Melbourne City Mission

ABN 56 161 846 149

Annual Report - 30 June 2021

Melbourne City Mission
Directors' report
30 June 2021

Your Directors submit their report for the year ended 30 June 2021

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period, unless otherwise stated.

Di McDonald (Chair)	
John Jeffreys	
Paul Scroope	Resigned April 2021
Leonie Boxtel (Deputy Chair)	
Joe Carbone	
Jonathan Mortimer	
Marion Hemphill	
John Russell	
Caroline Sheehan	Appointed June 2021
David Rennick	Appointed March 2021
Stacey Ong	Appointed April 2021 - Leave of absence from 1 June 2021

Information on directors

Name:	Di McDonald (Chair)
Title:	A member of the Board since 2011; appointed Chair, January 2016.
Qualifications:	B.App.Sc, Grad. Dip. Education, Grad. Dip. Rehabilitation, Grad. Dip. Bus. Mgt., M.Mgt. (Organisational Systems), MAICD.
Experience and expertise:	Di has an extensive background and formal qualifications in business development and management in the occupational health, disability and human resources fields. She has over 25 years of demonstrated leadership in senior roles including at Managing Director and CEO level in NFP, privately owned and publicly listed organisations, as well as Executive and Non-executive positions on Boards and Advisory Boards. Currently Di is Chair of the NFP Law and Advocacy Centre for Women (LACW); is a member of the Cabrini Foundation Board; a member of the Hester Hornbrook Academy Board; sits on the Advisory Board for Psychology Melbourne, and is a member of the Institute of Company Directors. Di sees it as a privilege to be a member of the Melbourne City Mission Board and is highly committed to making opportunities accessible to those that are the most disadvantaged and at risk.

Name:	John Jeffreys
Title:	A member of the Board since 2013.
Qualifications:	FCPA, GAICD.
Experience and expertise:	John is an experienced senior Finance Executive and Company Director having worked in the mining, service and manufacturing industries. John is a graduate of the Institute of Company Directors. He is married with two children and enjoys spending time with his four grandchildren and sport – in particular, cricket and football – supporting Richmond in the AFL. John has been actively involved in community activities including the National Chairman of Taverners Australia, Candlelight Productions, Keys of Life and formerly The Jean Hailes Foundation and is looking to continue making a positive contribution to Melbourne City Mission.
Special responsibilities:	Chair of the Board Finance Investment & Audit Committee.

Name:	Leonie Boxtel (Deputy Chair)
Title:	A member of the Board since October 2014; appointed Deputy Chair November 2018.
Qualifications:	B Arts (Hons), M. Bus. (Marketing), MAICD.
Experience and expertise:	Leonie has extensive experience in strategy development, marketing and communications, and philanthropy in Australia and in the Asian region. She has over two decades of experience in executive and senior management roles in higher education, government, and the not-for-profit sector. Currently Executive Officer of a Melbourne-based Family Foundation, Leonie holds a BA from Monash University, Master of Business from RMIT, and NAATI Level 3 interpreting & translating qualifications in Japanese. Leonie is a graduate of the Australian Institute of Company Directors and Deputy Chair of the International Women's Development Agency.
Special responsibilities:	Deputy Board Chair; Chair of the Nominations & Remuneration Committee

Name:	Joe Carbone
Title:	A member of the Board since June 2017.
Qualifications:	BHA (Health Administration), GAICD.
Experience and expertise:	Joe is an experienced Board Director and Chief Executive who has held senior leadership roles across 3 industry sectors (Health Care, Local Government and Retail/Manufacturing). He has worked extensively with Boards and multi-disciplinary professionals through reform eras in large complex service organisations and innovative commercial enterprises. Joe has valuable insights on innovative leadership and diverse stakeholder engagement. His focus across a career spanning 40 years has been around empowering organisations to chase innovation and continuous improvement in the context of value creation for stakeholders and consumers. Joe is a Graduate Member of the Australian Institute of Company Directors and holds a Bachelor of Health Administration (University of NSW).
Special responsibilities:	Member Nominations & Remuneration Committee

Name:	Jonathan Mortimer
Title:	A member of the Board since June 2018
Qualifications:	BA Hons, LLM, MPubPol
Experience and expertise:	Jonathan is a Director at a professional services firm in Melbourne, specialising in taxation. He has previously been the Head of Risk for a large Australian superannuation fund. Jonathan is a former member of the Board Quality Committee and Clinical Quality Committee at the Royal Victorian Eye and Ear Hospital. Jonathan is admitted to legal practice in Australia, and called to the bar of England and Wales. Jonathan holds a Master of Public Policy from the Australian National University and a Master of Law from the University of Cambridge.
Special responsibilities:	Chair of the Board Quality, Safety & Risk Committee; Member of the Board Finance, Investment & Audit Committee.

