

McCormack Housing Ltd.

Annual Financial Statements
30 June 2024

ABN: 74 610 219 246

Directors' report

For the year ended 30 June 2024

The Directors of McCormack Housing Ltd. (McH) present their report together with the Independent Audit Report.

Directors

The following were Directors of McH during the financial year ended 30 June 2024.

Ms Jane Hall	Director – 2022 – 18 July 2024	Previous Chair – McCormack Housing Limited	<p>Ms Hall is an experienced Health and Safety Solicitor with almost 20 years' experience in public and private sectors. Ms Hall founded Loupe Legal in 2019, a boutique law firm focusing on health and safety, after having been a partner at some of Australia's leading corporate law firms. Ms Hall was formerly the Director, Enforcement Group at WorkSafe where she provided strategic and operational leadership. Currently, Ms Hall is also a Member of the Safety, Rehabilitation & Compensation Commission.</p> <p>Ms Hall was Chair of McH until her resignation as a director.</p>
Ms Karen Corry	Director – 2016 – current	Chair – ACSO Chair – McCormack Housing Limied	<p>Ms Corry is Chair of ACSO, Deputy Chair of Peninsula Health, Chair of the Cultural Development Network and a non-executive director at Global Health Ltd. Ms Corry is an experienced board director and business leader with a focus on digital technology, finance and governance. Previously a partner at KPMG, she is a fellow of the Institute of Chartered Accountants in Australia and New Zealand and the Australian Institute of Company Directors. Her experience leverages strategy and growth with a strong balance between innovation, governance, finance and risk. Ms Corry is also Chair of McCormack Housing Limited and recently completed her tenure at Holmesglen Institute and ACMI (Australian Centre for the Moving Image).</p> <p>Ms Corry is Chair of the ACSO Board, and the Remuneration and Nomination Committee and is an ex-officio member of the ACSO's Finance, Risk and Audit Committee, the Quality, Safety and Service Delivery Committee and the Strategic Input and Positioning Committee.</p>
Mr Andrew Chadwick	Director – 2016 – current		<p>Mr Chadwick is an Associate of Chartered Accountants Australia and New Zealand and has been a member of the Finance, Risk and Audit Committee since 2009. Mr Chadwick is a financial consultant, following 12 years with BHP Billiton as a Senior Manager in Group Reporting, which included six years with responsibility for external financial reporting. Previously he was a Partner of the accounting firm KPMG for 12 years in the assurance and advisory services division. Mr Chadwick first became involved with ACSO in 2001 when he was engaged to provide financial consulting advice.</p> <p>Mr Chadwick is a Director of ACSO and a member of the Finance, Risk and Audit Committee.</p>
Ms Sylvia Hadjiantoniou	Director – 2023 – current		<p>Ms Hadjiantoniou is an experienced Board Director and Executive. Her expertise is in strategic planning, property and infrastructure development and transformational program management. Sylvia has worked across the public, private and not-for-profit sectors. In these roles, she has collaborated with multisector partners to deliver large-scale capital projects, develop precincts and organisational transformations. She is committed to advancing social justice by improving access to affordable housing, community infrastructure, health care and education. Ms Hadjiantoniou holds a Bachelor of Commerce and an EMBA from Monash University. She has also obtained her Victorian</p>

		Builder's Licence and is a Graduate of the Australian Institute of Company Directors.
Mr Rob Leslie	Director – 2021 - current	Mr Leslie was appointed to the McCormack Housing in September 2021. Robert was the Chief Executive Officer of Yarra Community Housing for over 15 years and has extensive community housing and development experience. Robert holds a BVSc. (Hons) and is a Graduate of the Australian Institute of Company Directors (2012).
Mr James McGinnes	Director – 2016 - current	Mr McGinnes is a Member of Chartered Accountants Australia and New Zealand and has been a partner with accounting firm Romanis Cant since 2002 where he specialises in business services, taxation and forensic accounting. Mr McGinnes is a Director of ACSO, is Chair of the Finance, Risk and Audit Committee and was previously an independent member of that committee from 2014. He is also a member of the Remuneration and Nomination Committee.
Ms Sonia Joksimovic	Company Secretary 2022 - current	Ms Joksimovic is a qualified Chartered Secretary with fifteen years' experience across ASX listed, unlisted and private companies. Sonia runs her own Company, Boardroom Matters Pty Ltd and practices as a corporate consultant, providing governance advice and accounting support to various Company Boards. She is responsible for her clients' corporate governance framework, compliance, risk management and other commercial matters. She holds a Bachelor of Business (Accounting) from Royal Melbourne Institute of Technology, a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. She is an Associate Member of Financial Services Institute of Australasia, a Fellow of the Governance Institute of Australia, a Graduate Member of the Australian Institute of Company Directors and a sessional Corporate Governance lecturer at the Governance Institute of Australia.

