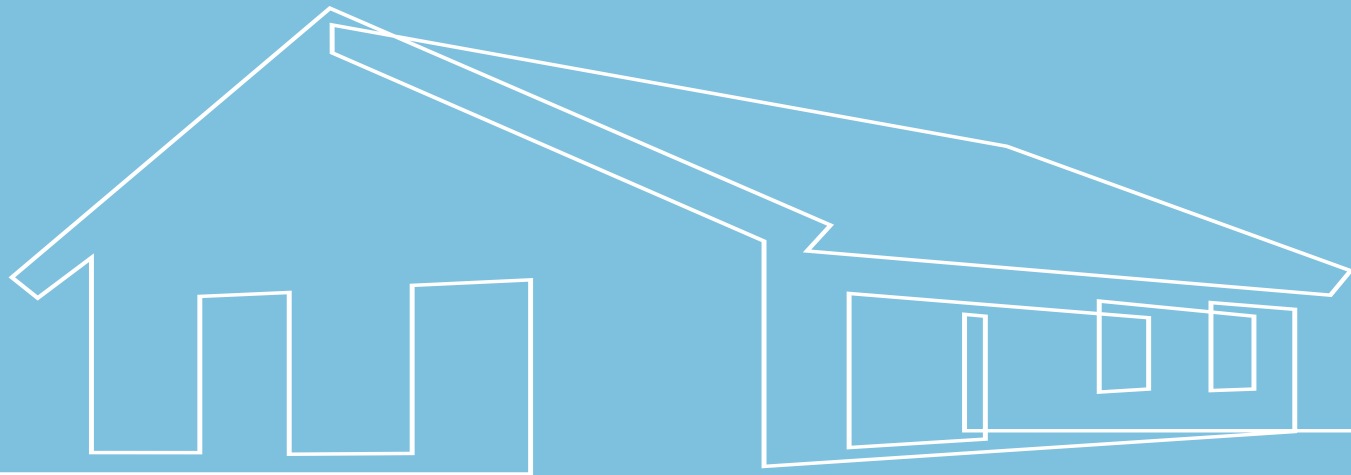




Salvation Army HOUSING



ANNUAL REPORT 2019 - 2020

Salvation Army Housing
ACN 608 346 934

Salvation Army Housing (Victoria)
ACN 113 724 651

**The Salvation Army
Community Housing Service**
ACN 152 257 728

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Our Mission

Salvation Army Housing, Salvation Army Housing (Victoria) and The Salvation Army Community Housing Service (together “Salvation Army Housing”) as a national enterprise are committed to assist individuals experiencing social disadvantage and to establish and maintain safe, affordable, secure tenancies through the management of a range of high-quality housing options.

Salvation Army Housing’s principles complement and support the mission and values of The Salvation Army:

- Caring for people
- Creating faith pathways
- Building health communities
- Working for justice

Values

Recognising that God is always at work in the world, we value:

- Integrity** Being honest and accountable in all we do
- Compassion** Hearing and responding to pain with love
- Respect** Affirming the worth and capacity of all people
- Diversity** Embracing difference as a gift
- Collaboration** Creating partnerships in mission

We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.



About Us

Salvation Army Housing operates nationally as a community housing organisation that provides homes for individuals and families who are homeless or at risk of homelessness, on low incomes and often with specific support needs.

As at 30 June 2020, Salvation Army Housing managed over 1600 properties throughout Australia, providing long-term housing, transition housing as well as crisis and rooming-house tenancies.

As a not-for-profit organisation, registered charity and a public company limited by guarantee, each Salvation Army Housing entity operates under the auspices of The Salvation Army to address the needs of people at all stages of their life and housing requirements. This includes early intervention to avoid a slide into homelessness, emergency accommodation and crisis response, transition to more stable accommodation and supporting a move to independence.

Salvation Army Housing is in the unique position of having the full potential of The Salvation Army in all aspects to support our tenants. Spiritual support, case management, rehabilitation services, domestic and family violence services, youth services, employment services and Salvos Stores. There is no other community housing provider better placed to offer full wrap-around services.



Our History

Following The Salvation Army's launch of the Australia Territory on 1 December 2018, Salvation Army Housing (Victoria) has come together with Salvation Army Housing (which operates in South Australia, Northern Territory, Western Australia and Tasmania), as well as Salvos Housing with its presence in New South Wales, Queensland and Australian Capital Territory to act collaboratively as a national organisation headquartered in Melbourne. This reorganisation was implemented in the first quarter of 2020.

In 1883, when Salvation Army officers James and Alice Barker leased a small house in Melbourne's north to provide accommodation and support for men discharged from Melbourne Gaol, they could not have conceived what our social services network would become. The Salvation Army with its commitment to housing our country's most vulnerable has held on to and continues that tradition.

In 2015, following the introduction of specific regulatory requirements for community housing agencies, The Salvation Army established separate entities to manage community housing throughout Australia, confirming its commitment to address the needs of people at all stages of the entry and support continuum, including early intervention to avoid a slide into homelessness, emergency accommodation and crisis response, transition to more stable accommodation and supporting

a move to independence.

This commitment has been reaffirmed with Salvation Army Housing now a national mission expression that seeks to transform the lives of those experiencing housing hardship and injustice by providing low-cost accommodation, supporting the homeless and socially disadvantaged members of society.





Mark Gray
Board Chair/Treasurer

Mark brings substantial experience in business, tax advice, financial planning and business development. Mark is a chartered accountant and has been a Director and Treasurer of SAHV since inception. Mark became Board Chair in February 2019.



Prof Roz Hansen
Board Director

Roz brings more than 30 years' experience as an urban and regional planner working in both the public and private sectors in Australia and the Asia Pacific Region. In addition to project managing multi-disciplinary teams, Roz has undertaken community engagement and participation in the preparation of municipal and regional strategies.



Robert Pradolin
Board Director

Robert is an engineer by background and has been active in the property industry for over 30 years. Robert has a keen interest and is active in the area of social and affordable housing. Robert is the Founder and Director of Housing All Australians and also sits on the Summer Housing Board.



Jeff Davey
Board Director

Jeff joined The Salvation Army in January 2018 as Group Executive, Mission Enterprises. Jeff trained as a chartered accountant and spent most of his career as an executive in the health and welfare sectors.



Major Jenny Begent
Board Director

Jenny has been a Salvation Army officer over 30 years, serving in a range of social and community services and leadership positions including the Family Violence and Homelessness area. Jenny is currently National Head of Social Mission.



Colonel Kelvin Merrett
Board Director

Kelvin has served as a Salvation Army officer for over 30 years in a variety of roles including Divisional Commander, Secretary for Programme and National Secretary for Personnel. Kelvin is currently Assistant Chief Secretary, Australia Territory, and became a Director in February 2020.



Board members who retired during 2019/20

Colonel Winsome Merrett

- Director Salvation Army Housing and Salvation Army Housing (Victoria) 7 December 2018 to 6 February 2020
- Director Salvos Housing 28 August 2017 to 6 February 2020

Noting Winsome's resignation was due to her promotion to Chief Secretary, Australia Territory, which the Board wishes to record congratulations on this appointment.



Board Chair's Report



Mark Gray CA
Board Chair

I am grateful for the opportunity that being the Chair of this organisation provides.

2020 has been another year of significant change within our business. We have completed the Housing Department design process and seen some resulting personnel and role changes across the country. We are now well placed for the bright future of this organisation.

I maintain the view that our strong integration with The Salvation Army and its services provides the best opportunity for delivering the outcomes we strive for. I would recognise that this year we have made significant steps forward in this area.

As is evident, we are operating in extremely challenging times. Our role, that of providing housing to those most in need, cannot be underestimated. We continue to work to build more supply to assist in this ever-increasing and largely unsatisfied demand.

We have had some excellent results in this space, with construction nearly concluded on the Grovedale project in Geelong. We also look forward to the ever-increasing pipeline of projects that we are development across the country. We have exciting developments plans in various stages rolling out across all states and territories.

I acknowledge the work and efforts of all our Directors and thank them for their service this past year. I would especially note the independent directors, namely

Professor Roz Hansen and Robert Pradolin who willingly donate their time to our Vision and Mission.

I would further acknowledge the hard work of our CEO Chris Karagiannis, who has done an excellent job in trying circumstances, in successfully improving our business across all its aspects. Further, thanks to the respective State Managers and their teams across the country, that daily and tirelessly roll out the mission and seek to provide a home and support to those most vulnerable.

I am very confident that we have made significant progress in this past 12 months and are uniquely placed to expand our business. That is to both provide increased housing stock, and together with The Salvation Army, merge the support services and structures so critical to the people we serve.



Leadership Team

Operating as a national housing organisation, the Leadership Team comprises the State Managers of each state and the head office under the leadership of CEO Chris Karagiannis who commenced on 29 July 2019.



Chris Karagiannis
CEO

In his first year with SAHV, Chris oversaw a department redesign, which led to the creation of a national Salvation Army mission expression, which seeks to transform the lives of those experiencing housing hardship and injustice.



Rohit Jindal
Financial Controller

A CPA member with more than 15 years' experience in the finance world, Rohit is driven by a passion to help people in need. He provides solid financial governance and works closely with the operations team to help them deliver the right social outcomes for the business. When not busy working, you can find him spending time with his young family and playing cricket over the summer for his club.



Lisa Dalla-Zuanna
Corporate Development Manager

Lisa's career with The Salvation Army commenced in July 2008, working in Geelong managing the Housing and Men's Housing Support teams for the Geelong and Western Victorian regions.

She moved to the position of Victorian State Manager for Salvation Army Housing in 2015 and, in March 2020, moved to her current role as Corporate Development Manager. She has always considered leading teams to guide business and others to achieve their best, primarily when she works in an environment that endeavours to assist other vulnerable persons in achieving their best. Through Salvation Army Housing, Lisa seeks to contribute towards a peaceful, just and sustainable world. She says to bring compassion, respect and dignity through people-centred development is the only way to create real change.

Lisa is currently studying a Masters in Property at RMIT University and is a firm believer in using metrics to set strategies and measure progress. She is a results-oriented leader and believes using a balanced scorecard that covers finance, customer views, operational efficiency, and planning for change, is paramount. She thinks that balance measures help set an organisation on a path to success, keeping a focus on organisational management, community development, government relations, funding growth, and risk management.





Dr. Jed Donoghue

Social Mission Coordinator & State Manager Tas.

Jed Donoghue has over 35 years' experience working in the community sector in Australia and the UK. In 1998, he was employed by The Salvation Army as their community housing manager with the responsibility to manage 150 community housing tenancies and properties. Jed was previously employed as the Coordinator of Shelter Tasmania, the state social housing and homelessness peak body in Tasmania.

Jed is employed by The Salvation Army as the state housing and homelessness manager in Tasmania. He has management responsibility for crisis accommodation programs; the Burnie Safe Space, Housing Connect SASH; SAH Campbell Street; and the Assistance with Care and Housing (ACH) programs in Tasmania.

Jed has a PhD in Sociology from the University of Tasmania and is an Honorary Research Associate at the University of Tasmania, in the school of Sociology and Social Work, and he is also a member of the Housing and Community Research Unit (HACRU).

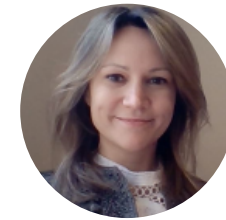
Jed is the Secretary and current Vice Chair of Shelter Tasmania, the state housing and homelessness peak body; and he is a national Board member of Community Housing Industry Association (CHIA). He is a former Board member of the Community Housing Federation of Australia, National Shelter and TASSCOSS.

Jed has represented The Salvation Army at state, national and international forums. For example, he

helped to develop the TSA Social Housing policy paper in 2004 and was a member of The Salvation Army Housing development steering group. Jed was also a member of the State Government's NFP Housing Regulation Reference Group; the Minister's Affordable Housing Advisory Group; and the Minister's State Homeless Reference Group.

Jed has published several books, and papers in a range of academic and professional journals including:

- Australian Journal of Ageing, Australian Social Work, Australian Health Review, Australian Journal of Social Issues, Australian Studies, British Journal of Sociology, Commonwealth Journal of Local Governance, Housing Works, Journal of Political Economy, Journal of Sociology, National Identity, Nations and Nationalism, PARITY & Urban Policy and Research.



Irena Baric

State Manager Vic.

A highly motivated and results-driven individual, who is passionate about creating affordable housing while assisting people build on life skills and sustaining their housing.

Experienced in achieving continuous business results in competitive markets, leading process improvements and delivering high-quality outcomes. Professionally, Irena is dedicated to achieve growth through new initiatives and execution of innovative strategies.

As a Deputy Chair at Western Edge Youth Arts (WEYA), Irena has demonstrated sound judgment and encourages a different perspective while looking after and promoting WEYA's best interests.

Irena is driven by intellectual curiosity to find answers to the most pressing questions to uncover the pain point and identify a strategic solution. She is a lifelong learner, currently earning herself a Master of Business Administration (MBA) at LaTrobe University.





