

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
A. B. N. 85 775 722 514

DRAFT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2020

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
A. B. N. 85 775 722 514

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METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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DIRECTORS' REPORT

Your directors present their report on the co-operative for the financial year ended 30th June 2020.

DIRECTORS

The names of the directors in office at any time during the year and to the date of the report are:

James Kennedy (resigned 9/1/20)
Susan Taylor
Malcolm Pollard
Eanna O'Ceallachain
David Abello
Melinda Tunbridge
Rick Daly
Shaun Driscoll
Maria Kenny

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the co-operative during the financial year were:

**Provision of affordable Community Housing to people who meet
Housing Pathways eligibility criteria**

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

RESULT OF OPERATIONS

The profit of the co-operative for the financial year amounted to \$1,357,636.

REVIEW OF OPERATIONS

In the financial year ending on 30 June 2020 Metro housed 906 people in 510 accommodation units. Of the persons housed during the year we had 591 head tenants (ie the person who signs the lease with Metro. Other household members were (in order) dependent children (18 years or younger); adult children of the head tenant (over 18 years); domestic partners, carers and extended family members and friends.

Metro manages 108 capital properties (that is properties owned by the *NSW Land and Housing Corporation*) and we receive government funding from the *NSW Department of Family and Community Services* to head-lease a minimum of 261 properties from the private rental market.

As a result of effective financial management of our CHLP portfolio, Metro has been able to lease additional properties giving us an annual average of 277 head-leased properties.

Approximately 5% of our portfolio consists of houses or units which are used for "shared" housing and this results in a higher number of "accommodation units" in comparison to actual properties.

"Shared" properties are all used for transitional, supported housing - generally for unrelated persons referred by a support partner agency that has "nomination rights". Each person in the household signs an individual lease with Metro.

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Reflecting our ongoing commitment to provide supported transitional housing to persons in urgent need of housing, approximately 35% of allocations are for transitional tenancies for terms of between 3-24 months. As at 30 June 2020, 113 people were in transitional housing nominated by 20 community support providers with whom we have a formal partnership.

The Metro board accepts that housing *high needs* tenants through transitional programs is likely to result in higher operating costs for the co-operative, but we believe that providing those tenants with an opportunity to maintain or improve their physical and mental health, increase overall well-being and capacity for community engagement, develop positive tenancy histories, and receive appropriate support from specialist services pending the allocation of permanent social housing (or the capacity to exit to the private rental market) justifies this additional expenditure.

Our policy allows transitional tenants who are assessed as *Priority* on the NSW Housing Register to remain with Metro until they have received an offer of permanent social housing. Whilst Metro attempts to prioritise eligible transitional tenants when making permanent offers of housing, as a small provider with little turnover, we have limited capacity to do so, meaning permanent offers will generally be made to our transitional tenants by FACS Housing or larger Community Housing providers.

In the 2019/20 financial year we had 124 exits from our properties - primarily transitional tenants. Approximately 30% of persons exited to permanent social housing, 25% exited to the private rental market, 25% exited to reside with partners, family or friends, and the remainder exited to aged/higher support care, moved interstate or overseas, were imprisoned, or were deceased.

We have no knowledge about their next housing option for approximately 2% of exiting tenants - generally because they abandoned their property or had their tenancy terminated by an order made by the NSW Civil and Administrative Tribunal following multiple breaches.

The lack of growth in social housing supply continues to impact on the length of time even very high needs tenants must wait for secure housing. Another significant challenge is to find affordable housing for "housing general" approved tenants when they have reached their maximum term.

Metro subsidises up to four "affordable" tenancies per year for exiting transitional tenants who no longer meet social housing income eligibility but who would still struggle to find affordable private rentals.

For the last several years Metro has received funding to head lease properties to provide permanent housing to people exiting long term homelessness - specifically those who had been rough sleeping. Tenancies which were funded through Connect 100 (with City of Sydney contributing to program costs) have largely been converted to our general CHLP but as at 30 June 2020 four tenancies were still being funded through this program.

