely developments

Mission Australia Housing is in a consortium with Frasers Property Group to develop a new mixed tenure community in Sydney's Macquarie Park, which will ultimately deliver 950 new social housing dwellings over a 10-year period with the first social housing and services expected to be active in FY2022.

The Directors are cognisant that, because of the COVID-19 pandemic, there exists uncertainty over the future of services currently operated by the Group. The impact on individual services is likely to vary according to changes by Commonwealth and State Governments in response to the COVID-19 pandemic and services commissioned by those governments. Risks to service delivery and expenditure are identified; however, forecasts of financial impact are not able to be made with reasonable certainty.

In the opinion of the Directors, there are no other likely changes in the operations of the Group that will adversely or significantly affect the results of the Group in subsequent financial years.

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 had no material interests in contracts or proposed contracts with the Group during the course of the financial year other than as noted below.

Mr Ian Hammond is a Non – Executive Director of Perpetual Limited and during the year the Group invested funds under management with Perpetual Limited on normal commercial terms. Mr Ian Hammond recused himself from the process and decision to appoint Perpetual Limited as investment manager in order to avoid any potential conflict of interest. Mr Simon Miller is a partner of Boston Consulting Group. During the year Boston Consulting Group seconded a consultant to Mission Australia on terms more favourable to Mission Australia.

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.

10. Indemnification and insurance of officers and Directors (continued)

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 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.

12. Auditor’s independence declaration

The Auditor’s Independence Declaration is set out on page 12 and forms part of the Directors’ Report for the financial year ended 30 June 2020.

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 25 November 2020 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:

Kenneth Dean

President and Chairman

Sydney, 14 September 2020

Ian Hammond

Chairman, Board Audit and Risk Committee

Sydney, 14 September 2020

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 2020 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.

KPMG

KPMG	Stephen Isaac
	Partner
	Sydney
	14 September 2020

For the year ended 30 June 2020

In thousands of AUD	**Note**	**2020**	**2019**
Revenue from rendering services	3	245,704	215,719
Revenue from rental	3	33,400	23,840
Revenue from sale of goods	3	1,482	3,771
Revenue from fundraising	3	25,451	24,016
Revenue from capital and housing grants	3	4,178	2,113
Other revenue	3	17,999	2,438
Total revenue for the year		**328,214**	**271,897**
Change in fair value of investment properties	3	**(11,902)**	**(15,080)**
Personnel expenses	22	(193,040)	(171,983)
Occupancy and accommodation expenses		(19,988)	(21,216)
Transport and equipment hire expenses		(9,037)	(10,137)
Communication expenses		(11,869)	(14,035)
Client expenses		(8,218)	(7,423)
Depreciation and amortisation expense	6,7,8	(16,099)	(4,137)
Subcontractor expenses		(14,176)	(15,540)
Other expenses		(21,155)	(18,580)
Total expenses for the year		**(293,582)**	**(263,051)**
Results from operating activities for continuing operations		**22,730**	**(6,234)**
Discontinued Operations			
Results from discontinued operations	21	3,939	(3,270)
Results from operating activities		**26,669**	**(9,504)**
Finance income		1,692	5,088
Finance costs		(5,621)	(1,402)
Net finance income	16	**(3,929)**	**3,686**
Net surplus / (deficit) for the year		**22,740**	**(5,818)**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges reclassified to profit or loss		193	(83)
Other comprehensive income for the year		**193**	**(83)**
Total comprehensive income / (loss) for the year		**22,933**	**(5,901)**

The notes on pages 17 to 44 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020