Bethany Critchley
State Manager SA, WA, NT

Bethany has a passion for helping people and takes pride in providing the best community housing services possible.

As State Manager for South Australia, Western Australia and Northern Territory, her goals include providing long-term supportive accommodation for the most vulnerable and supporting her teams to deliver the best outcomes possible.

In addition to her primary job functions, she also plays a key role in System and Database Management and Enhancement Projects for the organisation.

When Bethany is not keeping busy with Salvation Army Housing, you can find her spending time with her young adult son, walking her beloved dog along the beach and usually drinking coffee, doing yoga, snorkelling or catching up with friends and family.



Cheri Erai-Collins
State Manager NSW, ACT and QLD

Cheri has been involved in the day-to-day running and management of Salvos Housing across a variety of roles for eight years. Prior to this she had four years' experience in the community sector in Northern Ireland, working closely with a range of community welfare organisations. She also holds tertiary qualification in finance.

Cheri has been a key and respected member of The Salvation Army team and brings a broad range of technical, financial and interpersonal skills with a focus on mission delivery.

She carried out the role of Acting State Manager (NSW, QLD, ACT) from February 2020. During that time she was working closely with the Social Mission team and the QLD Homelessness team to redevelop a more collaborative MOU and actively worked on a partnering-for-growth submission for redevelopment of properties and growth of social housing stock in Queensland, including Toowoomba, Cairns and Pindari (Brisbane).

Cheri has also been integral in getting the NSW, Queensland and ACT regions included at a national level as members of various strategic working group across TSA.

She says she is excited and looking forward to the role and working with the broader Salvation Army team to make a positive difference in the lives of those at risk of or currently experiencing homelessness.



Hong Young Tsao
National Infrastructure Manager

Young has over 25 years' experience in the property sector.

His experience has been wide and varied spanning from commercial and residential, property and tenancy management, asset and facilities management to property development.

A significant part of his property career has been in the not-for-profit sector, working in organisations specialising in areas of mental health, disability, homelessness and housing.

Apart from property, Young has provided leadership and contributed to executive and senior leadership teams.



Chief Executive Officer's Report



Chris Karagiannis
Chief Executive Officer

The 2019-20 Annual Report for Salvation Army Housing represents a focus on increasing the supply of long-term supported housing, ensuring the sustainability and growth of the enterprise and contributing to the missional impact of The Salvation Army.

This year we were thrilled to have completed several strategic projects including the implementation of a national Salvation Army Housing mission expression that seeks to transform the lives of those experiencing housing hardship and injustice through safe and affordable housing across Australia.

We continued progress on various property developments, including a 25 townhouse development in Grovedale, Victoria, a 21 apartment development in Moonah, Tasmania and 23 apartments in Toowoomba, Queensland. A hallmark of all these projects is the collaborative approach between Salvation Army Housing, various Salvation Army Mission Expressions and Government to provide a unique and holistic housing and support service response for clients.

An important focus for our future developments is about building communities. We are focused on developing communities that take a holistic approach to caring for people – responding to both spiritual and material needs and providing seamless service integration for our clients.

We continue to build and invest in our IT infrastructure to support enhanced data management, performance and reporting as well as to support future growth.

We have invested in our asset management team and systems to progress our Strategic Asset Management Plan and to enable a more strategic view and better-informed decisions regarding future costs, maintenance and renewal programs across the property portfolio.

Our staff are our greatest asset and I would like to thank them for their hard work and dedication throughout the year. We recognise our frontline staff are critical to delivering our vision and values and are committed to building our team and a high-performing culture across

the organisation.

Our Strategic Plan 2018-2023 continues to set the direction for Salvation Army Housing's growth over the next three years and focuses us on being a leader in the provision of quality, affordable and sustainable long-term supported housing.

We are extremely proud of all that has been achieved over the 2019-20 reporting period. The year has been filled with significant change and opportunities and we continue to work through this with enthusiasm and energy.

We are optimistic about the long-term outlook and sustainability of the sector and the aspiration to help create a society where all Australians have access to safe, secure and affordable housing.

It is my great privilege to work with the board, the management team, our employees and partners and thank everyone for their contribution to our enterprise, commitment to serving our clients and helping achieve our vision:

“Wherever there is hardship or injustice, Salvos will live, love and fight alongside others to transform Australia one life at a time with the love of Jesus.”





New Development:

Geelong

Salvation Army Housing Victoria (SAHV) has seen a good year with the development of 25 two and three-bedroom townhouses in Geelong.

The development was completed ahead of schedule and opened on 20 October 2020.

The development is SAHV's first development but certainly not the last. These townhouses will become a well-supported site for singles, families and couples. Salvation Army Support Service, the local Salvation Army corps and SAHV staff will assist to create a strong, vibrant community along with the tenants.

The total cost (including land) for the development was about \$9.8 million. SAHV provided the land in partnership with DHHS who allocated \$8.1 million to the development through the Social Housing Growth Fund.



The long journey to 'home'

Today, Dianne* has a secure private rental and, with ongoing Salvation Army support, her life is well on track. She lives with her fiancé and together they are planning their wedding. But, over the past few years, Dianne's journey through homelessness has been difficult and dangerous.

Blind in one eye and with severely limited sight in the other, Dianne's experience with homelessness began when she was informed by her landlord that she would have to leave her rental property. At the time she was also dealing with a range of health issues including battles with breast and facial cancer.

"The house I was living in was over 60 years old and the foundations had started cracking and falling apart," Dianne explains. "So, the landlord said, 'Look, you're going to have to leave because we're going to have to bulldoze the place!'"

Dianne moved in with a friend and large family but soon, they too, had to leave their rental home due to its poor condition. Sadly, she and her companion dog could not find anywhere else to stay and spent around three months living on the street.

When she finally found somewhere to stay – in a caravan park that housed a highly-disadvantaged and transient population – Dianne says it was even more frightening than living on the street.

"There were fights, stabbings, drugs. Because I need a cane to 'see', it was way too dangerous for me to be there," she says. "That was hell. With all the stuff that was going on through that caravan park. It was hell!"

Dianne was approached by The Salvation Army while living in the park.

"Dianne didn't have any of the aides she should have had to assist her (in her blindness) such as handrails or even a private bathroom," Katie from Salvation Army Housing, Victoria, who manages her tenancy explains.

"She had to use the communal shower block [in the park] and that was pretty horrible. The living conditions were affecting her health. She [already] had mental health struggles – with depression and anxiety. She was also a diabetic, had a heart condition, blood pressure issues and more."

Katie, together with case manager Karley, encouraged Dianne to apply for private rentals, as part of the Transitional Housing Management (THM) program, but "The problem is she was stereotyped straight away," says Katie. "There are certain stigmas attached to living in that park, so it was really tough for people to try and get out of that environment."

Karley nominated Dianne for urgent transitional housing – with disabled facilities – and helped with other living skills. Time in the Salvos' service also allowed Dianne >



to gain a positive reference to use with real estate agents when looking for long-term rental housing. The Salvos' team also encouraged Dianne to apply for an NDIS package to support her extra needs due to her health and vision challenges.

Dianne actually met her fiancé while she was still staying in the caravan park [he was also struggling with homelessness, disadvantage and health issues] and they were eventually able to secure a private rental together.

"The Salvation Army helped us out with talking to some of the real estates on our behalf; they gave us information on what to do and how to go about it," Dianne says. "They're here as support and guidance. They can't do all the leg work for you, you've got to do it yourself, you've got to make the effort, but [that help] makes a hell of a big difference.

"They helped us out with furniture, they did everything they could for us ...They even helped us out with getting the car registered and roadworthy for us. On top of that they helped us out with food and they also helped us out with medication."

Katie says the outcomes have been extremely positive and explains the service works to bring about long-term stability and a range of social outcomes, including empowerment; financial wellbeing; health safety; community connection and suitable housing.

"The collaboration of various Salvation Army agency efforts was the force behind this fantastic outcome. Both Karley and I were a united team from start to finish. We communicated every step of the way to achieve this successful outcome. We have different roles and responsibilities, but the same end goal."

Katie says that Dianne and her fiancé worked incredibly hard once they were offered initial support.

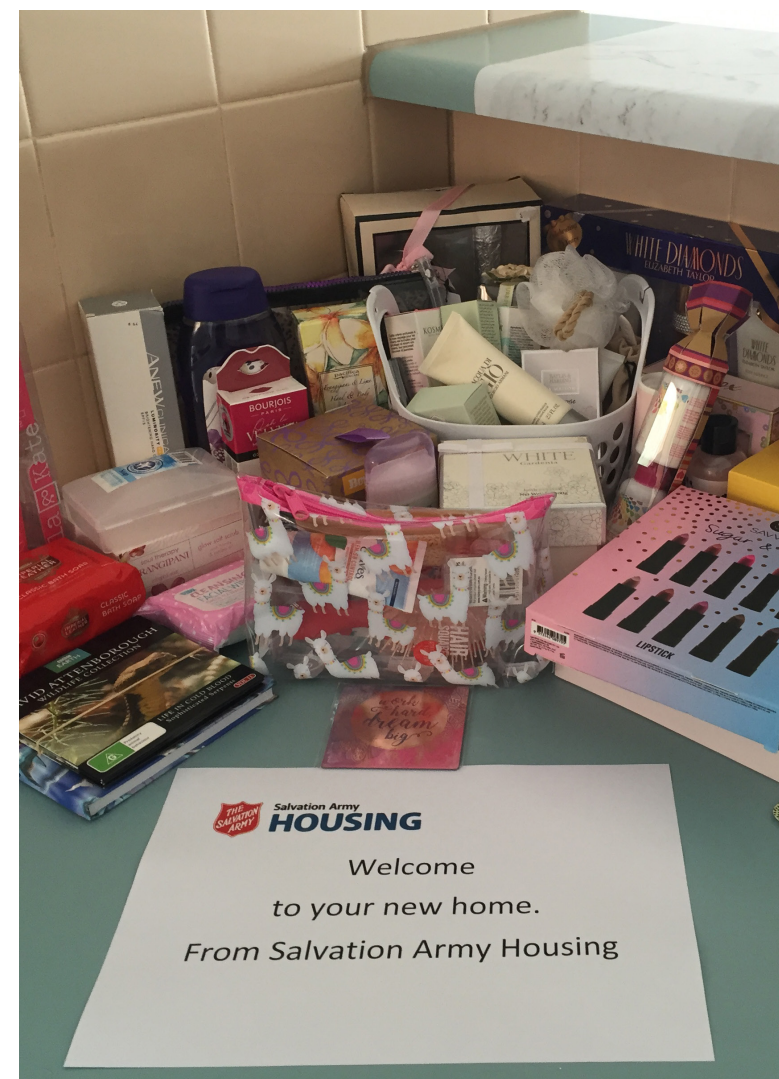
"They'd been applying for so long and just getting rejected. So our role was just trying to improve on what they had already done and making suggestions on applications and providing a reference to the real estate agency with more details to help explain their situation more," she says.

"I think without the support, they would have been lost, but to see them at the other side now – it's just unreal and the outcome we all worked and hoped for," Katie says. "Dianne and her fiancé also left our THM property almost better than when they shifted in. It was a real credit to them."

Dianne says she is very grateful and feels like she can finally live a normal life.

Without that support, she says, "I would have been living out on the streets again."

*Name changed to protect identity



South Australia / Western Australia

2019-2020 saw the implementation of a redesign of Salvation Army Housing. Some of the changes for SA and WA was the change in State Manager to cover SA, WA and NT, property and finance roles are now nationally aligned.

In WA, Salvation Army Housing provides a Community Housing Service for a range of target groups. Our portfolio of 111 properties, comprises long-term, crisis and transitional housing. Within this, properties are allocated to the target groups of Crisis Accommodation Program, Community Disability Housing Program, People with Mental Illness, Social-General Joint Wait List and Youth.

In South Australia, Salvation Army Housing provides a Community Housing service for people registered on the SA Community Housing Customer Register. Our portfolio comprises 284 properties with a mix of houses and units across Metropolitan South Australia, Mount Gambier and the Riverland. Eighteen of these properties are allocated to clients over the age of 55 who are registered on the Community Housing Customer Register. All tenancies

are medium to long term (5 to 8 years).

This year has seen a strong emphasis on partnering with TSA Divisional Commanders, Homelessness mission stream, Family Violence, Towards Independence and Youth Services to provide a response to our vision of providing long-term supported accommodation.

Throughout 2019-2020 SAH continued Tenant Forums in SA, which are conducted Bi-Monthly. This is an opportunity for tenants to come together as a group and ask any questions relating to their tenancy, the properties they live in, SAH as a whole, or any Community Housing related questions. We have a regular group of tenants who find these meetings beneficial and for some, is one of their only social events. Unfortunately, due to the COVID-19 pandemic we were unable to conduct the last few forums of the financial year.