Since September 2018 Metro has partnered with Bridge Housing, the Women's Housing Company and NEAMI National to provide permanent housing to 90 people who had experienced long term homelessness through the STEP program - Metro has provided housing to 20 tenants through this program

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Since 2014 Metro has been required to undertake annual compliance assessment through The *National Regulatory Scheme for Community Housing Providers*. The Registration Tier that Community Housing Providers are assessed against is determined by the size and nature of our operations. As a relatively small but financially prudent provider, and one which has not needed to borrow funds for our acquisitions, we have a lower risk profile and this is reflected in the assessment of Metro as a Tier 2 provider.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes to our activities in the 2020/19 financial year but Metro has needed to respond to the changed operating environment created by COVID 19.

This has led to increased costs in some areas - largely for communications (ie greater volume of "messaging" to tenants); implementing IT strategies to better support staff working from home/conduct board meetings remotely; and office safety measures (sanitizing, additional cleaning, personal protective equipment).

AFTER BALANCE DATE EVENTS

No matters of circumstance have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the result of those operations, or the state of affairs of the co-operative in subsequent financial years.

LIKELY DEVELOPMENTS

The Metro Board developed its current five year Strategic Plan in 2018. The strategic plan is reviewed annually in February and the most recent review reinforced our continuing commitment to "housing more people in need" both through efficient use of our CHLP funding to acquire additional leasehold properties and through small scale development activity which we hope to commence in 2021 on land Metro owns in Summer Hill.

Whilst the proposed development will initially provide "affordable rental housing" this would be an interim measure whilst we pay down construction costs. Over the longer term, it will enhance our capacity to contribute to the growth of social housing for very low income earners.

We will also continue to support initiatives to *provide more opportunity, support and incentives for people to exit social housing* through participation in education and training. We do this through offering longer term transitional tenancies to young people engaged in vocational and tertiary education, through scholarships to support continuing education and through our affordable housing subsidies for young people and young parents.

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It is acknowledged however, that even before the devastating economic impacts of COVID 19, the proportion of social housing tenants who were able to improve their circumstances sufficiently to exit social housing was very small given broader economic issues - high unemployment rates (for young and older workers in particular), wages stagnation, high rates of labour market casualization, and unaffordable rental markets in many areas of Sydney/large regional centres; discriminatory rental practices - especially as experienced by indigenous/other people of colour; and the impact of long term trauma and anxiety in relation to physical/mental health

We will continue to work collaboratively with our community partners to provide stability, support and opportunity to both transitional and permanent tenants.

The outcome of our tenant satisfaction survey conducted in January/February 2020 confirmed the significant contribution that stable secure housing makes to the lives of our tenants and pleasingly highlighted our positive achievements in service provision - 94% of our tenants indicated that they were satisfied with the quality of service and in particular they cited positive communications with Metro staff and appreciation of the relationship with their housing officer.

We will continue to work to provide a better social housing experience for our tenants by ensuring effective planned maintenance practices are in place to provide our tenants in capital properties with high quality premises, and that the leasehold properties that we acquire are in good condition and are appropriate to the locational and physical needs of our tenants.

One of the few positives impacts of COVID has been the improved position for Community Housing providers as "renters" in formerly high demand suburbs due to greater availability/reduced prices. This has allowed us to negotiate rent decreases in some cases, and to acquire better quality, better located properties within our budget in others.

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DIRECTORS' REPORT

(a) Director's Positions as at 30 June 2020		Date Appointed
Rick Daly	Director, Chairperson	28 November 2018
David Abello	Director, Deputy Chairperson	13 August 2008
Susan Taylor	Director, Secretary	22 November 1996
Maria Kenny	Director, Treasurer	09 April 2019
Malcolm Pollard	Director	21 March 2007
Eanna O'Ceallachain	Director	13 August 2008
Melinda Tunbridge	Director	16 October 2013
Shaun Driscoll	Director	13 March 2019

(b) Directors Meetings

During the financial year 8 meetings of Directors were held.