In thousands of AUD	Note	2020	2019
Assets			
Cash and cash equivalents	15	47,647	12,617
Trade and other receivables and contract assets	10	16,600	6,026
Investments	11	117,894	96,325
Prepayments and other assets		5,203	3,955
Assets held for sale	21	-	1,140
Total current assets		**187,344**	**120,063**
Trade and other receivables and contract assets	10	3,366	6,705
Investments	11	1,760	1,782
Investment property	5,8	415,388	418,146
Property, plant and equipment	6	103,185	82,468
Intangible assets	7	5,706	4,651
Total non-current assets		**529,405**	**513,752**
Total assets		**716,749**	**633,815**
Liabilities			
Trade and other payables		26,713	25,078
Provisions	13	3,037	3,324
Loans and borrowings	12	-	26,930
Lease liabilities	8	8,996	-
Employee benefits		14,665	11,958
Contract liabilities / deferred income	17	22,797	20,045
Liabilities held for sale	21	-	5,804
Total current liabilities		**76,208**	**93,139**
Other payables		-	4,004
Provisions	13	1,236	1,133
Loans and borrowings	12	64,316	-
Lease liabilities	8	17,930	-
Employee benefits		2,825	2,810
Contract liabilities / deferred income	17	1,852	-
Total non-current liabilities		**88,159**	**7,947**
Total liabilities		**164,367**	**101,086**
Net assets		**552,382**	**532,729**
Equity			
Cash flow hedging reserve		-	(360)
Accumulated surplus		169,382	152,130
Restricted accumulated surplus	14	383,000	380,959
Total equity		**552,382**	**532,729**

The notes on pages 17 to 44 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

In thousands of AUD	Note	Cash flow Hedge Reserve	Accumulated Surplus	Restricted Accumulated Surplus	Total Equity
Balance at 1 July 2018		(277)	141,805	397,102	538,630
Total comprehensive income for the year					
Surplus		-	10,325	(16,143)	(5,818)
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedging reserve		(83)	-	-	(83)
Total comprehensive income for the year		(83)	10,325	(16,143)	(5,901)
Balance at 30 June 2019		(360)	152,130	380,959	532,729
Balance at 1 July 2019		(360)	152,130	380,959	532,729
Transition impact of AASB 1058 *Income of NFP entities* at 1 July 2019			(3,280)	-	(3,280)
Transition impact of AASB 16 *Leases* at 1 July 2019			-	-	-
Restated balance at 1 July 2019		(360)	148,850	380,959	529,449
Total comprehensive income for the year					
Surplus			28,012	(5,272)	22,740
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedging reserve		360	-	(167)	193
Transfer to restricted surplus allocation	14.2	-	(7,480)	7,480	-
Total comprehensive income for the year		**360**	**20,532**	**2,041**	**22,933**
Balance at 30 June 2020		**-**	**169,382**	**383,000**	**552,382**

For the year ended 30 June 2020

In thousands of AUD	Note	2020	2019
Cash flows from operating activities			
Cash receipts from customers		320,810	269,192
Cash paid to suppliers and employees		(276,682)	(253,506)
Cash generated from operations		**44,128**	**15,686**
Interest received	16	1,301	2,097
Interest paid		(2,480)	(1,091)
Net cash from operating activities		**42,949**	**16,692**
Cash flows from investing activities			
Proceeds from dividend	16	391	165
Payments for fixed assets and investment properties		(11,250)	(8,243)
Proceeds from sale of fixed assets and Investment properties		222	49
Payments for investments		(19,857)	(24,249)
Net cash (used in) investing activities		**(30,494)**	**(32,278)**
Cash flows from financing activities			
Payment of lease liabilities	8	(13,504)	-
Payments to bank borrowings	12	(38,307)	-
Proceeds from borrowings	12	74,386	4,000
Net cash from financing activities		**22,575**	**4,000**
Net decrease in cash and cash equivalents		35,030	(11,586)
Cash and cash equivalents at 1 July		12,617	24,203
Cash and cash equivalents at 30 June	15	**47,647**	**12,617**

The notes on pages 17 to 44 are an integral part of these consolidated financial statements.

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 2020 comprise the Company and its controlled entities (together referred to as "the Group" and individually as "Group entities") and the Group's interest in associates.

