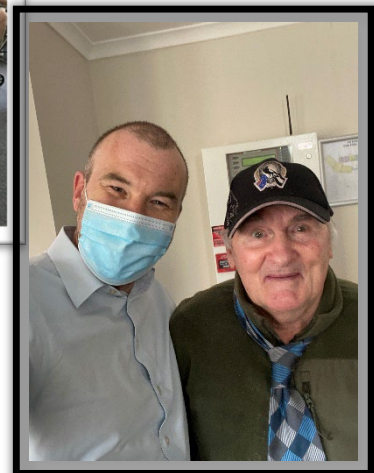




Ashleigh House | Brenda Burditt Manor
Eastwood Park | Northwood Park

ANNUAL REPORT

For the financial year ending 30 June 2022





AGENDA

38th ANNUAL GENERAL MEETING. OF THE MEMBERS OF SALE ELDERLY CITIZENS VILLAGE INC.

Thursday the 23rd of November at 5:00pm via MS Teams

TEAMS MEETING DETAILS

Meeting URL: [Click here to join the meeting](#)

1. **Welcome to Members and Guests**
2. **Attendance & Apologies**
3. **Notice of Meeting – Secretary -Clare Adams**
Confirmation that the notice of meeting has been given in accordance with the rules of the Association.
4. **Confirmation of Minutes of prior year – Secretary -Clare Adams**

Recommendation: *That the minutes of the 37th Annual General Meeting held on 2nd of December 2021 be accepted as a true and correct record of that meeting.*

5. **Company Secretary's Report**
- 6.
7. **CEO Report – Chris Beckman**
8. **Board of Management Report - Chair - Ann Ferguson**
9. **Audited Financial Report - CEO- Chris Beckman**

Recommendation: *That the Annual Report and Audited Financial Statements FYE22 be received and adopted.*

10. **Board Constitution**
Terms for the following Board Members have concluded and are therefore declared vacant:
 1. *Mrs Anne Ferguson (7 terms served) – has not renominated*
 2. *Ms Clare Adams (3 terms served) - has renominated*

3. *Mr Darren McCubbin (5 terms served) - has not renominated*

Recommendation:

The Secretary calls on members to make nominations for the 7 positions available under the Rules of Incorporation

3 nominations have been received as follows:

1. Clare Adams of 77 Inglis St, SALE VIC 3850
2. Darin Roy of 16 Araluen Dve, SALE VIC 3850
3. Robin Lowe of 82 Guthridge Pde, SALE VIC 3850

All nominations meet the eligibility criteria as contained within the Rules of Incorporation.

11. **Auditor Appointment - Secretary -Clare Adams**
DMG Audit and Advisory were appointed as Auditors for a 2-year period in 2021. This appointment remains until AGM 2023.
12. **General Business** for which at least 7 days' notice has been given.

No general business has been tabled

13. **Closure**

SALE ELDERLY CITIZENS VILLAGE INC.
Minutes of the 37th Annual General Meeting held on
02nd December 2021 at 5:00pm via TEAMS

1. Welcome to Members and Guests

CEO opened the meeting at 16:58 welcomed those attending and handed over to Company Secretary Clare Adams to chair the meeting.

2. Present via Teams :

Ann Ferguson; George Foggo; Clare Adams; Peter Warner; Darren McCubbin; Sam Forbes, Chris Beckman, Lyn Lancey

Apologies :

Colin Irving

3. Notice of Meeting Board Secretary, Clare Adams, confirmed that the notice of meeting has been given in accordance with the rules of the Association.

4. Confirmation of Minutes of prior year –

Secretary, Clare Adams; made the recommendation as follows-

That the minutes of the 36th Annual General Meeting held on Thursday 26th November 2020 be taken as a true and correct record, and that the Chairperson be authorised to sign the minutes accordingly.

Moved: Ann Ferguson Seconded: Darren McCubbin Carried

5. CEO Report-

Members received the CEO's report presented by Chris Beckman (CEO)

6. Annual Report & Audit Financial Report

The Annual Report and Audit Financial Report was presented to members by Ann Ferguson (Chair of the Board of Management). Mrs Ferguson expressed her appreciation to all the Board Members, staff and volunteers.

Moved: Chris Colley **Seconded:** George Foggo **Carried**

7. Ratification of the Board of Management members and re- appointment of Retiring board members –

Mr George Foggo who has served 3 terms confirmed his acceptance to serve another term.

Mr Colin Irving did not attend the AGM and expressed to the Chair of the Board that he would not be continuing another term.

Mr Peter Warner who has served 2 terms confirmed his acceptance to serve another term.

Mr Sam Forbes who has served 1 term confirmed his acceptance to serve another term.

All remaining board members are not due for reappointment and will remain on the SECV Board of Management.

Moved: George Foggo **Seconded:** Ann Ferguson **Carried**

8. Auditor Appointment-

Motion: DMG Audit and Advisory be appointed as Auditors for 2 years with review at AGM 2022

Moved Chris Colley, Seconded: Paul Telfer

9. **General Business** for which at least 7days notice has been given
Nil
10. **The meeting closed at 17.23pm**



COMPANY SECRETARY'S REPORT TO MEMBERS AGM2022

Dear Members,

Sale Elderly Citizens Village Inc is an association Incorporated under the Associations Incorporation Reform Act 2012 by Consumer Affairs Victoria.

Since the last AGM the Board have discharged their duties in the best interest of Sale Elderly Citizens Village and in-line with the Rules of Incorporation approved by members at Annual General Meeting December 2014.

Since our last AGM there have been no new appointments and 1 resignation (Peter Warner). We have 3 members who are concluding their term with us at this AGM 2 of which have indicated their preference to not sit for another term. I have received 2 nominations from members for positions on the Board.