Attendances were:	Number eligible to attend	Number attended
David Abello	8	8
Shaun Driscoll	8	8
Susan Taylor	8	8
Eanna O'Ceallachain	8	8
Rick Daly	8	7
Malcolm Pollard	8	7
Melinda Tunbridge	8	5
Maria Kenny	8	4
James Kennedy	4	2

DISCLOSURE OF INTERESTS

No Director has received or become entitled to receiving, during or since the end of the financial year, a benefit because of a contract made by the Co-operative or a related body corporate with the director, a form of which the director is a member, or a co-operative in which the director has a substantial financial interest.

This statement excludes a benefit included in the aggregated amount of emoluments received, or due and receivable by directors shown in the co-operative's accounts, or the fixed salary of a full time employee of the co-operative or related body corporate.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the co-operative.

PROCEEDINGS ON BEHALF OF CO-OPERATIVE

No person has applied for leave of Court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings. The Co-operative was not party to any such proceedings during the year.

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DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Co-operatives (Adoption of National Law) Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012 is attached following this Directors' Report.


Signed in accordance with a resolution of the Board of Directors:

Director



.....
David Abello

Director



.....
Susan Taylor

Dated this 12th day of November 2020

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF
METRO COMMUNITY HOUSING CO-OPERATIVE LTD

I declare that, to the best of my knowledge and belief, during the year ended 30th June 2020 there have been:

- (i) no contraventions of the auditor independence requirements of the Co-operatives (Adoption of National Law) Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: Dawsons Accountants

Name of Auditor:
Hamish Dawson

Address: PO Box 62
Bundanoon NSW 2578

Dated: 12th November 2020

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**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**

	Note	2020 \$	2019 \$
REVENUE			
Rent Received or Receivable		4,623,935	4,459,747
Government Grants	2	6,997,597	6,491,397
Others	3	<u>270,808</u>	<u>357,948</u>
Total Revenue		11,892,340	11,309,092
EXPENSES			
Tenancy and Property Expenses	4	9,863,337	9,205,228
Administration Expenses	5	<u>671,367</u>	<u>677,473</u>
Total Expenses		10,534,704	9,882,701
Current year operating surplus / (loss)		<u>1,357,636</u>	<u>1,426,391</u>
Tax expense		<u>-</u>	<u>-</u>
Net Current year operating surplus / (loss)		<u>1,357,636</u>	<u>1,426,391</u>
Other comprehensive income:			
Net gain/ (loss) on revaluation of non current assets		-	-
Net gain/ (loss) on revaluation of financial assets		-	-
Total other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		1,357,636	1,426,391
Transfer to Reserve		<u>-</u>	<u>-138,697</u>
Net current year operating surplus attributable to members of the entity		<u>1,357,636</u>	<u>1,287,694</u>
Total comprehensive income attributable to members of the entity		<u>1,357,636</u>	<u>1,287,694</u>

The accompanying notes form part of these financial statements.

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash assets	6	7,970,760	6,965,704
Receivables	7	250,894	179,376
Other assets	8	28,999	276,974
TOTAL CURRENT ASSETS		<u>8,250,653</u>	<u>7,422,054</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,541,801	3,552,515
Right of Use Assets - Leases	10	4,986,381	-
Other Assets	11	788,863	768,036
Other Financial Assets	11	15,972	15,972
TOTAL NON-CURRENT ASSETS		<u>9,333,017</u>	<u>4,336,523</u>
TOTAL ASSETS		<u><u>17,583,670</u></u>	<u><u>11,758,577</u></u>
CURRENT LIABILITIES			
Payables	12	1,056,253	1,372,402
Provisions	13	72,743	60,173
Lease Payable	15	1,766,353	-
Other	14	44,355	42,251
TOTAL CURRENT LIABILITIES		<u>2,939,704</u>	<u>1,474,826</u>
NON-CURRENT LIABILITIES			
Provisions	12	79,000	63,134
Lease Payable	15	2,975,575	-
Other	13	234,802	223,664
TOTAL NON-CURRENT LIABILITIES		<u>3,289,377</u>	<u>286,798</u>
TOTAL LIABILITIES		<u><u>6,229,081</u></u>	<u><u>1,761,624</u></u>
NET ASSETS		<u><u>11,354,589</u></u>	<u><u>9,996,953</u></u>
EQUITY			
Reserves	17	1,903,901	1,903,901
Retained surplus	16	9,450,688	8,093,052
TOTAL EQUITY		<u><u>11,354,589</u></u>	<u><u>9,996,953</u></u>

The accompanying notes form part of these financial statements.

