



Treasurer's Report for Year ending 30 June 2016

I am pleased to Report that Evergreen Life Care Limited recorded another surplus, of \$413,078 for the year to 30/6/16. Included in the previous year's surplus was a gain on revaluation of Investment Property of \$2,930,069 which partially explains the drop in Surplus over the year. This result was arrived at on Total Operating Income of \$10,844,802 in comparison to revenue from operating activities in 2014/15 of \$10,601,933. The main contributors to Revenue in 2015/16 were:

- Government Subsidies \$6,286,830. (58.0% of total revenue). +\$64,466.
- Residential Aged Care Fees \$2,041,177 (18.82% of total revenue). +\$219,419.

The Surplus this year represents a return on total operating revenue of 3.81% and was achieved in a difficult year when operating circumstances at Yallabee Lodge resulted in some unforeseen expenditure from:

- Senior Executive changes, and additional hiring whilst permanent recruitment was undertaken,
- The difficulty in employing Registered Nurses, resulting in Agency Temporary staff hire.

Total expenditure, including depreciation, for the year was \$10,431,724 (+\$1,208,616) with the main item being Total Salaries and Wages (incl on costs) of \$6,804,021 (+ \$590,862) representing 65.2% of total expenditure.

The Statement of Financial Condition as at 30/6/16 showed Total Assets of \$59,042,066 with Total Liabilities of \$45,182,984. Net Assets of \$13,859,082 reflects a relatively good Balance Sheet position.

Current Assets stood at \$4,068,574 whilst Current Liabilities were \$45,052,537. Included in the Current Liabilities are Resident Loans and Bonds of \$43,984,564.

Of the Total Current Assets, Cash and Equivalents and Term Deposits totalled \$3,893,339, or 95.7% of Current Assets showing a very liquid asset position. The organisation has established an Investment Policy and carefully manages its liquidity position to safeguard against risks and maximise returns on investments.

Over the last year we have introduced a new Financial Reporting system, in conjunction with other members of PACE Aged Care Limited, which is providing efficiencies and reduced accounting time.

As with most Not for Profit services, the continuance of Government Funding as the major source of revenue remains our principle financial risk. The Finance and Risk sub Committee continues to review all Risks, including all operational considerations, on an ongoing basis, with reports to the Board.

I would like to thank Ted for his Management input, and Craig and the accounting staff for their assistances and work in providing timely and comprehensive reports to the Board. Also, to the members of the Finance and Risk Committee, a sincere thank you for your assistances and professional advice.

Our thanks is also extended to our Auditors, Fortunity , Chartered Accountants and it is Recommended that the Audit arrangement decided last year continue for the 2016/17 financial year.

The Financial condition of the business is viewed as being healthy for an ongoing viable business. We are pleased to provide an increasing level of quality services to our residents and the Community at large, and by registering operating surpluses we ensure that will continue to grow into the future.

I commend these financial statements to you.

Ron Thomsen.

Treasurer.

20th October, 2016