2. Basis of preparation

In the opinion of the directors, the Group is not publicly accountable. These consolidated financial statements are Tier 2 general purpose consolidated financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board Australian Charities and Not-for-profits Commission Act 2012.

This is the first set of the Group's annual financial statements in which AASB 16 Leases, AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-profit entities have been applied. Changes to significant accounting policies are described in Note 27.

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

- derivative financial instruments are measured at fair value;
- 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.

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	**2020**	**2019**
Revenue recognised under AASB15 *Revenue from Contracts with Customers*		
Revenue from rendering services	245,704	215,719
Revenue from sale of goods	1,482	3,771
Revenue recognised under AASB 1058 *Income of NFP entities*		
Revenue from fundraising	25,451	24,016
Revenue from capital and housing grants	4,178	2,113
JobKeeper subsidy	17,279	-
Revenue recognised under AASB 16 *Leases*		
Revenue from rental	33,400	23,840
Other Revenue		
Other miscellaneous revenue	720	2,438
	328,214	**271,897**
Other Income		
Change in fair value of investment properties	**(11,902)**	**(15,080)**

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 recognition based cost incurred which best reflects the transfer of control.

3. Revenue (Continued)

Accounting Policy (Continued)

Fee for service

Current 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 from sale of goods

Revenue from sales of goods comprises sale of goods and food, revenue is recognised when the control of goods passes to the customer, which is at the time that the goods are physically transferred.

None of the items sold have any warranty attached to them.

Revenue from rental grants

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 maybe 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.

JobKeeper subsidy

On 30 March 2020, the Federal Government announced the “JobKeeper” program, which broadly comprises a wage subsidy to help businesses keep staff employed. From 30 March 2020 to 27 September 2020, the subsidy of $1,500 per fortnight, per eligible employee, is available to all affected employers including not-for-profits and charities.

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.

4. Fundraising information

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		**2020**	**2019**
Results of fundraising appeals			
(a)	Gross proceeds from fundraising appeals	25,451	24,016
	Less: direct costs of fundraising appeals	(3,329)	(5,794)
	Net surplus obtained from fundraising appeals	22,122	18,222
(b)	The proceeds of fundraising are primarily applied to support Community Service Programs that are considered important in pursuing the founding purpose and strategic goals of Mission Australia	202,806	201,603

Gross proceeds from fundraising appeals for 2020 includes bequests of $9.2 million (2019: $8.7 million).

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

In thousands of AUD	*SHGF*	*NBESP*	*Common Ground*	*Other owned & leased properties*	*Total*
Fair value					
Balance at 1 July 2018	44,930	309,832	39,000	31,896	425,658
Purchased and capital expenditure	-	-	-	7,797	7,797
Received as stock transfer	-	-	-	1,035	1,035
Disposal	-	-	-	(1,264)	(1,264)
Change in fair value	(2,537)	(8,762)	(1,170)	(2,611)	(15,080)
Balance at 30 June 2019	42,393	301,070	37,830	36,853	418,146
Balance at 1 July 2019	42,393	301,070	37,830	36,853	418,146
Purchased and capital expenditure	-	-	-	8,822	8,822
Recognition of net right-of-use assets	-	-	-	472	472
Received as stock transfer	-	-	-	2,700	2,700
Disposal	-	-	-	(2,815)	(2,815)
Change in fair value	(403)	(11,639)	(950)	1,055	(11,937)
Balance at 30 June 2020	**41,990**	**289,431**	**36,880**	**47,087**	**415,388**

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 other owned and leased properties include investment properties owned by Mission Australia and Mission Australia Housing.

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 to use assets under unrestricted properties 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 until further guidance is developed. This adoption was taken due to the small size of many of the locations and, also, difficulties in obtaining valuations for specific premises being provided to achieve the purpose of the Group.