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2020

	Retained Surplus \$	Total Reserve \$	Total \$
Balance at 1 July 2018	6,805,358	1,765,204	8,570,562
Operating Surplus / (Loss)	1,426,391	-	1,426,391
Other Comprehensive Income	-	-	-
Movement in Operating Surplus	-138,697		-138,697
Movement in Reserves	-	138,697	138,697
Balance at 30 June 2019	<u>8,093,052</u>	<u>1,903,901</u>	<u>9,996,953</u>
Balance at 1 July 2019	8,093,052	1,903,901	9,996,953
Operating Surplus / (Loss)	1,357,636	-	1,357,636
Other Comprehensive Income	-	-	-
Movement in Operating Surplus	-		0
Movement in Reserves	-	-	0
Balance at 30 June 2020	<u><u>9,450,688</u></u>	<u><u>1,903,901</u></u>	<u><u>11,354,589</u></u>

The accompanying notes form part of these financial statements.

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Rent and Charges Received from Tenants	4,683,467	4,550,467
Government Grants	6,672,143	6,187,008
Interest Paid	-418,587	143,512
Other income	14,109	26,753
Payment to Suppliers and Employees	<u>-8,109,116</u>	<u>-9,907,949</u>
Net cash provided by (used in) operating activities	<u>2,842,016</u>	<u>999,791</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Rental Bonds	-20,827	29,380
Proceeds from Rental Bonds	19,798	-63,060
Proceeds from Financial Assets	-	892,370
Proceeds from sale of Property & Equipment	150	0
Payments for Property & Equipment	<u>-26,995</u>	<u>-1,171,956</u>
Net cash provided by (used in) investing activities	<u>-27,874</u>	<u>-313,266</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for Leases	<u>-1,809,086</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>-1,809,086</u>	<u>-</u>
Net increase (decrease) in cash held	1,005,056	686,525
Cash at Beginning of Financial Year	<u>6,965,704</u>	<u>6,279,180</u>
Cash at end of year	<u><u>7,970,760</u></u>	<u><u>6,965,704</u></u>

The accompanying notes form part of these financial statements.

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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CASH FLOWS STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020

	2020	2019
	\$	\$
Notes to the Cash Flows Statements		
Reconciliation of Cash		
Cash at the end of financial year as shown in the Cash Flows Statement is reconciled to the related items in the Statement of Financial Position as follows:		
Cash on Hand	149	365
Cash at Bank	6,516,583	4,913,416
Term Deposits	1,454,028	2,051,923
	7,970,760	6,965,704
Reconciliation of Net Cash provided by Operating Activities to profit from ordinary activities after Income Tax		
Operating surplus (loss) after income tax	1,357,636	1,426,391
Proceeds from Sale of Equipment	150	-
Transfer to Asset Purchase	-	-
Non-cash flows in operating surplus (loss)		
Provision for Annual Leave	14,014	9,516
Provision for Doubtful Debts	2,953	4,128
Provision for Long Service Leave	15,867	20,327
Provision for Time in Lieu	-1,444	2,140
Provision for Bond Expenses	-	3,886
Property Bond Recovered	-8,660	-
Profit on Asset Disposal	-150	-
Depreciation & Amortisation	1,599,248	43,562
Changes in assets and liabilities		
(Increase) Decrease in Sundry Debtors	-71,530	-200,736
(Increase) Decrease in Interest Receivable	15,897	15,212
(Increase) Decrease in Prepayments	232,079	1,606
(Increase) Decrease in Rent Paid in Advance	-	-27,505
(Increase) Decrease in Input Tax Credits	-7,266	-8,632
(Decrease) Increase in Sundry Creditors	57,834	-30,199
(Decrease) Increase in Rent in Advance/Arrears	-45,237	10,450
(Decrease) Increase in Accrued Expenses	949	5,129
(Decrease) Increase in PAYG Withholding	1,938	947
(Decrease) Increase in GST Payable	2,037	19,324
(Decrease) Increase in Grants in Advance	-325,454	-304,389
(Decrease) Increase in Payable	1,155	8,634
	2,842,016	999,791
Cash flows from operations	2,842,016	999,791

The accompanying notes form part of these financial statements.

