foundation
HOUSING

(A.B.N 78 115 629 662)

General Purpose Financial Report for the Year Ended 30 June 2022

CONTENTS

General Information

The financial statements cover Foundation Housing Limited by Guarantee as an individual entity. The financial statements are presented in Australian dollars, which is Foundation Housing's functional and presentation currency.

Foundation Housing Ltd is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office	**Principal place of business**
297 Vincent Street Leederville WA 6007	297 Vincent Street Leederville WA 6007

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors on the 25 October 2022. The directors have the power to amend and re-issue the financial statements.

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr David Ligovich
Mr Peter Hugh Lee
Ms Elena Jane Macrides
Ms Josephine Buontempo
Mr Jeffrey Stiely
Ms Gail McGowan (appointed 23/11/21)
Mr Darren Cooper (resigned 23/11/21)

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 remained fairly constant over the past 12 months at 2,198 units of accommodation, servicing over 3,500 people and families in need.

The organisation continues to respond well to the impacts of COVID-19, ensuring that appropriate processes are in place to manage the provision of services to tenants. Foundation Housing also has 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.

Foundation Housing maintains its key strategic focus on Leverage Growth, with a raft of development and acquisition projects under consideration. The Elevate by Foundation Housing portfolio, established last financial year, has increased to 106 affordable properties, and continues to perform well and provide accommodation to key and essential workers across metropolitan Perth. Foundation Housing is also looking at other affordable projects to meet the growing demand for this product.

Foundation Housing's first Specialist Disability Accommodation (SDA) Project is due for completion in October 2022, and will provide purpose-built disability accommodation for six National Disability Insurance Scheme (NDIS) approved tenants. The organisation is with partnering with Activ Foundation Inc. who will provide care support services.

Foundation Housing continues to develop and deliver services aligned to a Positive Tenancies Framework and achieving positive outcomes in the domains of Safe, Stable, Healthy, Equipped, Connected and Empowered. Working towards the achievement of positive tenancies is also what drives the organisation's investment in self-funded activities such as Tenant Support and Community Engagement teams which are very much core activities within the sphere of tenancy management and support.

DIRECTORS' REPORT (Continued)

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (Continued)

For the financial year ended 30 June 2022, Foundation Housing generated $16.9M in Net Profit, with an associated Earnings Before Interest Tax Depreciation & Amortisation (EBITDA) of $6.4M. This represents an increase in financial performance to prior years driven mainly by improved operational performance & write back of previous years impaired assets. The organisation recognised $159.1M of Net Assets at year end.

STRATEGIC OBJECTIVES

During the year the Executive Management Team and Board reviewed Foundation Housing's Strategic Plan for 2020-2023. Key components are provided below.

Purpose: To improve people's lives with safe and secure housing.

Vision: A home for everyone.

Mission: To provide affordable housing options for Western Australians on low to moderate incomes.

Key Strategies: 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
Ms Josephine Buontempo
Mr Jeffrey Stiely
Ms Gail McGowan (appointed 23/11/21)
Mr Darren Cooper (resigned 23/11/21)

Directors' Information

Mr David Ligovich

Title:	Chair of the Board of Directors.
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, Risk & Compliance Committee Member of the Governance Committee

Mr Peter Lee OAM

Title:	Non-Executive Director.
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

Title:	Non-Executive Director.
Qualifications:	Bachelor of Science, Bachelor of Laws, Master 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.

DIRECTORS' REPORT (Continued)

Ms Gail McGowan

Title: Non-Executive Director.

Qualifications: Bachelor of Arts, Graduate Diploma in Public Policy, GAICD, Fellow of the Institute of Public Administration of Australia (WA)

Experience: Gail McGowan is a former Director General of the Department of Planning, Lands and Heritage. She has had a distinguished public sector career spanning more than 30 years across a broad range of portfolio areas.

Special Responsibilities: Member of the Development and Assets Committee.

