foundation HOUSING

(A.B.N 78 115 629 662)

General Purpose Financial Report for the Year Ended 30 June 2021

CONTENTS

DIRECTORS' REPORT

Your Directors present their report on the company for the year ended 30 June 2021.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The principal activity of the organisation during the year continued to be the supply and management of suitable rental accommodation for low to moderate income people in Western Australia, whilst focusing on strategies to increase positive outcomes for tenants.

Foundation Housing retains its ongoing compliance with the Community Housing Regulatory Framework, and therefore our continued registration as a Tier 1 Community Housing Provider.

The housing portfolio has increased slightly over the previous 12 months, increasing 4.5% to a total of 2,250 units of accommodation. Foundation Housing services around 3,500 people and families in need across the State.

The organisation has responded well to the impacts of COVID-19, and ensured that appropriate processes are in place to manage the provision of services to tenants. Foundation Housing has also implemented flexible working arrangements for its employees to ensure that the business can respond rapidly to legislative requirements, in addition to providing an enhanced ongoing working environment. The raft of Government subsidies has supported our tenant demographic, which has resulted in a minimal impact to the overall financial performance of the organisation.

A major growth initiative during the year was the establishment of Elevate by Foundation Housing, which included the acquisition of 97 affordable properties across the Perth metropolitan region. Using low-cost funding available via the National Housing Finance and Investment Corporation (NHFIC), Foundation Housing purchased new homes to lease to key and essential workers, located in central locations with proximity to public transport, employment hubs, and retail precincts. The model benefited commercially through wholesale transactions and by leveraging the organisation’s not-for-profit status.

Foundation Housing is actively progressing its first Specialist Disability Accommodation (SDA) Project, with development due to commence in the first quarter of FY22. The accommodation will consist of two purpose built SDA properties in Bassendean. Foundation Housing will be partnering with ACTIV who will provide care support services to six National Disability Insurance Scheme (NDIS) approved tenants.

During the year, Foundation Housing developed a Positive Tenancies Framework to ensure a shared understanding of what constitutes a positive tenancy, a framework to guide work activities towards the achievement of this objective, and a reference point to help achieve consistent decision making. The framework is aligned to the six domains of the Department of Communities’ draft Outcomes Framework, namely Safe, Stable, Healthy, Equipped, Connected, & Empowered.

Foundation Housing continues to support and provide services to various programs across the state, including Homes for Carers, 20 Lives 20 Homes, and Street to Home, as well as directly funding both a Tenant Support and Community Engagement team, with service provided across all Foundation Housing tenancies. This financial year an operating agreement was established with Summer Housing to manage their WA portfolio of independent housing for people living with a disability.

In March 2020, Foundation Housing launched its inaugural tenant scholarship program. The purpose of the program is to build the capacity of tenants by providing opportunities and financial assistance to access further education and development. Three scholarships were awarded in FY21, based on applicants educational and employment goals, commitment to study, and any barriers to studying.

Following a major upgrade to the organisation's finance system in the previous year, the company transitioned to an upgraded version of Chintaro, our tenant management system. This was followed by the implementation of the Maintenance Manager system that supports our asset management services. Both systems provide enhanced functionality and business efficiencies to the organisation.

The Directors note that the entity has recognised an impairment gain on its land and buildings of $374,882 during the year ended 30 June 2021. The impairment is attributable to improved property market conditions in locations where the entities assets reside and does not reflect the operational performance of the entity. For the year ended 30 June 2021 Foundation Housing generated positive cash inflows from operations of $9,610,520 and as at 30 June 2021 had net assets in excess of $142 million.

STRATEGIC OBJECTIVES

The Executive Management Team and Board finalised Foundation Housing's Strategic Plan 2020-2023 in the first quarter of FY21.

The revised strategic objectives are encapsulated in our refreshed purpose "To improve people's lives with safe and secure housing".

This is underpinned by our Vision of "A home for everyone", and our Mission "To provide affordable housing options for Western Australians on low to moderate incomes".

The key strategies from the Strategic Plan are:

1. Leverage Growth

   Increase portfolio size and secure increased revenue from non-government sources.

2. Support and Sustain Positive Tenancies

   Support tenants to maintain their tenancies and reduce negative exits.

The two strategies are underpinned by:

- Business Excellence

  To develop a productive, efficient and high performing work environment for all staff.

DIRECTORS' REPORT (Continued)

Directors

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. The following persons were Directors in office at any time during or since the end of the year:

Mr David Ligovich
Mr Peter Hugh Lee
Ms Elena Jane Macrides
Mr Darren Cooper
Ms Josephine Buontempo
Mr Jeffrey Stiely

Directors' Information

Mr David Ligovich

Qualifications	Fellow Chartered Accountants, Bachelor of Business Degree, Diploma in Accounting.
Experience	David Ligovich has 30 years' experience in finance and business management in leading private and not-for-profit businesses both within Australia and internationally. David is highly skilled in operational and strategic leadership, governance, risk management, and Mergers & Acquisitions.
Special Responsibilities	Chair of the Board of Directors Chair of the Finance & Audit Committee Member of the Governance Committee

Mr Peter Lee

Qualifications	Bachelor of Architecture, Registered Architect, Chartered Architect, Life Fellow Australian Institute of Architects, Member of the Australian Institute of Directors.
Experience	Peter Lee is an Equity Principal of Hassell (since 2004) who is responsible for leading a multidisciplinary international design team engaged in a diverse range of major local, national and international projects. He is an Adjunct Professor at Curtin University in Faculty of Humanities and on the Boards of FORM, Open House Perth and Rottnest Island Authority.
Special Responsibilities	Chair of the Development & Asset Committee.

