



**COMMON  
EQUITY HOUSING**  
South Australia

**2020-21**

**Annual Report**



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*‘All of the photos used in this Annual Report are our members’, tenants’ and team members’ gardens, pets, and homes; this is our community’*



# Acknowledgement of Country

Common Equity Housing SA acknowledges the Aboriginal and Torres Strait Islander peoples as traditional custodians of the land on which it operates. We pay respect to Elders past, present and emerging, and value the rich history, unbroken culture, and ongoing connection of Aboriginal and Torres Strait Islander people to country.

# We value diversity

Common Equity Housing SA values diversity. We are committed to providing a safe, culturally appropriate, and inclusive service for all people, regardless of their culture, faith, disability, sexuality, or gender.



# Our vision

The co-op housing model continues to actively grow, evolve, and empower communities in South Australia.

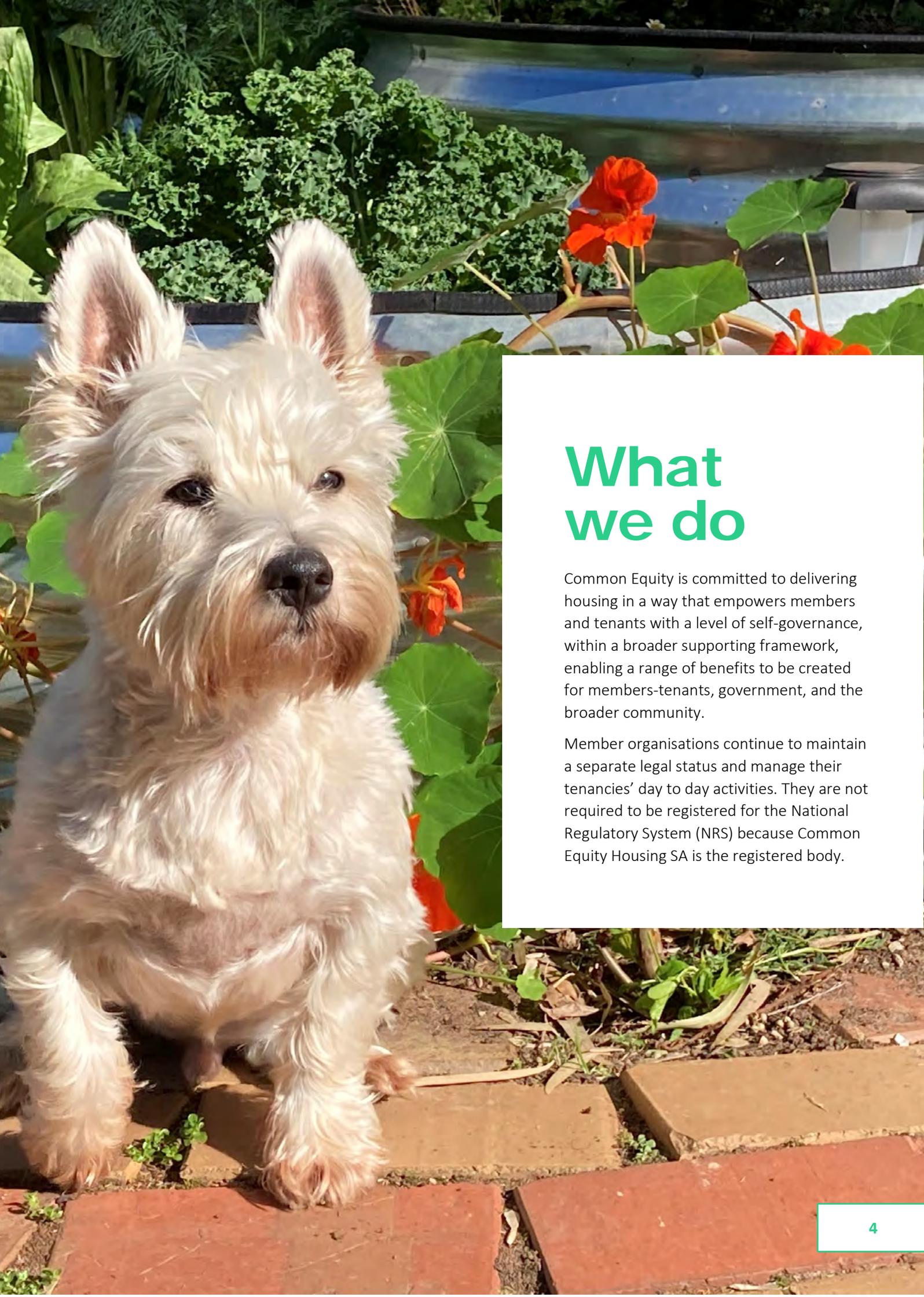
# Our purpose

To support and enable housing co-ops to flourish in South Australia by providing members with:

- administrative, finance, asset, and tenancy management services.
- regulatory compliance and risk management controls.
- monitoring and reporting advocacy, education and participation strategies and skills

# Our values

- **Co-operation** – we actively promote & enact the principles of co-operation & the growth of co-op housing to improve access for lower income households, enhance social & community benefits & to create greater community resilience.
- **Respect** – we respect and strongly advocate for a diverse and inclusive society, we act with integrity by treating people with respect, doing what we say we'll do and being honest and genuine with each other.
- **Empowerment** – we actively empower members to maintain their identity and autonomy and we do this by collaborating with members and stakeholders to drive the best outcomes.



## What we do

Common Equity is committed to delivering housing in a way that empowers members and tenants with a level of self-governance, within a broader supporting framework, enabling a range of benefits to be created for members-tenants, government, and the broader community.

Member organisations continue to maintain a separate legal status and manage their tenancies' day to day activities. They are not required to be registered for the National Regulatory System (NRS) because Common Equity Housing SA is the registered body.