Name:	Marion Hemphill
Title:	A member of the Board since August 2018
Qualifications:	LLB (Hons)
Experience and expertise:	Marion has more than 20 years' experience as a corporate lawyer. Marion is currently General Counsel and Chief Privacy Officer at the Australian Red Cross Lifeblood. She has also held senior roles in large law firms in Australia, London and New Zealand and was Counsel to the New Zealand Takeover Panel. Her professional experience has included commercial negotiations, governance, compliance and government relations. Marion is a proponent of focusing on compliance, risk and ethics as a fundamental step to achieving strategic goals. Marion has an LLB (Hons) from Victoria University of Wellington.
Special responsibilities:	Member of the Quality, Safety & Risk Committee, Member of the Nominations & Remunerations Committee.

Name:	John Russell
Title:	A member of the Board since November 2019
Experience and expertise:	John has over 20 years of executive experience across consulting, investment management and operating roles. John has held leadership positions in both public and private companies and is currently Chief Executive Officer of a private investment company. John has previously served on the advisory board of a youth refuge in Sydney and volunteered in China with an international aid organisation. John is married with two children and hopes that his role with MCM will help to break cycles of disadvantage in our community.
Special responsibilities:	Former member of the Board Quality Safety & Risk committee; Member Board Finance Investment & Audit Committee

Name:	David Rennick
Title:	A member of the Board since March 2021
Experience and expertise:	David brings over 30 years' experience in the professional services and property industries to his role as Director and member of the Board Quality Safety & Risk Committee. David is also Director and Deputy Chair of The Hester Hornbrook Academy Board. David is currently a Senior Advisor to Inspired Companies where he works with companies to unlock potential from becoming purpose led. His responsibilities include leadership development and coaching. Previously he was Board Member of international law firm Pinsent Masons and CEO of Maddocks. David's legal expertise includes property development, corporate real estate and retail property. David is also a Director of Melbourne Football Club.
Special responsibilities:	Member of the Board Quality Safety & Risk committee

Name:	Caroline Sheehan
Title:	A member of the Board since June 2021
Experience and expertise:	Caroline has held senior management roles across the health and humanitarian sectors where she has led numerous strategy, innovation, organisational change and transformation processes. Caroline has qualifications in disability, business administration and is a graduate of the AICD Company Directors course. Caroline is currently the CEO of Natural Carbon, a company focused on creating even more 'fair' carbon and biodiversity projects that deliver better returns to Indigenous communities, small producers and vulnerable local communities. Prior to this role, Caroline was Director of Transformation at Australian Red Cross. Caroline is also the Chair of VINC, a nursery that propagates and supplies local indigenous plants for bushland revegetation. Caroline is passionate about building a better and more sustainable future for all.
Special responsibilities:	Member of the Nomination & Remuneration committee

Name:	Stacey Ong
Title:	A member of the Board since April 2021 - Leave of absence from 1 June 2021
Experience and expertise:	Stacey is an experienced management consultant with over 15 years' experience in both private, public and community sectors and a leader in social policy and equality, diversity and inclusion. Stacey is a former Director with PricewaterhouseCoopers (PwC) in management consulting leading its social policy practice focusing on education and family violence. Stacey's expertise is in strategy development, program design and implementation particularly in government and NFP sectors. Stacey is the Deputy Chair of Domestic Violence Victoria and the Domestic Violence Resource Centre, and a member of the Finance and Risk Subcommittee of Our Watch, the national organisation for the prevention of violence against women. Stacey was PwC's inaugural staff lead for its cultural diversity and inclusion network for three years engaging 8,000 staff in a conversation about cultural diversity, equality and inclusion. Stacey was a finalist in the Women's Agenda Leadership Awards for Emerging Leader in Professional Services in 2019 and an inaugural member of the Victorian Government's Board Leadership program.
Special responsibilities:	Member of the Board Quality Safety & Risk committee

Company secretary
Jacquie Scales
Affiliated GIA
Company Secretary appointed 30 August 2017
Jacquie brings extensive experience to the role, having supported boards and senior executives in both the corporate and not-for-profit sectors for over 14 years; more recently as Company Secretary.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Board Finance Investment & Audit		Board Quality, Safety & Risk Committee	Board Quality Safety & Risk Committee
	Attended	Eligible	Attended	Eligible	Attended	Eligible
Di McDonald	15	15	4	4	3	4
John Jeffreys	15	15	4	4	-	-
Leonie Boxtel	15	15	-	-	-	-
Paul Scroope	10	11	3	3	-	-
Joe Carbone	7	9	-	-	-	-
Jonathan Mortimer	14	15	4	4	4	4
Marion Hemphill	15	15	-	-	4	4
John Russell	14	15	1	1	3	3
David Rennick	4	4	-	-	1	1

	Board Nominations & Remuneration Committee	
	Attended	Held
Di McDonald	7	7
Leonie Boxtel	7	7
Joe Carbone	4	4
Marion Hemphill	6	7

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Objectives
Melbourne City Mission exists so that people can lead positive lives - their best future, their way. We work with people at risk of poor outcomes. Our innovative services prevent and disrupt progression to greater and different forms of disadvantage throughout people's lives. In a rapidly changing environment for the not for profit sector, our organisation is guided by our five year strategy (2017-2022).