Ms Elena Macrides

Qualifications	Bachelor of Science, Bachelor of Laws, Masters of Business Administration, GAICD
Experience	Elena Macrides has over 20 years' experience as a management consultant and solicitor specialising in corporate strategy development and implementation.
Special Responsibilities	Chair of the Governance Committee. Member of the Finance, Risk and Compliance Committee.

Mr Darren Cooper

Qualifications	Bachelor of Business, Masters in Applied Finance, GAICD.
Experience	Darren Cooper has over 25 years' senior and executive management experience within the banking and property industries. He is currently Managing Director of a private consulting business, Board Chair of The Go2 People Ltd (ASX:GO2) and Spectur Ltd (ASX:SP3), Non-Executive Director of Netccentric Ltd (ASX:NCL) and Board Chair of Ocean Gardens Retirement Village Inc.
Special Responsibilities	Deputy Chair of the Board of Directors. Member of the Development & Asset Committee

DIRECTORS' REPORT (Continued)

Ms Josephine Buontempo

Qualifications	Graduate Certificate in Migration Law & Practice, Certificates in Training & Assessment and Social Sciences. Associate Fellow of the Australian Institute of Management. Member, Australian Institute of Company Directors.
Experience	Jo Buontempo has over 25 years senior and executive leadership experience across the profit for purpose, government, legal and corporate sectors. She has developed and managed services in the areas of community law, family, children and youth services, social housing, disability and education, employment and grant making. Currently, she is Managing Director of a global migration law practice in addition to providing consulting and training services in corporate governance and strategy. She a member of the International Fellows Alumni of the Centre for Philanthropy and Civil Society, City University of New York and Member of the Australian Broadcasting Corporation Advisory Council.
Special Responsibilities	Chair of the Tenant Services & Engagement Committee. Member of the Governance Committee.

Mr Jeffrey Stiely

Qualifications	Bachelor of Science, Business
Experience	Jeff Stiely has consulted for over thirty years in strategy design and implementation. His clients include CEO's and their executive teams at firms such as Wal*Mart, Tiffany & Co, & the Gap in the US; Armani in Italy; Aeon Group in Japan, and Westfield in Australia. Since moving to Perth in 2005, Jeff has expanded beyond retail into an array of industries, with a balance between for profit and mission-focused organisations. Social organisations include Nulsen, Foundation Housing, Lotterywest, The Anglican Church, Anglicare, St. Bart's, Wungening Aboriginal Corporation (formally AADS), Steiner Schools, and several others. He's on the national speaking circuit, delivering keynotes nationally to CEO's and boards on the above topics. Jeff is active on boards, having chaired two companies, including Kitchen Warehouse, a national retailer.
Special Responsibilities	Member of the Tenant Services & Engagement Committee

Mr Jeremy Jacobs

Qualifications	Member Australian Institute of Company Directors, Member CPA Australia, Bachelor of Commerce.
Experience	Jeremy has extensive experience in the provision of commercial management and corporate strategy across a diverse range of industries including not-for-profit, aged care, consulting, banking, and finance. Jeremy also holds board positions within the not-for-profit sector.
Special Responsibilities	Company Secretary Chief Financial Officer Chief Risk Officer

DIRECTORS' REPORT (Continued)

The number of Directors' meetings (including Sub-Committees) held during the period and the number of meetings attended by each Director is as follows:

Director	**Board of Directors**		**Finance, Risk & Compliance Committee**		**Development & Asset Committee**	
	Eligible to attend	**Meetings attended**	**Eligible to attend**	**Meetings attended**	**Eligible to attend**	**Meetings attended**
Mr Peter Lee	11	9	-	-	11	11
Ms Elena Macrides	11	11	5	5	-	-
Ms Josephine Buontempo	11	11	-	-	-	-
Mr David Ligovich (Chair)	11	10	5	5	-	-
Mr Darren Cooper (Deputy Chair)	11	11	-	-	11	10
Mr Jeffrey Stiely	11	11	2	1	-	-

Director	**Tenancy Services & Engagement Committee**		**Governance Committee**	
	Eligible to attend	**Meetings attended**	**Eligible to attend**	**Meeting attended**
Mr Peter Lee	-	-	-	-
Ms Elena Macrides	-	-	5	4
Ms Josephine Buontempo	6	6	5	5
Mr David Ligovich (Chair)	-	-	5	5
Mr Darren Cooper (Deputy Chair)	-	-	-	-
Mr Jeffrey Stiely	4	4	-	-

Contributions on Winding Up

The entity is incorporated under the ACNC Act 2012 and is an entity limited by guarantee. If the entity is wound up, the Constitution states that each member is required to contribute a maximum of $100 each towards meeting any outstanding obligations of the entity. At 30 June 2021, the total amount in aggregate that members of the Company are liable to contribute if the Company is wound up is $1,300 (2020: $1,300).