In both SA and WA, newsletters are posted out bi-annually to every tenant in autumn and spring. Through these newsletters we provide updates on staff, organisational changes and the progression of SAH Housing Services. In 2019/2020 there was a particular emphasis on the COVID-19 pandemic response, with updates on SAH service delivery and suggestions of community and health resources for tenants to cope.

Good News Story

In December 2019, a 44-year-old woman was referred

to SAH in SA, from Eastern Adelaide Domestic Violence Services. We housed her in one of our long-term community housing units.

At the recent inspection, our Housing Worker noted that she had a new sofa and asked her about it. She said she had been saving her extra payment from COVID-19 and for the first time in her life she was able to buy new furniture. She also bought herself a bed for the first time. She was beaming, so pleased and proud of her achievement. She never thought she would ever be in a position to do this for herself. She then proceeded to divulge that just 12 months ago she was living in a car with a man who was controlling her and drug dependent. Between then and now she was able to express how different she feels and realises how much control she now has over her own life and is smiling so much more. She feels very lucky to be given the opportunity to live in one of our properties and has made it her home. She has become very house proud. The standard of inspection was brilliant. This tenant has not spoken like this before, she was quite meek and mild at the start. She is now relaxed and shows confidence and strength with people. She still proudly has supports in place and will continue on her journey of self belief and growth. Our Housing Worker came back from this inspection elated to see such progress with one his tenants and commented that is what makes his job worthwhile and why he works for Salvation Army Housing.



Tasmania

2019-2020 has been a very productive year at SAHT as well as a very interesting year dealing with the COVID-19 pandemic. All the team have worked hard to maintain a stable tenancy mix, a well-maintained property portfolio and a balanced budget.

SAHT has also consolidated its position as a responsive and flexible developer and provider of affordable, secure, long-term community housing in Tasmania with the completion of nine stand-alone new builds, all now occupied.

Additionally, numerous property upgrades have been undertaken, which included new roofs, carpet, refurbished kitchens or bathrooms and painting throughout.

Our Bedford St complex houses 60 socially disadvantaged tenants. One issue identified by tenants in relation to the site was the need for more security features. While security screens have progressively been installed, with the assistance of funding from Tasmania Community Fund, screens have now been fitted to all doors.

This has given tenants a greater sense of security but also has the additional benefit of allowing them to keep their front doors open to engage with neighbours and not feel isolated or trapped in their unit. Tenants now feel more connected – allowing for greater social engagement. The continued growth of the community garden group at this complex also contributes to the stronger sense of community now on site.

Project 9

“It’s almost too good to be true! I’ve been pinching myself that this is not a dream,” said Suzie, the daughter/carer for her frail and elderly mother, Sirpa. “This unit is real, it’s been offered to my mum and is exactly what she needs. It’s modern, beautiful and new. She’s been through so much and this is just amazing.”

Sirpa is one of the residents of a Project 9 unit.





Sirpa, who has serious health issues, is one of nine clients, including families, who have benefited from Project 9 – the construction of nine units by SAHT. The units are one and two-bedrooms in size and are within Hobart and the greater Hobart area.

In 2017, the Tasmanian Government agreed to transfer the ownership of 30 properties to SAHT.

“[This will] ensure tenants can access the many benefits and support of The Salvation Army long term,” said Dr Jed Donoghue, Housing and Homelessness State Manager.

“The Government required SAHT to build nine new properties – one and two-bedroom units – in the large backyards of existing properties.”

This project began in December 2017 and was completed this year.

The goal is to help deliver a fair and equitable social housing system to Tasmanians, and to fulfil the mission of creating healthy communities.

“Project 9 is changing people’s lives by providing affordable and stable housing, enabling them to engage with neighbours and the local community, seek employment or education, or enjoy retirement,” said Jed.

“It also gets people off the street, and we want to do more of this into the future, and see it replicated in other states as well.”

Story by Simone Worthing



Campbell Street, Hobart

Our Campbell Street program supporting 59 tenants is based on a model requiring a tenant mix of low-income and supported tenancies. SAHT has managed this program since December 2016 with the management agreement extended this year for a further three years to 30 June 2023. The property is staffed daily with after-hours phone support.

Demand for the service continues to be very high. There are however, challenges given the lack of alternate affordable housing options for persons wanting to exit the program and insufficient housing for those eligible for the Campbell Street housing.

Campbell Street aims to foster a strong sense of community engagement with a number of activities this year including:

- The Coffee Ground Café: Started in 2019, this has provided over 5000 hours of employment in the 2019-2020 financial year with a full-time senior barista and 8 casual introductory baristas. The café has provided relationships with local businesses who are repeat customers and increased networking opportunities for the tenant community. The Coffee Ground Café was recognised by our lead partner Disability Employment Provider, CVGT, as the most successful business at retaining staff in the year to December 2020. Despite COVID-19 requiring a temporary shutdown and

subsequent reduced hours of operation, all staff have been retained.

- Completion of the outdoor shelter, providing a social space during inclement weather events. This will reduce isolation, especially during the winter months. The shelter stands adjacent to the community firepit that was installed by the tenant group last year.
- Upgrades to the tenant art space has occurred as part of a community engagement exercise led by one of our staff. This has developed further as we received funding from Hobart City Council for a 'Resilient Hobart' during the COVID-19 pandemic. A tenant-led art exhibition is planned for later this year.
- A successful relationship with Reclink has provided our tenants with a wonderful opportunity to engage in structured sport, such as lawn bowls, tennis, golf, mini golf, cricket and tenpin bowling, where there was none in place previously. It has given several of our tenants more self-confidence, improved mental and physical health and has allowed them to reduce their alcohol and substance use. We are excited to continue our relationship with Reclink and hope that their continued support will have a positive impact on our community.

Case Study – Jasmine*

From what we can gather, we achieved a program first across the nation this year. We had one of our Tenants purchase her own property. Jasmine had resided with us at Campbell Street for just over seven years. In that time, whilst working for a minimum wage, she was able to save a deposit for a unit. Jasmine purchased her property in February this year.

Jasmine works for a produce company called Houston's, in the Coal Valley of Tasmania's south. She would typically start work at 2am each day and work through to 10am. She would pick and pack fresh produce to be delivered throughout the state. Whilst most are still tucked away in bed, Jasmine would ride her motorbike to work in the early hours of the morning. This routine would not change during the cold Tassie winters. She would battle fog, frost and rain, not only in her daily commute on her bike but also during her work hours.

She is a great example of how affordable rent can work to help people achieve long-term goals. She was able to demonstrate to the rest of the Campbell Street community that hard work does pay off. She doesn't have the highest paying job, but she has a job. She didn't buy a house in Sandy Bay or Battery Point, but she is now a homeowner! *Name changed to protect identity



Financial Performance

Salvation Army Housing (SAH)

Entity has generated \$5.4m of surplus during financial year 2019-2020. The significant increase in surplus is largely due to \$4,882,605 donation income received from the Tasmanian Government in the form of 20 properties' title transfer during the reporting year. Net cash from operating activities is \$1.37m. SAH has completed the construction of nine new dwellings in Tasmania and planning to construct four townhouses in Western Australia and will commence construction of 21 dwellings in Tasmania with the help of a government grant and external funding.

Salvation Army Housing Victoria (SAHV)

Entity has generated \$4.72m of surplus during the financial year 2019-2020. A lower surplus compared to 2019 is due to \$11.27m relating to fair value gain, which was booked in financial year 2018-2019 for transfer of 49 titles from the Department of Housing to Salvation Army Housing (Victoria). The company will finish development of 25 townhouses in Grovedale with the help of a government grant via Department of Housing.

Salvation Army Community Housing Service

The net operating surplus of the company before allocation to reserves for the financial year is \$221,452 compared to 2018-2019: Deficit (\$49,784). Salvos Housing will commence construction of 23 dwellings in Queensland with the help of funding from The Salvation Army and Queensland Government under the Partnering for Growth program.





Salvation Army

HOUSING

Financial Statement

2019 - 2020

Salvation Army Housing

ACN 608 346 934



Financial Statements

Directors' report

Salvation Army Housing

ACN 608 346 934

For the year ended 30 June 2020

The directors present their report together with the financial report of Salvation Army Housing, a Company limited by guarantee ('Company'), for the financial period ended 30 June 2020 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial period are:

Name	Appointment Date	Resignation Date
Mark Christopher GRAY	21-Sep-15	N/A
Roslynne Elizabeth HANSEN	25-Nov-15	N/A
Jeffrey William DAVEY	28-Jun-18	N/A
Robert PRADOLIN	23-Aug-18	N/A
Winsome Joy MERRETT	7-Dec-18	6-Feb-20
Jenny Irene BEGENT	7-Dec-18	N/A
Kelvin Leslie MERRETT	20-Feb-20	N/A

2. Company Secretary

Malcolm John Roberts who was appointed as Company Secretary on 21 September 2015 resigned from the role on 22 Jan 19. Chris Karagiannis was appointed as Company Secretary on 1 August 2019.



3. Directors' Meetings

The Directors held 11 meetings during the year. The attendance was as follows:

Director	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Mark Christopher GRAY	√	√	√	√	√	√	√	√	√	√	√
Roslynne Elizabeth HANSEN	√	√	√	X	√	√	√	√	√	√	√
Jeffrey William DAVEY	√	√	√	√	√	√	√	√	√	√	X
Robert PRADOLIN	√	X	√	√	√	√	√	√	√	√	√
Winsome Joy MERRETT	√	√	√	X	√	√	X	-	-	-	-
Jenny Irene BEGENT	√	X	√	√	√	√	X	√	√	√	√
Kelvin Leslie MERRETT	-	-	-	-	-	-	-	√	√	√	√

√ – Present at meeting x – Absent from meeting

4. Principal activities

The Company's principal activity is to provide accommodation and support for low income households on a not for profit basis, particularly for households in financial need or who have at the time specific physical, mental or social disabilities which impede their acquisition or successful use of private or public housing.

In addition, Salvation Army Housing manages the community housing operations of The Salvation Army in South Australia, Western Australia and Tasmania.



5. Operating and financial review

A summary of revenues and expenses is set out below:

	2020	2019
	\$	\$
Total revenue	12,245,613	7,936,148
Total expenses	(5,564,964)	(5,057,653)
Net finance (expense)/income	(1,229,539)	(1,706,602)
Net surplus/(deficit) for the year ended 30 June	5,451,110	1,171,893

The net surplus for the 2020 financial year is \$5,451,110 compared to 2019 surplus of \$1,171,893. Significant increase in surplus is largely due to \$4,882,605 donation income received from Tasmanian Government in the form of 20 properties title transfer during FY20.

Net cash from operating activities is \$1,378,086 compared to \$831,198 in the previous year.

This is the first set of the Company's annual financial statements in which AASB 15 Revenue from Contracts with Customers, AASB1058 Income of Non-for-profit Entities and AASB16 Leases has been applied. Under the transition method chosen, comparative information has not been restated. The 2020 results are therefore not directly comparable to prior years. Changes to significant accounting policies and the impact of applying the new standard are described in Note 2(e).

In the opinion of the directors the Company is able to plan and manage its operational expenditures within the funds currently committed and accordingly the Company continues to operate as a going concern.

6. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company to affect



significantly the operations of the company, the results of those operations, or the state of affairs of the company, in future financial years.

7. Developments

The company will continue to carry on principal activities noted above. Next year, company is expecting to develop 4 townhouses in Western Australia and will commence construction of 21 apartments in Tasmania for social housing.

8. Indemnification and insurance of officers

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Insurance premiums

The officers are covered by insurance taken out by The Salvation Army Australia Territory under Section 199 of the Corporations Act 2001 (Cth).

9. Proceedings on behalf of Company

Nil

10. Environmental Regulations

The company is subject to environmental regulations under the law of the Commonwealth and of a State. However, the board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

11. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out at the end of this report and forms part of the directors' report for the financial year ended 30 June 2020.

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

 Director
 Dated at Blackburn this 9 day of Nov 2020



Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020	2019
		\$	\$
Revenue			
Government grants		290,478	411,520
Rental income		5,692,393	5,487,807
Revaluation of investment property	6	782,653	1,569,000
Donations	10	4,882,645	-
Other income		597,444	467,821
		12,245,613	7,936,148
Less: Operating expenses			
Property management expenses	11	(4,693,715)	(4,310,790)
Administration expenses		(832,695)	(743,464)
Depreciation Expense		(38,554)	(3,399)
		(5,564,964)	(5,057,653)
Interest income		88,127	206,251
Interest expense		(1,317,666)	(1,912,853)
Net finance income		(1,229,539)	(1,706,602)



	Note	2020	2019
		\$	\$
Operating Surplus before income tax expense		5,451,110	1,171,893
Income tax expense		-	-
Profit for the year		5,451,110	1,171,893
Other comprehensive income		-	-
Total comprehensive income for the year before allocations		5,451,110	1,171,893

The Company initially applied AASB16, AASB15 and AASB1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.