Our short term objectives include:

- Transforming our disability services and enhancing our capabilities to respond to the implementation of the NDIS.

- Delivering our innovative new model of Youth Refuge to address the complex needs of an extremely disadvantaged group of young people not currently serviced by the homelessness system or other inter-related systems.

- The Hester Hornbrook Academy is delivering quality education programs in a high support flexible learning environment. With 300 students who have overcome historical barriers to their education progress now actively working towards their VCAL, the Academy is proud of what it has acheived and excited about the potential in the next five years.

Our longer term strategic goals include:

- Maximising our impact: We will grow our services to respond to areas of unmet community need.

- Profit for Purpose: We will ensure we create a financially sustainable business able to respond to marketisation of social services.

- Innovation: We will create new disruptive models that improve the lives of people at risk of poor outcomes.

MCM creates an overarching business plan to manage and monitor our annual objectives, the CEO and managers have a set of Key Performance Indicators to work towards that are regularly reported against and assessed.

Principal activities
The principal activities of Melbourne City Mission during the course of the financial year were:
- Disability Services;
- Education and Early Years;
- Homelessness and Justice Programs; and
- Home and Residential Care based Palliative Care.

During the year MCM established MCM Housing with an express purpose to provide housing to young people not able to access affordable social housing. The establishment of MCM Housing has sought to become a registered Community Housing Provider which will allow access to Government grant funding to acquire or develop housing stock to support the strategy.

Dividends
Melbourne City Mission is a company limited by guarantee. As such, it has no issued capital and does not pay a dividend.

Review of Operations
In the year, MCM has taken out a total of $6.75m debt, of which $3.5m is a bank loan to fund the building of the Western Campus in Sunshine for Hester Hornbrook Academy. The new campus has the capacity of 200 plus students on site. This investment has increased the capability of the school to provide support in the western suburb. The other $3.25m is in the form of investor loan for the Living Learning program. The program is in partnership with various government departments to address disadvantage and to provide long term improvements in the lives of vulnerable young Victorian. The program has welcomed the first cohort of student in February 2021.

COVID 19 Impact
We acknowledge the valuable support of the non-recurrent Federal Government Job Keeper funding of $3.0m in the financial year. These funds helped sustain the organisation during Covid-19 ensuring we continue to deliver the vital services to support the Victorian community during these difficult times.

Events Subsequent to Balance Date
The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financial positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

MCM and Kalparrin Early Child Intervention Program Inc. have entered into a Merger Deed to bring together our respective early childhood intervention services into one entity. The form of the merger will be via a transfer of Kalparrin staff, clients and all third party contracts to MCM. The agreed date of the merger is the 11 October 2021 at which point all staff and third party agreements will transfer to MCM.

No other matter or circumstances has arisen since 30 June 2021 that has significantly affected, or may significant affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

State of Affairs
No significant changes in the company's underlying activities have occurred during the financial year.

Future Developments
Melbourne City Mission will embark on a growth strategy across Victoria, focused on supporting those experiencing, or at imminent risk of, the most severe disadvantage.

Environmental Issues
Melbourne City Mission has determined that there are no significant environmental regulations that apply to its operations.

Directors' Benefits

No Director of Melbourne City Mission has received any remuneration or other benefit by way of contract with Melbourne City Mission either directly or via related corporations in which they have a substantial financial interest.

Indemnity and Insurance Of Directors and Auditors

During the financial year, the Department of Human Services met all the costs of insuring all Directors, past and present, against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director of Melbourne City Mission.

Risk Management

The Board takes a proactive approach to risk management. The Board is responsible for ensuring that risks and opportunities are identified on a timely basis and that the company's objectives and activities are aligned with the risks and opportunities identified by the Board.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under the Australian Charities and Not-for-Profits Commission Act 2012 is set out in this report.

This report is made in accordance with a resolution of the board;

Di McDonald
Chairperson

John Jeffreys
Director

27 October 2021

Auditor's Independence Declaration under S 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of Melbourne City Mission

I declare that, to the best of my knowledge and belief during the year ended 30 June 2021 there have been:

— no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

C Siddles

C. L. Siddles
Director

Dated this 28th day of October, 2021

ACCOUNTANTS & ADVISORS
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Melbourne City Mission
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General information

The financial statements cover Melbourne City Mission as a consolidated entity consisting of Melbourne City Mission and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Melbourne City Mission's functional and presentation currency.