Ms Josephine Buontempo

Title: Non-Executive Director.

Qualifications: Graduate Certificate in Migration Law & Practice, Certificates in Management & 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 managed organisations and services in the areas of community law, family, children and youth, social housing, disability, education, employment, humanitarian resettlement and grant making.
Currently, she is Managing Director of a global migration law practice as well as principal consultant providing services in corporate governance and strategy for the profit for purpose sector.
She has studied as a Fellow at the Graduate Centre for Philanthropy and Civil Society, City University of New York, is Deputy Chair of the Australian Broadcasting Corporation Advisory Council, Director of the National Accreditation Authority for Translators and Interpreters and Panel Assessor for the Australian Scholarships Foundation.

Special Responsibilities: Deputy Chairman.
Chair of the Tenant Services & Engagement Committee.
Member of the Governance Committee.

Mr Jeffrey Stiely AICD

Title: Non-Executive Director.

Qualifications: Batchelor 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.

DIRECTORS' REPORT (Continued)

Company Secretary
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

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	10	10	-	-	9	9
Ms Elena Macrides	10	9	6	6	-	-
Ms Josephine Buontempo	10	10	-	-	-	-
Mr David Ligovich (Chair)	10	10	6	6	-	-
Mr Darren Cooper (Deputy Chair)	4	4	-	-	4	4
Mr Jeffrey Stiely	10	8	-	-	-	-
Ms Gail McGowan	7	6	-	-	5	2

Director	Tenancy Services & Engagement Committee		Governance Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meeting attended
Mr Peter Lee	-	-	-	-
Ms Elena Macrides	-	-	3	3
Ms Josephine Buontempo	5	5	3	2
Mr David Ligovich (Chair)	-	-	3	3
Mr Darren Cooper (Deputy Chair)	-	-	-	-
Mr Jeffrey Stiely	5	5	-	-
Ms Gail McGowan	-	-	-	-

DIRECTORS' REPORT (Continued)

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 2022, the total amount in aggregate that members of the Company are liable to contribute if the Company is wound up is $1,300 (2021: $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 2022.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since 30 June 2022 that has significantly affected the Company's operation, the results of those operations, or state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this director's report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Director **Director**

Perth
Dated: 25 day of October 2022.
Leederville Offices, Perth.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Revenue			
Rental Revenue	2	23,071,256	20,561,795
Other Income	2	5,318,822	4,821,791
Expenses			
Depreciation & Amortisation	2	(5,549,316)	(5,537,742)
Impairment (Loss) Reversal	6	15,550,548	(125,118)
Property Management Expenses		(9,552,084)	(8,738,980)
Administration Expenses		(9,989,145)	(9,719,486)
Profit / (Loss) of Sale of Asset	2	111,359	(65,302)
Property Development Expenses		(89,210)	(123,244)
Finance Costs		(2,012,441)	(1,149,393)
Surplus / (Deficit) before income tax expense		**16,859,788**	**(75,679)**
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of Foundation Housing Ltd		**16,859,788**	**(75,679)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Foundation Housing Ltd.		**16,859,788**	**(75,679)**

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 2022

	Note	2022 $	2021 $
Assets			
Current Assets			
Cash & Cash Equivalents	3	16,416,789	16,051,214
Trade & Other Receivables	4	2,308,206	1,022,219
Other Assets	5	967,462	769,348
Total Current Assets		**19,692,457**	**17,842,781**
Non-Current Assets			
Property, Plant & Equipment	6	226,398,545	211,850,176
Intangibles	7	69,518	92,217
Total Non-Current Assets		**226,468,063**	**211,942,393**
Total Assets		**246,160,520**	**229,785,174**
Liabilities			
Current Liabilities			
Trade & Other Payables	9	2,091,642	2,216,756
Contract Liabilities	8	1,295,284	548,486
Borrowings	10	166,667	166,667
Short Term Provisions	11	986,242	1,009,384
Lease Liability	12	336,231	361,587
Total Current Liabilities		**4,876,065**	**4,302,880**
Non-Current Liabilities			
Borrowings	10	80,458,597	80,867,981
Long Term Provisions	11	134,834	144,601
Lease Liability	12	1,486,801	2,125,277
Make Good Provision	13	91,750	91,750
Total Non-Current Liabilities		**82,171,982**	**83,229,609**
Total Liabilities		**87,048,047**	**87,532,489**
Net Assets		**159,112,473**	**142,252,685**
Equity			
Retained Surpluses		159,112,473	142,252,685
Total Equity		**159,112,473**	**142,252,685**