Statement of Financial Position

As at 30 June 2020

	Note	2020	2019
		\$	\$
Assets			
Cash and cash equivalents	4	5,795,041	5,468,807
Trade and other receivables		380,251	303,913
Total current assets		5,772,720	8,754,144
Property, plant and equipment	5	56,444	2,730,267
Investment property	6	81,463,272	73,116,045
Total non-current assets		81,519,716	75,846,312
Total assets		87,695,008	81,619,032
Current Liabilities			
Trade and other payables		670,977	441,970
Employee benefits		154,851	205,861
Lease liability	7	887,045	868,282
Total current liabilities		1,712,873	1,516,113



	Note	2020	2019
		\$	\$
Employee benefits		39,085	31,915
Provisions	8	1,431,870	1,472,172
Finance lease liability	7	54,324,045	53,862,807
Total non-current liabilities		55,795,000	55,366,894
Total liabilities		57,507,873	56,883,007
Net assets		30,187,135	24,736,025
Equity			
Reserves	9	27,929,153	22,795,729
Retained earnings		2,257,982	1,940,296
Total equity		30,187,135	24,736,025

The Company initially applied AASB16, AASB15 and AASB1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.



Statement of Changes in Equity

For the year ended 30 June 2020

	Retained Earnings	Planned Maintenance	Asset Replacement	Property Contribution	Total
	\$	\$	\$	\$	\$
Balance at beginning of year 1 July 2018	2,328,504	1,959,428	833,136	18,443,064	23,564,132
Profit for the year	1,171,893	-	-	-	1,171,893
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive (loss)/income for the year	1,171,893	-	-	-	1,171,893
Allocation to/(from) other capital funds	(1,560,101)	113,027	-	1,447,074	-
Reserves acquired/(released)	-	(1,438,841)	(655,431)	2,094,272	-
Insurance Recoveries	-	-	-	-	-
Balance at end of year 30 June 2019	1,940,296	633,614	177,705	21,984,410	24,736,025
	Retained Earnings	Planned Maintenance	Asset Replacement	Property Contribution	Total
	\$	\$	\$	\$	\$
Balance at beginning of year 1 July 2019	1,940,296	633,614	177,705	21,984,410	24,736,025
Profit for the year	5,451,110	-	-	-	5,451,110
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive (loss)/income for the year	5,451,110	-	-	-	5,451,110
Allocation to/(from) other capital funds	(5,133,424)	(65,332)	-	5,198,756	-
Reserves acquired/(released)	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-
Balance at end of year 30 June 2020	2,257,982	568,282	177,705	27,183,166	30,187,135



Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020	2019
		\$	\$
Cash flows from operating activities			
Cash receipts from government and clients		6,504,017	6,340,526
Cash paid to suppliers and employees		(5,116,595)	(5,461,637)
Cash from operating activities		1,387,422	878,889
Interest paid		(9,336)	(47,691)
Net cash from operating activities	4	1,378,086	831,198
Cash flows from investing activities			
Interest received		88,125	206,251
Purchase of Property Plant and Equipment		(234,161)	(3,166,732)
Net cash (used in)/from investing activities		(146,036)	(2,960,481)



	Note	2020	2019
		\$	\$
Cash flows from financing activities			
Repayment of finance lease liability		(905,817)	(878,763)
Net cash used in financing activities		(905,817)	(878,763)
Net increase in cash and cash equivalents		326,233	(3,008,046)
Cash and cash equivalents at 1 July		5,468,807	8,476,853
Cash and cash equivalents at 30 June		5,795,041	5,468,807

The notes on pages 10 to 18 are an integral part of these financial statements.

The Company initially applied AASB16, AASB15 and AASB1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.

During 2020, the Company had non-cash investing activities in the form of receipt of properties from the Tasmanian Government with a fair value on receipt of \$4,882,645 which is recognised in the balance sheet as investment property.



Notes to the Financial Statements

For the year ended 30 June 2020

1. Reporting entity

Salvation Army Housing is a company limited by guarantee domiciled in Australia. The address of the Company's registered office is 95 – 99 Railway Road, Blackburn, Victoria, 3130. The Company's principal activity is to provide accommodation and support for low income households on a not for profit basis, particularly for households in financial need or who have at the time specific physical, mental or social disabilities which impede their acquisition or successful use of private or public housing.

In the opinion of the Directors, the Company is not publicly accountable nor a reporting entity. The financial statements of the Company have been drawn up as special purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Australian Charities and Not-for-profit Commission Act 2012.

2. Basis for preparation

(a) Statement of compliance

The special purpose financial report of Salvation Army Housing, has been prepared in accordance with the requirements of the Australian Charities and Not-for-profit Commission Act 2012 and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) (including

Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).

This is the first set of Company's financial statements in which AASB15 Revenue from Contracts with Customers, AASB1058 Income of Not-for-Profit Entities and AASB16 Leases has been applied, Changes to significant accounting policies are described in Note 2 (e).

The special purpose financial report includes only the disclosure requirements of the following AASBs and those disclosures considered necessary by the directors to meet the needs of members:

AASB 101 Presentation of Financial Statements

AASB 107 Cash Flow Statements

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional Disclosures

The financial statements were approved by the Board of Directors on Oct 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency



These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of Estimates and Judgements

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally. The nature of business for Salvation Army Housing is mainly to provide social housing where most of the revenue recognised are in the form of government grants and rental subsidies via Centrelink. Government responses to COVID-19 are resulting in significant impacts on the Australian economy and the property market. These unfavorable economic impacts have the potential to create increased demand for social housing. In addition, any future unfavorable movements in the property markets where land and buildings are held have the potential to have an adverse effect on the fair value of properties held by Salvation Army Housing.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(h) – establishment of the fair value of investment property;
- Note 3m(i) – leases: whether an arrangement contains a lease.

(e) Changes in significant accounting policies

The Company initially applied AASB 16, AASB 15 and AASB 1058 from 1 July 2019. A number of other new standards are also applicable to the Company from 1 July 2019 but they do not have a material effect on the Company's financial statements.

(i) AASB15 Revenue from Contracts with Customers and AASB1058 Income of Not-for-Profit Entities

The Company has applied AASB 15 and AASB 1058 using the modified retrospective method which means the comparative information has not been restated. There is no material impact on Salvation Army Housing Financial Statements as a result of these changes.



The following changes to accounting policy occurred for Salvation Army Housing on adoption of AASB 15 and AASB 1058.

Revenue	Revenue recognition from 1 July 2019	Revenue recognition before 1 July 2019	Impact on financial statements
Grant income	Where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services pass to the customer. Where a grant does not have any specific condition, it is recognised as income when received.	Grant income is recognised on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.	Application of the new standards does not materially alter the amount of revenue recognised in the financial statements.
Rental income	Revenue is recognised over time based on number of days property was leased.	Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.	Application of the new standards does not materially alter the amount of revenue recognised in the financial statements.
Donations	Where donation contains specific performance obligations, the revenue is recognised over time as work is performed. Where a donation does not have any specific condition, it is recognised as income when received.	Revenue was recognised when entity obtains the control of contribution and the amount of contribution can be measured reliably.	Application of the new standards does not materially alter the amount of revenue recognised in the financial statements.



(ii) AASB 16 Leases

The Company applied AASB 16 using the modified retrospective approach. On transition, the Salvation Army Housing recognised right-of-use assets and lease liabilities under the modified retrospective approach electing no opening adjustment to equity. Accordingly, the comparative information presented for the year ended 30 June 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 Leases and related interpretations.

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

Leases classified as operating leases under AASB 117

Previously, the Company classified Motor vehicles leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted based on an interest rate of 3.25%. Right-of-use assets are measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases

The Company used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Company:

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

Impact on financial statementsImpact on transition

On transition to AASB 16, the Company recognised additional right-of-use assets, including Motor vehicles, and additional lease liabilities. The impact on transition is summarised below.

In Dollars	As 1 July 2019
Right-of-use assets – property, plant and equipment	77,488
Lease liabilities	77,488



Leases classified as finance leases under AASB 117

The Company leases a number of buildings. These leases were classified as finance leases under AASB 117. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

[\(a\) Income Tax Expense](#)

Salvation Army Housing is appropriately endorsed by the Australia Tax Office and therefore income tax exempt.

[\(b\) Revenue](#)

(i) Rental Income

Revenue is recognised over time based on number of days property was leased.

(ii) Grant Income

Salvation Army Housing is supported by grants received from state and local governments. Grants received on the condition of specified services are delivered, or conditions are fulfilled are initially recognised as a

liability called prepaid government funding and revenue is recognised as services are performed or conditions fulfilled. Revenue from grants, where there is a lack of enforceable rights and obligations and/or sufficiently specific performance obligations, is recognised when the organisation obtains control of the funds. Grant income from Government includes \$50,000 of ATO Cash Boost provided by Government due to COVID-19.

(iii) Donations

Where donation contains specific performance obligations, the revenue is recognised over time as work is performed. As with Grant Income where there is a lack of enforceable rights and obligations and/or sufficiently specific performance obligations associated with the Donation. Revenue is when the company obtains control of the funds.

[\(c\) Cash and cash equivalents](#)

For cash flow statement presentation purposes, cash and cash equivalents represents cash held with reputable banking institutions and notional cash balances that includes any overdraft where the overdrafts are key part of normal cash management held at The Salvation Army Social Fund ('THQ') related to cash at bank.



[\(d\) Receivables](#)

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. The majority of receivables are due for settlement in no more than 30 days.

Collectability of debtors is reviewed on an ongoing basis. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income when they have been determined to be uncollectable. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment of receivables are recognised based on the expected losses from past default rates.

[\(e\) Trade payables](#)

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid under normal business terms.

[\(f\) Property, plant and equipment](#)

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation

With the exception of freehold land, depreciation is charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

Depreciation commences from the date of acquisition or, in respect of constructed assets, from the time an asset is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

	2020	2019
Buildings	50 years	50 years
Plant and equipment	3 years	3 years

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



[\(g\) Provisions](#)

A provision is recognised if, as a result of a past event, Salvation Army Housing has a present legal or constructive obligation that can be estimated reliably, and it is probable that an overflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

[\(h\) Investment property](#)

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

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss. When an investment property is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

[\(i\) Employee benefits](#)

(i) Wages and salaries and annual leave

Wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised as liabilities in respect of employees' services up to the reporting date and

measured at the amounts expected to be paid when the liabilities are settled. The accrued wages are included in accruals and the annual leave is included in provisions.

(ii) Long service leave

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. In assessing expected future payments, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on corporate bond rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

[\(j\) Goods and services tax](#)

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 balance sheet are shown exclusive of GST.

[\(k\) Impairment](#)

The carrying amounts of assets and investments are reviewed at each balance sheet date to determine



whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Investment property

Investment property is measured at fair value using the revaluation method. Refer note 6.

(l) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings recognised in the Statement of Profit or Loss and Other Comprehensive income using the effective interest method.

(m) Leases

The Company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4.

Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of

time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

(i) As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use asset initially measured at cost, comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the



end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful

life of the underlying asset, which is 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.

Right-of-use assets, that meet the definition of investment property in AASB140, is measured at fair value at the date on initial application being the carrying amount of the lease asset immediately before that date measured applying AASB117. The right-of-use asset is subsequently measured at fair value applying the revaluation model in AASB140.

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

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

- fixed payments, including in-substance fixed payments;

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in "lease liability" statement of the financial position.

Short-term leases and leases of low-value assets

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

[\(n\) Business combinations](#)

Common control transactions

Transfers of interests in entities that are under the control of a common member are accounted for at the carrying value of the assets and liabilities acquired. Any difference between the consideration paid and the assets acquired are allocated in line with the nature of the equity balances acquired.

[\(p\) Capital Management](#)

The Company's policy is to maintain a strong capital base so as to maintain member and creditor confidence and to sustain future development of the organisation. The board of directors seeks to preserve sufficient capital, consisting of retained surpluses and reserves, to



enable the Company to continue its various programs. The Company has no externally imposed capital requirements.

[\(p\) New standards and interpretations not yet adopted](#)

A number of new standards are effective for annual periods beginning after 1 July 2019 and earlier application is permitted; however the Company has not early adopted the new or amended standards in preparing these financial statements. The new standards are not expected to have a significant impact on the Company's financial statements, apart from:

- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities)
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

These standards remove the ability of the Company to prepare special purpose financial statements and will require the Company to prepare general purpose financial statements – Tier 2; and apply the disclosures set out in AASB 1060.

As the Company applies all the recognition and measurement requirements of all Australian Accounting Standards, there will be no impact on the amounts

recognised in the financial statements. More disclosure is expected to be required than currently provided.

Both standards will apply to the Company from the financial year beginning 1 July 2021



4. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank	1,505,532	1,349,111
Notional cash balance held at The Salvation Army	(80,138)	(852,504)
Short-term deposits	4,369,647	4,972,200
	5,795,041	5,468,807

Notional cash balance represents the cash held at The Salvation Army owed to / on behalf of Salvation Army Housing by The Salvation Army Australia.