Melbourne City Mission is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

164-180 Kings Way
South Melbourne VIC 3205

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 October 2021. The directors have the power to amend and reissue the financial statements.

Melbourne City Mission
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Revenue	3	91,591,183	83,927,025
Total revenue		91,591,183	83,927,025
Expenses			
Disability Services		(30,117,339)	(28,851,121)
Homelessness & Justice Services		(26,742,605)	(24,927,240)
Education		(7,656,417)	(6,715,847)
Palliative Care Services		(5,088,411)	(5,562,170)
Corporate Administration		(15,037,658)	(15,003,148)
Fundraising and Public Information		(1,539,657)	(1,367,631)
Living Learning		(850,678)	(297,408)
Total expenses		(87,032,765)	(82,724,565)
Operating surplus		4,558,418	1,202,460
Capital Grants	3	1,117,500	1,000,000
Investment Revenue	3	853,330	936,375
Bequests	3	390,853	1,359,895
Capital Appeal	3	80,000	200,594
Write off of Non Current Assets		-	(166,905)
Net Profit on Sale of Non Current Assets	3	-	108,649
Surplus for the year		7,000,101	4,641,068
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss			
Gain/(Loss) on the revaluation of financial assets		2,483,925	(823,956)
Transfer out of the maintenance reserve		-	(24,691)
Other comprehensive income for the year		2,483,925	(848,647)
Total comprehensive income for the year		9,484,026	3,792,421

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Melbourne City Mission
Statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	5	16,521,862	13,707,848
Trade and other receivables	6	3,428,697	5,010,786
Financial assets at fair value through other comprehensive income	7	25,904,812	18,547,628
Other assets	8	890,863	384,117
Total current assets		46,746,234	37,650,379
Non-current assets			
Property, Plant and Equipment	9	25,419,872	18,900,393
Right-of-use assets	11	12,521,804	11,443,208
Intangibles	12	5,755,094	4,056,748
Externally Funded Property, Plant and Equipment	10	245,687	257,825
Other assets	8	799,003	681,376
Total non-current assets		44,741,460	35,339,550
Total assets		91,487,694	72,989,929
Liabilities			
Current liabilities			
Trade and Other payables	13	9,812,993	11,035,248
Lease liabilities	16	2,036,035	1,714,700
Employee Benefits	15	5,954,498	4,694,539
Other Current Liabilities	17	4,123,340	3,187,361
Total current liabilities		21,926,866	20,631,848
Non-current liabilities			
Borrowings	14	6,750,000	-
Lease liabilities	16	11,899,059	10,691,285
Employee Benefits	15	871,285	1,098,200
Other Current Liabilities	17	245,687	257,825
Total non-current liabilities		19,766,031	12,047,310
Total liabilities		41,692,897	32,679,158
Net assets		49,794,797	40,310,771
Equity			
Reserves	18	3,997,092	1,565,235
Retained surpluses		45,797,705	38,745,536
Total equity		49,794,797	40,310,771

The above statement of financial position should be read in conjunction with the accompanying notes

Melbourne City Mission
Statement of changes in equity
For the year ended 30 June 2021

Consolidated	**Financial Asset Reserve $**	**Property Maintenance Reserve $**	**Retained Surplus $**	**Total equity $**
Balance at 1 July 2019	1,726,861	687,021	34,104,468	36,518,350
Surplus for the year	-	-	4,641,068	4,641,068
Other comprehensive income for the year	(823,956)	(24,691)	-	(848,647)
Total comprehensive income for the year	(823,956)	(24,691)	4,641,068	3,792,421
Balance at 30 June 2020	902,905	662,330	38,745,536	40,310,771

Consolidated	**Financial Asset Reserve $**	**Property Maintenance Reserve $**	**Retained Surplus $**	**Total equity $**
Balance at 1 July 2020	902,905	662,330	38,745,536	40,310,771
Surplus for the year	-	-	7,000,101	7,000,101
Other comprehensive income for the year	2,483,925	-	-	2,483,925
Total comprehensive income for the year	2,483,925	-	7,000,101	9,484,026
Transfer (to)/from reserve	-	(52,068)	52,068	-
Balance at 30 June 2021	3,386,830	610,262	45,797,705	49,794,797

The above statement of changes in equity should be read in conjunction with the accompanying notes