The Board held their meetings in accordance with their approved meeting schedule which included 2 subcommittee meetings in the weeks proceeding each Board meeting for the purpose of financial analysis, and Quality and Culture governance. Since the last AGM 6 meetings were held. Board meeting attendance is as follows:

Name	Appointment	Responsibilities	Terms Served	Expiry	Board Meetings Attended
Mrs Ann Ferguson	21/01/2003	Chair; Member of the Finance Committee; Member of the Quality and Culture Committee	7	AGM 2022	16/12/2021 28/03/2022 28/04/2022 23/06/2022 18/08/2022 11/10/2022
Mr George Foggo	27/11/2012	Deputy Chair; Member of the Finance Committee; Member of the Quality and Culture Committee	3	AGM 2024	16/12/2021 28/03/2022 28/04/2022 23/06/2022 18/08/2022 11/10/2022
Ms Clare Adams	26/11/2013	Secretary; Member of the Finance Committee	3	AGM 2022	16/12/2021 28/03/2022 28/04/2022 23/06/2022 18/08/2022
Mr Chris Colley	25/11/2014	Chair of the Finance Committee; Member of the Finance Committee	2	AGM 2023	16/12/2021 28/03/2022 28/04/2022 23/06/2022 18/08/2022 11/10/2022

Mr Darren McCubbin	28/10/2008	Member of the Quality and Culture Committee	5	AGM 2022	16/12/2021 23/06/2022
Mr Paul Telfer	29/11/2017	Member of the Quality and Culture Committee	1	AGM 2023	16/12/2021 28/03/2022 28/04/2022 23/06/2022 18/08/2022 11/10/2022
Mr Peter Warner (Resigned 2022)	29/11/2017	Member of the Finance Committee	1	AGM 2024	16/12/2021 28/03/2022 28/04/2022 23/06/2022
Mr Sam Forbes	15/11/2018	Chair of the Quality and Culture Committee; Member of the Quality and Culture Committee	1	AGM 2024	16/12/2021 28/03/2022 28/04/2022 18/08/2022 11/10/2022

In addition to their strategic and governance obligations, in 2022 the Board also continued to consider the legal structure of SECV inline with the Governance recommendations from the Royal Commission. At Extraordinary General meeting on the 23rd of June 2022 the members resolved to become a Public Company Limited by Guarantee (metamorphosis). This resolution was made inline with the requirements of the Corporations Act of 2001 and our Rules of Incorporation (Incorporated Associations Act 2012) and an application has been made to ASIC to complete this process.

DMG's appointment as Auditors for a 2 year, term (ending AGM 2023) was resolved at last year's AGM and no motion has been received to renege on this appointment. They will continue as auditors for the next financial year. Their comprehensive audit report for FYE2022 together with our unqualified audit opinion is included in this report.

Sincerely,

Clare Adams
Company Secretary
Sale Elderly Citizens Village Inc.

SALE ELDERLY CITIZENS VILLAGE INCORPORATED
ANNUAL GENERAL MEETING
CHAIRPERSON'S ANNUAL REPORT
SUMMARY OF THE YEAR 2022

The Board again acknowledges the contribution of our Staff for their dedication to the organization and to our Residents. The Board has approved extra monies to help with other improvement within Ashleigh House and the Manor, unfortunately due to the COVID-19 our improvements and renovations have taken longer than expected. A special thanks must go to our residents, staff and resident's families for their patience this year, not only for the renovations but for COVID-19. COVID-19 has brought about many changes as to the way our Residents communicate with their loved ones, I am sure residents and staff have pick up new skills along the way. Our Staff continue to work to achieve a very safe and cheerful environment for not only our Residents but also their families. Our Care, Lifestyle, Administration, Environmental Services, Laundry, Catering and Maintenance Staff have again taken our organization through the year with the same dedication and knowledge that we have experienced in the past. Our sincere thanks to all staff for a year of hard work always done with a smile!

A special thank you to our Management Team, Care Staff, Life Style, Environmental, Catering, Laundry and Maintenance Teams for their wonderful support and help throughout the year, the outstanding care and support given to our residents and the support you give your fellow staff members when needed

The contribution of health professionals during the year must also be acknowledged. We are very lucky to have dedicated Doctors in Sale who have the interests of our residents at heart. Their willingness to respond to urgent requests is fantastic, given the very busy workload. We are also fortunate to have access to physiotherapy, occupational therapy, dieticians and podiatrists, and we thank them all for their services.

We have again been fortunate to enjoy the ongoing support by several volunteers during the year till COVID-19 restrictions prevented volunteers from entering the facility. We have been so blessed to have people come to our facility to play music, to sit and just talk to our Residents, to take them out on outings and just be there when they are needed. We extend our warmest thanks to those people also.

The Federal Government continues to change the funding models (now ANACC) for organizations such as ours. This makes operation of Not-for-Profit facilities even harder to manage and we along with many others will have to really work much harder to manage with less financial backing from the Government. With many more people living longer and needing the help given by Aged Care facilities, the Government will have to be lobbied to look harder at supporting them. With the implementation of the majority of the Royal Commission recommendations into Aged Care, we are hoping to see more funding come our way.

Finally, special thanks also to our Board Members. Board members give of their time on a volunteer basis to assure that SECV remains a very safe, comfortable, homely and enjoyable place for our Residents to live, and for their families to visit. As with every year, this has been a challenging year for all of us but together we have achieved much for our organization. I personally thank all Board members for their help in the past 12 months, for entrusting the running of this wonderful facility to our care and for their ongoing support. We have been very fortunate in this financial year to have 8 Board Members – George Foggo, Claire Adams, Darren McCubbin, Peter Warner, Chris Colley, Paul Telfer and Sam Forbes. This year we have been unfortunate to lose Peter Warner (Resigned 10-08-2022) Both Darren McCubbin (14 years) and myself (20 years) will not be re nominating to Board. Two very worthy candidates have nominated to Board and will be announced later in the AGM.