Reconciliation of cash flows from operating activitiesCash flows from operating activities

	2020	2019
	\$	\$
(Loss) / Profit for the period	5,451,110	1,171,893
<u>Adjustments for:</u>		
Depreciation - Other Plant & Equipment	38,554	3,399
Finance income	(88,127)	(206,251)
Finance expense	1,308,330	1,865,162
Property, Plant and Equipment - Written Off	264,949	-
Revaluation increase recognised in profit and loss	(782,653)	(1,569,000)
Non cash capital grant	(4,882,605)	-
	1,309,559	1,265,203
Change in trade and other receivables	(76,338)	(26,622)
Change in trade and other payables	229,007	(404,825)
Change in provisions and employee benefits	(84,141)	(2,558)
Net cash from operating activities	1,378,086	831,198



5. Property, plant and equipment

	2020	2019
	\$	\$
Capital work in Progress		
Balance at beginning of the year	2,712,757	69,979
Additions	234,161	2,642,778
Transfer to Investment Property	(2,946,918)	-
Balance at 30 June	-	2,712,757

Capital work in progress includes construction of properties in Tasmania as part of Project 9. Constructions of these dwellings finished during financial year 2020.

Other Property, plant and equipment

	2020	2019
	\$	\$
Balance at beginning of the year	17,510	20,909
Recognition of Right of Use Asset on initial application of AASB16	77,488	-
<u>Adjusted Balance at 1 July 2019</u>	<u>94,998</u>	<u>20,909</u>
Depreciation	(38,554)	(3,399)
Balance at 30 June	56,444	17,510
Total Property, plant and equipment	56,444	2,730,267



6. Investment property

	2020	2019
	\$	\$
Restricted Investment property	73,254,000	72,613,000
Other Investment property	8,209,272	503,045
Total Investment property	81,463,272	73,116,045

(a) Reconciliation in carrying amount

Movements in the carrying amounts of investment property between the beginning and the end of the year:

	2020	2019
	\$	\$
<u>Balance at beginning of the year</u>	<u>73,116,045</u>	<u>71,044,000</u>
Transfer from Property, plant and equipment*	2,946,918	-
Property, plant and equipment - Written Off	(264,949)	-
Additions to Investment Property**	4,882,605	503,045
Change in fair value	782,653	1,569,000
Balance at the end of the year	81,463,272	73,116,045

*Transfers from property plant and equipment represent buildings constructed on the donated land and transferred to investment property on transfer of title to the land.

** Additions of investment property during FY20 includes 20 titles transferred from the Tasmanian Government under stock transfer program with a fair value of \$4,882,605 at no cost. The fair value was estimated having regard to the Valuer-General in Tasmania.

Investment property comprises a number of community housing residential properties that are leased to third parties. The lease terms vary depending on the need of the lessee. No contingent rents are charged.

Restricted Investment property:

The investment properties are subject to a Directors interest in terms of S107 of the Housing Act 1983. Salvation Army Housing cannot transfer, sell, lease, mortgage, charge or otherwise deal with land in which the Director has an interest under this Division unless the Director consents in writing to that transfer, sale, lease, mortgage, charge or other dealing.



7. Lease Liability

	2020	2019
	\$	\$
Balance at beginning of the year	54,731,089	53,744,690
Additions upon application of AASB16	77,488	-
Repayment of lease liability	(905,817)	(878,763)
Interest Expense	1,308,330	1,865,162
Balance at 30 June	55,211,090	54,731,089

(a) Lease liabilities - Undiscounted

	2020	2019
	\$	\$
Lease liabilities are payable as follows		
Less than one year	913,925	868,021
Between one and five years	3,472,086	3,472,086
More than five years	101,030,686	101,257,708
	105,416,697	105,597,815

Lease of investment property not in the legal form of a lease

During 2017 Salvation Army Housing entered into a Community Housing Agreement with the South Australian Housing Trust whereby it is required to provide residential housing to the community. Through this arrangement it was determined that Salvation Army Housing has control of the community housing assets and an option to buy the property at a beneficial price. Accordingly, although the arrangement is not in the legal form of a lease, Salvation Army Housing concluded that the arrangement contains a finance lease of the

community housing assets.

At inception of the arrangement, payments are split into lease payments and payments related to the other elements based on their relative fair values. The imputed finance costs on the liability were determined based on an interest rate of 3.25%. As at 30 June 2020, under AASB16, investment properties with a carrying amount of \$73,254,000 were subject to a deed of statutory charge as a security for the lease.



8. Provisions

	2020	2019
	\$	\$
Maintenance Provision	1,338,315	1,338,315
Flooring provision	93,555	133,857
	1,431,870	1,472,172

9. Reserves

	2020	2019
	\$	\$
Reserves	27,929,153	22,795,729

This includes \$18.09m of Capital Grant income which represents the difference between the market value of assets provided by the South Australia Government and the minimum lease payments under the arrangement (refer note 7).

10. Donations

	2020	2019
	\$	\$
Non- Cash Donations	4,882,605	-
Cash Donations	40	-
	4,882,645	-

Non-Cash Donations include titles transfer of 20 properties by Tas Housing under Stock Transfer program at no cost.

11. Property Management Expenses

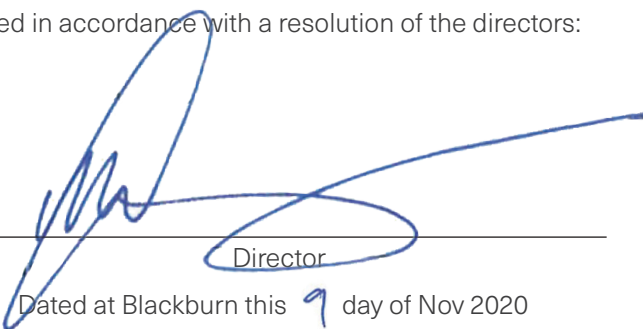
	2020	2019
	\$	\$
Employee expenses	1,338,315	1,897,008
Repairs, Insurance, Council Rates and Taxes	2,391,528	2,136,838
Other property management expenses	413,741	276,944
	4,693,715	4,310,790



In the opinion of the directors of Salvation Army Housing:

- (a) the Company is not publicly accountable nor a reporting entity;
- (b) the financial statements and notes, set out on pages 6 to 16, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2020 and of its performance, as represented by the results of its operations for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2, and the Australian Charities and Not-for-profits Commission Regulation 2013; 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 the directors:



Director

Dated at Blackburn this 9 day of Nov 2020





Salvation Army

HOUSING

Financial Statement

2019 - 2020

**The Salvation Army
Community Housing Service**

ACN 152 257 728



Financial Statements

Directors' report

The Salvation Army Community Housing Service

ABN 47 152 257 728

For the year ended 30 June 2020

The directors present their report together with the financial report of The Salvation Army Community Housing Service ("the Company") for the year ended 30 June 2020 and the auditor's report thereon.

The Salvation Army Community Housing Service is a not-for-profit community housing provider established in July 2011. The sole member of the Company is The Salvation Army (NSW) Property Trust, which forms part of The Salvation Army Australia ("TSA").

Key regulation which affect The Salvation Army Community Housing Service is the Australian Charities and Not-for-profit Commissions Act 2012.

The Salvation Army Community Housing Service is a community housing provider which employs professional staff to assist the provision of affordable housing.

Directors

The directors in office at the date and during the financial year of this report are:

Name	Appointment Date	Resignation Date
Mark Christopher GRAY	6-Feb-19	N/A
Roslynne Elizabeth HANSEN	6-Feb-19	N/A
Jeffrey William DAVEY	4-Jul-18	N/A
Robert PRADOLIN	6-Feb-19	N/A
Winsome Joy MERRETT	1-Aug-17	6-Feb-20
Jenny Irene BEGENT	2-Dec-18	N/A
Kelvin Leslie MERRETT	20-Feb-20	N/A

Company Secretary

Jeffrey William DAVEY resigned from the role on 1 August 2019. Chris Karagiannis was appointed as Company Secretary on 1 August 2019.



Directors' Meetings

The Directors held seven meetings during the year. The attendance was as follows:

Director	Aug-19	Sep-19	Dec-19	Mar-20	Apr-20	May-20	Jun-20
Mark Christopher GRAY (Chairperson)	√	√	√	√	√	√	√
Roslynne Elizabeth HANSEN	√	√	√	√	√	√	√
Jeffrey William DAVEY	√	√	√	√	√	√	X
Robert PRADOLIN	X	√	√	√	√	√	√
Winsome Joy MERRETT	√	√	√	-	-	-	-
Jenny Irene BEGENT	X	√	√	√	√	√	√
Kelvin Leslie MERRETT	-	-	-	√	√	√	√

√ – Present at meeting x – Absent from meeting

Principal activities

The Company's principal activity is to provide accommodation and support for low income households on a not for profit basis, particularly for households in financial need or who have at the time specific physical, mental or social disabilities which impede their acquisition or successful use of private or public housing.

Review of Operations

The net operating Surplus of the Company Before allocation to reserves for the financial year is \$221,452 compared to 2019: Deficit (\$49,784).

This is the first set of the Company's annual financial statements in which AASB 16, AASB15 and AASB1058 has been applied. Under the transition method chosen, comparative information has not been restated. The 2020 results are therefore not directly comparable to prior years. Changes to significant accounting policies and the impact of applying the new standard are described in Note 2(m).



State of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in the report or the financial statements.

Environmental regulations and performance

The company is subject to environmental regulations under the law of the Commonwealth and of a State. However, the board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company

Events subsequent to balance date

No matters or circumstances have arisen since 30 June 2020 which have significantly affected, or will adversely affect the results of the Company in subsequent financial years.

Likely developments

In the opinion of the directors, there are no likely changes in the operations of the Company which will adversely affect the results of the Company in subsequent financial years.

Insurance of Officers

The Company has insured the directors for any potential claims arising from their work as directors of the Company. The directors have not included the details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Going concern

As at 30 June 2020, the Company reported a surplus position of \$221,452 (2019: deficit \$49,784) and net assets of \$267,921 (2019: net assets of \$46,469).

The financial report of the Company has been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.



The financial report has been prepared on a going concern basis as a result of the following:

- The member of the Company, The Salvation Army (NSW) Property Trust has provided a letter of support confirming that it will provide financial assistance to the Company as and when is needed to enable the Company to continue its operations and fulfil all of its financial obligations. This undertaking is provided by The Salvation Army (NSW) Property Trust for the minimum of the twelve months from the date of the signing of the financial statements.
- The Salvation Army (NSW) Property Trust has also provided in the Letter of Support that it will not call for the payment of any amounts payable by the Company for the minimum of the twelve months from the date of the signing of the financial statements.
- The Salvation Army (NSW) Property Trust acknowledges that the Company may be or become insolvent without the financial support offered in the letter of support and that the Company will rely on the Letter of Support in continuing to trade.

The directors have therefore concluded that it is appropriate to prepare the financial report on a going concern basis. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Members/Winding Up

Each person who is a Member, and each person who was a Member during the year ending on the day of the commencement of the winding up of the Company, undertakes to contribute to the property of the Company for:

- payment of debt and liabilities of the Company
- payment of the costs, charges and expenses of the winding up
- any adjustment of the rights of the contributories among Members

If the Company is wound up, the liability of the members is limited to the nominal amount that they have guaranteed.

Auditor's independence declaration

The auditor's independence declaration is set out at the end of this report and forms part of the Directors' report for the period ended 30 June 2020. Signed in accordance with a resolution of the Board of Directors.