# Chairperson's report



It's been a busy twelve months for Common Equity. 2020-2021 brought its share of challenges as COVID-19 continued to affect the landscape locally and internationally. Our team at Common Equity have continued to perform very well providing a seamless service to our member organisations. We have all become skilled at working in ways that previously were not the industry norm. Zoom meetings and home offices are now part of our everyday operations. Our recent member survey results suggest the services provided by Common Equity are highly valued by our members.

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We continue to work towards our vision, "The co-operative housing model continues to actively grow, evolve and empower communities in South Australia".

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We are actively encouraging independent housing co-ops to join Common Equity, but the depleting number remaining independent emphasised the need to develop other innovative growth initiatives. Strategic planning sessions at Board and Business Development Committee meetings are focusing on developing strategies that ensure growth well into the future.

Our first property development is now complete. The project saw us demolish an older property and build two new ones. The obvious benefit here is that more people will get to live in co-op housing. Both new properties now have member-tenants living in them. A second project is under way and the team are looking at further opportunities and strategic partnerships for further developments.

As you will see throughout the pages of our Annual Report, the organisation is in a solid financial position with sound investments. We have excellent strategies and plans in place to ensure growth. Not only within Common Equity but within the co-operative and affordable housing sector in South Australia.

It is critical to have good governance in a not-for-profit organisation such as Common Equity. This would not be possible without my colleagues on the Common Equity Board who have been very generous with their expertise and time to promote and develop the organisation over the last year. Angela Carey, our CEO, and the team have worked tirelessly to ensure the organisation's continued success. Common Equity is in a great position to service the needs of our member base and the wider community.

A handwritten signature in blue ink, appearing to read 'Don Passmore'.

Don Passmore  
Chairperson

# Treasurer's report



It is with pleasure I present Common Equity's Treasurer's Report for 2020-21.

Despite the ramifications of COVID-19 continuing to impact the financial performance, I am pleased to advise that for the year ended 30 June 2021, Common Equity recorded a net operating surplus of \$252,526, compared to a net operating surplus of \$234,132 in 2019-20. This result was above our forecast surplus of \$98,473.