Ann Ferguson
Chairperson November 2022



CEO'S REPORT TO MEMBERS 2022

Dear Members,

It's my pleasure to present the CEO's report to Members. The strategic focus since AGM 2021 has been monitoring the changing regulatory landscape and structuring the organisation to meet the regulatory and governance requirements handed down by the Royal Commission and increased scrutiny from the Department of Health and Aged Care Quality and Safety Commission. Where there were clear messages and no ambiguity about these expectations (for example staffing ratios) we acted promptly to ensure that we kept pace with our competitors. We have deliberately released the constraints on our opex and reduced our EBIDA to a target of between 10-12% of Net Income.

To set the organisation on path to meet the minimum staff ratio requirements we commenced stabilising our roster structure in 2021. To do this we standardised our shift structure and reduced the number of different types of shifts (3 time slots a day) as well as reduced the roster cycle to 2 weeks. Balancing our workplace obligations and head count issues we became much stricter about shift swapping which created cascading working constraints and bottle necks in other areas. We removed the ever-present shift trading culture that created various HR and relationship issues amongst staff. This had a short-term impact on heightened sick leave earlier in the year, but has now stabilised. We continue to drip-feed additional shifts into the roster and increase our headcount through targeted recruitment campaigns, recruitment software and internal incentive schemes to bring staff in.

As the world tried to find a sense of post COVID normality, damaged trade and supply chains drove costs of everyday consumables higher, contributing to high inflation. Unemployment fell to 30 year lows and there were staff shortages in almost every industry. Aged Care was already suffering staff shortages, and the sense that staff were not getting a "fair deal" together with challenged staff morale issues (from working in more stressful COVID19 sensitive environments) have been taking their toll. We had staff turnover rates as high as 77%(annualised) for some months of the previous year. The management team held fast to our need to protect our culture and continued to foster the desirable behaviours that contributed to this culture,(even when this meant accepting a higher staff attrition). We worked hard at replacing our staff and completely revised our recruitment and onboarding process to use behavioural based interviews and assessments. We expect this to increase our training and education budgets in the future (to continue building our skills matrices) however we are already seeing noticeable improvements in staff engagement, reduced sick leave and reduced HR or relationship issues.

During the year, we experienced several COVID exposures and 2 outbreaks within the facility. Staff are now well rehearsed at scaling up our infection control as required to ensure the best protection possible for our residents (inline with advice from the Department of Health) and then scaling back to balance with comfort of working (and living environments). Our lifestyle team continued to find new and innovative ways to keep the fun in the facility whilst remaining COVID safe. Including a week on a cruise ship (a COVID safe one), talent shows, Alice in Wonderland and trips to local concerts and events. In October we appointed a new Community Development Officer position to

extend our outreach into the Elderly Community and into our ILUs. The Goal of this position is to increase community participation of our older persons and improve relationships with other community providers that support positive ageing initiatives in Wellington and around Gippsland.

The apparent operating loss in our financials for year ending 30/06/2022 is primarily driven by a movement in the Fair Value movement in investment properties (contributing a \$970k expense to our profit and loss). This change in valuation is due to the prior year sworn valuation using market rental returns for the fair value measurement compared to management using actual rental returns (rent is below market). We had a \$770k (9.3%) increase in revenue which is primary due to increased care subsidies and the receipt of the Business Improvement Fund. Staffing Expenditure increased by 11% as we attempted as best we can to progress towards mandatory staffing ratios. With high staff turnover (mentioned earlier) we had a subsequent drop in staff tenure and leave provisions. We observed an 8.8% increase in consumables driven by both pricing increases and strategic focus on quality programs. Our EBIDA with non-recurrent addbacks finished at 11.2% which is right in the middle of our 10-12% target EBIDA. This generated a cash surplus of \$930k which was largely used to increase our prudential ratio and turnover some ageing equipment. We will be looking to progress our Capital Master plan with some larger capital expenditure in in 2023.

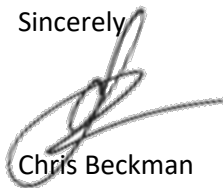
The management team has remained largely stable since AGM2021 with only the one change being the appointment of Dhanwant Ward as our Clinical Care Manager. Dhane will partner with Leah to continue to the deliver quality care and efficient management of our Care staff.

On behalf of the management team and all the staff at SECV I wish to thank our volunteer Board for the continued honourable support of our mission. Board members selflessly put aside their own personal time to partner with the management team and contribute positively to the lives of our residents and keep our facility accessible to our community.

2022 was another fantastic year for Sale Elderly Citizens Village Inc and we look forward to building on this in 2023.

Thank you

Sincerely

A handwritten signature in black ink, appearing to read 'Chris Beckman', written over a circular stamp or seal.