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Company during the financial year ending 30 June 2021.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since 30 June 2021 that has significantly affected the Company's operation, the results of those operations, or state of affairs in future financial years.

DIRECTORS' REPORT (Continued)

Director **Director**

Perth
Dated: 30 day of September 2021.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 $	2020 $
Revenue	2	20,561,795	20,514,043
Other Income	2	4,821,791	4,387,214
Depreciation & Amortisation	2	(5,537,742)	(5,222,148)
Impairment (Losses)	6	(125,118)	(8,276,500)
Property Management expenses		(8,738,980)	(11,132,586)
Administration Expenses		(9,719,486)	(9,923,203)
Profit / (Loss) of Sale of Asset		(65,302)	(117,047)
Property Development Expenses		(123,244)	(383,204)
Finance Costs		(1,149,393)	(2,656,981)
Surplus / (Deficit) Before Income Tax		**(75,679)**	**(12,810,412)**
Income Tax		-	-
Surplus / (Deficit) After Income Tax		**(75,679)**	**(12,810,412)**
Other Comprehensive Income *Items that may be reclassified subsequently to surplus or deficit*			
Cash Flow Hedge		-	1,275,785
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS		**(75,679)**	**(11,534,627)**

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

Assets	Note	2021 $	2020 $
Current Assets			
Cash & Cash Equivalents	3	16,051,214	8,229,725
Trade & Other Receivables	4	1,022,219	806,149
Other Assets	5	769,348	786,123
Total Current Assets		**17,842,781**	**9,821,997**
Non-Current Assets			
Property, Plant & Equipment	6	211,850,176	175,651,045
Intangibles	7	92,217	88,959
Total Non-Current Assets		**211,942,393**	**175,740,004**
Total Assets		**229,785,174**	**185,562,001**
Liabilities			
Current Liabilities			
Trade & Other Payables	9	2,216,756	1,897,676
Contract Liabilities	8	548,486	578,096
Borrowings	10	166,667	166,667
Short Term Provisions	11	1,009,384	951,246
Lease Liability	12	361,587	321,378
Total Current Liabilities		**4,302,880**	**3,915,063**
Non-Current Liabilities			
Borrowings	10	80,867,981	36,566,496
Long Term Provisions	11	144,601	128,390
Lease Liability	12	2,125,277	2,531,938
Make Good Provision	13	91,750	91,750
Total Non-Current Liabilities		**83,229,609**	**39,318,574**
Total Liabilities		**87,532,489**	**43,233,637**
Net Assets		**142,252,685**	**142,328,364**
Equity			
Retained Surpluses		142,252,685	142,328,364
Total Equity		**142,252,685**	**142,328,364**

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

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

	Hedge Reserve	Retained Surplus	Total
	$	**$**	**$**
Balance at 1 July 2019	(1,275,785)	155,138,776	153,862,991
Deficit for the year ended 30 June 2020	-	(12,810,412)	(12,810,412)
Hedging Reserve	1,275,785	-	1,275,785
Total Comprehensive Income	**1,275,785**	**(12,810,412)**	**11,534,627**
Balance at 30 June 2020	**-**	**142,328,364**	**142,328,364**
Balance at 1 July 2020	-	142,328,364	142,328,364
Deficit for the year ended 30 June 2021	-	(75,679)	(75,679)
Total Comprehensive Income	**-**	**142,252,685**	**142,252,685**
Balance at 30 June 2021	**-**	**142,252,685**	**142,252,685**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 $	2020 $
Cash Flows from Operating Activities			
Cash Receipts in the Course of Operations		26,728,446	23,263,559
Interest Received		6,871	24,061
Operating grants received		1,885,450	2,451,072
Payments to Suppliers and Employees		(17,860,854)	(21,022,761)
Interest Paid		(1,149,393)	(2,647,224)
Net cash inflow from operating activities	21	**9,610,520**	**2,068,707**
Cash Flow from Investment Activities			
Payment for Purchase of Land & Buildings		(44,494,130)	-
Payments for Purchase of Plant & Equipment, Furniture, Fittings & Leasehold Improvements		(1,411,043)	(1,428,432)
Payments for Intangibles		(23,599)	(89,762)
Net cash outflow for investment activities		**(45,928,772)**	**(1,518,194)**
Cash Flow from Financing Activities			
Payment for Lease Liability		(547,894)	(527,342)
Repayment of Borrowings (HA)		(312,365)	(166,667)
Repayment of Borrowings (NAB)		-	(34,300,000)
Proceeds from Borrowings (NHFIC)		45,000,000	35,000,000
Net cash inflow for financing activities		**44,139,741**	**5,991**
Net Increase(decrease) in cash and cash equivalents		7,821,489	556,505
Cash & Cash at the beginning of the financial year		8,229,725	7,673,220
Cash & Cash Equivalents at the end of the financial year	3	**16,051,214**	**8,229,725**

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for Foundation Housing Limited as an individual entity, incorporated and domiciled in Australia. The address of the registered office is 297 Vincent Street, Leederville Western Australia 6007. Foundation Housing Limited is a company limited by guarantee.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and Australian Charities and Not-for-profits Commission Act 2012. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

Going Concern

As at 30 June 2021 the Directors are satisfied the Company is a going concern and that the Company has complied with all covenants related to the borrowing facilities.