The major reason for the variance was due to the strong performance of our investment portfolio with an appreciation of \$135,654 in value compared to 2019, which delivered an unrealised loss of \$49,411. It is important to remember that this net growth is an unrealised profit and as such is subject to market fluctuation. Despite not achieving our budgeted growth target and timing of new housing co-ops joining Common Equity, the strong growth in the investment portfolio, along with dividends from the investments, which exceeded forecast by \$15,497, helped deliver this surplus.

From a cash perspective, the result was still strong with an operating surplus of \$55,543 compared to forecast of \$29,652. The shortfall in Rental income,

of \$2,183 was offset by a reduction in other property and administrative costs, resulting in a very strong financial performance for the year.

Total Administrative expenses were under budget by \$1,083. The main expenditure differential was again maintenance. Responsive maintenance was over budget by \$6,124. However, planned maintenance was under budget by \$42,902, predominantly due to the hesitancy of having non-essential work done during the COVID climate. These variances do occur from time to time and a significant proportion of scheduled planned maintenance will be completed in 2021-22.

At the date of signing these financial statements the market value of the managed investment portfolio is \$1,186,951. As a result of completing new property inspections in 2021 (required every 3 years), and developing a new 10-year forecast maintenance plan, our future maintenance funding of \$334,128 is held as restricted funds within our investment portfolio, as per the table below:

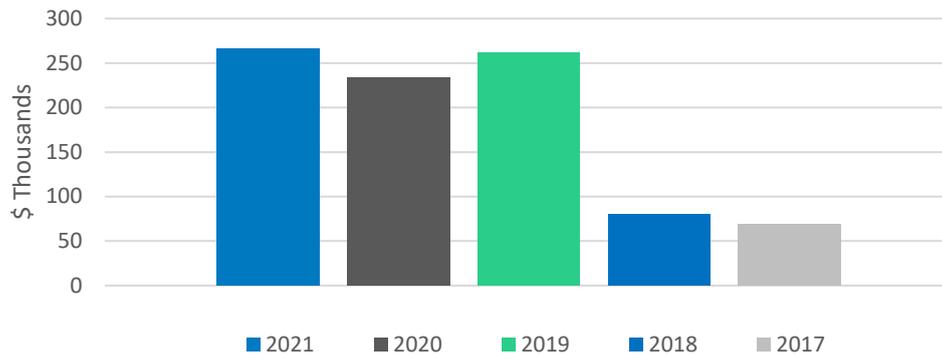
	30 June 2021	30 June 2020
Cash at bank	\$181,935	\$332,515
Term deposits	\$280,769	\$400,368
Investment portfolio - unrestricted	\$650,367	\$344,870
Investment portfolio - restricted	\$334,128	\$503,971
<b>TOTAL</b>	<b>\$1,447,199</b>	<b>\$1,581,724</b>

After a strong financial performance in 2020-21, Common Equity is now positioned to embark on property development as well as strengthening the platform for further growth.