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020

1 Statement of Significant Accounting Policies

The financial statements are for Metro Community Housing Co-operative Ltd as an individual entity, incorporated and domiciles in Australia. The Metro Community Housing Co-operative Ltd is a co-operative.

The financial statements were authorised for issue on 12th of November 2020 by the directors of the co-operative.

Basis of Preparation

The financial statements is a general purpose financial statement in accordance with Co-operatives (Adoption of National Law) Act 2012, the Australian Charities and Not-for-profits Commission Act 2012, and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

Going Concern

The accounts have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Accounting Policies

Income Tax

The Co-operative is exempt for income tax purposes. No provision for taxation has been made.

Investments

Investments are measured on the cost basis. The carrying amount of investment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of the investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

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NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis.

Plant and equipment

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

The carrying amount of plant, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation charge.

The useful life for each class of depreciable assets are:

Office Equipment	20%
Property Equipment	15%
Software	40%

Leases

Leases are recognised in accordance with IFRS 16 effective 01 July 2020 being the transition date for Metro Housing Financial Statements. Existing leases as at transition date with remaining term of more than 12 months and new leases with term of more than 12 months are capitalised/recorded as an asset and a liability is recognised equal to the present value of future lease payments.

Leased assets are amortised over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for leases that do not qualify under the new standard are charged as expenses in the periods in which they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020

Employee Entitlements

Provision is made for the co-operative's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Long Service Leave is accrued in respect of all employees with more than 5 years service with the co-operative.

Revenue

Revenue from rental income is recognised on accrual basis.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

Goods and Services Tax (GST)

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

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months, net of bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
A.B.N. 85 775 722 514

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
2 Government Grant Revenue		
CTS Housing Grants	6,997,597	6,491,397
Other Grants Received	-	-
	<u>6,997,597</u>	<u>6,491,397</u>
3 Other Revenue		
Sundry Revenue	11,026	5,904
Management Fees	8,800	11,269
Interest Received	62,529	128,301
Tenants charges	188,453	212,474
	<u>270,808</u>	<u>357,948</u>
4 Tenancy and Property Expenses		
Rent Paid	6,054,544	7,787,508
Lease Amortisation	1,512,530	-
Lease Interest Expense	486,258	-
Repairs & Maintenance	906,373	571,147
Electricity	12,401	6,489
Insurance	82,670	88,284
Rates & Taxes	226,502	220,908
Water Usage	30,608	36,098
Bad Debts - Tenants Charges	11,298	5,215
Bad Debts - Rent	15,907	5,324
Depreciation	22,547	22,547
Sundry Costs	42,137	46,200
Salaries and Superannuation	459,562	415,508
	<u>9,863,337</u>	<u>9,205,228</u>
5 Administration Expenses		
Office Expenses	243,495	278,887
Lease Amortisation - Office	49,010	-
Lease Interest Expense - Office	10,755	-
Rent	-	60,454
Salaries and Superannuation	353,607	324,282
	<u>656,867</u>	<u>663,623</u>
5A Auditor's Remuneration		
Auditing of Financial Statements	14,500	13,850
Total Administration Expenses	<u>671,367</u>	<u>677,473</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
6 Cash Assets		
Cash on Hand	149	365
Cash at Bank	6,516,583	4,913,416
Term Deposits	1,454,028	2,051,923
	7,970,760	6,965,704
	7,970,760	6,965,704
7 Receivables		
CURRENT		
Sundry Debtors	273,964	198,120
Less: Provision for Doubtful Debts	-45,533	-38,324
	228,431	159,796
Other debtors	22,464	19,580
	250,894	179,376
	250,894	179,376
Provision for Doubtful Debts		
Current trade receivables are generally 30-day terms. These receivables are assessed for recoverability and a provision for doubtful debts is recognised when there is objective evidence that an individual trade receivable may not be recoverable. These amounts have been included in other expense items.		
Opening balance	38,324	34,196
Charge for year	7,209	4,128
Written off	0	0
	45,533	38,324
Closing Balance	45,533	38,324