Principal activities

A subsidiary of Australian Community Support Organisation Ltd (ACSO), McCormack Housing Ltd (McH) was inspired by Stan McCormack's original vision, to create safe, supportive accommodation for people exiting prison, as well those at risk of entering the justice system. Stan McCormack was an initial founder of the organisation that has become ACSO.

Established in 2016, McH provides assertive tenancy management services in partnership with ACSO wrap around support services. Social housing accommodation placements are provided to ACSO clients for a period of between six to twelve months. During this time, tenancy support officers work closely with tenants, identifying needs and creating tailored housing plans to exit tenants into safe, affordable long-term housing.

Review of operations for FY23/24

During FY23/24 McH received 61 referrals for housing, with 21 clients placed in tenancies.

McH is managing 19 properties (nine in Traralgon and 10 in Bendigo) as part of the 'Stepping Stones Program'. Clients are referred from across ACSO's programs including YORS and Forensic Case Work services. The Safe Steps program is funded by the Victorian Department of Justice and Community Safety and delivers 10 head leased properties for ACSO Community Support Program (CSP) clients on post sentence orders.

Strategic objectives

In June 2023, McH was officially registered as a Housing Provider. Housing registration was a key strategic outcome and provides the foundation for McH to expand its property portfolio. More properties will result in greater social housing access for ACSO clients, ensuring continued alignment of McH and ACSO's strategic objectives.

In May 2024 the McH Board participated in a Strategic Planning workshop and resolved to focus on McH business as usual, ensuring our delivery of supports are high quality and cost effective, whilst also building on partnerships with other Housing Providers on the eastern seaboard.

Performance

McH's result for the year ended 30 June 2024 was a deficit of \$153,968 (2023: deficit of \$137,423). Further information on McH's performance for the year is set out in McH's Annual Financial Report 23/24.

Directors' meetings

The number of Board meetings held during the year while the Director was with McH and the number of meetings attended by each Director is as follows:

Board Members	Meetings held	Meetings attended
Jane Hall	6	6
Karen Corry	6	5
Andrew Chadwick	6	6
Sylvia Hadjiantoniou	6	6
Rob Leslie	6	4
James McGinnes	6	5

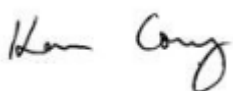
Contribution in winding up

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum \$100 each towards meeting any outstanding obligations of the entity. At 30 June 2024, the total amount that members of the Company are liable to contribute if the Company is wound up is \$100 (2023: \$100).

Auditors' independence declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is attached and forms part of this Directors' Report.

Signed in accordance with a Directors' Resolution.



Karen Corry, Chair

31 October 2024

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Auditor's Independence Declaration

To the Members of McCormack Housing Ltd

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of McCormack Housing Ltd for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



E W Passaris
Partner - Audit & Assurance

Melbourne, 31 October 2024

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue			
Revenue from contracts with customers		173,750	173,665
Client rental revenue		257,101	228,795
Tenancy Management Fee		14,025	13,728
Revenue from controlling entity - Government Funding	8	449,417	501,449
Total Revenue		894,293	917,637
Expenditure			
Employee Benefits Expense		387,455	434,566
Client Related Rental Expenses		132,396	140,482
Depreciation of Right-of-Use Assets		20,138	14,870
Depreciation of Property, Plant and Equipment	5	150,492	153,125
Amortisation of Computer Software	4	-	6,038
Management Fee to Controlling Entity		28,248	28,248
Repairs and Maintenance		61,133	32,898
Finance Costs		488	769
Other Expenses		267,911	244,064
Total Expenditure		1,048,261	1,055,060
Deficit from Operations		(153,968)	(137,423)
Other Comprehensive Income		-	-
Total Comprehensive (Deficit)		(153,968)	(137,423)