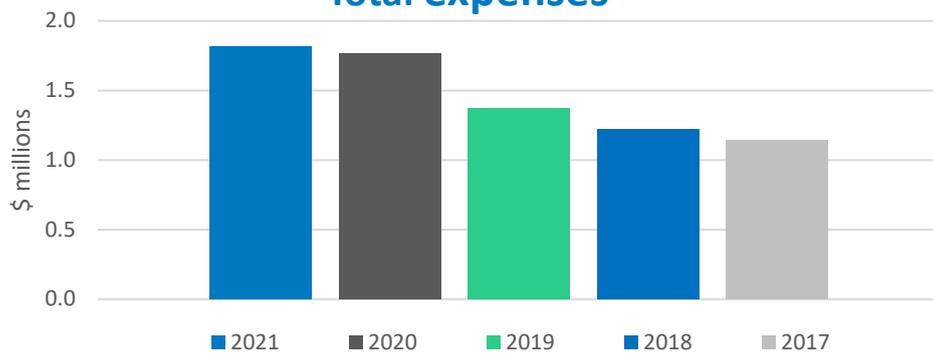
John Rolfe  
Treasurer

# Our performance

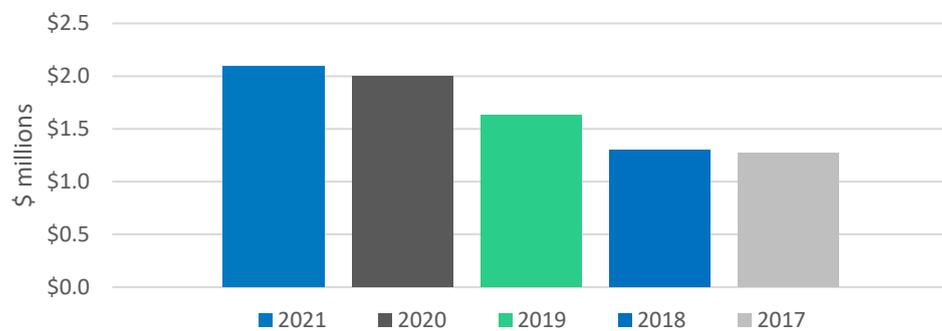
## Total surplus



## Total expenses



## Total revenue



# Chief Executive Officer's report



Common Equity's strategic goals continued to be a focus during the year. The COVID-19 environment did create some challenges but also opportunities to improve processes, demonstrate great teamwork, and to increase our focus on supporting our members.

## Growth & property redevelopment

On the 25 May 2021 Gary Storkey, the Chair of SA Housing Authority, officially launched Common Equity's first redevelopment project at Paradise. The two 3-bedroom, 6 Star energy rating homes, built by Scott Salisbury Homes, are now part of the PERCH Housing Co-op, which enabled this member organisation to house people in need and strengthen the membership within this active and productive housing co-op.

Our second redevelopment project in Greenacres, involving Palumbo Builders and PEACH Housing Co-op, is well underway with an additional two 3-bedroom homes under construction.

The Business Development Committee is assessing our development opportunities for the next 5 years with the aim to increase our portfolio and availability of suitable housing for people in need.

We also continue to actively engage with independent housing co-ops and associations to highlight the benefits and flexible options available by joining Common Equity. Several members of independent housing co-ops have attended training sessions run by Common Equity, which helps develop their skills and in turn supports their housing co-op. Whilst these member organisations are not under Common Equity's umbrella, extending our training and development courses to them benefits the co-op housing sector in South Australia, which reinforces Common Equity's vision.

## Financial sustainability & compliance

Our Risk Register was transformed in 2019, and this year, we developed a comprehensive Business Continuity Plan, which evolved from the original coronavirus action plan developed in March 2020.

The Common Equity team worked together to create and run simulations of the Business Continuity Plan, which includes the following key components:

- Business impact analysis
- Incident response plan
- Key contact sheet
- Event log
- Recovery plan
- Rehearse, maintain, and review process.

Our investment portfolio continues to perform very well with a 16.91% return during the 2020-21 financial year (net income & market movement). A recent review of the Investment Policy did prompt some portfolio changes that reinforce the Board's goal to integrate ethical, sustainable, and green investing. We sold some direct shares and invested in managed shares, namely Australian

Ethical Australian Shares Fund (Wholesale) and Vanguard Ethically Conscious Australian.

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Common Equity achieved an operating surplus of \$252,526 to the end of June 2021, compared to a surplus of \$234,132 in 2019-20.

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This is a solid performance and significantly higher than the budgeted surplus of \$98,473 and this is mainly due to the excellent return from our investment portfolio.

We also successfully completed our National Regulatory System for Community Housing (NRSCH) return for 2019-20 and in December 2020 we received a **full compliant report** across all seven assessment criteria with no recommendations. This is an excellent result for Common Equity and demonstrates our ever-evolving pursuit for quality business operations and member satisfaction.

## Member and employee engagement

Supporting the wellbeing of our employees and members throughout the challenges of COVID-19 was integral to our activities during the year. Our Employee Assistance Program, which includes free and confidential counselling, and our Healthy Wellbeing Allowance, which encouraging positive activities, were actively communicated.