Restrictions

The NBESP and Camperdown Common Ground grants are subject to certain conditions. Failure to comply with these conditions could result in returning the assets to the funding bodies. Mission Australia Housing has assessed the likelihood of returning the assets to the funding bodies as less than remote.

The SHGF agreements restrict sale of assets for the term of the agreement. The assets received under the NBESP scheme restrict the sale of assets without funding body consent and restrict the use of sale proceeds where these proceeds can only be used towards purchase of similar social housing stock.

Security

At 30 June 2020, 46 investment properties with a carrying amount of $225.8 million; (2019: $343.4 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.

6. Property, plant and equipment

In thousands of AUD	*Land and buildings*	*Leasehold Improvement*	*Plant and Equipment*	*IT Assets*	*Work In Progress*	*Total*
Carrying amount as at 1 July 2018	76,148	4,196	1,272	1,032	-	82,648
Reclassification to asset held for sale	-	-	(837)	-	-	(837)
Additions	951	215	1,259	1,357	111	3,893
Disposals	-	(7)	(15)	(91)	-	(113)
Depreciation	(1,050)	(873)	(352)	(848)	-	(3,123)
Balance at 30 June 2019	**76,049**	**3,531**	**1,327**	**1,450**	**111**	**82,468**
Assets cost	84,242	12,424	6,341	6,913	111	110,031
Accumulated depreciation	(8,193)	(8,893)	(5,014)	(5,463)	-	(27,563)
Carrying amount as at 1 July 2019	76,049	3,531	1,327	1,450	111	82,468
Recognition of Right-of-use asset on initial application of AASB16	23,652	-	6,826	-	-	30,478
Additions	5,718	265	1,057	624	28	7,692
Disposals	(2,061)	-	(131)	-	-	(2,192)
Depreciation	(9,446)	(1,167)	(3,834)	(814)	-	(15,261)
Balance at 30 June 2020	**93,912**	**2,629**	**5,245**	**1,260**	**139**	**103,185**
Assets cost	111,551	12,689	14,093	7,537	139	146,009
Accumulated depreciation	(17,639)	(10,060)	(8,848)	(6,277)	-	(42,824)

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.

Right-of-use assets related to lease 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 live and recognised in profit or loss.

The Group policy for deprecating right of use assets is detailed in note 8.

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.

7. Intangible assets

Computer Software	**2020**	**2019**
In thousands of AUD		
Carrying amount as at 1 July	4,651	2,362
Acquisitions	3,414	3,303
Written off	-	(750)
Amortisation	(336)	(264)
Impairment of work in progress	(2,023)	-
Closing net book value as at 30 June	**5,706**	**4,651**
Assets cost	30,155	26,741
Accumulated amortisation	(24,449)	(22,090)
	5,706	**4,651**

During the year, the Group recognised an impairment loss of $2.0 million with respect to work in progress.

Accounting Policy

Software

Software acquired or internally developed has a finite useful life and is measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value using the straight-line method over the estimated useful lives. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Bed Licence

Bed Licences are granted for no consideration by the Department of Health and Ageing in perpetuity and their useful life is considered to be indefinite. They are recognised at their fair value on the date of acquisition only if it is probable that the future economic benefits attributable to the bed licences will flow to the Group and the fair value of bed licences can be measured reliably. Purchased bed licences are recognised at their cost of acquisition on the acquisition date.

The Group owns 192 bed licences which were granted by the Australian Government Department of Health and Ageing for no consideration.

8. Leases

8.1 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 leases land and buildings under a number of leases, which were classified as operating leases under AASB 117.

The Group leases plant and equipment (motor vehicles) under a number of leases, which were classified as operating leases under AASB 117.