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 2022

	Retained Surpluses	Total
	$	$
Balance at 1 July 2020	142,328,364	142,328,364
Deficit after income tax expense for the year	(75,679)	(75,679)
Total comprehensive income for the year	**(75,679)**	**(75,679)**
Balance at 30 June 2021	**142,252,685**	**142,252,685**
Balance at 1 July 2021	142,252,685	142,252,685
Surplus after income tax expense for the year	16,859,788	16,859,788
Total comprehensive income for the year	**16,859,788**	**16,859,788**
Balance at 30 June 2022	**159,112,473**	**159,112.473**

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 2022

	NOTE	2022 $	2021 $
Cash Flows from Operating Activities			
Cash Receipts in the Course of Operations		25,406,727	26,728,446
Interest Received		6,132	6,871
Operating Grants Received		1,924,725	1,885,450
Payments to Suppliers and Employees		(19,731,481)	(17,860,854)
Interest Paid		(2,012,441)	(1,149,393)
Net cash inflow from operating activities	22	**5,593,661**	**9,610,520**
Cash Flows from Investment Activities			
Payments for Purchase of Land & Buildings		(3,257,283)	(44,494,130)
Proceeds from Sale of Plant & Equipment		95,642	-
Payments for Purchase of Plant & Equipment, Furniture, Fittings & Leasehold Improvements		(1,516,708)	(1,411,043)
Payments for Intangibles		-	(23,599)
Net cash outflow for investment activities		**(4,678,349)**	**(45,928,772)**
Cash Flows from Financing Activities			
Payments for Lease Liability		(140,352)	(547,894)
Repayment of Borrowings (HA)		(409,384)	(312,365)
Proceeds from Borrowings (NHFIC)		-	45,000,000
Net cash inflow/(outflow) for financing activities		**(549,736)**	**44,139,741**
Net Increase in cash and cash equivalents		365,577	7,821,489
Cash & Cash Equivalents at the beginning of the financial year		16,051,214	8,229,725
Cash & Cash Equivalents at the end of the financial year	3	**16,416,791**	**16,051,214**

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 2022

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 – Simplified Disclosures 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 2022 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.

The following Accounting Standards and Interpretations are most relevant to the company:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The company has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel and related parties.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Revenue Recognition (Continued)

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Impairment losses can be reversed where the recoverable amount of non-financial assets has increased. A reversal of an impairment loss can never increase the carrying value of an asset to an amount in excess of what the asset would have been carried at had no impairment loss been recognised in prior years.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Impairment of Non-Financial Assets (Continued)

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.

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%	

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Property, Plant and Equipment (continued)

Depreciation (continued)

Office Furniture & Fittings	10%
Office Leasehold Improvements	20%
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.

j) Intangibles

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

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 2022

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 2022

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 $134,583 (2021: $190,710). 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

t) Critical Accounting Estimates and Judgements (Continued)

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 impairment losses or reversals are recognised and adjusted at each reporting date.

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.