Dated at Melbourne this 9 day of Nov 2020



Statement of Comprehensive Income

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue			
Tenant income	3	1,712,333	1,408,227
Management Fees	3	15,112	16,972
Government Funding	3	126,880	126,880
Donations	3	1,224	-
Other income	4	44,000	51,925
Total Revenue		1,899,549	1,604,004
Expenses			
Interest		23,139	20,436
Depreciation		16,803	4,999
Motor vehicles		29,536	32,533
Professional fees		11,641	12,399
Property maintenance		524,947	537,478
Employees salaries & oncosts	5	451,495	432,409
Travel		21,285	21,873
Telecommunication		20,847	31,124
Administration		33,832	44,270
Accounting fees		43,418	190,580
Other property costs		467,341	270,535
Provision for Doubtful Debts		33,813	55,152
Total expenses		1,678,097	1,653,788
Surplus / (Deficit) for the year		221,452	(49,784)
Allocations to Reserves		423	-
Total comprehensive income / (loss) for the year		221,029	(49,784)



Statement of Financial Position

As at 30 June 2020

	Note	2020	2019
		\$	\$
Current assets			
Cash and cash equivalents	6	122,306	1,423,404
Trade and other receivables	7	245,061	161,749
Total current assets		367,367	1,585,153
Non-current assets			
Plant and equipment	8	12,626	-
Total non-current assets		12,626	-
Total assets		379,993	1,585,153
Current Liabilities			
Trade and other payables	9	-	1,379,651
Provisions	10	33,517	76,067
Other liabilities	11	66,352	82,966
Lease liability	12	706	-
Total current liabilities		100,575	1,538,684



	Note	2020	2019
		\$	\$
Non-current liabilities			
Lease Liabilities	12	11,497	-
Total non-current liabilities		11,497	-
<hr/>			
Total liabilities		112,072	1,538,684
Net assets		267,921	46,469
<hr/>			
Equity			
Accumulated Surplus		267,498	46,469
Reserves		423	-
Total equity		267,921	46,469



Statement of Changes in Equity

As at 30 June 2020

	Equity
	\$
Balance at 1 July 2018	96,253
Surplus / (Deficit) for the year	(49,784)
Other comprehensive income	-
Total comprehensive income for the year	-
Balance at 30 June 2019	46,469
Balance at 1 July 2019	46,469
Surplus / (Deficit) for the year	221,029
Other comprehensive income	-
Total comprehensive income for the year	-
Allocation to Reserves	423
Balance at 30 June 2020	267,921



Statement of Cash Flows

For the year ended 30 June 2020

Note	2020	2019
	\$	\$
Operating activities		
<u>Receipts from:</u>		
Rental income	1,557,412	1,397,758
Tenant contributions	37,796	37,449
Management fees	15,112	17,451
Government Funding	126,880	-
Other income	31,256	1,661
Payments to suppliers and employees	(3,043,158)	(1,490,523)
Interest paid	(22,580)	(973)
Net cash (used in) operating activities	(1,297,282)	(37,177)
Cash flows from investing activities		
Interest received	13,968	8,670
Net cash provided by investing activities	13,968	8,670



	Note	2020	2019
		\$	\$
Cash flows from financing activities			
Repayment of finance lease liability		(17,784)	-
Net cash used in financing activities		(17,784)	-
Net change in cash and cash equivalents		(1,301,098)	(28,507)
Cash and cash equivalents at the beginning of the year		1,423,404	1,451,911
Cash and cash equivalents at the end of the year	6	122,306	1,423,404



Notes to the Financial Statements

For the year ended 30 June 2020

1. General information and statement of compliance

The Salvation Army Community Housing Service was incorporated on 22 November 2012 and is a company limited by guarantee. The address of the Company's registered office is 261 - 265 Chalmers St, Redfern, NSW 2016.

The company is a charitable institution primarily involved in providing accommodation and support for low income households particularly for households in financial need or who have at the time specific physical, mental or social disabilities which impede their acquisition or successful use of private or public housing.

The financial report includes the financial statements and notes of The Salvation Army Community Housing Service.

These financial statements are special purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The Salvation Army Community Housing Service is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Directors on 9 November 2020.

2. Summary of accounting policies

(a) Overall considerations

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

(b) Revenue recognition

Revenue comprises rental income, tenant contributions, management fees, Housing NSW income and interest income.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for services provided, excluding goods and services tax (GST) payable to the Australian Taxation Office.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities have been met. Details of the activity-specific recognition criteria are described below.

(i) Rental Income

Rental income is recognized in profit or loss on a straight – line basis over the term of the lease.



(ii) Tenant Contributions

Tenant Contributions are recognized as revenue when received for services provided.

(iii) Management Fees

Management fees are recognised as revenue when received for services provided to third parties.

(iv) Housing NSW Income

The Salvation Army Community Housing Service is supported by grants received from the NSW government. Grants received on the on the condition that specified services are delivered or conditions are fulfilled. Such grants are initially recognized as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from grants, where there is a lack of enforceable rights and obligations and/or sufficiently specific performance obligations, is recognized when the organization obtains control of the funds.

(v) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

(d) Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Div. 50 of the Income

(e) Financial instruments**Classification and measurement of financial assets and financial liabilities**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at Fair Value through profit and loss (FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All financial assets not classified as measured at amortised cost or Fair Value through other comprehensive income (FVTOCI) are measured at FVTPL. On initial recognition, the Salvation Army Community Housing Service may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The following accounting policies apply to the subsequent measurement of financial assets held by the company:



Financial assets at amortised cost

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

Financial assets at FVTPL

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

The company does not have any debt or equity investments at FVTOCI.

Measurement categories of financial assets

Cash and cash equivalents, trade and other receivables, and loans and receivables are now classified at amortised cost.

Modifications of financial assets and financial liabilities:

If the terms of a financial asset are modified, the Salvation Army Community Housing Service evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, the contractual rights to cash flows from the original financial asset are deemed to have expired. The original financial

asset is derecognised and a new financial asset is recognised at fair value. If the cash flows of the modified asset are not substantially different, the Salvation Army Community Housing Service recalculates the gross carrying amount of the financial asset and recognises the derecognition as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, the gain or loss is presented together with impairment losses.

Financial liabilities

The Salvation Army Community Housing Service classifies non-derivative financial liabilities into the other financial liabilities category. These include Trade and other payables.

The Salvation Army Community Housing Service derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Salvation Army Community Housing Service also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets



transferred or liabilities assumed) is recognised in profit or loss.

Financial liabilities are initially recognised when the Salvation Army Community Housing Service becomes party to the contractual provisions of the instrument. A financial liability is initially measured at fair value plus transaction costs that are directly attributable to its issue.

[\(f\) Plant & equipment](#)

Plant & equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of plant and equipment. The following useful lives are applied:

Plant & equipment: 5 years

Material residual value estimates and estimates of useful lives are updated as required, but at least annually.

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets

and are recognised in the statement of comprehensive income within other income or other expenses

[\(g\) Employee benefits](#)

Short term employee benefits such as annual leave that are expected to be wholly settled within 12 months of the reporting date, are recognised as current liabilities in respect of employees' services up to the reporting date and measured on an undiscounted basis and expensed as the related service is provided.

The Salvation Army Community Housing Service provides post-employment benefits through defined contribution

[\(h\) Deferred income](#)

The Salvation Army Community Housing Service recognises revenue upon delivery of services to tenants. Payments received in advance from tenants for services occurring in future periods are recorded as deferred income and are recognised as revenue when the services have been provided.

[\(i\) Goods and services tax](#)

Revenues, expenses and assets are recognised net of the amounts of goods and services tax (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.

Cash Flows are included in the statement of cash flows on a gross basis.

[\(j\) Resident bonds](#)

The Salvation Army Community Housing Service collects bonds from tenants on an instalment basis which are to be paid to the Bond Authority in the relevant state. The bonds are recognised as a liability until such time as the bond has been received in full and forwarded to the relevant Bond Authority or the tenant vacates the premises and the bond is returned to the tenant less any outstanding rent or expenses.

[\(k\) Volunteer workers](#)

No monetary value has been attributed to the valuable services provided by the many volunteer workers.

[\(l\) Significant management judgement in applying accounting policies](#)

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and

measurement of assets, liabilities, income and expenses is provided below. Actual results may differ from these estimates.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain IT equipment.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

During financial year COVID19 has material impact on performance of market, given nature of The Salvation Army Community Housing Service business i.e. social housing where income is relying on Grant Income from Government and Social Tenants Rental income via Centrelink, there is immaterial impact on financial statement of The Salvation Army Community Housing.



(m) Changes in significant accounting policies

The Company has adopted the following new or amended Australian Accounting Standards and AASB Interpretations as of 1 July 2019. A number of other new standards are effective from 1 July 2019 but do not have a material effect on the Company's financial statements.

AASB 16

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Salvation Army Community Housing Service, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments.

The Company applied AASB 16 using the modified retrospective approach. On transition, the Salvation Army Community Housing Service recognised right-of-use assets and lease liabilities under the modified retrospective approach electing no opening adjustment to equity. Accordingly, the comparative information presented for the year

ended 30 June 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 Leases and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Salvation Army Community Housing Service determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 Determining whether an Arrangement contains a Lease. The Salvation Army Community Housing Service now assesses whether a contract is or contains a lease based on the definition of a lease. Under AASB 16, a contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to AASB 16, the Salvation Army Community Housing Service elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Salvation Army Community Housing Service applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and AASB Interpretation 4 were not reassessed. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

At inception or on reassessment of a contract that contains a lease component, the Salvation Army Community Housing Service allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. For leases of properties in which it is a lessee, the Salvation



Army Community Housing Service has elected to separate non-lease components and will account for the lease and non-lease components of a lease. The Salvation Army Community Housing Service relied on the assessment of whether leases are onerous immediately before application of AASB 16 as an alternative to performing an impairment review.

As a lessee

The Salvation Army Community Housing Service leases assets including items of [property/motor vehicles/equipment etc]. The Salvation Army Community Housing Service previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying assets to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

The Salvation Army Community Housing Service 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 and subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The Salvation Army Community Housing Service presents right-of-use assets that do not meet the definition of investment property in 'property, plant and

equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

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 Salvation Army Community Housing Service's incremental borrowing rate for the portfolio of leases. Lease liabilities are presented in Note 11 "Other Liabilities".

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index rate, a change in the estimate of the amount expected to be payable under a residual guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Salvation Army Community Housing Service has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Salvation Army Community Housing Service is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Previously, the Salvation Army Community Housing



Service classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Salvation Army Community Housing Service’s incremental borrowing rate of 3.25% as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Salvation Army Community Housing Service applied this approach to all other leases.

The Salvation Army Community Housing Service used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

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

Impact on financial statements

Impact on transition

On transition to AASB 16, the Company recognised additional right-of-use assets, including property, and additional lease liabilities. The impact on transition is summarised below.

In Dollars	As 1 July 2019
Right-of-use assets – property, plant and equipment	29,429
Lease liabilities	29,429

AASB15 – Revenue from contracts with customers

The Salvation Army Community Housing Service has adopted AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-profit entities for the first time in the current year with a date of initial application of 1 July 2019.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.



AASB 1058 establishes a framework for determining income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. It replaced AASB 1004 Contributions and related interpretations.

The Salvation Army Community Housing Service has adopted AASB 15 and AASB 1058 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2019). Accordingly, the information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under AASB 118, AASB 111 and AASB 1004 and related interpretations. Additionally, the disclosure requirements in AASB 15 and AASB 1058 have not generally been applied to comparative information.

AASB 15 and AASB 1058 did not have a significant impact on the Salvation Army Community Housing Service's accounting policies with respect to revenue streams. The Salvation Army Community Housing Service has disaggregated revenue based on the funding source and nature of the revenue stream, Note 2(b)

Recurrent grants

Where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is recognised over time as the performance obligations to the grant agreement are fulfilled.

Nature of revenue and cash flows

Further detail on the nature of revenue and cash flows is included below.

Grant Income

Salvation Army Community Housing Service is supported by grants received from state and local governments. Grants received on the condition of specified services are delivered, or conditions are fulfilled. Such grants are initially recognised as a liability called prepaid government funding and revenue is recognised as services are performed or conditions fulfilled. Revenue from grants, where there is a lack of enforceable rights and obligations and/or sufficiently specific performance obligations, is recognised when the organisation obtains control of the funds.

Rental Income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

Income of not-for-profit entities (AASB 1058)

Donations, bequests and other grants

Grants such as donations, bequests and legacies and funding agreements which are not enforceable and do not contain sufficiently specific performance obligations are recognised at their fair value when the asset is received. These assets are generally cash, but may be



property which has been donated or sold to the Salvation Army Community Housing Service at significantly below its fair value.

Once the asset has been recognised, the Salvation Army Community Housing Service recognises any related liability amounts. Income is then recognised for any difference between the recorded asset and liability.

Volunteer services

No amounts are included in the financial report for services donated by volunteers.

(n) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 July 2019 and earlier application is permitted; however the Company has not early adopted the new or amended standards in preparing these financial statements. The new standards are not expected to have a significant impact on the Company's financial statements, apart from:

- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities)
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

These standards remove the ability of the Company to prepare special purpose financial statements and will require the Company to prepare general purpose financial statements – Tier 2; and apply the disclosures set out in AASB 1060.

As the Company applies all the recognition and measurement requirements of all Australian Accounting Standards, there will be no impact on the amounts recognised in the financial statements. More disclosure is expected to be required than currently provided.