We also developed a new Remote Work Guide, Policy and Procedure and completed a significant project to review our IT infrastructure. This review transformed all our systems to be cloud based and convert our phones system to 3CX, which enables calls to be answered from any location.

These changes supported the team to effectively work remotely during lockdown and as a result we



Official launch of development project at Paradise

have introduced flexible work from home of up to 2 days per week for fulltime employees.

The Member-Tenant Satisfaction Survey was conducted by market researchers Square Holes on behalf of Common Equity in September 2021.

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We achieved an **overall member-tenant satisfaction rating of 90%**, which is considerably higher than 85% in 2019 and 84% in 2020.

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We received some excellent feedback via the survey this year. In comparison to the NRSCH thresholds of 75% for overall satisfaction, Common Equity sits above this at 90%.

The response score for condition of home increased from last year by 5% and sits above the NRSCH threshold by 8%.

The repairs and maintenance result of 73% is below NRSCH threshold of 75% and is a reduction on the 2020 result by 6%. The directly managed tenants result was 86% and the members result was 71%, which highlights a significant gap between the two groups that will need to be addressed.

In terms of historical trends when comparing data wave-on-wave (2020 vs 2021), most indicators have improved in satisfaction levels – nine indicators have improved in satisfaction by between 4% and 15%. Only two out of thirteen indicators have dropped (6% and 7%). The remaining two indicators remained the same. This is an excellent result especially in housing services, member and tenant engagement and communication.



Another significant change designed to support our member organisation was to transfer the planned maintenance obligations to Common Equity. This change will ensure that all planned maintenance work can be streamlined, managed, and monitored for quality, and completed in a timely manner, with the least amount of work and disruption for Common Equity’s members. A change to the Property & Services Agreement was approved by each member organisation and this included a reduction of the operating allowance paid to member organisations to partly offset an additional maintenance employee working 5 days per fortnight.

## Understanding the value of Australian Housing Co-operatives

Australia has a persistent shortage of affordable, quality housing. Housing co-operatives are associated with benefits for member-residents, including improved housing, improved senses of belonging and community, and employment and education outcomes.

However, evidence for those benefits is limited, so Common Equity, as a member of the Australian Housing Co-op Alliance, are working with the Western Sydney University research team to undertake a research study, led by Associate Professor Louise Crabtree.

The research aims to develop a methodology to test the assertion that housing cooperatives generate social value. Testing this assertion can provide an evidence base for policies to expand the supply of affordable, socially beneficial housing in Australia. This is a timely response as governments seek new, innovative, and effective responses to Australia’s housing affordability crisis.

## Our future focus

- Continue to grow by welcoming independent housing co-ops as member organisations
- Complete a property redevelopment plan for the next 5 years
- Continue to have high member and employee satisfaction levels
- Investigate innovative ways to evolve the co-op housing model to make sure it meets the needs of current and future members.

The opportunities to support the evolving housing co-op model and our members is at the heart of all things we do. But we couldn't do it without our wonderful volunteer Board, so I would like to thank them for their wisdom, guidance, encouragement, and support during my time at Common Equity.

I will be retiring at the end of 2021, and I look back on nearly 5 years with Common Equity very fondly and believe our key achievements during this time are:

- Achieving a 90% satisfaction rating in our latest member-tenant survey.
- Welcoming four new member organisations and managing properties on behalf of the City of Tea Tree Gully.
- Achieving Tier 2 status with National Regulatory System for Community Housing.
- Establishing an investment portfolio that has achieved a higher-than-average ROI over the past 3 years.
- Completing our first redevelopment project and having a plan in place to rollout more in the future.

We have also established a strong strategic and operational foundation for the new CEO to build on and I wish Common Equity members, tenants, board, and employees all the best in the future.



Angela Carey  
CEO



# Our community

## Our member stories

The contribution that the March family has made over the last 15 years to Paris Flat Housing Co-op, and to Common Equity more recently, has been enormous. On behalf of all members, tenants, Common Equity employees and Board Members we thank them for all they have done.