Chris Beckman
Chief Executive Officer



Sale Elderly Citizens Village Inc

ABN: 44 388 524 321

**Financial Report
For The Year Ended 30 June 2022**

Sale Elderly Citizens Village Inc
Statement Of Financial Position
As at 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	7,581,451	5,849,105
Trade and other receivables	5	237,730	166,298
TOTAL CURRENT ASSETS		<u>7,819,181</u>	<u>6,015,403</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,996,658	8,561,925
Investment property	7	8,976,962	9,950,000
TOTAL NON-CURRENT ASSETS		<u>17,973,620</u>	<u>18,511,925</u>
TOTAL ASSETS		<u>25,792,801</u>	<u>24,527,328</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	474,034	335,466
Provisions	9	781,585	865,705
Accommodation bonds and refundable deposits	10	7,929,715	6,223,375
Retirement village resident loans	10	1,894,317	1,869,243
Other liabilities	11	16,199	10,775
Interest bearing liabilities	12	-	155
TOTAL CURRENT LIABILITIES		<u>11,095,850</u>	<u>9,304,719</u>
NON-CURRENT LIABILITIES			
Provisions	9	231,331	297,616
TOTAL NON-CURRENT LIABILITIES		<u>231,331</u>	<u>297,616</u>
TOTAL LIABILITIES		<u>11,327,181</u>	<u>9,602,335</u>
NET ASSETS		<u>14,465,620</u>	<u>14,924,993</u>
EQUITY			
Asset revaluation reserve	13	10,405,394	10,405,394
Accumulated surplus		4,060,226	4,519,599
TOTAL EQUITY		<u>14,465,620</u>	<u>14,924,993</u>

The accompanying notes form part of this financial report.

Sale Elderly Citizens Village Inc
Statement of Comprehensive Income
For The Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	2	9,026,253	8,256,372
Employee benefits		(5,940,823)	(5,375,885)
Supplies and consumables		(885,374)	(624,079)
Depreciation		(494,603)	(458,958)
Finance costs		(7,130)	(4,622)
Other expenses		(1,184,658)	(1,088,058)
Fair value movement of investment properties	7	(973,038)	2,025,378
Surplus/ (deficit) for the year		<u>(459,373)</u>	<u>2,730,148</u>
Other comprehensive income			
Revaluation of land and buildings	13	-	713,862
Total other comprehensive income for the year		<u>-</u>	<u>713,862</u>
Total comprehensive income for the year		<u>(459,373)</u>	<u>3,444,010</u>

The accompanying notes form part of this financial report.

Sale Elderly Citizens Village Inc
Statement Of Changes In Equity
For The Year Ended 30 June 2022

	Note	Accumulated Surplus \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 July 2020		1,789,451	9,691,532	11,480,983
Surplus/(deficit) for the year		2,730,148	-	2,730,148
Net asset revaluation increment	13	-	713,862	713,862
Balance at 30 June 2021		4,519,599	10,405,394	14,924,993
Balance at 1 July 2021		4,519,599	10,405,394	14,924,993
Surplus/(deficit) for the year		(459,373)	-	(459,373)
Balance at 30 June 2022		4,060,226	10,405,394	14,465,620

The accompanying notes form part of this financial report.

Sale Elderly Citizens Village Inc
Statement of Cash Flows
For The Year Ended 30 June 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer/residents		8,960,245	8,229,032
Payments to suppliers and employees		(8,022,692)	(7,061,408)
Interest received		-	41,774
Interest paid		(7,130)	(4,622)
Net cash provided by/ (used in) operating activities	14	<u>930,423</u>	<u>1,204,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(929,336)	(480,344)
Net cash provided by/ (used in) investing activities		<u>(929,336)</u>	<u>(480,344)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net accommodation bonds and ILU ingoings received		1,731,414	471,793
Loan repayments		(155)	(89,367)
Net cash provided by/ (used in) financing activities		<u>1,731,259</u>	<u>382,426</u>
Net increase/ (decrease) in cash and cash equivalents		1,732,346	1,106,858
Cash and cash equivalents at beginning of financial year		5,849,105	4,742,247
Cash and cash equivalents at end of financial year	14	<u><u>7,581,451</u></u>	<u><u>5,849,105</u></u>

The accompanying notes form part of this financial report.

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

Note 1: Summary of Significant Accounting Policies

These financial statements cover Sale Elderly Citizens Village as an individual entity. Sale Elderly Citizens Village is an incorporated association for financial reporting purposes.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures of the Australian Accounting Standards Board (AASB) and *Australian Charities and Not-for-profits Commission Act 2012*. The entity is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

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

(a) Income Tax

The entity is exempt from tax for income tax purposes.

(b) Property, Plant and Equipment

Property, plant and equipment

Property, plant and equipment is measured at cost or valuation less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present. The recoverable amount is assessed as the depreciated replacement cost of an asset.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over their useful lives from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and Equipment	15% - 33%
Motor vehicles	20%
Buildings	2.5%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss in the period in which they occur.

Sale Elderly Citizens Village Inc

Notes To The Financial Statements

For The Year Ended 30 June 2022

Revaluation

Subsequent to the initial recognition as assets, land and buildings are measured at fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Revaluations are assessed annually and supplemented by independent assessments, at least every five years.

On 30 June 2021 land and buildings were revalued on the market value as provided by Gippsland Property Valuations - Certified Valuers #AAPI CPV 71139.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately in the net result.

(c) Leases

The entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A single recognition and measurement approach is applied for all leases, except for short-term leases and leases of low-value assets. Where applicable to the entity, it recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Short term leases and leases of low value assets

The short-term lease recognition exemption is applied to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Sale Elderly Citizens Village Inc

Notes To The Financial Statements

For The Year Ended 30 June 2022

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into amortised costs.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss (FVPL)):

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

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

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

(e) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(f) Employee Entitlements

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year of the end of the reporting period have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and related on-costs and the probability that the employee may not satisfy any vesting requirements. The estimated cash outflows are discounted using market yields on national government bonds with maturity terms that match the expected timing of cash outflows.

Obligations for long term employee benefits are classified as non-current except where there is no unconditional right to defer payment, in which case they are presented as current.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts.