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 2022

2. (a) Revenue from contracts with customers

	Note	2022	2021
		$	$
Rental Income		23,071,256	20,561,795
Other revenue			
Grant Income		2,495,705	2,379,502
Housing Authority Recovery		481,664	364,556
Tenancy Recovery Costs		743,354	535,442
Other Income		1,709,457	1,542,291
		5,430,180	4,821,791
Revenue		**28,501,436**	**25,383,586**

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

	2022	2021
Geographical Regions	$	$
Western Australia	**23,071,256**	**20,561,795**

(b) Expenses

	Note	2022	2021
		$	$
Operating activities			
Impairment Losses – Trade receivables		363,649	218,268
Rental Expense on Operating Leases		6,925	6,925
Depreciation and Amortisation	6	5,127,653	5,144,910
Depreciation ROU Assets	6	421,663	392,833
Impairment loss / (Reversal) – PPE	6	(15,550,548)	125,118
Maintenance and Supplies for Tenancies		3,866,477	3,292,614
Rates & Taxes – Tenancies		2,709,998	2,624,968
Salary and On Costs		7,101,303	7,048,289
Superannuation Expense		651,373	628,579
Property Development expenses		89,210	123,244
Finance Costs		2,012,441	1,149,393
Loss on Sale of Asset		-	65,302
Offices, Premises & Equipment		979,500	1,057,592
Direct Housing Costs		2,605,035	2,596,204
Other Operating Costs		1,256,969	985,026
		11,641,649	**25,459,265**

3. Current Assets – Cash and Cash Equivalents

	$	$
Cash in Bank	11,048,301	11,427,228
Petty Cash	-	1,222
Term Deposits	398,648	398,648
Restricted Cash – Hedland 125	4,969,840	4,224,116
	16,416,789	**16,051,214**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

4. Current Assets – Trade and Other Receivables

	2022 $	2021 $
Trade Receivables	531,983	609,061
Less: Provision for Impairment	(134,583)	(190,710)
GST Receivables	110,629	79,510
Grant Receivables	1,800,177	524,357
	2,308,206	**1,022,219**

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:

	2022 $	2021 $
Provision for impairment at beginning of year	190,710	164,414
Amounts written off	(501,848)	(191,973)
Charge for year	445,721	218,269
Provision for expected credit losses at end of year	**134,583**	**190,710**

5. Current Assets – Other Assets

	2022 $	2021 $
Accrued Income	-	(82,479)
Prepayments	967,462	851,827
	967,462	**769,348**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

	2022 $	2021 $
6. Non-Current Assets – Property, Plant and Equipment		
Land – at cost	85,096,792	75,766,543
Buildings – at cost	171,973,777	169,293,961
Accumulated Depreciation	(29,406,335)	(25,844,994)
Impairment	(10,567,782)	(17,224,213)
	131,999,600	126,224,754
Office: P&E, F&F and Leasehold Improvements - at cost	1,274,754	1,420,119
Accumulated Depreciation	(1,183,878)	(1,210,949)
	90,876	209,170
Motor Vehicles - at cost	34,351	52,400
Accumulated Depreciation	(21,177)	(34,279)
	13,174	18,121
Property: Plant & Equipment - at cost	1,024,671	1,130,347
Accumulated Depreciation	(654,574)	(728,689)
	370,097	401,658
Property: Furniture & Fittings - at cost	1,998,507	2,137,640
Accumulated Depreciation	(1,605,898)	(1,571,591)
	392,609	566,049
Leasehold Property: Refurbishment & Improvements - at cost	18,601,023	18,736,480
Accumulated Depreciation	(11,622,709)	(12,264,152)
	6,978,314	6,472,328
Computer Equipment – at cost	165,458	168,546
Accumulated Depreciation	(119,172)	(74,723)
	46,286	93,823
ROU Office Lease	2,695,196	2,695,196
Accumulated Depreciation	(1,336,352)	(696,130)
	1,358,844	1,999,066
ROU Office Equipment	197,326	197,326
Accumulated Depreciation	(145,373)	(98,663)
	51,953	98,663
Total Non - Current Assets – Property, Plant & Equipment	**226,398,545**	**211,850,175**