Credit Risk - Trade and Other Receivables

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the Statement of financial position and notes to and forming part of the financial statements.

The co-operative does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the co-operative.

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$

7 Receivables (continued)

The following table details the co-operative's trade and other receivables exposed to credit risk with aging analysis. Amounts are considered as past due when the debt has not been settled within the terms and conditions agreed between the co-operative and the customer or counter party to the transaction. Receivables that are past due are assessed as doubtful by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the co-operative.

	Gross Amount	Past due and doubtful	Past due but not doubtful (days overdue)				Within initial terms
			< 30	< 31 - 60	< 61 - 90	> 90	
	\$	\$	\$	\$	\$	\$	\$
2019							
Sundry Debtors	198,119	38,324	15,159	11,882	4,138	16,553	112,063
Other debtors	19,580	-	-	-	-	-	19,580
Total	217,700	38,324	15,159	11,882	4,138	16,553	131,643
2020							
Sundry Debtors	273,964	45,533	19,453	10,394	8,243	32,971	157,370
Other debtors	22,464	-	-	-	-	-	22,464
Total	296,427	45,533	19,453	10,394	8,243	32,971	179,834

8 Other Assets

CURRENT		
Interest Receivable	7,529	23,426
Prepayments	21,469	253,548
Property Deposit	-	-
	28,999	276,974

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
9 Property, Plant and Equipment		
Land & Building - at cost	3,603,190	3,603,190
Less: Accumulated Depreciation	-105,220	-82,673
	3,497,970	3,520,517
Office Machines & Equipment	78,239	90,797
Less: Accumulated Depreciation	-53,591	-68,937
	24,648	21,860
Office Furniture & Equipment	42,174	36,037
Less: Accumulated Depreciation	-23,980	-33,006
	18,194	3,031
Property Equipment	1,909	1,909
Less: Accumulated Depreciation	-1,620	-1,334
	289	575
Software	65,384	66,958
Less: Accumulated Depreciation	-64,684	-60,426
	700	6,532
Total Property, Plant and Equipment	3,541,801	3,552,515

Movements in Carrying Amounts

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

	Freehold Land and Building \$	Office Machine and Equipment \$	Office Furniture and Equipment \$	Software \$	Total \$
Balance at 1 July 2018	2,500,000	13,147	4,510	14,348	2,532,006
Additions	1,043,064	17,508	-	3,500	1,064,072
Disposals - written-down value	-	0	-	-	0
Revaluations increment	-	-	-	-	-
Depreciation - Capital Reserve	-22,547	-8,220	-1,479	-11,316	-43,562
Carrying amount at 30 June 2019	3,520,517	22,435	3,031	6,532	3,552,515

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
A.B.N. 85 775 722 514

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
9 Property, Plant and Equipment (continued)		
	Freehold Land and Building \$	Office Machine and Equipment \$
	Office Furniture and Equipment \$	Software \$
	Total \$	
Balance at 1 July 2019	3,520,517	22,435
Additions	-	9,599
Disposals - written-down value	-	-
Revaluations increment	-	-
Depreciation - Capital Reserve	-22,547	-7,097
Carrying amount at 30 June 2020	3,497,970	24,937
	18,194	700
	3,541,801	

10 Right of Use Assets

	Residential Leases \$	Office Lease \$	Total \$
Balance at 1 July 2019	4,963,975	147,030	5,111,005
Additions	1,436,916	-	1,436,916
Cancellation	-	-	-
Other adjustment	-	-	-
Amortisation	-1,512,530	-49,010	-1,561,540
Carrying amount at 30 June 2020	4,888,361	98,020	4,986,381