Melbourne City Mission
Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Receipts from government subsidies, grants and customers		95,189,880	76,889,141
Payments to suppliers and employees (inclusive of GST)		(88,816,419)	(76,769,107)
Fees from residents and clients		2,799,729	2,093,780
Capital grants and donations		4,830,026	4,585,306
		14,003,216	6,799,120
Dividends received		359,969	517,841
Interest received		480,830	459,279
Finance costs		(1,018,778)	(642,616)
Net cash from operating activities		13,825,237	7,133,624
Cash flows from investing activities			
Payments for investments		(12,243,417)	(3,066,541)
Payments for property, plant and equipment	9	(8,542,196)	(2,159,483)
Payments for intangibles	12	(2,430,776)	(1,251,337)
Proceeds from disposal of investments		7,370,158	5,038,562
Net cash used in investing activities		(15,846,231)	(1,438,799)
Cash flows from financing activities			
Proceeds from borrowings		6,750,000	-
Repayment of lease liabilities		(1,914,992)	(2,026,077)
Net cash from/(used in) financing activities		4,835,008	(2,026,077)
Net increase in cash and cash equivalents		2,814,014	3,668,748
Cash and cash equivalents at the beginning of the financial year		13,707,848	10,039,100
Cash and cash equivalents at the end of the financial year	5	16,521,862	13,707,848

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Summary of Significant Accounting Policies

New or amended Accounting Standards and Interpretations adopted

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The consolidated entity has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments. As permitted by AASB 1053 for early adoption of AASB 1060, comparative information has not been provided for these new disclosures.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Fundraising Act 1998 and associated regulations and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Melbourne City Mission ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Melbourne City Mission and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 1. Summary of Significant Accounting Policies (continued)

Revenue Recognition
Revenue is recognised either under AASB15 or AASB1058.

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider. Revenue is recognised by applying a five-step model as follows:
1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Grant Income
Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met. Where there is a difference between the timing of the receipt of the grant and the satisfaction of the performance obligations , it will result in the recognition of a receivable, contract asset or contract liability.

AASB1058 requires that where there are no contracted performance obligations, revenue is recognised when received.

Capital grants
Capital grants received under an enforceable agreement to enable the company to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the company (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the company.

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Dividends and Imputation Credit
Dividends and Imputation Credit is taken into the Statement of Profit or Loss when declared.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Donation
Donations are recognised as income when the donations are received unless Melbourne City Mission has not met its specific obligations.

Income tax
As the consolidated entity is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 1. Summary of Significant Accounting Policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash on hand and in banks and short-term deposits are stated at nominal value. For the purposes of the Cash Flow Statement, cash includes cash on hand and at bank, excluding resident and client cash, at-call deposits, term deposits with a maturity of 90 days or less, and which are subject to an insignificant risk of changes.

Trade Receivables
Trade receivables were recognised and carried at original value less an allowance for uncollectible amounts. Receivables from residents and clients are on 30-day terms. Collectability of trade receivables is reviewed on an ongoing basis.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Other Financial Assets
Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Held to Maturity Investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when Melbourne City Mission has the positive intention and ability to hold the financial asset to maturity. Investments intended to be held for an undefined period are not included in this classification. Held to maturity investments such as Bank Bills are valued at face value on acquisition date. Term Deposits are valued at cost. At maturity date, interest forms part of the principal amount and is reinvested for a determined term.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Externally Fund Assets
Non-current assets which have been funded by specific purpose grants from Government Departments, and which may be required to be returned to the funding body in the event of the closure of that program, for which the funding was given, are accounted for separately from assets which are the property of Melbourne City Mission. These assets are disclosed as externally funded assets in the Statement of Financial Position. A Capital Grants Liability at an amount equal to the written down value of these assets, is classified as a liability owing to the funding provider.

Note 1. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment
Classes of Property, Plant and Equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated useful life on all tangible assets including externally funded assets as follows:

Buildings	50 years
Building Development	20 years
Improvements & Renovations	10 years
Furniture & Fittings	10 years
Plant & Machinery, Computer Equipment	5 years
Motor Vehicles	3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Impairment
The carrying values of Plant and Equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired. An impairment may exist when the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of plant and equipment is the higher of fair value less costs to sell, and 'value in use'. When an impairment in value exists, the asset is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the Statement of Profit or Loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible Assets
An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost less any accumulated amortisation and any accumulated impaired losses. The useful life is assessed to be either finite or indefinite.

Computer Software
Expenditure on software, being software that is not an integral part of the related hardware, is capitalised. Capitalised expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which is between 3 and 7 years.

Trade payables
These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. These amounts, which are non-interest bearing, unsecured, and are generally settled in 30-day terms, are valued at cost.

Note 1. Summary of Significant Accounting Policies (continued)

Refund liabilities

Refund liabilities are recognised where the consolidated entity receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the consolidated entity does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

Borrowings

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

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at the amounts expected to be paid when the liability is settled.