Nathan did say, “between Sunshine and I, in the time we’ve been in the co-op, we’ve earned four degrees, landed job in the areas that we’re interested in, started businesses, and raised four kids. Having long-term, income based rental housing has given us the security to follow our dreams and live a life that traces a different path”.

The March family fulfilling their dream of home ownership

## What has secure and affordable housing has meant for you?

*Moving into Acre Housing Co-op has allowed me to commit to my practice as a visual artist and arts worker. As a young emerging artist and arts worker, it’s a crucial time for me to be dedicated to this pathway, and secure housing has provided me with the support and stability I need to be able to follow my creative pursuits. I’ve also been able to prioritise many other opportunities because of affordable housing, such as Ausian Sign Language classes and attending workshop and art events. I’ve settled into the community-oriented ethos of community housing, really leaning into the way that co-operatives operate and teach the value of caring and supporting one another. I’m grateful for the co-op community and the security it enables for us.*

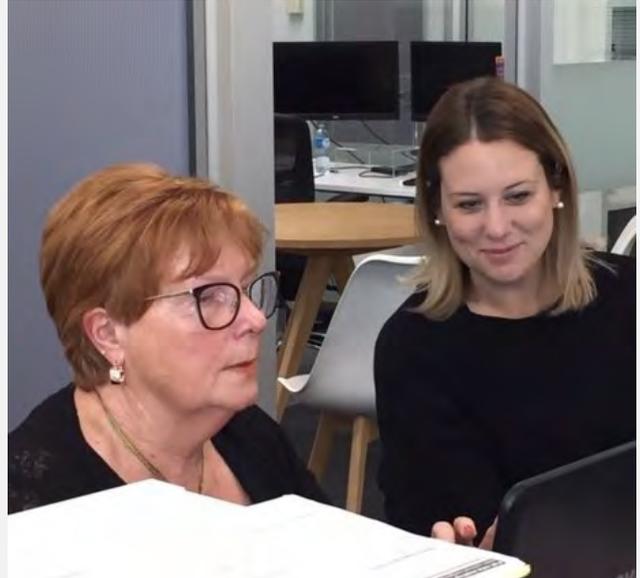
A new Acre Housing Co-op member



## Training and development



Paula Cappelletto, Finance Manager, conducting an informal training session with Daryl Austin, Treasurer at Acre Housing Co-op.



Claire MacKenzie, Chair of Phoenix Housing Co-op (and Deputy Chair of Common Equity Board) and Alana Kanafa, Operations Manager, setting up a new laptop for use by Phoenix office bearers.



L to R – Claire MacKenzie, Claire Thackray, Angela Carey, Teri Hoskins, working together on the Member Organisations Policy document.



Alana Kanafa, Operations Manager and Karen Scott, Housing Officer at the Kadina Community Library meeting with Copper Triangle Housing Association members.

## New tenancies



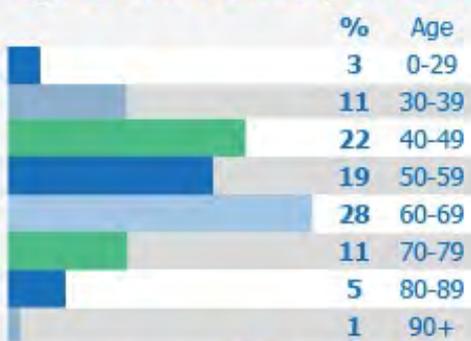
## Number of people housed



## Household types



## Age of head tenant/member



Average age **57**

## Tenant/member income



**\$635**  
Average  
weekly  
income



**37%**  
of average  
Australian  
weekly income

As an inclusive organisation, Common Equity will no longer report statistics on gender and acknowledge that some people do not identify with their assigned gender at birth.

# 2021 Member-Tenant Satisfaction Survey

Each year Common Equity asks our members and tenants how satisfied they are with our services via a Member-Tenant Satisfaction Survey. In 2021 we commissioned Square Holes to conduct the survey on our behalf. Below is a summary of the findings.