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

Statement of Financial Position

As at 30 June 2024

	Note	2024 \$	2023 \$
Current Assets			
Cash and Cash Equivalents	2	975,813	1,157,768
Trade and Other Receivables	3	25,155	14,793
Prepayments		69,047	78,274
Total Current Assets		1,070,015	1,250,835
Non-Current Assets			
Trade and Other Receivables	3	6,684	11,436
Intangible Assets	4	-	-
Property, Plant and Equipment	5	4,758,168	4,909,241
Total Non-Current Assets		4,764,852	4,920,677
Total Assets		5,834,867	6,171,512
Current Liabilities			
Trade and Other Payables	6	321,186	298,699
Provisions	7	14,633	39,829
Total Current Liabilities		335,819	338,528
Non-Current Liabilities			
Trade and Other Payables	6	4,044,947	4,218,697
Provisions	7	6,949	13,167
Total Non-Current Liabilities		4,051,896	4,231,864
Total Liabilities		4,387,715	4,570,392
Net Assets		1,447,152	1,601,120
Equity			
Contributed Equity		250,000	250,000
Retained Earnings		1,197,152	1,351,120
Total Equity		1,447,152	1,601,120

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

Statement of Changes in Equity

For the year ended 30 June 2024

Equity	Note	Contributed Equity	Retained Earnings	Total Equity
Balance as at 30 June 2022		250,000	1,488,543	1,738,543
Deficit for the Year		-	(137,423)	(137,423)
Movement in Contributed Equity		-	-	-
Balance as at 30 June 2023		250,000	1,351,120	1,601,120
Deficit for the Year		-	(153,968)	(153,968)
Movement in Contributed Equity		-	-	-
Balance as at 30 June 2024		250,000	1,197,152	1,447,152

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

Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024	2023
		\$	\$
Operating Activities			
Rent received from clients		261,455	228,795
Government grants via controlling entity		491,611	427,192
Payments to suppliers and employees		(889,572)	(804,992)
Cash receipts to controlling entity		(28,939)	(12,786)
Net Operating Cash Flows		(165,445)	(161,791)
Investing Activities			
Purchases of Property, Plant and Equipment		(4,927)	-
Sale of Property, Plant and Equipment		10,478	-
Net Investing Cash Flows		5,551	-
Financing Activities			
Repayments of Lease Liabilities		(21,573)	(15,164)
Finance Costs		(488)	(769)
Net Financing Cash Flows		(22,061)	(15,933)
Net decrease in Cash and Cash Equivalents		(181,955)	(177,724)
Cash and Cash Equivalents at Beginning of Year		1,157,768	1,335,492
Cash and Cash Equivalents at End of Year	2	975,813	1,157,768

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

Notes to the Financial Statements

For the year ended 30 June 2024

Note 1: Significant Accounting Policies

McCormack Housing Limited (McH) is a company limited by guarantee, incorporated and domiciled in Australia.

McH has prepared financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on a General-Purpose Financial Report.

These financial statements are Special Purpose Financial Statements that have been prepared in accordance with recognition and measurement requirements included in Australian Accounting Standards and with the mandatory accounting standards prescribed by the *Australian Charities and Not-for-profits Commission Act 2012*. McH is a not-for-profit entity for the purpose of preparing financial statements.

The financial statements for the year ended 30 June 2024 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 31 October 2024.

a. Basis of Preparation

The financial statements have been prepared on an historical cost basis. The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

b. Going Concern

The financial statements of McH have been prepared on a going concern basis.

c. Summary of Changes in Accounting Policies

To the extent relevant, all standards and interpretations including amendments that were in issue and effective from 1 July 2023, have been adopted by McH from 1 July 2023. During the 2024 financial year, no accounting standard has been adopted earlier than the application date as stated in the standard.

d. Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, and cash at bank.

e. Trade and Other Receivables

Trade receivables, which generally have 7-30 day terms, are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when there is objective evidence that McH will not be able to collect the receivable. Bad debts are written off when identified.

f. Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less any accumulated depreciation and any accumulated impairment losses.

Notes to the Financial Statements

For the year ended 30 June 2024

Note 1: Statement of Significant Accounting Policies *(continued)*

f. Property, Plant and Equipment *(continued)*

- Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Class of Fixed Asset	Estimated Useful Life
Motor Vehicles	3-4 years
Furniture and Fittings	5 years
Office Equipment	5 years
Computer Equipment	3-5 years
Buildings	20 - 30 years

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Fixed assets with a cost of less than \$1,000 are expensed in the year of purchase.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

- Impairment

The carrying values of property, 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.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. Current replacement cost is used to determine value in use. Current replacement cost is the cost to replace the service capacity of an item of property, plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in profit or loss as an expense.

g. Revenue Recognition

The majority of McH's activities are funded under contracts with a state government. As a result of entering into these contracts, McH undertakes to meet specific performance obligations which are generally the provision of services on behalf of the funder.