(h) Trade and Other Receivables

Accounts receivable and other debtors include amounts due from customers for events, services, and goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current. Accounts receivable are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

(i) Revenue Recognition

Aged Care Subsidies, Rental Income and Resident Fees

When the entity receives aged care subsidies, rental income and resident fees, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the co-

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

Capital Grants

When the entity receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards. The entity recognises income in profit or loss when or as the entity satisfies its obligations under terms of the grant.

Interest income

Interest income is recognised using the effective interest method.

(j) Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the entity.

Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured at fair value. Movements in fair value are recognised directly to profit or loss. Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

(k) Accommodation Bonds and Refundable Accommodation Deposits

The liability for accommodation bonds and refundable accommodation deposits is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident, and in the instance of bonds, less deductions for fees and retentions pursuant to the Aged Care Act 1997. These liabilities are considered to be current as the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The obligation to settle could occur anytime on the death or departure of the resident.

Retirement Village Resident Loans

Resident loans are carried at the amount that would be payable on termination of the residents occupation rights to an independent living unit in the retirement village. The liability is recognised as the value of the loan at the balance date. The resident loans are classified as current liabilities.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. Receivables and payables in the statement of financial position are shown inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(m) Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by the entity during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Critical Accounting Estimates and Judgments

The entity evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

	2022	2021
	\$	\$
Note 2: Revenue		
Aged care subsidies	5,345,602	5,237,952
Government grants - capital	75,640	124,360
Resident fees	2,437,923	2,152,958
Rental income	851,791	541,003
Government grants - operating	307,107	92,641
Other revenue	8,190	107,458
Total Revenue	9,026,253	8,256,372
Note 3: Surplus for the year		
Surplus for the year includes the following expenses:		
Contribution to defined contributions superannuation funds	548,481	443,185
Auditors remuneration		
- auditing the financial report	11,950	13,183
- audit of prudential compliance statement	1,060	1,030
- audit of funding acquittals	900	-
Note 4: Cash and cash equivalents		
Cash at bank and on hand	7,581,451	5,849,105
Note 5: Trade and other receivables		
Resident fees	169,510	106,618
Provision for doubtful debts	(31,434)	-
Accrued investment income	-	23,656
Government subsidies	40,060	-
GST receivable	59,594	36,024
	237,730	166,298

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

	2022	2021
	\$	\$
Note 6: Property, plant and equipment		
Land		
Land - at valuation 30 June 2021	800,000	800,000
Buildings		
Buildings - at valuation 30 June 2021	7,200,000	7,200,000
Less accumulated depreciation	(300,994)	-
	<u>6,899,006</u>	<u>7,200,000</u>
Plant and equipment		
Plant and equipment - at cost	2,792,720	1,932,142
Less accumulated depreciation	(1,584,250)	(1,404,874)
	<u>1,208,470</u>	<u>527,268</u>
Motor vehicles		
Motor vehicles - at cost	133,823	133,823
Less accumulated depreciation	(112,028)	(99,166)
	<u>21,795</u>	<u>34,657</u>
Work in progress		
Café project	67,387	-
	<u>67,387</u>	<u>-</u>
Total property, plant and equipment	<u><u>8,996,658</u></u>	<u><u>8,561,925</u></u>

An independent valuation of the entity's land and buildings was performed by Gippsland Property Valuations, to determine the fair value of land and buildings. The valuation, which conforms to Australian Valuation Standards and in line with AASB116 and AASB13, was determined by reference to the basis of the land and site improvements. The effective date of the valuation was 30 June 2021.

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

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

	Land	Building	Plant & equipment	Motor vehicles	Work in progress	Total
		\$	\$	\$		\$
Balance at the beginning of the	800,000	7,200,000	527,268	34,657	-	8,561,925
Additions	-	-	861,949	-	67,387	929,336
Depreciation expense	-	(300,994)	(180,747)	(12,862)	-	(494,603)
Balance at the end of the year	800,000	6,899,006	1,208,470	21,795	67,387	8,996,658

	2022	2021
	\$	\$
Investment properties - at fair value	8,976,962	9,950,000
Balance at the beginning of the year	9,950,000	7,924,622
Fair value movement increment/(decrement)	(973,038)	2,025,378
Balance at the end of the year	8,976,962	9,950,000

The basis of valuation of investment properties is fair value. The investment properties are formally revalued every 3-5 years based on independent assessments by a member of the Australian Property Institute. Investment properties were independently value as at 30 June 2021 by Gippsland Property Valuations. Valuations were based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. Management have undertaken a fair value assessment in the current year using the same methodology.

Note 8: Trade and other payables

Trade creditors	310,837	228,897
Accrued expenses	40,004	45,807
Income in advance	20,496	60,762
Other payables	102,697	-
	474,034	335,466

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

	2022	2021
	\$	\$
Note 9: Provisions		
CURRENT		
Annual leave	469,397	511,253
Long service leave	312,188	354,452
	<u>781,585</u>	<u>865,705</u>
NON-CURRENT		
Long service leave	231,331	297,616
	<u>231,331</u>	<u>297,616</u>
Note 10: Accommodation bonds & retirement village resident loans		
Refundable accommodation deposits - aged care	7,929,715	6,223,375
	<u>7,929,715</u>	<u>6,223,375</u>
Ingoing contributions - independent living units	1,894,317	1,869,243
	<u>1,894,317</u>	<u>1,869,243</u>
Note 11: Other Liabilities		
Monies held in trust - residents funds	16,199	10,775
	<u>16,199</u>	<u>10,775</u>
Note 12: Interest Bearing Liabilities		
CURRENT		
Lease liability	-	155
	<u>-</u>	<u>155</u>
Note 13: Reserves		
Asset revaluation reserve		
Movements during the year:		
Balance 1 July	10,405,394	9,691,532
Revaluation increment/(decrement)		
Land	-	50,000
Buildings	-	663,862
Balance 30 June	<u>10,405,394</u>	<u>10,405,394</u>

The asset revaluation reserve records revaluations of non-current assets.