## Regulatory thresholds

Overall satisfaction



**90%**

Direct Tenants 86% & Members 91%  
Above NRSCH threshold of 75%

Condition of home



**83%**

Direct Tenants 86% & Members 82%  
Above NRSCH threshold of 75%

Repairs & maintenance



**73%**

Direct Tenants 86% & Members 71%  
Below NRSCH threshold of 75%

## Member-tenant comments from 2021 survey

“

I generally feel that Common Equity is open to feedback suggestions & innovative ideas, & that office staff aim to provide friendly & helpful services.

”

“

Have enjoyed the courses you have run. Very professional and friendly people in the office plus quick service.

”

## Response rate



**42.5%**

completed surveys



**82**

responses received



**2.5%**

increase on 2020 survey

## Key indicators

	Category	2021	+/- from 2020
	Communications	88%	+8%
	Members' involvement	82%	+17%
	Listening & acting on members' views	75%	+10%
	Influencing decision-making	70%	+15%
	Members' rights upheld	89%	+4%
	Neighbourhood	90%	-2.5%
	Quality of life	78%	+3%
	Complaint's knowledge	81%	=
	Appeal knowledge	54%	-7%
	Complaint's handling	60%	+6%
	Condition of home	83%	+6%
	Repairs and maintenance	73%	-6%

“ Overall satisfied with Common Equity and the staff willingness to listen. ”

## Top priorities

### The top priorities for members and tenants

74%	Being able to stay in their home
39%	Their rights as a member and tenant upheld by CE
38%	Value for money for the rent they pay

### Co-op member rewards and challenges

Members were asked the most rewarding aspects of being a co-op member:

55%	Providing social housing in a co-operative environment
39%	Supporting fellow members
30%	Working with Common Equity in partnership

Members were asked the most challenging aspects of being a co-op member:

39%	None
28%	Ongoing relationship conflicts
27%	Not being supported by other members

### Common Equity support

Members were asked how we can support your housing co-op better

44%	Providing training and development opportunities
42%	Facilitating support services
36%	Completing more jobs on behalf of members

# Best way to communicate with members and tenants



## Member feedback



## What will we do now?

- > Keep doing the things we do well
- > Investigate ways to improve understanding of the appeals process
- > Implement approved changes to planned maintenance and increase communication on the process to report maintenance with all members and tenants
- > Focus on what we were told are important for members and tenants

# Governance

Common Equity is a not-for-profit company limited by shares under the Corporations Act 2001. As a Registered Tier 2 Community Housing Provider under the National Regulatory System for Community Housing, Common Equity complies with the seven performance standards.

Each year Common Equity submits a compliance return relating to tenancy and housing services, housing assets, community engagement, governance, probity, management, and financial viability.

Common Equity's primary purpose is to support and enable housing co-ops to flourish in South Australia.

Common Equity's constitution is available online at [www.cehsa.com.au](http://www.cehsa.com.au)

## Board of Directors

The Board is made up of:

- Four Member Directors elected by the Common Equity members at the AGM.

- Four Technical Directors, appointed by the Board based on their expertise in one of the following areas: Law, Finance, Property, Social Housing, or other like disciplines. Technical Directors are appointed for two-years.

- The CEO, who is appointed by the Board.

Committees, made up of Board members and independent consultants, meet regularly to progress strategic initiatives in:

- Finance, Assets and Risk Management
- Business Development

From time to time, the Board instructs Common Equity to appoint an Advisory Group to consult with members on issues of significance. Advisory Groups are made up of co-op members, an independent Chair, and technical experts (if required).

The Board meets monthly either at the Thebarton office or via Zoom.



# Information on Directors



## Don Passmore

Technical Director, Chair of the Board

### Qualifications

Don holds a Master of Business Management (MBA) from Australian Institute of Management as well as qualifications in front line management and training and assessment.

### Experience and expertise

Don has held leadership and senior management positions for over fifteen years. His experience comes from a vast range of industry sectors including manufacturing, logistics, hire and retail. Working with companies that use world's best practices daily, Don has gained extensive knowledge in strategy, sales, operations, and human resource management.