Both standards will apply to the Company from the financial year beginning 1 July 2021



3. Revenues

	2020	2019
	\$	\$
Rental income	1,674,537	1,365,934
Tenant contributions	37,796	42,293
Management fees	15,112	16,972
Government Funding	126,880	126,880
Donations	1,224	-
	1,855,549	1,552,079

4. Other income

	2020	2019
	\$	\$
Interest	13,968	18,109
Other	30,032	33,816
	44,000	51,925

5. Employee benefits

	2020	2019
	\$	\$
Salaries and wages	379,969	359,348
Superannuation - defined contribution plans	33,348	34,045
Other employment costs	38,178	39,016
	451,495	432,409



6. Cash & cash equivalents

	2020	2019
	\$	\$
Cash at bank	3,085,844	1,423,404
Notional cash balance held at The Salvation Army	(2,963,538)	-
	122,306	1,423,404

7. Trade and other receivables

	2020	2019
	\$	\$
Trade receivables	104,546	125,837
Less : Provision for Doubtful Debts	(59,265)	(55,152)
Net Trade Receivables	45,281	70,685
Other receivables	199,780	91,064
	245,061	161,749



8. Plant & equipment

	2020	2019
	\$	\$
Gross carrying amount		
Balance at beginning of the year	10,104	10,104
Recognition of Right of Use Asset	29,429	-
Adjusted Balance as at 1 July 2019	39,533	-
Depreciation	-	-
Balance at 30 June	39,533	10,104
Depreciation and impairment		
Balance at 1 July	(10,104)	(5,105)
Depreciation	-	(4,999)
Right of Use Asset Depreciation	(16,803)	-
Balance as at 30 June	(26,907)	(10,104)
Carrying amount at 30 June	12,626	-

9. Trade and other payables

	2020	2019
	\$	\$
Trade payables	-	16,625
Payable to related party	-	1,363,026
	-	1,379,651



10. Provisions

	2020	2019
	\$	\$
Annual leave	33,517	76,067
	33,517	76,067

11. Other liabilities

	2020	2019
	\$	\$
Deferred Income	-	56,875
Accrued Expenses	38,113	7,224
Unclaimed Monies	7,231	1,772
Provision for LSL	20,957	17,045
Deposit Held	50	50
	66,351	82,966

11. Lease liabilities

	2020	2019
	\$	\$
Current		
Lease Liabilities	706	-
	706	-
Non-current		
Lease Liabilities	11,497	-
	11,497	-



13. Contingent Liabilities

There are no contingent liabilities that have been incurred by The Company in relation to 2020 or 2019.

14. Commitments

The Company does not have any material capital or other expenditure commitments at the reporting date which had been contracted for at that date but not recognised as liabilities.

15. Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this financial report any item, transaction or event of a material and unusual nature likely in the opinion of the Directors to affect significantly the operations of the company, the results of the operations or the state of the company in future financial years.



In the opinion of the directors of The Salvation Army Community Housing Service:

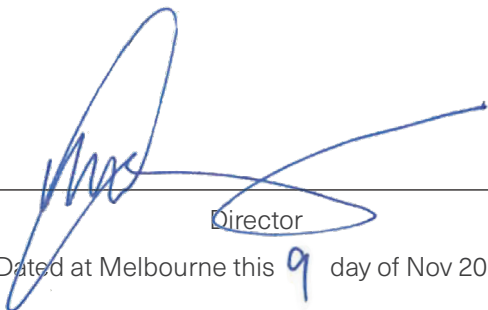
(a) the financial statements and notes, set out on pages 5-17, are in accordance with the Australian Charities and Not-for-profits Commissions Act 2012, including:

(i) giving a true and fair view, of the financial position of the Company as at 30 June 2020 and of its performance, as represented by the results of its operations for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (AASBs) as adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Regulations 2013; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Director
Dated at Melbourne this 9 day of Nov 2020





Salvation Army

HOUSING

Financial Statement

2019 - 2020

Salvation Army Housing (Victoria)

ACN 113 724 651



Financial Statements

Directors' report

Salvation Army Housing (Victoria)

ACN 133 724 651

For the year ended 30 June 2020

The directors present their report together with the financial report of Salvation Army Housing (Victoria) ("the Company") for the financial period ended 30 June 2020 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial period are:

Name	Appointment Date	Resignation Date
Mark Christopher GRAY	21-Sep-15	N/A
Roslynne Elizabeth HANSEN	25-Nov-15	N/A
Jeffrey William DAVEY	28-Jun-18	N/A
Robert PRADOLIN	23-Aug-18	N/A
Winsome Joy MERRETT	7-Dec-18	6-Feb-20
Jenny Irene BEGENT	7-Dec-18	N/A
Kelvin Leslie MERRETT	6-Feb-20	N/A

2. Company Secretary

Malcolm John Roberts who was appointed as Company Secretary on 21 September 2015 resigned from the role on 22 January 19. Christos Karagiannis was appointed as Company Secretary on 1 August 2019.



3. Directors' Meetings

The Directors held 11 meetings during the year. The attendance was as follows:

Director	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Mark Christopher GRAY	√	√	√	√	√	√	√	√	√	√	√
Roslynne Elizabeth HANSEN	√	√	√	X	√	√	√	√	√	√	√
Jeffrey William DAVEY	√	√	√	√	√	√	√	√	√	√	X
Robert PRADOLIN	√	X	√	√	√	√	√	√	√	√	√
Winsome Joy MERRETT	√	√	√	X	√	√	X	-	-	-	-
Jenny Irene BEGENT	√	X	√	√	√	√	X	√	√	√	√
Kelvin Leslie MERRETT	-	-	-	-	-	-	-	√	√	√	√

√ – Present at meeting x – Absent from meeting

4. Principal activities

The company was incorporated on 15 October 2008 in order to become a registered housing provider under Part VIII of the Housing Act 1983. The company was registered as a housing provider on 29 September 2009 and commenced operations on 1 October 2009, with the transfer of service agreements previously held by The Salvation Army (Victoria) Property Trust.

The company's principal activity is to provide accommodation and support for low income households on a not-for-profit basis, particularly for households in financial need or who have at the time specific physical, mental or social disabilities which impede their acquisition or successful use of private or public housing.¹ Though SAHV manages property, SAHV also has own properties for rent, all in all to provide social housing.



5. Operating and financial review

A summary of revenues and expenses is set out below:

	2020	2019
	\$	\$
Total revenue	14,006,888	22,476,181
Total expenses	(9,339,090)	(9,359,664)
Net finance (expense)/income	55,174	89,137
Net surplus/(deficit) for the year ended 30 June	4,722,972	13,205,654

The net surplus for the 2020 financial year is \$4,722,972 compared to the 2019 surplus of \$13,205,654. Lower surplus in 2020 compared to 2019 is due to \$11,269,002 relating to donation of properties which was booked in 2019 for transfer of 49 titles from Department of Housing to Salvation Army Housing Victoria.

This is the first set of the Company's annual financial statements in which AASB 15 Revenue from Contracts with Customers, AASB1058 Income of Non-for-profit Entities and AASB16 Leases has been applied. Under the transition method chosen, comparative information has not been restated. The 2020 results are therefore not directly comparable to prior years. Changes to significant accounting policies and the impact of applying the new standard are described in Note 2(e)

In the opinion of the directors the Company is able to plan and manage its operational expenditures within the funds currently committed and accordingly the Company continues to operate as a going concern.

6. Events subsequent to reporting date

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



7. Developments

The company is expecting to finish construction of 25 townhouses in Victoria with the help of grant provided by Director of Housing under Social Housing Growth Fund program.

8. Indemnification and insurance of officers

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Insurance premiums

The officers are covered by insurance taken out by The Salvation Army Australia Territory under Section 199 of the Corporations Act 2001 (Cth).

9. Proceedings on behalf of the Company

Nil.

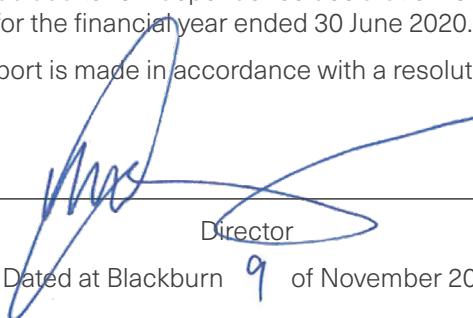
10. Environmental Regulations

The company is subject to environmental regulations under the law of the Commonwealth and of a State. However, the board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

11. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out at the end of this report and forms part of the directors' report for the financial year ended 30 June 2020.

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



Director
Dated at Blackburn 9 of November 2020



Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020	2019
		\$	\$
Revenue	4	14,006,888	22,476,181
Property management expenses	6	(5,502,570)	(5,769,870)
Administrative expenses		(613,105)	(571,111)
Depreciation		(113,644)	-
Rent remitted to the Office of Housing		(3,109,771)	(3,018,683)
Results from operating activities		4,667,798	13,116,517
Finance income		119,906	166,858
Finance costs		(64,732)	(77,721)
Net finance income		55,174	89,137
Profit before income tax		4,722,972	13,205,654
Income tax expense		-	-
Profit for the period		4,722,972	13,205,654
Other comprehensive income		-	-
Total comprehensive income for the year before allocations		4,722,972	13,205,654

The Company initially applied AASB 16, AASB 15 and AASB 1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.



Statement of Financial Position

As at 30 June 2020

	Note	2020	2019
		\$	\$
Assets			
Cash and cash equivalents	5	5,779,284	6,241,105
Trade and other receivables		207,936	142,920
Total current assets		5,987,220	6,384,025
Investment property	7	21,642,575	21,483,001
Property, Plant & Equipment	8	5,766,484	233,567
Total non-current assets		27,409,059	21,716,568
Total assets		33,396,279	28,100,593
Liabilities			
Trade and other payables		1,195,570	766,316
Employee benefits		339,574	295,990
Loans and borrowings	9	94,264	-
Total current liabilities		1,629,408	1,062,306



	Note	2020	2019
		\$	\$
Long term employee benefits		15,900	26,157
Loans and borrowings	9	3,937,869	3,922,000
Total non-current liabilities		3,953,769	3,948,157
Total liabilities		5,583,177	5,010,463
Net assets		27,813,102	23,090,130
Equity			
Retained earnings		6,667,210	4,911,595
Reserves		21,145,892	18,178,535
Total equity		27,813,102	23,090,130

The Company initially applied AASB 16, AASB 15 and AASB 1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.



Statement of Changes in Equity

For the year ended 30 June 2020

	Retained Earnings	Planned Maintenance	Property Contribution	Total
	\$	\$	\$	\$
Balance at beginning of year 1 July 2018	3,208,510	23,000	2,034,932	5,266,442
Profit for the year	13,205,654	-	-	-
Other comprehensive income for the year	-	-	-	13,205,654
Total comprehensive (loss)/income for the year	13,205,654	-	-	13,205,654

Contribution from related party	-	-	4,257,066	4,257,066
Reserves acquired/(released)	-	360,968	-	360,968
Allocation to/(from) capital funds	(11,502,569)	-	11,502,569	-
Balance at end of year 30 June 2019	4,911,595	383,968	17,794,567	23,090,130

	Retained Earnings	Planned Maintenance	Property Contribution	Total
	\$	\$	\$	\$
Balance at beginning of year 1 July 2019	4,911,595	383,968	17,794,567	23,090,130
Profit for the year	4,722,972	-	-	4,722,972
Other comprehensive income for the year	-	-	-	-
Total comprehensive (loss)/income for the year	4,722,972	-	-	4,722,972

Contribution from related party	-	-	-	-
Reserves acquired/(released)	50,620	(50,620)	-	-
Allocation to/(from) capital funds	(3,017,977)	-	3,017,977	-
Balance at end of year 30 June 2020	6,667,210	333,348	20,812,544	27,813,102



Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020	2019
		\$	\$
Cash flows from operating activities			
Cash receipts from government and clients		13,782,299	11,143,426
Cash paid to suppliers and employees		(8,762,865)	(9,062,529)
Cash from operations		5,019,434	2,080,897
Interest paid		(55,670)	(77,721)
Net cash from operating activities	5	4,963,764	2,003,176
Cash flows from investing activities			
Interest received		119,906	166,858
Purchase of property, plant and equipment		(5,422,268)	127,401
Net cash (used in)/from investing activities		(5,302,362)	294,259



	Note	2020	2019
		\$	\$
Cash flows from financing activities			
Repayment of finance lease liability		(123,223)	-
Net cash from financing activities		(123,223)	-
Net increase/(decrease) in cash and cash equivalents		(461,821)	2,297,435
Cash and cash equivalents at 1 July 2019		6,241,105	3,943,670
Cash and cash equivalents at 30 June 2020		5,779,284	6,241,105

The Company initially applied AASB 16, AASB 15 and AASB 1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.



Notes to the Financial Statements

For the year ended 30 June 2020

1. Reporting entity

Salvation Army Housing (Victoria) is a company limited by guarantee domiciled in Australia. The address of the Company's registered office is 95 – 99 Railway Road, Blackburn, Victoria 3130. The Company's principal activity is to provide accommodation and support for low income households on a not-for-profit basis, particularly for households in financial need or who have at the time specific physical, mental or social disabilities which impede their acquisition or successful use of private or public housing.

In the opinion of the Directors, the Company is not publicly accountable nor a reporting entity. The financial statements of the Company have been drawn up as a special purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Housing Act 1983 and the Australian Charities and Not-for-profit Commission Act 2012.

2. Basis of preparation

(a) Statement of compliance

The special purpose financial report of Salvation Army Housing (Victoria) has been prepared in accordance with the requirements of the Australian Charities and Not-for-profit Commission Act 2012 and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) (including

Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).

This is the first set of Company's financial statements in which AASB 15 Revenue from Contracts with Customers, AASB1058 Income of Non-for-profit Entities and AASB16 Leases has been applied. Changes to significant accounting policies are described in Note 2(e).