The Group leases plant and equipment (computer & printing equipment) with contract terms of one to three years. These leases are short-term and/or leases 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

In thousands of AUD	Land and buildings	Investment Properties	Plant and Equipment	Total
Balance at 1 July 2019	23,652	-	6,826	30,478
Addition during the year	5,264	973	-	6,237
Depreciation charge for the year	(8,396)	(501)	(3,421)	(12,318)
Balance at 30 June 2020	**20,520**	**472**	**3,405**	**24,397**

Amounts recognised in profit or loss

In thousands of AUD	**2020**
Interest on lease liabilities	(1,142)
Variable lease payments not included in the measurement of lease liabilities	(939)
Expenses relating to short-term leases	(8)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(212)

Amounts recognised in statement of cash flows

In thousands of AUD	**2020**
Cash outflow for lease payment	(13,504)
Cash outflow for lease interest payment	(1,142)
	(14,646)

Lease Liability

In thousands of AUD	**2020**	**2019**
Maturity analysis - contractual undiscounted cash flows		
Less than one year	10,007	18,388
Between one and five years	14,660	27,431
More than five years	5,272	7,377
Total undiscounted lease liabilities at 30 June 2020	**29,939**	**53,196**
Lease liabilities included in the statement of financial position	**26,926**	**-**
Current Lease liability	**8,996**	**-**
Non- Current liability	**17,930**	**-**

8. Leases (continued)

8.1 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.

8.2 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

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117. The details of accounting policies under AASB 117 and AASB 16 are disclosed separately.

Policy applicable from 1 July 2019

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

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.

8. 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.

It 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.

Short-term leases and leases of low-value assets

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.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

8. Leases (continued)

Accounting policy (continued)

I. As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

II. As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

9. Commitments

9.1 Capital commitments

Mission Australia Housing has contractual commitments with Housing NSW, as a condition of the transfer of properties under the NBESP scheme and with Housing Tasmania, towards increasing the social and affordable housing stock in NSW and Tasmania.

9.2 Leases as lessor

The Group leases out its investment property (see Note 5). The future minimum lease receipts under non-cancellable leases are as follows:

In thousands of AUD	**2020**	**2019**
Less than one year	1,756	1,493
Between one and five years	230	160
More than five years	-	-
	1,986	**1,653**

During the year, $33.4 million was recognised as rental income in profit and loss (2019: $23.8 million).

9.3 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 11 *Investments* and Note 15 *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 contract 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. Some leases provide for additional rent payments that are based on changes in a local price index.

During the year ended 30 June 2020, the Group recognised $14.6 million (2019: $20.7 million) as an expense in the income statement in respect of leases.

10. Trade and other receivables and contract assets

In thousands of AUD	2020	2019
Current		
Trade receivables	9,629	5,964
JobKeeper subsidy receivable	6,899	-
Other receivables	72	62
	16,600	6,026
Non Current		
Subordinated notes in Goodstart Early Learning	3,366	3,366
Other non-current receivables	-	3,339
	3,366	6,705
	19,966	**12,731**

Accounting Policy

Financial instruments

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 2020.

On 1 July 2019, the Group derecognised its non-current bequest receivable in Sir David Martin Foundation and recognised it as contingent asset on the adoption of AASB 1058 as describe in Note 24. The bequest has been made to SDMF subject to a life interest, which means that the Group does not currently have the control required to recognise this bequest as an asset.

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 an 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.

COVID impact on credit risk

The Group’s exposure to COVID credit risk is influenced mainly by the characteristics of its customer. The Group’s customers are mainly Federal & State Government.

Due to the nature of Group’s customers, the impact of COVID on credit risk was assessed as low.

11. Investments

In thousands of AUD	2020	2019
Current investments		
Opening balance	36,817	34,473
Additions	19,857	-
Movement in fair value	(2,808)	2,344
Financial assets designated at fair value through profit or loss	53,866	36,817
Term deposits	60,343	56,508
Term deposits - sinking fund	3,685	3,000
	117,894	**96,325**
Non Current investments		
Term deposits	**1,760**	**1,782**

Accounting Policy

The financial assets at fair value through profit or losses 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 Institutes are classified as financial assets at amortised cost.