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

	2022	2021
	\$	\$
Note 14: Cash flow information		
Cash in the statement of cash flows reconciled to the statement of financial position		
Cash and cash equivalents	7,581,451	5,849,105
Reconciliation of cash flows from operating activities		
Surplus/ (deficit) for the year	(459,373)	2,730,148
Depreciation	494,603	458,958
Fair value movement on investment properties	973,038	(2,025,378)
(Decrease)/ increase in payables and other liabilities	138,568	(79,902)
(Decrease)/increase in employee benefits	(150,405)	106,516
Decrease / (increase) in receivables	(71,432)	15,266
(Decrease) / increase in other liabilities	5,424	(832)
Net cash provided by/ (used in) operating activities	930,423	1,204,776

Note 15: Contingent Assets and Contingent Liabilities

The Board of Management is not aware of any contingent assets or contingent liabilities at year end.

Note 16: Events After the Reporting Period

There have been no events occurring after the reporting period that require disclosure.

Note 17: Key Management Personnel Compensation

Any person having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including board members, is considered key management personnel.

The totals of remuneration paid to key management personnel of the entity during the year are as follows:

Key management personnel compensation	179,592	113,614
---------------------------------------	---------	---------

Note 18: Related Party Transactions

There are no related party transactions.

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

Note 19: Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, accounts receivable and payable, accommodation bonds and ingoing contributions.

The carrying amounts for each category of financial instruments are as follows:

	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	7,581,451	5,849,105
Trade and other receivables	237,730	166,298
Total financial assets	<u>7,819,181</u>	<u>6,015,403</u>
Financial liabilities		
Trade and other payables	474,034	335,466
Accommodation bonds and refundable deposits	7,929,715	6,223,375
Ingoing contributions	1,894,317	1,869,243
Other liabilities	16,199	10,775
Interest Bearing Liabilities	-	155
Total financial liabilities	<u>10,314,265</u>	<u>8,439,014</u>

Note 20: Economic Dependence

Sale Elderly Citizens Village Inc is dependent on the ongoing financial support of the Government and in particular, the Department of Health & Aged Care. At the date of this report the Board have no reason to believe that the Department will not continue to support the entity.

Sale Elderly Citizens Village Inc

Notes To The Financial Statements

For The Year Ended 30 June 2022

Note 21: Working Capital Deficiency

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. For the year ended 30 June 2022, the entity recorded a working capital deficit of \$3,276,669 (2021: \$3,289,316). The entity recording a deficit of \$459,373 (2021 surplus of \$2,730,148) and cash inflows from operating activities of \$930,423 (2021: \$1,204,776). There is some uncertainty relating to the future operating cash flows which are dependent on prompt replacement of independent living unit bonds and refundable accommodation bonds from residential aged care. As is typical for the aged care industry, accommodation bonds and refundable deposits are classified as current, however the Board is of the view that these will not be paid out all at once in a lump sum, and of those that are paid out periodically they will be replaced with new incoming bonds. The Board is also of the view that any shortfalls will be met out of operations and further utilisation of the independent living units. Employee provisions are also classified as current as Sale Elderly Citizens Village does not have the unconditional right to defer settlement, however these are not expected to be fully paid out in the next 12 months. This provides the Board with reasonable grounds to be of the view that the entity will be able to pay its debts as and when they fall due.

Note 22: Fair Value Measurements

The entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income;
- freehold land and buildings; and
- investment properties.

Valuation techniques

The entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the entity are consistent with one or more of the following valuation approaches:

- the market approach, which uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- the income approach, which converts estimated future cash flows or income and expenses into a single discounted present value; and
- the cost approach, which reflects the current replacement cost of an asset at its current service capacity.

Sale Elderly Citizens Village Inc
Notes To The Financial Statements
For The Year Ended 30 June 2022

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Recurring fair value measurements

	2022	2021
	\$	\$
<i>Property, plant and equipment</i>		
Freehold land and buildings (i)	7,699,006	8,000,000
<i>Investment property</i>		
Independent living units (ii)	8,976,962	9,950,000

(i) For freehold land and buildings, the fair values are based on an external independent valuation performed in the 2021 year, which used comparable market data for similar properties.

(ii) Independent living units fair values are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Note 23: Entity Details


The registered office and principal place of business of the entity is:
20-25 Bergen Crescent
Sale Vic 3850

Sale Elderly Citizens Village Inc
Board of Management Declaration
For The Year Ended 30 June 2022

The members of the Board of Management of the entity declare that:

1. 1. The financial statements and notes are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, and
 - (a) comply with Australian Accounting Standards - Simplified Disclosures; and
 - (b) give a true and fair view of the financial position of the entity as at 30 June 2022 and of its performance for the financial year then ended.
2. There are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the members of the Board of Management.


George Foggo (Oct 28, 2022 14:01 GMT+11)

Name: George Foggo

Position: Deputy Chairperson


Chris Colley (Oct 28, 2022 14:14 GMT+11)

Name: Chris Colley

Position: Board Member

Date: Oct 28, 2022











SECV Financials 2022

Final Audit Report

2022-10-28

Created:	2022-10-28
By:	Chris Beckman (chris@secvinc.com.au)
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-  Signer foggogeorge@hotmail.com entered name at signing as George Foggo
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-  Signer ccolley60@gmail.com entered name at signing as Chris Colley
2022-10-28 - 3:14:24 AM GMT- IP address: 120.148.70.71
-  Document e-signed by Chris Colley (ccolley60@gmail.com)
Signature Date: 2022-10-28 - 3:14:26 AM GMT - Time Source: server- IP address: 120.148.70.71
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INDEPENDENT AUDITOR'S REPORT

To the Members of Sale Elderly Citizens Village Inc.