11 Other Assets and Other Financial Assets

Other Assets		
Rental Bonds with Bond Board	788,863	768,036
	788,863	768,036
Other Financial Asset		
Term Deposits	15,972	15,972

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
12 Payables		
CURRENT		
Sundry Creditors	186,322	128,488
Tenants Rent	137,116	182,353
Deferred Grant Income	591,170	916,624
Input Tax Credits	-37,351	-30,085
GST Payable	168,535	166,498
Amount Withheld	10,462	8,524
	<u>1,056,253</u>	<u>1,372,402</u>
	<u>1,056,253</u>	<u>1,372,402</u>
13 Provisions		
CURRENT		
Provision for Annual Leave	66,833	52,819
Provision for Time in Lieu	5,910	7,354
	<u>72,743</u>	<u>60,173</u>
	<u>72,743</u>	<u>60,173</u>
NON-CURRENT		
Provision for Long Service Leave	79,000	63,134
	<u>79,000</u>	<u>63,134</u>
	<u>79,000</u>	<u>63,134</u>
14 Other Liabilities		
CURRENT		
Accrued Expenses	34,566	33,617
Superannuation Payable	9,789	8,634
	<u>44,355</u>	<u>42,251</u>
	<u>44,355</u>	<u>42,251</u>
NON-CURRENT		
Rental Bond from Tenants	234,802	223,664
	<u>234,802</u>	<u>223,664</u>
	<u>234,802</u>	<u>223,664</u>
15 Lease Payable		
CURRENT - Not later than 12 months		
Residential Lease	1,714,432	-
Office Lease	51,921	-
	<u>1,766,353</u>	<u>-</u>
	<u>1,766,353</u>	<u>-</u>
NON-CURRENT - Between 12 months to 8 years		
Residential Lease	2,932,642	-
Office Lease	42,932	-
	<u>2,975,575</u>	<u>-</u>
	<u>2,975,575</u>	<u>-</u>

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
16 Retained Surplus		
Retained surplus / (accumulated losses) at the beginning of the financial year	8,093,052	6,805,358
Transfer from Capital Grants Reserve	-	-
Transfer from General Reserve	-	-
Transfer from General Reserve - Resamen	-	-
Transfer to Capital Maintenance Reserve	0	-68,485
Transfer to Operating Expenses Reserve	0	-70,212
Net profit attributable to members of the entity	1,357,636	1,426,391
Retained surplus / (accumulated losses) at the end of the financial year	9,450,688	8,093,052
17 Reserves		
Capital maintenance reserve	753,338	753,338
Operating expenses reserve	772,334	772,334
Asset Revaluation Reserve	378,229	378,229
	1,903,901	1,903,901
Capital maintenance reserve		
Movements during the year:		
Opening Balance for the year	753,338	684,852
Transfer from surplus and other reserve	-	68,485
Closing balance	753,338	753,338
Operating expenses reserve		
Movements during the year:		
Opening Balance for the year	772,334	702,122
Transfer from surplus and other reserve	-	70,212
Closing balance	772,334	772,334
Asset Revaluation Reserve		
Movements during the year:		
Opening Balance for the year	378,229	378,229
Property Revaluation	-	0
Closing balance	378,229	378,229

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
18 Remuneration and Retirement Benefits		
The names of directors who have held office and were paid remuneration during the financial year were:		
Eanna O'Ceallachain	800	600
Susan Taylor	800	800
Elizabeth Sharaq	-	100
David Abello	800	700
Malcom Pollard	700	800
James Kennedy	200	700
Melinda Tunbridge	500	400
Catherine Lin	-	100
Maria Kenny	400	200
Shaun Driscoll	800	200
Rick Daly	700	600
	5,700	5,200
	5,700	5,200

No retirement benefits provided to Directors.

19 Economic Dependence

The co-operative relies on grant payments made available by the NSW State Government.