Provisions made in respect to long service leave, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience on employee departures and periods of service. Expected future payments are discounted using market yield at the reporting date based on government guaranteed securities, which have terms to maturity approximating to the terms of the related liability.

Employee benefit expenses and revenues arising in respect of the wages and salaries, annual leave, long service leave and the related on-costs (superannuation and workcover premium) are charged against profits on a net basis in their respective categories.

Note 1. Summary of Significant Accounting Policies (continued)

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax Revenues, expenses and assets are recognised net of the amount of GST except receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the Australian Taxation Office.

Expense Classification and Treatment

Expenses are classified in the Statement of Profit or Loss based on the programs provided by Melbourne City Mission and include details of specific support functions, which underpin the delivery of quality services. Expenses are accounted for on an accrual basis.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Classification and valuation of investments

The company has decided to classify investments in listed securities as 'available for sale' financial assets and movements in fair value are recognised directly in equity through other comprehensive income. The fair value of listed shares has been determined by reference to published price quotations in an active market.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Grant income
For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with a number of parities at the entity, review of the proposal documents prepared during the application phase and consideration of the terms and conditions.

Grants received have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed, then the revenue recognition pattern could be different from that recognised in these financial statements.

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

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future 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.

Note 3. Revenue

	Consolidated	
	2021	**2020**
	$	**$**
Local Government	530,095	701,631
State and Federal Government	56,288,949	53,561,541
Fees from Residents and Clients	1,953,306	2,093,780
Donations	3,253,811	1,660,694
Trusts	-	387,154
Sundry Revenue	5,231,915	5,476,715
Insurance Claim Income	-	37,374
National Disability Insurance Scheme	24,333,107	20,008,136
Revenue	91,591,183	83,927,025

Note 3. Revenue (continued)

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

	Consolidated 2021 $	Consolidated 2020 $
Geographical regions		
Australia	91,591,183	83,927,025
Timing of revenue recognition		
Services transferred at a point in time	62,429,519	60,404,168
Services transferred over time	29,161,664	23,522,857
	91,591,183	83,927,025

	Consolidated 2021	Consolidated 2020
Other Revenue		
Net Profit on Sale of Non-current Assets	-	108,649
Capital Grants	1,117,500	1,000,000
Interest Revenue	479,904	457,378
Dividend Revenue	373,426	478,997
Bequests	390,853	1,359,895
Capital Appeal	80,000	200,594
Total	2,441,683	3,605,513

Note 4. Expenses

Operating (Deficit)/Surplus is arrived at after charging the following:

	Consolidated 2021 $	Consolidated 2020 $
a) Depreciation and Amortisation		
Depreciation - Freehold Buildings	49,617	49,617
Depreciation - Improvements	1,578,850	1,350,562
Depreciation - Motor Vehicles	4,469	16,467
Depreciation - Fixtures, Plant and Equipment	401,919	232,484
Amortisation - Computer Software	732,430	684,986
Right of Use Depreciation - Premises	1,837,741	1,689,597
Right of Use Depreciation - Motor Vehicles	470,567	534,589
Right of Use Depreciation - Office Equipment	57,197	84,895
Total Depreciation and Amortisation	5,132,790	4,643,197

Note 4. Expenses (continued)

	Consolidated 2021	Consolidated 2020
b) Employee Benefits Expense		
Wages and Salaries	53,874,628	54,024,600
Workers' Compensation Costs	1,001,150	1,736,115
Superannuation Costs	4,810,015	4,674,450
Annual Leave Provision	756,070	302,388
Long Service Leave Provision	457,208	52,434
Total Employee Benefits Expense	60,899,071	60,789,987

Note 5. Cash and cash equivalents

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Cash	911,577	5,094,340
Deposits at Call	15,610,285	8,613,508
	16,521,862	13,707,848

Note 6. Trade and other receivables

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Trade receivables	946,411	1,365,221
Less: Allowance for expected credit losses	(75,678)	(180,953)
	870,733	1,184,268
Sundry Debtors	2,467,903	3,297,601
Dividend Imputation Credit	90,061	528,917
	2,557,964	3,826,518
	3,428,697	5,010,786

(i) Dividend Imputation Credit is non-interest bearing and is claimed annually from the Australian Taxation Office.