Opinion

We have audited the accompanying financial report of Sale Elderly Citizens Village Inc ("the Entity") which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and board of management declaration.

In our opinion, the financial report of Sale Elderly Citizens Village Inc is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the board of management of the entity, would be in the same terms if given to the board of management as at the time of this auditor's report.

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

Responsibilities of Management and the Board of Management for the Financial Report

Management of the Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as management determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the board of management are responsible for assessing the 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 board of management either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.



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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 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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of management.
- Conclude on the appropriateness of the board of management's 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 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 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.

Rochelle Wrigglesworth
Director
Forefront Pty Ltd

Place: Sale
Date: 28 October 2022



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Auditor's Independence Declaration

Under Section 60-40 of the *Australian Charities and Not-For-Profits Commission Act 2012*

To the Members of Sale Elderly Citizens Village Inc

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2022, there have been:

- (i) 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
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rochelle Wrigglesworth
Director
Forefront Pty Ltd

Date: 28 October 2022
Place: Sale



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Sale Elderly Citizen's Village Inc and the Secretary of the Department of Health and Aged Care

Report on Sale Elderly Citizen's Village Inc's compliance with the *Aged Care Act 1997* (the Act) and the *Fees and Payments Principles 2014 (No.2)* (Fees and Payments Principles).

We have audited the compliance of Sale Elderly Citizen's Village Inc with the requirements of Part 5, Part 6, and Part 7 of the Fees and Payments Principles for the period 1 July 2021 to 30 June 2022.

Opinion

In our opinion, Sale Elderly Citizen's Village Inc has complied, in all material respects, with the requirements of Part 5, Part 6, and Part 7 of the Fees and Payments Principles (as amended) for the period 1 July 2021 to 30 June 2022.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Guide to audit of an approved provider's compliance with the prudential requirements (the Guide), we are required to report all instances of non-compliance with the requirements of the Act and the Fees and Payments Principles by Sale Elderly Citizen's Village Inc that came to our attention during the course of our audit. No instances of non-compliance with prudential requirements came to our attention.

Directors' Responsibility

The directors of Sale Elderly Citizen's Village Inc are responsible for compliance with the Act and the Fees and Payments Principles and for such internal control as the directors determine is necessary for compliance with the Act and the Fees and Payments Principles. The responsibilities of the directors include requirements under the Act and the Fees and

Payments Principles for the preparation and presentation of the Annual Prudential Compliance Statement (APCS) and compliance with the Prudential Standards contained within the Fees and Payments Principles.

Auditors' Responsibility

Our responsibility is to form and express an opinion on Sale Elderly Citizen's Village Inc's compliance, in all material respects, with the prudential requirements of the Act and the Fees and Payments Principles.

Our audit has been conducted in accordance with the applicable Standards on Assurance Engagements (ASAE 3100 Compliance Engagements), issued by the Auditing and Assurance Standards Board and with the requirements of the Department of Health and Aged Care as set out in the Guide. Our audit has been conducted to provide reasonable assurance that Sale Elderly Citizen's Village Inc has complied with the requirements of the Fees and Payments Principles. ASAE 3100 requires that we comply with relevant ethical requirements.

Audit procedures selected depend on the auditor's judgement. The auditor designs procedures that are appropriate in the circumstances and incorporate the audit scope requirements set out in the Guide. The audit procedures have been undertaken to form an opinion on compliance of Sale Elderly Citizen's Village Inc with Part 5, Part 6, and Part 7 of the Fees and Payments Principles. Audit procedures include obtaining evidence relating to refundable deposits, accommodation bonds and entry contributions held; refunds of refundable deposits, accommodation bond balances and entry contributions; limits on charging refundable deposits, accommodation bonds; compliance with the Prudential Standards relating to liquidity, records, governance and disclosure; and use of refundable deposits and accommodation bonds.



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Use of Report and Restriction on Distribution

Use of report and restriction on distribution
This auditor's report has been prepared for the directors of Sale Elderly Citizen's Village Inc and the Secretary of the Department of Health and Aged Care for the purpose of fulfilling the requirements of the Disclosure Standard. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the directors and the Secretary of the Department of Health and Aged Care, or for any purpose other than that for which it was prepared. Our report is intended for the directors of Sale Elderly Citizen's Village Inc and the Secretary of the Department of Health and Aged Care and should not be distributed to other parties.

Inherent Limitations

Because of the inherent limitations of any compliance procedures, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements of the Act and Fees and Payments Principles, as the audit procedures are not performed continuously throughout the year and are undertaken on a test basis.

Rochelle Wrigglesworth
Registration Number 322537
Director
Forefront Pty Ltd
Registration Number 450322

Place: Sale
Date: 28 October 2022



Sale Elderly Citizens Village Incorporated
Putting the 'care' into aged care and 'community' into village

28/10/2022

Rochelle Wrigglesworth
Director
Forefront Pty Ltd
399 Raymond St
Sale Vic 3850

Dear Rochelle

Financial report of Sale Elderly Citizens Village Inc for the year ended 30 June 2022

This representation letter is provided in connection with your audit of the financial report for the purpose of expressing an opinion as to whether the financial report presented fairly, in all material respects, the financial position at year end and of its financial performance and its cash flow for the year then ended in accordance with applicable Australian Accounting Standards.

We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards.

We confirm, to the best of our knowledge and belief and, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves, the following representations made to you during your audit.