Mission Australia Housing sets aside resources for the periodic repair and maintenance of housing properties in accordance with its long term asset management plan. Consequently, resources are largely held as sinking fund assets in the form of investments.

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.

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. For more information about the Group's exposure to interest rate risk and liquidity risk.

Terms and conditions of outstanding loans were as follows:

In thousands of AUD	Currency	Average interest rate	Year of maturity	30 June 2020 Face Value	30 June 2020 Carrying amount	30 June 2019 Face value	30 June 2019 Carrying amount
Current							
Secured bank loans - CBA	AUD	3.25%	2022	-	-	26,930	26,930
Non - Current							
Secured loan - NHFIC	AUD	2.06%	2032	64,316	64,316	-	-
Total interest-bearing liabilities				**64,316**	**64,316**	**26,930**	**26,930**

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 new NHFIC facility enabled the repayment of Commonwealth Bank Australia (CBA) facilities.

The NHFIC facility is fixed at a rate of 2.06% for a term of 12 years.

At 30 June 2020, the NHFIC facility was secured over 46 investment properties with a carrying value of $225.8 million. At 30 June 2019, the CBA facilities was secured over investment properties with a carrying value of $384.5 million.

Accounting Policy

Financial instruments

Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Cash flow hedges

The Group has elected to use AASB 139 for hedge accounting purposes, when a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve.

The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

On 30 June 2020, the Group terminated hedging instruments on the completion of the refinancing of Mission Australia Housing. Consequently, hedge accounting was discontinued and the change in fair value of hedging instruments recognised in other comprehensive income.

13. Provisions

In thousands of AUD	**2020**	**2019**
Current		
Onerous lease provision	-	1,016
Make good provision	2,162	1,609
Legal claim provision	875	642
Restructuring provision	-	57
	3,037	**3,324**
Non current		
Make good provision	1,236	1,133
	1,236	**1,133**

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 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.

Restructuring provision

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

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.

14. Capital and reserves

14.1 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

14.2 Restricted accumulated surplus

The Group has restricted accumulated surplus of $383.0 million (2019: $380.9 million) in the current financial year relating to the surpluses of controlled entities over which restrictions on the ability to access capital exist.

15. Cash and cash equivalents

In thousands of AUD	**2020**	**2019**
Bank balances	**47,647**	**12,617**

Mission Australia Group entities have increased its holding of cash at bank in order to maintain high levels of liquidity during the uncertainty cause by the COVID-19 pandemic and as a result of the refinancing of Mission Australia Housing which closed on 30 June 2020 .

16. Finance income and finance costs

In thousands of AUD	**2020**	**2019**
Recognised in profit or loss:		
Interest income on financial assets	1,301	2,097
Dividend income	391	165
Fair value through profit or loss	-	2,826
Finance income	1,692	5,088
Interest expense on lease liabilities	(1,142)	-
Interest expense on financial liabilities	(1,671)	(1,402)
Fair value through profit or loss	(2,808)	-
Finance expense	(5,621)	(1,402)
Net finance income	**(3,929)**	**3,686**

Accounting Policy

Finance income and expense

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.

17. Contract liabilities

Contract liabilities for the Group of $24.6 million consists of government grants received in advance for services to be rendered by the Group.

18. 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.

18.1 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.

18.2 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.

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 parties.

19. Group entities

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

Mission Australia Housing and Mission Australia Housing (Victoria) 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 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.

20. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2020 the parent entity of the Group was Mission Australia.