Impairment Gain – Ref Note 2

During 2021-22 the Company tested a selection of properties for impairment and recognised a reversal of previously recognised impairment losses of $15,550,548.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

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:

2022	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	75,766,543	126,224,752	2,306,899	401,658	566,050	6,472,328	18,121	93,823	211,850,174
Additions	436,132	2,821,154	-	65,157	-	1,448,877	-	2,674	4,773,994
Modification	-	-	(265,269)	-	-	-	-	-	(265,269)
Impairment Gain	8,894,117	6,656,431	-	-	-	-	-	-	15,550,548
Disposals	-	(119,561)	(40,998)	(21,616)	(26,855)	225,864	-	(1,119)	15,715
Depn Expense	-	(3,583,176)	(498,959)	(75,102)	(146,586)	(1,168,754)	(4,947)	(49,092)	(5,526,616)
Carrying amount at end of year	**85,096,792**	**131,999,600**	**1,501,673**	**370,097**	**392,609**	**6,978,314**	**13,174**	**46,286**	**226,398,545**

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 2021	1,734,821	178,644	85,602	98,662	2,097,729
Modification	(273,630)	-	3,118	5,243	(265,269)
Depreciation	(295,476)	(44,661)	(29,574)	(51,952)	(421,663)
Total Carrying Amount	**1,165,715**	**133,983**	**59,146**	**51,953**	**1,410,797**

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 2022

7. Non-Current Assets – Intangible Assets

	2022 $	2021 $
Software – at Cost	115,886	334,931
Accumulated Amortisation	(46,368)	(242,714)
Net Carrying Amount	69,518	92,217
	69,518	**92,217**

8. Current Liabilities – Contract Liabilities

	2022 $	2021 $
Deferred Grant Income	5,448	102,126
Unused Funds for Programs	801,517	-
Rental Income in Advance	488,319	446,360
	1,295,284	**548,486**

9. Current Liabilities – Trade & Other Payables

	2022 $	2021 $
Trade Creditors	620,275	889,862
Accrued Expenses	1,066,996	883,647
Tenant Bonds / key Deposits	143,141	159,363
Other Current Payables	261,230	283,883
	2,091,642	**2,216,756**

10. Current & Non-Current – Financial Liabilities

	2022 $	2021 $
Current		
Housing Authority Loans Payable	166,667	166,667
	166,667	**166,667**
Non-Current		
Mortgage Loans Payable	79,741,931	79,709,648
HA Loans Payable	716,666	1,158,333
	80,458,597	**80,867,981**
	80,625,264	**81,034,981**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

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.

	2022	2021
	$	$
Loan Facilities		
Mortgage Loan Facilities	82,650,000	82,650,000
Amount utilised	(81,766,667)	(81,325,000)
	883,333	**1,325,000**

Housing Authority Loan Reconciliation	2022	2021
	$	$
Loan Facility Carried Forward	1,325,000	1,888,284
Amount settled through delivery of works	(275,000)	(250,919)
Cash Repayment	(166,667)	(312,365)
Loan Outstanding with Housing Authority	**883,333**	**1,325,000**

The major facilities are summarised as follows: -

The total loan facilities unused $883,333 (2021: $1,325,000) 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	182,453,389	183,683,780
Total Assets Pledged as Security	**182,453,389**	**183,683,780**

	2022	2021
	$	$
11. Current & Non-Current Liabilities – Employee Benefits		
Current Employee Benefits		
Opening Balance	1,009,384	951,246
Additional Provision Raised	513,728	584,895
Amounts Used	(536,870)	(526,757)
	986,242	**1,009,384**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

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

Non-Current Employee Benefits	2022 $	2021 $
Opening Balance	144,601	128,390
Additional Provision Raised	49,850	16,211
Amounts Used	(59,617)	-
	134,834	**144,601**
Total Employee Benefits	**1,120,318**	**1,153,985**
Number of employees at year end	**72**	**69**