The special purpose financial report includes only the disclosure requirements of the following AASBs and those disclosures considered necessary by the directors to meet the needs of members:

AASB 101 Presentation of Financial Statements

AASB 107 Cash Flow Statements

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1048 Interpretation of Standards

AASB 1054 Australian Additional Disclosures

The financial statements were approved by the Board of Directors on _____ day of October 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the investment property which is measured at fair value.



(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of Estimates and Judgements

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally. The nature of business for Salvation Army Housing (Victoria) is mainly to provide social housing where most of the revenue recognised are in the form of government grants and rental subsidies via Centrelink. Government responses to COVID-19 are resulting in significant impacts on the Australian economy and the property market. These unfavourable economic impacts have the potential to create increased demand for social housing. In addition, any future unfavourable movements in the property markets where land and buildings are held have the potential to have an adverse effect on the fair value of properties held by Salvation Army Housing (Victoria).

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are

recognised prospectively.

Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(e) – establishment of the fair value of investment property;
- Note 3m(i) – leases: whether an arrangement contains a lease.

(e) Changes in Significant Accounting Policies

The Company initially applied AASB 16, AASB 15 and AASB 1058 from 1 July 2019. A number of other new standards are also applicable to the Company from 1 July 2019, but they do not have a material effect on the Company's financial statements.

(i) AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Non-for-profit Entities

The Company has applied AASB 15 and AASB 1058 using the modified retrospective method which means the comparative information has not been restated. There is no material impact on Salvation Army Housing (Victoria) Financial Statements as a result of these changes.



The following changes to accounting policy occurred for Salvation Army Housing (Victoria) on adoption of AASB 15 and AASB 1058.

Revenue	Revenue recognition from 1 July 2019	Revenue recognition before 1 July 2019	Impact on financial statements
Grant income	Where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services pass to the customer. Where a grant does not have any specific condition, it is recognised as income when received.	Grant income is recognised on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.	Application of the new standards does not materially alter the amount of revenue recognised in the financial statements.
Rental income	Revenue is recognised over time based on number of days property was leased.	Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.	Application of the new standards does not materially alter the amount of revenue recognised in the financial statements.
Grant - Capital income	Capital Grant initially booked as liability on receipt and recorded as revenue once the terms and conditions of the grant are met.	Grant income is recognised based on completion of work for which grant is received.	Application of the new standards does not materially alter the amount of revenue recognised in the financial statements.



(ii) AASB 16 Leases

The Company applied AASB 16 using the modified retrospective approach. On transition, the Salvation Army Housing (Victoria) recognised right-of-use assets and lease liabilities under the modified retrospective approach electing no opening adjustment to equity. Accordingly, the comparative information presented for the year ended 30 June 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 Leases and related interpretations.

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

Leases classified as operating leases under AASB 117

Previously, the Company classified Motor Vehicles and Property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted based on an interest rate of 3.25%. Right-of-use assets are measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases

The Company used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Company:

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

Impact on financial statementsImpact on transition

On transition to AASB 16, the Company recognised additional right-of-use assets, including Motor vehicles and Property, and additional lease liabilities. The impact on transition is summarised below.

In Dollars	As 1 July 2019
Right-of-use assets – property, plant and equipment	224,293
Lease liabilities	224,293



3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Income Tax Expense

Salvation Army Housing (Victoria) is appropriately endorsed by the Australia Tax Office and is therefore income tax exempt.

(b) Revenue

(i) Rental Income

Revenue is recognised over time based on number of days property was leased.

(ii) Grant Income

Salvation Army Housing (Victoria) is supported by grants received from state and local governments. Grants received on the condition of specified services are delivered, or conditions are fulfilled are initially recognised as a liability called prepaid government funding and revenue is recognised as services are performed or conditions fulfilled. Revenue from grants, where there is a lack of enforceable rights and obligations and/or sufficiently specific performance obligations, is recognised when the organisation obtains control of the funds. Grant income from Government includes \$50,000 of ATO Cash Boost and \$9,000 job

keeper payment provided by Government due to COVID-19.

(c) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents represents cash held with reputable banking institutions and notional cash balances that includes any overdraft where the overdrafts are key part of normal cash management held at The Salvation Army Social Fund ('THQ') related to cash at bank.

(d) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. The majority of receivables are due for settlement in no more than 30 days.

Collectability of debtors is reviewed on an ongoing basis. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the Statement of Profit or Loss and Other Comprehensive Income when they have been determined to be uncollectable. Cash flows relating to short-term receivables are not discounted if the effect of



discounting is immaterial.

Impairment of receivables are recognised based on the expected losses from past default rates.

[\(e\) Investment property](#)

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

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss. When an investment property is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

[\(f\) Trade Payables](#)

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid under normal business terms.

[\(g\) Employee benefits](#)

(i) Wages and salaries and annual leave

Wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised as liabilities in respect of employees' services up to the reporting date and

measured at the amounts expected to be paid when the liabilities are settled. The accrued wages are included in accruals and the annual leave is included in provisions.

(ii) Long service leave

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. In assessing expected future payments, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on corporate bond rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

[\(h\) Goods and services tax](#)

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 balance sheet are shown inclusive of GST.

[\(i\) Impairment](#)

The carrying amounts of assets and investments are reviewed at each balance sheet date to determine



whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Investment property is measured at fair value using the revaluation method. Refer note 7.

[\(j\) Finance income and finance costs](#)

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings recognised in the Statement of Profit or Loss and Other Comprehensive income using the effective interest method.

[\(k\) Service Concession Arrangements](#)

AASB Interpretation 12 Service Concession Arrangements applies to arrangements where government transfers public infrastructure to non-government organisations subject to the following conditions:

- a) the government controls and regulates what services the non-government organisation must provide with the infrastructure, to whom it must provide them, and at what price; and
- b) the government retains residual ownership of the infrastructure.

The above conditions are deemed to have been satisfied through the requirements of the contracts currently in place which prescribe how the community houses are to be used, the eligible tenants that are entitled to tenant them, and what rents can be charged. The arrangements also require Community Housing Organisations to return long term vacant property to government under the Funding Agreement.

Infrastructure within the scope of the Interpretation should not be recognised as property, plant and equipment of the operator, irrespective of the extent to which the operator bears the risks and rewards incidental to ownership and regardless of which party has legal title to it during the term of the arrangement, since the asset is "controlled" by the government.

[\(l\) Capital Management](#)

The Company's policy is to maintain a strong capital base so as to maintain member and creditor confidence and to sustain future development of the organisation. The board of directors seeks to preserve sufficient capital, consisting of retained surpluses and reserves, to enable the Company to continue to its various programs. The Company has no externally imposed capital requirements.

[\(m\) Leases](#)

The Company has applied AASB 16 using the modified



retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4.

Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

(i) As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use asset initially measured at cost, which comprises the initial amount of the lease liability

adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is 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 that rate cannot be readily determined, the Company's incremental borrowing rate.

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

- fixed payments, including in-substance fixed payments;



The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in "Lease Liability" in the statement of financial position.

Short-term leases and leases of low-value assets

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

(n) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 July 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The new standards are not expected to have a significant impact on the Company's financial statements, apart from:

- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities)
- AASB 1060 General Purpose Financial Statements

– Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

These standards remove the ability of the Company to prepare special purpose financial statements and will require the Company to prepare general purpose financial statements – Tier 2; and apply the disclosures set out in AASB 1060.

As the Company applies all the recognition and measurement requirements of all Australian Accounting Standards, there will be no impact on the amounts recognised in the financial statements. More disclosure is expected to be required than currently provided.

Both standards will apply to the Company from the financial year beginning 1 July 2021.



4. Revenue

	2020	2019
	\$	\$
Government funding	5,542,308	5,225,992
Government Capital Grant	2,857,886	233,567
Rent Income	4,582,126	4,908,485
Revaluation of investment property	159,574	11,269,002
Other	864,994	839,135
	14,006,888	22,476,181

5. Cash and cash equivalents

	2020	2019
	\$	\$
Cash held in rent clearing account	420,404	354,226
Cash at bank	1,797,244	2,585,535
Petty cash	1,419	1,419
Term deposits	4,000,000	3,500,000
Security deposit	5,833	5,833
Notional cash balance held at The Salvation Army	(445,616)	(205,908)
	5,779,284	6,241,105

Notional cash balance represents the cash owed to The Salvation Army Australia Territory by Salvation Army Housing (Victoria).



Reconciliation of cash flows from operating activities

	2020	2019
	\$	\$
Cash flows from operating activities		
Profit for the period	4,722,972	13,205,654
Adjustments for:		
Depreciation – Other Plant and Equipment	113,644	-
Finance expense	9,062	-
Revaluation increase recognised in profit and loss	(159,574)	(11,269,002)
Finance income	(119,906)	(166,858)
	4,566,198	1,769,794
Change in trade and other receivables	(65,016)	(63,752)
Change in trade and other payables	429,254	254,340
Change in provisions and employee benefits	33,328	42,794
Net cash from operating activities	4,963,764	2,003,176



6. Property Management expenses

	2020	2019
	\$	\$
Employee expenses	2,930,741	2,648,897
Repairs, Insurance, Council Rates and Taxes	2,123,566	2,593,956
Other Property management expenses	448,263	527,017
Total Property Management Expenses	5,502,570	1,379,651

7. Investment property(a) Reconciliation of carrying amount

Movements in the carrying value of investment property between the beginning and the end of the year.

	2020	2019
	\$	\$
Gross carrying amount		
<u>Balance at beginning of the year</u>	<u>21,483,001</u>	<u>5,956,932</u>
Change in fair value	159,574	11,269,002
Additions/(Disposal)	-	4,257,067
Balance at the end of the year	21,642,575	21,483,001



Investment property comprises a number of community housing residential properties that are leased to third parties. The lease terms vary depending on the need of the lessee. No contingent rents are charged.

Restricted investment property:

The Investment properties are subject to a Directors interest in terms of S107 of the Housing Act 1983. Salvation Army Housing (Victoria) cannot transfer, sell, lease, mortgage, charge or otherwise deal with land in which the Director has an interest under this Division unless the Director consents in writing to that transfer, sale, lease, mortgage, charge or other dealing.

(b) Measurement of fair values

Investment properties are revalued annually with an external valuation carried out every 3 years. Salvation Army Housing (Victoria) has determined the movement in fair value during 2020 and in turn fair value at 30 June 2020 with reference to 30 June 2019 fair values adjusted for the percentage change between the average sales price in June 2019 compared with June 2020 in the specific suburb in which the property is located.

The Fair value measurement of all the investment properties has been categorised as Level 2 fair value based on the inputs to the valuation technique used.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying

asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which it is incurred.

(c) Leases as lessor

Salvation Army Housing (Victoria) leases out its investment property.



8. Property, Plant and Equipment

	2020	2019
	\$	\$
<u>Capital Work in Progress</u>		
Balance at beginning of the year	233,567	-
Additions	5,422,268	233,567
Balance at 30 June	5,655,835	233,567
<u>Other Property, plant and equipment</u>		
Balance at beginning of the year	-	-
Recognition of Right of Use Asset on initial application of AASB16	224,293	-
Adjusted Balance at 1 July 2019	224,293	-
Depreciation	(113,644)	-
Balance at 30 June	110,649	-
Total Property, Plant and Equipment	5,766,484	233,567



9. Interest Free Loan

	2020	2019
	\$	\$
The Salvation Army	550,000	550,000
Director of Housing - Rapid Housing Long Term Liability	3,372,000	3,372,000
Balance at the end of the year	3,922,000	3,922,000

The Interest free loan from The Salvation Army was provided to assist Salvation Army Housing (Victoria) to purchase properties under the Rapid Housing Homelessness initiative. The loan has no fixed terms of repayment.

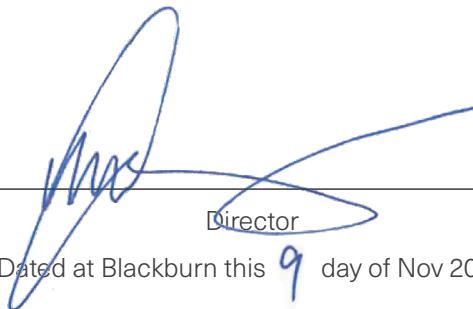
The Director of Housing provided a capital grant during the prior year for the purchase of properties as noted in Note 7. Salvation Army Housing (Victoria) has determined that the arrangement is reciprocal in nature and has therefore treated funds received as an interest free loan. Salvation Army Housing (Victoria) will be required to repay amounts to the Director of Housing should the agreement end.



In the opinion of the directors of Salvation Army Housing (Victoria):

- (a) the Company is not publicly accountable nor a reporting entity;
- (b) the financial statements and notes, set out on pages 4 to 17, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the *Housing Act 1983*, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 20 and of its performance, as represented by the results of its operations for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2, and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Director
Dated at Blackburn this 9 day of Nov 2020



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Salvation Army
HOUSING