In thousands of AUD	**2020**	**2019**
Result of parent entity		
Profit for the period	32,193	9,223
Total compehensive income for the period	**32,193**	**9,223**
Financial position of parent entity at year end		
Current assets	160,512	111,506
Non-current assets	113,066	110,343
Total assets	**273,578**	**221,849**
Current liabilities	79,762	69,514
Non-current liabilities	24,434	10,289
Total liabilities	**104,196**	**79,803**
Net assets	**169,382**	**142,046**
Total equity of the parent entity comprising of:		
Retained earnings	169,382	142,046
Total equity	**169,382**	**142,046**

21. Discontinued operations

In June 2019, the Board of Mission Australia resolved to enter into a transfer of Mission Australia Early Learning to Goodstart Early Learning Ltd for consideration of $1. The transfer completed on 15 September 2019.

21.1 Results of discontinued operations

In thousands of AUD	**Note**	**2020**	**2019**
Rendering of services		5,505	33,530
Other income and Government Grants		347	3,812
Total revenue for the year		**5,852**	**37,342**
Personnel expenses		(4,443)	(27,058)
Occupancy and accommodation expenses		(1,748)	(9,758)
Client expenses		(267)	(1,860)
Depreciation and amortisation expense		(37)	(222)
Other expenses		(266)	(1,714)
Total expenses for the year		**(6,761)**	**(40,612)**
Result from operating activities		**(909)**	**(3,270)**
Gain on sale of operations		**4,848**	**-**
Results from discontinued operations		**3,939**	**(3,270)**

21.2 Cash flows from discontinued operations

In thousands of AUD	**2020**	**2019**
Net cash outflows from operating activities	(33)	(4,298)
Net cash outflows from investing activities	-	(187)
Net cash inflows from financing activities	-	4,458
Net cash outflows	**(33)**	**(27)**

Our people

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

22. Personnel expenses

In thousands of AUD	2020	2019
Wages and salaries	158,858	143,465
Other associated personnel expenses	18,639	12,622
Contributions to defined contribution plans	15,543	15,896
	193,040	**171,983**

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.

Other 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.

23. Related parties

23.1 Key Management personnel compensation

The key management personnel compensation included in ‘personnel expenses’ (see Note 22) is as follows:

In AUD	2020	2019
Short-term employee benefits	2,669,873	2,377,784
Other long-term benefits	219,020	167,941
Post-employment benefits	174,797	179,975
Termination benefits	103,990	-
	3,167,680	**2,725,700**

23.2 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.

Other disclosures

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

24. Contingencies

24.1 Contingent Assets

In 2012, the Group received entitlement from a NSW Trustee and Guardian ("NSW Trustee") of a bequest from an estate that includes life assets. The Estate is managed by NSW Trustee who note that the estate cannot be settled until the life interest in the Estate ends. Group initially recorded its interest in the bequest as non-current bequest receivable however; upon the initial implementation of AASB 1058 on 1 July 2019, the Group determined that there was insufficient control over the bequest for it to be recognised as an asset. The Group derecognised its non-current bequest receivable of $3.3 million and recognised it as contingent asset based on the right to receive assets in future.

24.2 Contingent liabilities

Certain recent court decisions, not involving Mission Australia, regarding the correct application of various casual employee entitlements may have a financial impact on the Group. The Group does not consider the majority of the principles relating to these Court decisions directly apply to the Group's employment arrangements. No provision has therefore been recognised in relation to these matters at 30 June 2020.

25. Subsequent events

The financial impacts arising from COVID-19, directly and indirectly, are expected to continue in future. The Directors acknowledge that there exists uncertainty over the impacts given the changes that may arise in the course of the pandemic and subsequent responses by Governments. JobKeeper income will continue to provide funds to mitigate the negative impacts in future periods.

In the opinion of the Directors, there have been no other likely changes in the operations of the Group that will adversely or significantly affect the results of the Group in subsequent financial years.

26. 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.

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
- The Trustee for Mission Australia Foundation
- Mission Australia Housing
- Mission Australia Housing (Victoria)

27.2 Changes in accounting policy

The Group initially applied AASB 16 Leases, AASB 15 Revenue from contracts and AASB 1058 Income of Not-for-Profit from 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

The Group applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for the year ended 30 June 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations.