(ii) Trade Receivables are non-interest bearing and are generally settled on 30-day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

Note 7. Financial assets at fair value through other comprehensive income

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Investment Portfolio - Listed Securities	25,904,812	18,547,628

Melbourne City Mission
Notes to the financial statements
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Note 8. Other assets

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Prepayments	475,581	362,569
Security deposits	15,670	21,548
Contract assets	399,612	-
	890,863	384,117
Non-current assets		
Security deposits	799,003	681,376
	1,689,866	1,065,493

Note 9. Property, Plant and Equipment

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Land and buildings - at cost	5,052,917	5,052,917
Less: Accumulated depreciation	(1,234,718)	(1,197,238)
	3,818,199	3,855,679
Freehold improvements - at cost	23,541,101	19,484,708
Less: Accumulated depreciation	(7,301,007)	(5,722,158)
	16,240,094	13,762,550
Fixtures, Plant and Equipment- at cost	2,017,229	1,343,335
Less: Accumulated depreciation	(908,918)	(506,999)
	1,108,311	836,336
Motor vehicles - at cost	32,923	32,923
Less: Accumulated depreciation	(8,684)	(4,215)
	24,239	28,708
Asset Work in Progress	4,229,029	417,120
	25,419,872	18,900,393

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land $	Buildings $	Improvement/Development $	Fixtures, Plant and Equipment $	Motor Vehicles $	Asset Work in Progress $	Total $
Balance at 1 July 2020	3,178,950	676,729	13,762,550	836,336	28,708	417,120	18,900,393
Additions	-	-	75,831	187,937	-	8,278,429	8,542,197
Transfers in/(out)	-	-	3,980,563	485,957	-	(4,466,520)	-
Depreciation expense	-	(37,480)	(1,578,850)	(401,919)	(4,469)	-	(2,022,718)
Balance at 30 June 2021	3,178,950	639,249	16,240,094	1,108,311	24,239	4,229,029	25,419,872

Note 10. Externally Funded Property, Plant and Equipment

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Freehold Property - at cost	664,974	664,974
Less: Accumulated depreciation	(419,287)	(407,149)
	245,687	257,825

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land $	Buildings $	Total $
Balance at 1 July 2020	58,071	199,754	257,825
Depreciation expense	-	(12,138)	(12,138)
Balance at 30 June 2021	58,071	187,616	245,687

Note 11. Right-of-use assets

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Land and buildings - right-of-use	14,669,341	12,074,229
Less: Accumulated depreciation	(3,286,304)	(1,544,829)
	11,383,037	10,529,400
Motor vehicles - right-of-use	2,053,786	1,353,069
Less: Accumulated depreciation	(953,150)	(534,589)
	1,100,636	818,480
Office equipment - right-of-use	180,223	180,223
Less: Accumulated depreciation	(142,092)	(84,895)
	38,131	95,328
	12,521,804	11,443,208

Additions to the right-of-use assets during the year were $3,530,796 and depreciation charged to profit or loss was $2,365,505.

The consolidated entity leases land and buildings for its offices, and retail outlets under agreements of between 2 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between 2 to 5 years.

The consolidated entity leases premises under agreements of less than 1 year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 11. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Premises $	Motor Vehicles $	Office Equipment $	Total $
Balance at 1 July 2020	10,529,400	818,480	95,328	11,443,208
Additions	2,725,899	804,897	-	3,530,796
Disposals	(34,521)	(52,174)	-	(86,695)
Depreciation expense	(1,837,741)	(470,567)	(57,197)	(2,365,505)
Balance at 30 June 2021	11,383,037	1,100,636	38,131	12,521,804

Note 12. Intangibles

	Consolidated 2021 $	2020 $
Non-current assets		
Computer Software - at cost	4,950,508	4,172,061
Less: Accumulated amortisation	(2,283,054)	(1,550,624)
	2,667,454	2,621,437
Intangibles - Work in Progress	3,087,640	1,435,311
	5,755,094	4,056,748

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Computer Software $	Work in Progress $	Total $
Balance at 1 July 2020	2,621,437	1,435,311	4,056,748
Additions	-	2,430,776	2,430,776
Transfers in/(out)	778,447	(778,447)	-
Amortisation expense	(732,430)	-	(732,430)
Balance at 30 June 2021	2,667,454	3,087,640	5,755,094

Note 13. Trade and Other payables

	Consolidated 2021 $	2020 $
Current liabilities		
Trade Payables	2,799,123	1,429,244
Other Creditors	5,188,807	6,394,044
Refund liability	1,825,063	3,211,960
	9,812,993	11,035,248

Note 14. Borrowings

	Consolidated 2021 $	Consolidated 2020 $
Non-current liabilities		
Bank loans	3,500,000	-
Investor loans - Tranche A	1,500,000	-
Investor loans - Tranche B	1,750,000	-
	6,750,000	-