Accounting Policies

New or amended Accounting Standards and Interpretations adopted

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

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

a) Revenue Recognition

Rental revenue represents revenue earned when the service has been provided. Revenue from the rendering of a service is recognised upon the delivering of a service to the customers.

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligation is satisfied. This generally the case for the monies received for the grant programs relating to the Company, of which the performance obligations are varied based on the agreement.

Within grant agreements there may be some performance obligations where control transfers at a point in time and others which continues transfer of control over the life of the contract. If control is transferred over time, then revenue will be recognised based on cost or time incurred of which best reflects the transfer of control.

Foundation Housing receives non-reciprocal contributions of assets from the Government for zero or nominal value. These assets are recognised at fair value on the date of acquisition in the Statement of Financial Position with a corresponding amount of income recognised in the Statement of Profit or Loss and Other Comprehensive Income.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Revenue Recognition (Continued)

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

b) Unexpected Grants / Unused Capital Funds

The contract assets primarily relate to the Company's rights to consideration for work completed mainly on government grants or contributions. The contract liabilities relate to advanced consideration received from government, for which revenue is recognised either as expended or on completion of specific project funds.

The Company receives grant and capital monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the Company to treat the monies as unexpended grants and unused capital funds in the Statement of Financial Position where the Company is contractually obliged to provide the services in a subsequent financial period to when the funds are received or, in the case of specific project funds, where the related project work has not been completed.

c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

d) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

e) Cash and Cash Equivalents

Cash and Cash Equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within short term borrowings in current liabilities on the Statement of Financial Position.

f) Financial Instruments

Recognition and Initial Measurement

Financial Instruments, incorporating Financial Assets and Financial Liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for Financial Assets that are delivered within timeframes established by marketplace convention.

Financial Instruments are initially measured at fair value plus transaction costs where the instruments are classified as at fair value through profit or loss. Transaction costs related to instruments classified as fair value through profit or loss are expensed to profit or loss immediately. Financial Instruments are classified and measured as set out below.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire.

The difference between the carrying value of the financial liability extinguished or transferred to another party and the value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial Assets at Amortised Cost

Financial Assets at amortised cost are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial Liabilities

Non-derivative Financial Liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective rate method.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a Financial Instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Impairment of trade receivables is based on expected credit losses from events that are possible within 12 months.

g) Borrowing Costs

Are amortised over the period of the loan.

h) Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of the reporting period.

The Company has conducted external independent valuations of the Land and Buildings portfolio held as security for their loan facilities on their highest and best use basis ignoring any restrictive covenant placed on the properties by the Housing Authority. There is a formal legal agreement between the lending Financier and the Housing Authority which allows the Financier to realise the value of these assets with the restrictive covenant removed if necessary.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Impairment of Non-Financial Assets (Continued)

These valuations are used as a base to evaluate the individual values of the Land and Buildings owned by the Organisation each year

i) Property, Plant and Equipment

Each class of Property, Plant, and Equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of an item of property, plant, and equipment shall be derecognised when disposed of or when no future economic benefits are expected from its use. Any gains or losses shall be recognised in the profit and loss.

Property

Freehold Land and Buildings are measured on the cost basis and where applicable less depreciation and impairment losses.

Freehold Land and Buildings that have been contributed at no cost, or for nominal cost, are valued at the fair value of the asset at the date it is acquired.

Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of depreciated replacement cost.

Plant and Equipment that have been contributed at no cost or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Depreciation

Fixed assets are depreciated on a straight line basis over their useful lives to the entity from the time the asset is held ready for use. Leasehold Improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Freehold Buildings	2.50%	
Motor Vehicles	15.00%	
Property Plant and Equipment	10.00%	
Property Leasehold Improvements	10.00%	(Bathrooms, kitchens, flooring etc)
Property Leasehold Improvements	6.67%	(Roofs, electrical, plumbing etc)
Property Furniture and Fittings	10.00%	
Office Plant and Equipment	10.00%	
Office Furniture and Fittings	10.00%	
Office Leasehold Improvements	20.00%	
Computer Equipment	33.33%	

Service Concession Arrangements

The Company recognises an intangible asset arising from a service concession arrangement when it has the right to charge for usage of the concession facility. An intangible asset received as a consideration for operating the facility is calculated as the present value of future lease payments plus the fair value of the property, plant and equipment acquired. Subsequent to initial recognition, the intangible asset is measured at cost, less accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Intangibles

Intangibles are measured on the cost basis less amortisation and impairment losses.