The funding from these contracts is recognised as revenue when contracted service delivery criteria are met, the amount of revenue can be measured reliably, collection is probable, and the costs incurred or to be incurred in delivery of the services can be measured reliably.

Notes to the Financial Statements

For the year ended 30 June 2024

Note 1: Statement of Significant Accounting Policies *(continued)*

g. Revenue Recognition (continued)

Where the funder has paid for a contracted service before it is provided by McH, the amount paid is recognised as a liability. Such liabilities include:

- i. Income in Advance, which comprises grants for services to be provided by McH during the 12 months after the reporting date and which is extinguished by transfers to Income when services are provided.
- ii. Contract Liabilities, which comprise grants received under contracts for the delivery of services over periods, either during the 12 months after the reporting date or, if longer than one year (including funding for the acquisition and / or construction of non-financial assets), require repayment of the grant if the assets are not used in accordance with the grant. These liabilities are extinguished by transfers to revenue as performance obligations under the contract are met.

Where McH provides services before funding has been received or is due under funding contracts, income is recognised, and a current asset is recorded described as “Income earned but not received”.

Amounts due and receivable for services provided but not paid for are recognised as Trade Receivables.

- Revenue from controlling entity – Government funding

Revenue from controlling entity – Government funding is for the delivery of services on behalf of the controlling entity. The contracts for service delivery are between the Department of Justice and Community Safety with the controlling entity, with formal agreement that some services will be provided by McH.

- Client Rental Revenue

Client rental revenue is income received from clients as rent to reside in McH’s head leases and owned properties.

h. Trade and Other Liabilities

Liabilities for trade creditors are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity.

i. Provisions

Provisions are recognised when McH has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at balance date using the discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a corporate bond rate related to the expected life of the provision is used as a discount rate. If the

Notes to the Financial Statements

For the year ended 30 June 2024

Note 1: Statement of Significant Accounting Policies *(continued)*

i. Provisions (continued)

effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

j. Taxes

i. *Income Tax*

No provision for income tax has been raised as McH is endorsed as an income tax exempt charitable entity under Subdivision 50-B of the *Income Tax Assessment Act 1997*. McH is also classified as a Public Benevolent Institution and endorsed as a deductible gift recipient under Subdivision 30-BA of the *Income Tax Assessment Act 1997*.

ii. *Goods and Services Tax (GST)*

Income, 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 Taxation Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

k. Employee Benefits

Employee benefits comprise wages and salaries, annual, non-accumulating personal leave and long service leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of balance date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Both liabilities are measured at the undiscounted amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating personal care leave are recognised when the leave is taken and are measured at the rates paid or payable.

McH's liabilities for annual leave and long service leave not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are included in other long-term benefits. They are measured at the present value of the expected future payments to be made to employees.

Notes to the Financial Statements

For the year ended 30 June 2024

Note 1: Statement of Significant Accounting Policies *(continued)*

k. Employee Benefits *(continued)*

The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-

measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

Liabilities for termination (redundancy) benefits are recognised where an event gives rise to an obligation for the payment of termination benefits and McH can no longer withdraw its offer to those impacted. Liabilities for termination benefits are expected to be settled within 12 months of balance date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to anticipated future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

McH pays superannuation contributions to certain superannuation funds, as regulated by the *Superannuation Guarantee (Administration) Act 1992*.

Contributions are recognised in the Statement of Profit or Loss when they are due. McH has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

l. Intangible Assets

Intangible assets comprising acquired computer software are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation of intangible assets is over the estimated useful life of between three and ten years.

m. Financial Instruments

- *Recognition, initial measurement and derecognition*

Financial assets and financial liabilities are recognised when McH becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactional costs, except for those carried at fair value through profit or loss, which are initially measured at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the Financial Statements

For the year ended 30 June 2024

Note 1: Statement of Significant Accounting Policies (continued)

m. Financial Instruments (continued)

- *Financial assets at amortised cost*

A financial asset is measured at amortised cost if both of the following conditions are met:

- It is held within a business model whose objective is to hold the financial assets and collect contractual cash flows; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. MCH's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

- *Classification and measurement of financial liabilities*

MCH's financial liabilities include lease liabilities and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or other income.

n. Leases

MCH leases various offices, equipment, and vehicles. Rental contracts are typically made month to month, or fixed up to five years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by MCH.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using MCH's incremental borrowing rate, being the rate that MCH would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

Where MCH cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to calculate the present value of future lease payments. The IBR is the interest rate that MCH would have to pay to borrow over a similar term of each lease. To determine the IBR, MCH:

Notes to the Financial Statements

For the year ended 30 June 2024

Note 1: Statement of Significant Accounting Policies *(continued)*

n. Leases *(continued)*

- Where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions; and
- makes adjustments specific to the lease, e.g. term and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If MCH is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in several property and equipment leases across MCH. The majority of extension and termination options held are exercisable only by MCH and not by the respective lessor.