The government grants shown in accounts are:

Housing Grants	<u>6,997,597</u>	<u>6,491,397</u>
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20 Financial Instruments

The co-operative's financial instruments consist mainly of deposits with banks, term deposit investment and accounts receivable and payable.

Interest Rate Risk

Interest rate risk relates to the co-operative's exposure to fluctuations in repayments due to changes in market interest rates. The average interest rates of the entity's financial assets and liabilities are as follows:

	Average Effective Interest Rate			
	2020	2019	2020	2019
	%	%	\$	\$
Financial Assets				
Cash at Bank	0.40%	1.42	6,516,583	4,913,416
Term deposits	2.24%	2.87	1,470,000	2,067,896
			7,986,583	6,981,311
			7,986,583	6,981,311

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020

2020	2019
\$	\$

Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the co-operative intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

21 Segment Reporting

This co-operative only operates in New South Wales.

22 Contingent Liabilities

The directors are not aware of any other significant events since the end of the reporting period.

23 Events after the reporting period

No other matters or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the co-operative, the results of those operations, or the state of affairs of the co-operative in subsequent financial years.

24 Contingent Right - Tenant Bond

The Co-operative has the potential right to claim againsts Rental Bond Board for bonds deposited by tenants in the events of default by the tenants.

25 Entity Details

The registered office and principal place of business of the entity is:

Metro Community Housing
Suite 208,
1 Erskineville Road
Newtown NSW 2042

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
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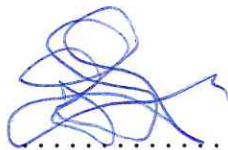
DIRECTORS' DECLARATION

The directors ' of the Co-operative declare that, in the directors' opinion:

1. The financial statements and notes are in accordance with the Co-operatives (Adoption of National Law) Act 2012, and Australian Charities and Not-for-profits Commission Act 2012, and:
 - (a) comply with Australian Accounting Standards and the Co-operatives National Regulations; and
 - (b) give a true and fair view of the financial position as at 30th June 2020 and of the performance for the year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

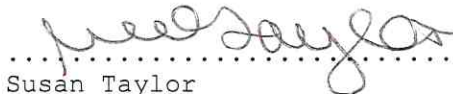
This declaration is signed in accordance with a resolution of the directors.

Director



.....
David Abello

Director



.....
Susan Taylor

Dated this 12th day of November 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
A.B.N. 85 775 722 514

Report on the financial report

I have audited the accompanying financial report of Metro Community Housing Co-operative Ltd, which comprises the statement of financial position as at 30th June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors' of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Co-operatives (Adoption of National Law) Act 2012 and the Australian Charities and Not-for profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards, Co-operatives (Adoption of National Law) Act 2012 and the Australian Charities and Not-for-Profits Commission Act 2012 and the Australian Charities and Not-for-Profits Commission Regulation 2013, and a true and fair view which is consistent with my understanding of the Co-operative's financial position and of its performance.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

INDEPENDENT AUDITOR' S REPORT

TO THE MEMBERS OF

METRO COMMUNITY HOUSING CO-OPERATIVE LTD
A.B.N. 85 775 722 514

Independence

In conducting my audit, I have complied with the independence requirements of the Co-operatives (Adoption of National Law) Act 2012 and Australian Charities and Not-for-profits Commission Act 2012 and any applicable code of professional conduct in relation to the audit.

Auditor's Opinion

In my opinion, the financial report of Metro Community Housing Co-Operative Ltd has been prepared in accordance with the Co-operatives Adoption of National Law) Act 2012 and Australian Charities and Not-for-profits Commission Act 2012, including:

- a. giving a true and fair view of the company's financial position as at 30th June 2020 and of its financial performance and cash flows for the year ended on that date; and
- b. complying with Australian Accounting Standards, the Co-operatives National Regulations and the Australian Charities and Not-for-profits Commission Regulation 2013.

Name of Firm: Dawsons Accountants

Name of Auditor:
Hamish Dawson

Address: PO Box 62
Bundanoon NSW 2578

Dated: 12th November 2020