12. Current & Non- Current Liabilities – Lease Liabilities

	2022 $	2021 $
Current – Lease Liabilities		
Joondalup Office	46,069	41,490
Leederville Office	213,240	251,141
South Hedland Office	53,323	21,272
RICOH	23,599	47,684
	336,231	**361,587**
Non-Current – Lease Liabilities		
Joondalup Office	119,121	169,770
Leederville Office	1,335,913	1,847,214
South Hedland Office	3,466	51,109
RICOH	28,301	57,184
	1,486,801	**2,125,277**
Total Lease Liability	**1,823,032**	**2,486,864**

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

Current – Make Good Provision	2022 $	2021 $
Offices & Equipment	91,750	91,750
	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 2022 the number of members was 13 (2021:13).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

15. Key Management Personnel Compensation

2022	Total $
Total compensation	1,004,012

2021	Total $
Total compensation	866,708

16. Contingent Liabilities
There are no contingent liabilities as at 30 June 2022.

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 is a related party of a Development Committee Member 2022: $34,289. The work mainly relating to consulting services for the Bronte St Project $29,339, with the remaining $4,950 relating to Committee Member Fees. (2021: $12,100). There is $nil payable at 30 June 2022 (2021: $nil).

20. Commitments

Operating Lease

	2022 $	2021 $
Payable – minimum lease payment		
- not later than 12 months	35,406	27,151
- between 12 months and 5 years	-	-
	35,406	**27,151**

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

	2022 $	2021 $
Payable –		
- not later than 12 months	742,625	1,581,500
	742,625	**1,581,500**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by accounting firm BDO, the auditor for Foundation Housing Ltd:

	2022 $	2021 $
Audit services - BDO		
Audit or review of the financial statements	51,083	49,031
Other services - BDO		
Audit of FBT tax return	3,316	3,090
GST Advice	14,420	-
Total Other Services	17,736	3,090
	68,819	52,821

22. Reconciliation of Deficit to Operating Cash Flow Activities

Cash Flow Information

(i) Reconciliation of Cash Flows from Operating Activities with Deficit from Ordinary Activities	**2022 $**	**2021 $**
Deficit from ordinary activities	16,859,787	(75,679)
Non cash flows in surplus		
- Provision for Bad Debts	(56,126)	26,295
- Bad debts written off	(501,848)	191,973
- Depreciation and amortisation	5,792,812	5,162,895
- Impairment reversal	(15,550,548)	(125,118)
- Net Profit / (Loss) on disposal on non-current assets	95,642	(65,302)
- Contributions from HA & Other	(242,717)	(250,919)
- Interest on Office Leases	140,352	185,149
Change in assets and liabilities		
- Increase in trade and other receivables	(440,993)	(50,025)
- (Increase)/decrease in GST receivables	(31,119)	4,705,297
- Increase/(decrease) in trade creditors	(269,588)	54,028
- (Increase)/decrease in prepayments	115,635	66,139
- Increase/(decrease) in deferred grant revenue	(570,980)	(348,354)
- Increase/(decrease) in accrued expenses and other payables	160,696	(87,835)
- (Increase)/decrease in accrued income	83,608	82,915
- Increase/(decrease) in rental income in advance	41,959	64,712
- Increase in provision for employee entitlements	(32,909)	74,349
Net cash inflows from Operating Activities	**5,593,661**	**9,610,520**

Non-Cash Investments Activities

During the year the entity did not receive any contributions of Land & Buildings from a Government agency (2021: Nil).

DIRECTORS' DECLARATION

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards – Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- The attached financial statements and notes give true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- 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 directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

David Ligovich
Chair of the Board of Directors

Signed at Perth this 25 day of October 2022

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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 2022, 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 2022 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards - Simplified Disclosures 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 - Simplified Disclosures 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

Jackson Wheeler

Director

Perth

25 October 2022