During 2024, MCH signed a new lease agreement for Level 8, 469 Latrobe Street Melbourne with Lendlease for 10 years.

o. Economic Dependence

MCH is dependent upon ongoing receipt of Federal and State Government grants both directly and through its parent company, Australian Community Support Organisation Ltd., to ensure the ongoing continuance of its programs. At the date of this report management has no reason to believe that this financial support will not continue.

p. Significant Management Judgement in Accounting Estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may vary from the estimates.

- *Capital Grant from State Government*

Over previous years, MCH received funds from a State Government to build properties, on the company's own land, to provide transitional housing for people exiting the prison system to homelessness or at the risk of becoming homeless. The capital grants have been recognised as contract liabilities during the year of receipt and are amortised over the period of MCH's service obligations under the funding agreement, being 30 years.

q. Comparative Information

Comparative information has been adjusted to be consistent with changes to the presentation of information in the current year.

Notes to the Financial Statements

For the year ended 30 June 2024

Note 2: Cash and Cash Equivalents

	2024	2023
	\$	\$
Cash on hand	975,813	1,157,768
Total Cash and Cash Equivalents	975,813	1,157,768

Note 3: Trade and Other Receivables

	2024	2023
	\$	\$
Current		
Trade receivables	22,675	13,822
GST receivable	2,480	971
Total Trade and Other Receivables - current	25,155	14,793
Non-current		
Right of reimbursement from long service leave authorities	6,684	11,436
Total Trade and Other Receivables - non-current	6,684	11,436

Note 4: Intangibles Assets

	2024	2023
	\$	\$
Computer software at cost	58,865	58,865
Less: Accumulated amortisation	(58,865)	(58,865)
	-	-
Carrying Amount at the Beginning of Year	-	6038
Additions	-	-
Amortisation	-	(6,038)
Carrying Amount at the End of Year	-	-

Notes to the Financial Statements

For the year ended 30 June 2024

Note 5: Property, Plant and Equipment

	2024	2023
	\$	\$
Land	1,231,900	1,231,900
Buildings	4,138,505	4,138,505
Less: Accumulated depreciation	(622,427)	(475,914)
	4,747,978	4,894,491
Furniture and fittings	5,754	2,054
Less: Accumulated depreciation	(2,355)	(2,042)
	3,399	12
Office equipment	33,183	31,956
Less: Accumulated depreciation	(31,872)	(28,206)
	1,311	3,750
Right-of-use assets – motor vehicles	19,890	25,818
Less: Accumulated depreciation	(14,410)	(14,830)
	5,480	10,988
Total Property, Plant and Equipment	4,758,168	4,909,241

Notes to the Financial Statements

For the year ended 30 June 2024

Note 5: Property, Plant and Equipment *(continued)*

Reconciliation of the carrying amounts of Property, Plant and Equipment at the beginning and end of the financial year

	Land	Buildings	Furniture and Fittings	Office Equipment	Motor Vehicles	Total
Gross Carrying Amount:	\$	\$	\$	\$	\$	\$
Balance at Beginning of Year	1,231,900	4,138,505	2,054	31,956	25,818	5,430,233
Additions – Right-of-Use Assets	-	-	3,700	1,227	-	4,927
Additions – Property, Plant and Equipment	-	-	-	-	25,108	25,108
Disposals	-	-	-	-	(31,036)	(31,036)
Balance 30 June 2024	1,231,900	4,138,505	5,754	33,183	19,890	5,429,232
Depreciation and Impairment						
Balance at Beginning of Year	-	(475,914)	(2,042)	(28,206)	(14,830)	(520,992)
Disposals	-	-	-	-	20,557	20,557
Depreciation of Right-of-Use Assets	-	-	-	-	(20,137)	(20,137)
Depreciation of Property, Plant and Equipment	-	(146,513)	(313)	(3,666)	-	(150,492)
Balance 30 June 2024	-	(622,427)	(2,355)	(31,872)	(14,410)	(671,064)
Carrying Amount at Beginning of Year	1,231,900	3,662,591	12	3,750	10,988	4,909,241
Carrying Amount at End of Year	1,231,900	3,516,078	3,399	1,311	5,480	4,758,168