1. We have provided you with:
 - (a) access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters
 - (b) additional information that you have requested from us for the purpose of the audit
 - (c) unrestricted access to persons within the entity from whom you have sought audit evidence
 - (d) minutes of all meetings of boards of management/ directors/ committees of directors
 - (e) details of any off-balance sheet agreements or instruments, or confirmation that no such agreements or instruments exist.
2. All transactions have been recorded in the accounting records and are reflected in the financial report.
3. Proper accounts and records of the transactions and affairs of the entity and such other records as sufficiently explain the financial operations and financial position of the entity have been kept in accordance with legislation, where applicable.
4. We have prepared the financial report as a not-for-profit entity for the purpose of reporting under Australian Accounting Standards.
5. We acknowledge responsibility for the design, implementation and maintenance of internal controls designed to prevent and detect fraud.
6. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
7. There:

Ashleigh House – Residential Aged Care Facility

The Brenda Burditt Manor – Dementia Specific Facility

Eastwood Park, Northwood Park –Independent Living Units

Administration: Ashleigh House, Bergen Crescent (PO Box 291), Sale Vic 3850

Phone: (03) 5144 4484 Fax: (03) 5144 4583 Web: www.secvinc.com.au

Incorp Reg: A0001023W **ABN 44 388 524 321**



LASA
LEADING AGE SERVICES
AUSTRALIA
The voice of aged care

MEMBER
2019-20

- (a) has been no fraud involving management or employees who have a significant role in the internal control structure
 - (b) has been no fraud that could have a material effect on the financial report
8. There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.
 9. We acknowledge responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control that we are aware of.
 10. We have no plans or intentions that may materially affect the carrying values or classification of assets and liabilities.
 11. We consider the measurement methods, including related assumptions, used to determine fair values relating to assets and liabilities to be appropriate and consistently applied and appropriately disclosed in the financial report.
 12. We have considered the requirements of AASB 136 Impairment of Assets when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
 13. Asset useful lives have been reviewed and any resulting changes accounted for as a change in an accounting estimate.
 14. The following have been properly recorded or disclosed, where applicable, in the financial report:
 - (a) arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements
 - (b) agreements to repurchase assets previously sold
 - (c) losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.
 15. All known or suspected instances of non-compliance with laws or regulations whose effects should be considered for disclosure when preparing the financial report have been disclosed to the auditor.
 16. All known actual or possible litigation and claims whose effects should be considered when preparing the financial report have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework, including:
 - (a) material liabilities or contingent liabilities or assets including those arising under derivative financial instruments
 - (b) unasserted claims or assessments that our lawyer has advised us are probable of assertion.
 17. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
 18. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
 19. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
 20. The identity of all known related parties (including controlled entities), related party relationships and transactions have been made known to the auditor. All related party relationships and transactions have been appropriately accounted for and disclosed in the financial report in accordance with the requirements of the accounting framework including revenue, purchases, loans, transfers, leasing arrangements and guarantees (written or verbal).
 21. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.
 22. We believe that the significant assumptions used in making accounting estimates for inclusion in the financial report are reasonable.
 23. With respect to publication of the financial report in hard copy, we will ensure that:
 - (a) the financial report accurately reflects the audited financial report and
 - (b) the audit report has been reproduced accurately and in full.
 24. With respect to publication of the financial report on our website:
 - (a) we acknowledge that we are responsible for the electronic presentation of the financial report

- (b) we will ensure that the electronic version of the audited financial report and the auditor's report on the website will be identical to the final signed hard copy version
- (c) we will clearly differentiate between audited and unaudited information in the construction of the entity's website as we understand the risk of potential misrepresentation
- (d) we have assessed the controls over the security and integrity of the data on the website and adequate procedures are in place to ensure the integrity of the information published and
- (e) we will not present the auditor's report on the full financial report with extracts only of the full financial report.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Beckman', with a stylized flourish extending to the right.

Chris Beckman

Chief Executive Officer



*Sale Elderly Citizens Village Incorporated
Putting the 'care' into aged care and 'community' into village*

28 October 2022

Rochelle Wrigglesworth
Director
Forefront Pty Ltd
PO Box 160
Sale Vic 3853

Dear Rochelle

RE: Part 5, Part 6, and Part 7 of the *Fees and Payments Principles 2014 (No.2)*

This representation letter is provided in connection with our compliance, for the year ending 30 June 2022, with Part 5, Part 6 and Part 7 of the *Fees and Payments Principles 2014 (No.2)*.

We confirm, to the best of our knowledge and belief, and after having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves, the following representations are made to you during your procedures.

1. We have provided you with:
 - (a) access to all information of which we are aware that is relevant to your procedures
 - (b) additional information that you have requested from us for the purpose of your procedures
 - (c) unrestricted access to persons within the entity from whom you have sought evidence
2. There have been no breaches of Part 5, Part 6 and Part 7 of the *Fees and Payments Principles 2014 (No.2)* that have been reported to you.
3. We have complied with Part 5, Part 6 and Part 7 of the *Fees and Payments Principles 2014 (No.2)*.
4. There have been no requests from care recipients of information and documents set out in section 57(1)(a)-(g) and therefore no register of requests has been maintained.
5. There have been no requests from prospective care recipients of information and documents set out in section 57(1)(a)-(f) and therefore no register of requests has been maintained.
6. Letters were sent to all residents within 4 months on 30 June 2022 with a copy of the resident's entry in the refundable deposit register and a written statement explaining what other information is available on request, and copies of the letters have been maintained on the resident file.

We understand that your examination was made in accordance with Australian Auditing Standards and that your tests of the records and other procedures were limited to those which you considered necessary for the purposes of reporting.

Yours sincerely

Chris Beckman
Chief Executive Officer



Ashleigh House – Residential Aged Care Facility
The Brenda Burditt Manor – Dementia Specific Facility
Eastwood Park, Northwood Park – Independent Living Units
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