IT Development and Software

Costs incurred acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials and service. IT development costs include only these costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset.

Software costs are assessed annually for impairment.

Amortisation

Amortisation is calculated on a straight line basis over their useful lives to the entity from the time the asset is held ready for use. The amortisation rate used is 20%.

k) Leases

Under AASB 16, the company 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.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses if any and adjusted for certain remeasurements of the lease liability.

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

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 or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. 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 the profit or loss if the carrying amount of the right of use asset has been reduced to nil.

Costs associated with the short-term leases and leases of low value assets are recognised as an expense in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Employee Benefits

Wages and Salaries and Annual Leave

The Company's liability for employee benefits arising from services rendered by employees is provided for in the Statement of Financial Position. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash out-flows to be made for those benefits. Contributions are made by the Company to employees' superannuation funds and are charged as expenses when incurred.

Long Service Leave

The liability for long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees, up to the end of the reporting period. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the Australian corporate bond discount rate curve published by Millman with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

m) Trade and Other Payables

The financial liability for Trade and Other Payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o) Trade and Other Receivables

Current Trade Receivables are non-interest bearing. Non-tenant debtors are generally on 30 day terms. Tenant debtors terms are payment on invoice date.

p) Economic Dependence

Foundation Housing Limited is dependent on the Housing Authority for the majority of its houses used to generate revenue and operate the business. At the date of this report the Board of Directors has no reason to believe the Housing Authority will not continue to support Foundation Housing Limited.

q) Contributed Equity

The Company is incorporated under the ACNC Act 2012 and is limited by guarantee and has no paid up capital.

r) Borrowings

Loans and Borrowings are initially recognised at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

s) Fair Value Measurements and Valuation Processes

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Fair Value Measurements and Valuation Processes (Continued)

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

t) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Estimation of Useful Lives of Assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Leases

The Company determines whether or not a contract contains a lease, and establishes whether or not it is reasonably certain that an extension option will be exercised, or reasonably certain that a termination option will be exercised, and making sure variable payments are truly variable.

Also to ensure determining whether the lease should be classified as an operating of finance lease.

When the Company has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term

Impairment of Trade Receivables

Included in accounts receivable is an impairment of Trade Receivables of $190,710 (2020: $164,414). This is based on the expected collectability of the debt and the age of the related debts. Tenant receivables are fully provided as bad debts other than that portion covered by a security bond.

Provision for Non-Current Employee Entitlements

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Fair Value

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over it recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

t) Critical Accounting Estimates and Judgements (Continued)

Classification of land and buildings
The Company has classified Land and Buildings as Property, Plant and Equipment as it has been assessed that these assets are held to meet service delivery objectives rather than earn rental or for capital appreciation. As a result of this judgement and the Company being a not-for-profit entity, Land and Buildings have been classified as Property, Plant and Equipment rather than Investment Property.

The Company has a 50 year lease for the Foyer Land and Buildings. Whilst this is a peppercorn lease from the Housing Authority, this arrangement has not been assessed as being a Service Concession Arrangement due to the price setting arrangements being outside of the Community Housing Agreement and with parties other than the Housing Authority. The amounts recognised reflect the construction cost of the asset.

Treatment of Peppercorn Leased Properties
The Company has reviewed the accounting treatment of their “peppercorn” leased properties owned by the Housing Authority.

The Company has a right (licence) to charge users of these properties and believe many of the contracts are “service concession arrangements” within the scope of AASB Interpretation 12.

Under AASB Interpretation 12, service concession arrangements potentially should be recognised as intangible assets at the time of the arrangement, representing the future benefits expected to flow to the entity.

On the date that the Company entered into the service concession arrangements only the provision of service was required and not construction or upgrade of the properties. As such the service concession arrangements are considered executory contracts and therefore no intangible asset would be recognised.

Impairment of non-current assets
The entity assesses impairment of non-current assets at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. During the period verification of property, plant & equipment as well as intangibles is undertaken and where required assets will be derecognised upon disposal or where there is no future economic benefit to Foundation Housing.

100% of Land & Buildings are valued by external parties every 3 years. Any gains or losses are recognised and adjusted at each reporting date.

u) ***Joint Ventures – Joint Controlled Assets***
The proportionate interests in the assets, liabilities and expenses of a Joint Venture activity have been incorporated in the financial statements under the appropriate headings.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

2.	(a) Revenue and Other Income	Note	2021	2020
			$	$
	Rental Revenue		20,561,795	20,514,043
	Grant Income		2,379,502	2,383,505
	Housing Authority Recovery		364,556	(763,368)
	Other Income		2,077,733	2,767,077
			25,383,586	**24,901,257**

Disaggregation of Revenue

The disaggregation of revenue from contracts with customers is as follows:

	2021	2020
	$	$
Geographical Regions Western Australia	**20,561,795**	**20,514,043**

(b) Expenses	Note	2021	2020
		$	$
Operating activities			
Impairment Losses – Trade receivables		218,268	280,264
Rental Expense on Operating Leases		6,925	6,925
Depreciation and Amortisation	6	5,144,910	4,820,189
Depreciation ROU Assets	6	392,833	401,959
Impairment Losses – PPE	6	125,118	8,276,500
Maintenance and Supplies for Tenancies		3,292,614	5,329,496
Rates & Taxes – Tenancies		2,624,968	2,671,025
Salary and On Costs		7,048,289	7,142,718
Superannuation Expense		628,579	620,840
Property Development expenses		123,244	383,204
Finance Costs		1,149,393	2,656,981
Loss on Sale of Asset		65,302	117,047
Offices, Premises & Equipment		1,057,592	1,013,734
Direct Housing Costs		2,596,204	2,844,877
Other Operating Costs		985,026	1,145,910
		25,459,265	**37,711,669**

3. Current Assets – Cash and Cash Equivalents	2021 $	2020 $
Cash in Bank	11,427,228	4,230,968
Petty Cash	1,222	2,000
Term Deposits	398,648	398,648
Restricted Cash – Hedland 125	4,224,116	3,598,108
	16,051,214	**8,229,725**

Reconciliation of Cash

Cash at end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash and Cash Equivalents	16,051,214	8,229,725
Balance as per statement of cash flows	**16,051,214**	**8,229,725**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

4. Current Assets – Trade and Other Receivables

	2021 $	2020 $
Trade Receivables	609,061	616,002
Less: Provision for Impairment	(190,710)	(164,414)
GST Receivables	79,510	84,238
Grant Receivables	524,357	270,324
	1,022,219	**806,149**

Current trade receivables are non-interest bearing. Non-tenant debtors are generally on 30 day terms. Tenant debtors terms are payment on invoice date.

Tenant receivables are fully provided as bad debts other than that portion covered by a security bond.
Movement in the provision for impairment is as follows.

	2021 $	2020 $
Provision for impairment at beginning of year	164,414	205,666
Amounts written off	(191,973)	(321,515)
Charge for year	218,269	280,263
Provision for impairment at end of year	**190,710**	**164,414**

5. Current Assets – Other Assets

	2021 $	2020 $
Accrued Income	(82,479)	435
Prepayments	851,827	785,688
	769,348	**786,123**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

6. Non Current Assets – Property, Plant and Equipment

	2021 $	2020 $
Land – at cost	90,369,206	86,560,433
Buildings – at cost	169,293,961	132,626,557
Accumulated Depreciation	(25,841,839)	(22,275,519)
Impairment	(31,830,031)	(32,204,913)
	111,622,091	78,146,125
Office: P&E, F&F and Leasehold Improvements - at cost	1,420,119	1,498,720
Accumulated Depreciation	(1,210,949)	(1,076,962)
	209,170	421,758
Motor Vehicles - at cost	52,400	52,400
Accumulated Depreciation	(34,279)	(29,358)
	18,121	23,042
Property: Plant & Equipment - at cost	1,130,347	1,087,822
Accumulated Depreciation	(728,689)	(655,135)
	401,658	432,687
Property: Furniture & Fittings - at cost	2,137,640	2,057,508
Accumulated Depreciation	(1,571,591)	(1,466,276)
	566,049	591,232
Leasehold Property: Refurbishment & Improvements - at cost	18,736,480	17,675,631
Accumulated Depreciation	(12,264,152)	(10,787,367)
	6,472,328	6,888,265
Computer Equipment – at cost	168,546	130,114
Accumulated Depreciation	(74,723)	(32,016)
	93,823	98,099
ROU Office Lease	2,695,196	2,694,039
Accumulated Depreciation	(696,130)	(352,628)
	1,999,066	2,341,411
ROU Office Equipment	197,326	197,326
Accumulated Depreciation	(98,663)	(49,332)
	98,663	147,994
Total Non - Current Assets – Property, Plant & Equipment	**211,850,175**	**175,651,045**

Impairment Losses – Ref Note 2

During 2020-21 the Company tested a selection of properties for impairment and recognised an impairment loss of $125,118. This was made up of Land & Buildings improvement of $374,882, less $500,000 for impaired assets relating to Hampton Road.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

6. Non Current Assets - Property, Plant and Equipment (continued)

Movement in carrying amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of current financial year:

2021	**Land $**	**Buildings $**	**Office P&E, F&F, ROU & Leasehold Improvement $**	**Property Plant & Equipt $**	**Property Furniture & Fittings $**	**L/hold Prop refurbish & improvts $**	**Motor Vehicle $**	**Comp & Printers $**	**Total $**
Carrying amount at beginning of year	86,560,433	78,146,125	2,911,164	432,687	591,232	6,888,264	23,042	98,098	175,651,045
Additions	3,808,773	36,687,170	2,165	47,215	119,267	1,202,806	-	38,431	41,905,827
ROU Adjustment	-	-	1,157	-	-	-	-	-	1,157
Impairment (Losses) / reversals	-	374,882	-	-	-	(500,000)	-	-	(125,118)
Disposals	-	(18,517)	(107)	-	-	(46,678)	-	-	(65,302)
Depn Expense	-	(3,567,569)	(607,480)	(78,244)	(144,449)	(1,072,065)	(4,921)	(42,706)	(5,517,434)
Carrying amount at end of year	**90,369,206**	**111,622,091**	**2,306,899**	**401,658**	**566,050**	**6,472,327**	**18,121**	**93,823**	**211,850,175**

Included in the above are the ROU Assets covering the following:-					
	Leederville Office	**Joondalup Office**	**South Hedland Office**	**Ricoh Equipment**	**Total**
	$	**$**	**$**	**$**	**$**
Opening Balance 1 July 2020	2,023,958	223,305	94,148	147,994	2,489,405
Adjustment	-	-	19,988	-	19,988
Depreciation	(289,137)	(44,661)	(28,534)	(49,332)	(411,664)
Total Carrying Amount	**1,734,821**	**178,644**	**85,602**	**98,662**	**2,097,729**

The Company has entered into various joint venture arrangements with the Housing Authority, whereby the Company owns a proportion of land and buildings subject to these arrangements. The underlying land and buildings are subject to various caveats lodged against the titles. The arrangements limit the use and disposal rights of the properties.

Refer to Note 10 for information on non-current assets pledged as security by the Company.

Concessionary Lease - Foyer

The Company has the right to use the Land & Buildings for the purpose of its business to supply accommodation to low income people in Western Australia, and focusing on strategies for positive outcomes for the tenants. The term of the lease is for 50 years, and is recognised on the Statement of Financial Position at cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

7. Non Current Assets – Intangible Assets

	2021 $	2020 $
Software – at Cost	334,931	311,332
Accumulated Amortisation	(242,714)	(222,373)
Net Carrying Amount	92,217	88,959
TOTAL NON CURRENT INTANGIBLES	**92,217**	**88,959**

8. Current Liabilities – Contract Liabilities

	2021 $	2020 $
Deferred Grant Income	102,126	196,448
Unused Funds for Programs	-	-
Rental Income in Advance	446,360	381,648
	548,486	**578,096**

9. Current Liabilities – Trade & Other Payables

	2021 $	2020 $
Trade Creditors	889,862	835,834
Accrued Expenses	883,647	727,880
Tenant Bonds / key Deposits	159,363	137,992
Other Current Payables	283,883	195,970
	2,216,756	**1,897,676**

10. Current & Non Current – Financial Liabilities

	2021 $	2020 $
Current		
HA Loans Payable	166,667	166,667
	166,667	**166,667**
Non-Current Secured Liabilities - Borrowings		
Mortgage Loans Payable	79,709,648	34,844,879
HA Loans Payable	1,158,333	1,721,617
	80,867,981	**36,566,496**
Total Secured Liabilities (Current & Non Current) - Borrowings	**81,034,981**	**36,733,163**

The mortgage loans payable has been adjusted by the Legal fees associated with new borrowings during the year by $157,500.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

10. Current & Non- Current – Financial Liabilities (continued)

Mortgage loans are secured by the issuance of relevant government backed bonds over the Company's share of freehold land and buildings owned.
The mortgage loan facility with the National Housing Finance Investment Corporation, based on a fixed term 10 year loan at a fixed interest rate of 2.07% $35M & 2.39% $45M. The Housing Authority loan is an unsecured, interest free loan for a 6 year term. FHL is required to repay $1,650,000 through refurbishment works on properties owned by the lender and delivery of new "growth" to their housing portfolio, and $1,000,000 through cash repayments.

	2021 $	2020 $
Loan Facilities		
Mortgage Loan Facilities	82,650,000	37,650,000
Amount utilised	(80,867,981)	(36,721,617)
	1,782,019	**928,383**

Housing Authority Loan Reconciliation	**2021** **$**	**2020** **$**
Loan Facility Carried Forward	1,888,284	984,016
Amount settled through delivery of works	(250,919)	-
Cash Repayment	(312,365)	(166,667)
Re-instatement	-	1,070,935
Loan Outstanding with Housing Authority	**1,325,000**	**1,888,284**

The major facilities are summarised as follows:-

The total loan facilities unused $1,782,019 (2020: $928,383) is related to a fixed interest mortgage with the National Housing Finance and Investment Corporation, and an interest free loan with the Housing Authority.