27. Significant and changed accounting policies (continued)

27.2 Changes in accounting policy (continued)

The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB 117 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 8.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

I. Leases classified as operating leases under AASB 117

Previously, the Group classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019 (see Note 8). Right-of-use assets are measured at on amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired. The Group used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

27. Significant and changed accounting policies (continued)

27.2 Changes in accounting policy (continued)

As a lessor

The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under AASB 116.

The Group has not entered into a sub-lease during 2019.

The Group has applied AASB 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

Impact on transition

On the date of initial application, 1 July 2019, the Group recognised additional right-of-use assets, including investment property, and additional lease liabilities. The impact on transition is summarised below.

In thousands of AUD		**1 July 2019**
Right-of-use assets – property, plant and equipment	8	30,478
Lease liabilities	8	(32,549)
Prepayment		(285)
Trade and other payables		375
Other payables		1,981

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 3.8%.

In thousands of AUD		**1 July 2019**
Operating lease commitments at 30 June 2019 as disclosed under IAS 17 in the Group's consolidated financial statements	8	53,196
Discounted using the incremental borrowing rate at 1 July 2019		(7,192)
Recognition exemption for leases of low-value assets		(2,198)
Recognition exemption for leases with less than 12 months of lease term at transition		(3,124)
Disposal of leases of discontinued operation		(7,873)
Adjustments relating to variance lease payments based on an index or rate		(260)
Lease liabilities recognised at 1 July 2019		**32,549**

27. Significant and changed accounting policies (continued)

Revenue

The Group has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 July 2019.

The key changes to Group's accounting policies and the impact on the financial report from applying AASB 15 and AASB 1058 are described below.

The Group has applied AASB 15 and AASB 1058 using the modified retrospective (cumulative catch-up) method, which means the comparative information has not been restated and continues to be reported under AASB 118 Revenue, AASB 1004 Contributions and related interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to accumulated funds at 1 July 2019.

For contracts modified prior to 1 July 2019, the Group has elected not to restate the contract for the modifications and has instead reflected the aggregate effect of all the modifications that occur before the transition date on 1 July 2019.

Impact on transition

The impact of adopting AASB 15 and AASB 1058 on the Group's surplus for the year ended 30 June 2020 was not material.

27.3 New Standards and interpretations not yet adopted

At the date of authorisation of the financial report, the following relevant Standards and Interpretations were issued but not yet effective:

- Amendments to references to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts

The Group is assessing the potential impact on its financial statements of these new and revised Standards and Interpretations.

Directors' Declaration

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

a) the consolidated financial statements and notes set out on pages 12 to 43 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 2020 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 2013*.

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, 14 September 2020.

Kenneth Dean
President and Chairman

Ian Hammond
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, Kenneth Dean, 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, 14 September 2020.

Kenneth Dean
President and Chairman

Independent Auditor's Report

To the members of Mission Australia

Report on the audit of the Financial Report

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* including:

i. giving a true and fair view of the Group's financial position as at 30 June 2020, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

i. Consolidated statement of financial position as at 30 June 2020.

ii. Consolidated statement of profit or loss and other 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 the Chairman in respect of fundraising appeals 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 the Code.

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 - Reduced Disclosures Requirements and the ACNC.

ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations and with Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947.

iii. 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.

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'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 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 Group 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.

In addition we have:

i. Obtained an understanding of the internal control structure for fundraising appeal activities.

ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

KPMG

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

i. the Financial Report gives a true and fair view of the Group's financial result of fundraising appeal activities for the financial year ended 30 June 2020;

ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2019 to 30 June 2020, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;

iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2019 to 30 June 2020 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and

iv. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947

In our opinion, the Group has complied, in all material respects, with the requirements of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947* for the year ended 30 June 2020.

KPMG

KPMG

Stephen Isaac

Partner

Sydney

14 September 2020