Notes to the Financial Statements

For the year ended 30 June 2024

Note 6: Trade and Other Payables

	2024	2023
	\$	\$
Current		
Trade payables and accruals	42,035	59,183
Contract liabilities	173,665	173,665
Income received in advance	97,080	54,886
Lease liabilities	8,406	10,965
Total Trade and Other Payables - Current	321,186	298,699
Non-Current		
Contract liabilities	4,044,947	4,218,697
Lease liabilities	-	-
Trade and Other Payables – Non-Current	4,044,947	4,218,697
	4,366,133	4,517,396

Trade Payables are non-interest bearing and are normally settled on 30-day terms.

Note 7: Provisions

	2024	2023
	\$	\$
Current		
Provision for employee entitlements	14,633	39,829
Total Current Provisions	14,633	39,829
Non-Current		
Provision for employee entitlements	6,949	13,167
Total Non-Current Provisions	6,949	13,167
Total Provisions	21,582	52,996

Note 8: Related Parties

	2024	2023
	\$	\$
Related Party transactions include:		
Revenue from controlling entity - government funding	449,417	501,449
Tenancy management fee	14,025	13,728
Total income and revenue from controlling entity	463,442	515,177
Board member remuneration	19,425	11,519
Management expenses to controlling entity	28,248	28,248
Total expenses to related parties	47,673	39,767

Notes to the Financial Statements

For the year ended 30 June 2024

Note 8: Related Parties (continued)

The Controlling Entity is Australian Community Support Organisation Ltd (ACSO). Directors are paid remuneration of up to \$10,000 per year for their role at McCormack Housing, as well as any remuneration paid by ACSO. There were no other related party transactions during the period.

Note 9: Lease Liabilities

	2024	2023
	\$	\$
Right-of-Use Assets		
Motor vehicles	5,480	10,988
	5,480	10,988
Lease Liabilities		
Current	8,406	10,965
Non-current	-	-
	8,406	10,965

Note 10: Lease and Capital Commitments

	2024	2023
	\$	\$
Lease Commitments		
Being for rent of offices, rental properties for clients, equipment, and motor vehicles		
Payable:		
Not later than 1 year	106,354	107,811
Later than 1 year but not later than 5 years	1,825	4,887
Later than 5 years	-	-
Total Lease Commitments	108,179	112,698

McH has no capital commitments at year end (2023: \$nil)

Notes to the Financial Statements

For the year ended 30 June 2024

Note 11: Auditors' Remuneration

The amounts paid or payable to the auditors, Grant Thornton, for services were as follows:

	2024	2023
	\$	\$
Audit of financial statements	21,500	20,000
	21,500	20,000

Note 12: Contingent Liabilities

McH has no contingent liabilities as at 30 June 2024 (2023: nil).

NOTE 13: Subsequent Events

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, the results of operations or the state of affairs of McH in subsequent accounting periods.

Note 14: Company Details

The registered office and principal place of business of McCormack Housing is:

McCormack Housing Ltd.
Level 8, 469 Latrobe Street
Melbourne VIC 3000

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum \$100 each towards meeting any outstanding obligations of the entity. At 30 June 2024, the total amount that the member of the Company is liable to contribute if the Company is wound up is \$100 (2023: \$100).

Directors' declaration

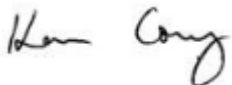
For the year ended 30 June 2024

The Board of Directors declare that, in the directors' opinion:

- a) The financial statements and notes of McCormack Housing Ltd. are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 and Regulations 2022*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1 of the financial report, and the *Australian Charities and Not-for-profits Commission Act 2012 and Regulations 2022*, and
- b) There are reasonable grounds to believe that McCormack Housing Ltd. will be able to pay its debts as and when they become due and payable.

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

Chair



Karen Corry

Date

31 October 2024

Grant Thornton Audit Pty Ltd

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Independent Auditor's Report

To the Members of McCormack Housing Ltd

Report on the audit of the financial report

Opinion

We have audited the accompanying financial report of McCormack Housing Ltd (the "Registered Entity"), which comprises the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and the Directors' declaration.

In our opinion, the financial report of McCormack Housing Ltd 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 Registered Entity's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Emphasis of matter – basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purposes of fulfilling the Registered Entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2024, 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 Registered Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



E W Passaris
Partner – Audit & Assurance

Melbourne, 31 October 2024