The carrying amounts of assets pledged as security for borrowings are:

Land and Buildings	183,683,780	146,238,530
Total Assets Pledged As Security	**183,683,780**	**146,238,530**

	2021 **$**	**2020** **$**
11. Current & Non Current Liabilities – Employee Benefits		
Current Employee Entitlements		
Opening Balance	951,246	773,889
Additional Provision Raised	584,895	576,538
Amounts Used	(526,757)	(399,181)
TOTAL CURRENT	**1,009,384**	**951,246**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

11. Current & Non- Current Liabilities – Employee Benefits (Continued)

Non-Current Employee Entitlements	2021 $	2020 $
Opening Balance	128,390	139,618
Additional Provision Raised	16,211	(11,228)
Amounts Used	-	-
TOTAL NON CURRENT	**144,601**	**128,390**
TOTAL PROVISIONS	**1,153,985**	**1,079,636**
Number of employees at year end	**69**	**76**

12. Current & Non- Current Liabilities – Lease Liabilities

	2021	2020
Current – Lease Liabilities	**$**	**$**
Joondalup Office	41,490	37,246
Leederville Office	251,141	223,877
South Hedland Office	21,272	15,481
RICOH	47,684	44,774
TOTAL CURRENT	**361,587**	**321,378**
Non-Current – Lease Liabilities		
Joondalup Office	169,770	215,504
Leederville Office	1,847,214	2,131,640
South Hedland Office	51,109	77,016
RICOH	57,184	107,778
TOTAL NON - CURRENT	**2,125,277**	**2,531,938**
TOTAL LEASE LIABILITY	**2,486,864**	**2,853,316**

13. Current & Non- Current Liabilities – Make Good Provision

	2021	2020
Current – Make Good Provision	**$**	**$**
Offices & Equipment	91,750	91,750
TOTAL MAKE GOOD PROVISION	**91,750**	**91,750**

14. Equity

The Company is incorporated under the ACNC Act 2012 and is Ltd by guarantee and has no paid up capital. The member's guarantee is limited to $100. Members of the Company will be any person, corporations or organisations who have agreed in writing to support the objects specified in the Constitution and whom the Directors have agreed to admit to membership.

At general meetings each member is entitled to one vote when a poll is called, otherwise each member has one vote on a show of hands.

At 30 June 2021 the number of members was 13 (2020:13).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

15. Key Management Personnel Compensation

2021	**Total $**
Total compensation	**866,708**

2020	**Total $**
Total compensation	**907,562**

16. Contingent Liabilities
There are no contingent liabilities at reporting date.

17. Events Subsequent to Reporting Date
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

18. Company Details
The Company's registered office and principal place of business is 297 Vincent Street, Leederville WA 6007.

19. Related Party Transactions
Transactions between related parties are on normal commercial terms and with conditions no more favourable than those available to other persons.

During the year there has been costs incurred with Kingston Development, which relates to a Development Committee Member 2021: $12,100. $5,500 is work relating to the Ley St Project, with the remaining $6,600 relating to Committee Member Fees. (2020: $Nil). There is $nil payable at 30 June 2021 (2020: $nil).

20. Commitments

Operating Lease

	2021 $	**2020 $**
Payable – minimum lease payment		
- not later than 12 months	27,151	540,362
- between 12 months and 5 years	-	922,351
	27,151	**1,462,713**

Construction Contracts
The Carmen Way Project is to provide 2 special disability accommodation.

	2021 $	**2020 $**
Payable –		
- not later than 12 months	1,581,500	-
	1,581,500	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2021

21. Reconciliation of Deficit to Operating Cash Flow Activities

Cash Flow Information

	2021 $	2020 $
(i) Reconciliation of Cash Flows from Operating Activities with Deficit from Ordinary Activities		
Deficit from ordinary activities	(75,679)	(12,810,412)
Non cash flows in surplus		
- Provision for Bad Debts	26,295	(41,251)
- Bad debts written off	191,973	321,515
- Depreciation and amortisation	5,162,895	5,231,853
- Impairment	(125,118)	8,276,500
- Net Profit / (Loss) on disposal on non-current assets	(65,302)	(117,045)
- Interest on Office Leases	185,149	205,964
Change in assets and liabilities		
- Increase in trade and other receivables	(50,025)	(49,759)
- (Increase)/decrease in GST receivables	4,705,297	21,574
- Increase/(decrease) in trade creditors	54,028	(55,449)
- (Increase)/decrease in prepayments	66,139	(173,290)
- Increase/(decrease) in deferred grant revenue	(348,354)	67,566
- Increase/(decrease) in accrued expenses and other payables	(87,835)	(409,948)
- (Increase)/decrease in accrued income	82,915	31,210
- Increase/(decrease) in rental income in advance	64,712	25,048
- Increase in provision for employee entitlements	74,349	166,129
Net cash inflows from Operating Activities	**9,610,520**	**2,068,707**

<u>Non-Cash Investments Activities</u>

During the year the entity did not receive any contributions of Land & Buildings from a Government agency (2020: Nil).

DIRECTORS' DECLARATION

The Directors of Foundation Housing Limited declare that:

- The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and accompanying notes, are in accordance with the ACNC Act 2012 and:
    - comply with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Regulations 2013; and
    - give a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the year ended on that date.
- In the Directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

Director

Signed at Perth this 30 day of September 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Foundation Housing Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Foundation Housing Limited (the registered entity), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion the accompanying financial report of Foundation Housing Limited, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the registered entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Foundation Housing Limited's annual report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 30 September 2021