Assets pledged as security
Tranche A is an unsecured loan.
Tranche B is an investor loan secured by MCM parent guarantee.
Bank loan is NAB debt facility secured against the MCM Property asset portfolio.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2021 $	Consolidated 2020 $
Total facilities		
Bank loans	7,000,000	-
Investor loans	3,500,000	-
	10,500,000	-
Used at the reporting date		
Bank loans	3,500,000	-
Investor loans	3,250,000	-
	6,750,000	-
Unused at the reporting date		
Bank loans	3,500,000	-
Investor loans	250,000	-
	3,750,000	-

Future lease payments
Future lease payments are due as follows:

	Consolidated 2021 $	Consolidated 2020 $
Within one year	1,160,000	-
One to five years	5,590,000	-
	6,750,000	-

Note 15. Employee Benefits

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Provisions for Annual Leave	3,922,356	3,163,869
Provisions for Long Service Leave	1,671,879	1,477,659
Provisions for R.D.O	14,808	13,011
Restructuring	345,455	40,000
	5,954,498	4,694,539
Non-current liabilities		
Provisions for Long Service Leave	871,285	1,098,200
	6,825,783	5,792,739

Note 16. Lease liabilities

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Lease liability	2,036,035	1,714,700
Non-current liabilities		
Lease liability	11,899,059	10,691,285
	13,935,094	12,405,985
Future lease payments		
Future lease payments are due as follows:		
Within one year	2,723,678	2,299,805
One to five years	10,251,343	8,628,655
More than five years	4,289,651	4,650,433
Less future finance charges	(3,329,578)	(3,172,908)
	13,935,094	12,405,985

Note 17. Other Current Liabilities

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Trust Fund Liability	177,610	961,646
Income Received in Advance	3,945,730	2,225,715
	4,123,340	3,187,361
Non-current liabilities		
Capital Grants Liability	245,687	257,825
	4,369,027	3,445,186

Note 18. Reserves

	Consolidated	
	2021 $	2020 $
Financial assets at fair value through other comprehensive income reserve	3,386,830	902,905
Property maintenance reserve	610,262	662,330
	3,997,092	1,565,235

Financial assets at fair value through other comprehensive income reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Property maintenance reserve
This reserve recognises funds allocated for maintenance on the properties.

Note 19. Key Management Personnel

	Consolidated	
	2021 $	2020 $
Total Compensation	2,041,240	2,025,091

Note 20. Contingent asset and liabilities

The consolidated entity has given bank guarantees as at 30 June 2021 of $799,003 to various landlords.

The consolidated entity had no other contingent assets or liabilities as at 30 June 2021 and 30 June 2020.

Note 21. Commitments For Expenditure

The consolidated entity had no commitments for expenditure as at 30 June 2021 and 30 June 2020.

Note 22. Related Party Disclosures

Parent entity
Melbourne City Mission is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Disclosures relating to key management personnel are set out in note 19.

Members of the Board receive no remuneration or other benefits from Melbourne City Mission (2020, Nil)

Note 23. Auditors Remuneration

	Consolidated	
	2021	2020
	$	$
Amounts received or due and receivable by external auditors for:		
Auditing Accounts	75,000	65,000
Other audit services- acquittals	3,700	1,200
Other Services - advisory	-	14,000
	78,700	80,200

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	$	$
Surplus	5,620,222	3,908,942
Total comprehensive income	5,620,222	3,908,942

Statement of financial position

	Parent	
	2021	2020
	$	$
Total current assets	35,480,117	31,585,055
Total assets	74,768,146	64,584,878
Total current liabilities	18,382,372	18,538,684
Total liabilities	32,051,355	29,691,651
Equity		
Financial assets at fair value through other comprehensive income reserve	3,176,996	973,655
Property maintenance reserve	610,262	662,330
Retained surpluses	38,929,532	33,257,242
Total equity	42,716,790	34,893,227

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business
Hester Hornbrook Academy	Melbourne
Dr John Singleton Trust	Melbourne
Living Learning	Melbourne
MCM Housing	Melbourne

Note 26. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly development and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

MCM and Kalparrin Early Child Intervention Program Inc. have entered into a Merger Deed to bring together our respective early childhood intervention services into one entity. The form of the merger will be via a transfer of Kalparrin staff, clients and all third party contracts to MCM. The agreed date of the merger is the 11 October 2021 at which point all staff and third party agreements will transfer to MCM.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Melbourne City Mission
Directors' declaration
30 June 2021

In the directors' opinion:

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

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors:

On behalf of the directors

Di McDonald
Chairperson

John Jeffreys
Director

27 October 2021

William Buck

Melbourne City Mission

Independent auditor’s report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Melbourne City Mission. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion the financial report of Melbourne City Mission has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

a) giving a true and fair view of the Group’s financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards Simplified Disclosures and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the uditor’s Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical re uirements of the ccounting rofessional and thical tandards oard’s 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Other Information
The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

CSiddles

C.L. Siddles
Director
Melbourne, 28th October 2021