## Claire MacKenzie

Member Director, Deputy Chair of the Board

### Qualifications

With over 10 years of experience in tertiary education for nurses, midwives, and health science students (Flinders University), Claire is a Registered Nurse, a Registered Midwife, and holds a Bachelor of Adult and Vocational Education degree (UniSA).

### Experience and expertise

Claire has been a Member Director of Common Equity since October 2013, and a housing co-operative member for 28 years, during which time she has fulfilled multiple management roles.



## John Rolfe

Technical Director, Treasurer

### Qualifications

John holds a Master of Business Administration and a Bachelor of Business from Edith Cowan University and several post-graduate certificates and diplomas. He is a Fellow of FINSIA, a Graduate Member of the Australian Institute of Company Directors (GAICD).

### Experience and expertise

With over 35 years' experience in Finance & Retail Banking, John is a respected member of the Mortgage Finance industry. He has held senior strategic and leadership roles with Bank of Western Australia and 7 years as the General Manager - Retail at HomeStart Finance. John is now leading the Home Ownership program at Indigenous Business Australia.



## Ray Smith

Member Director

### Qualifications

Ray is a member of several professional organisations including APRA, AMCOS, IRCAM, LBPS and the NPS and holds a BSc (UK), BA (Adelaide) and MCA (Townsville).

### Experience

Ray has been a working musician and educator for over forty years and has taught at several Australian institutions including James Cook University and the University of Adelaide.



## Chris Branford

Technical Director

### Qualifications

Chris holds a Bachelor of Planning Degree from the University of South Australia and a Master of Urban Studies degree from the University of Akron, Ohio.

### Experience and expertise

Chris has over 30 years' experience in urban development delivery. He worked with Delfin Lend Lease for 24 years on major urban development projects across the country in a range of senior management roles, including Project Director of Mawson Lakes. In February 2012 he established Branford Planning + Design which provides a broad range of specialist skills including urban design, master planning, project management and feasibility. Chris was a Member of the SA State Commission Assessment Panel from 2015 to 2020.



## Nathan March

Member Director to November 2020

### Qualifications

Nathan has a BA (University of Adelaide) and a Grad. Dip. Screenwriting (AFTRS). He has also received a Cert IV in Small Business Management and undertaken several professional development courses in social and community services.

### Experience and expertise

Nathan has been a professional actor, writer, and filmmaker for the last 25 years. Additionally, Nathan is a Support Worker at the Westcare Centre for people experiencing homelessness and a marketing consultant for creatives and NFP organisations with a particular focus on strategy and business development. He has been on several boards including the Community Housing Council of SA and Paris Flat Housing Co-op (PFHC).

## Scott Sharrad

Member Director

### Qualifications

Scott holds a Bachelor of Music Education (University of Adelaide, 2010), Bachelor of Commerce (Accounting) (Flinders University, completing), Certificate 4 Business (Small Business Management).

### Experience and expertise

Scott currently works as a requirements analyst and project and account manager at James Anthony Consulting, an Adelaide based boutique custom web and software development firm. Scott has been involved in several different community and membership-based not-for-profit organisations over the past 10 years, holding various positions on committees such as treasurer, secretary, and chair. Scott has been a member of PERCH for 4 years and in that time has held the role of chair for two and is currently the treasurer for his second term.



## Esther Hamandishe

Technical Director from 18 August 2020

### Qualifications

Esther is a Chartered Accountant and a Graduate Member of the Australian Institute of Company Directors. She has over 14 years of experience in accounting and taxation. She recently completed her MBA specialising in Human Resources with the University of South Australia.

### Experience and expertise

In the last 8 years Esther worked as a Finance Manager for a global medical and optical organisation. She has commenced a new role as Financial Controller for an Adelaide based logistic and freighter company.



## Claire Thackray

Member Director from November 2020

### Qualifications

Claire has university studies in Music, Veterinary Science and Nursing, BS Animal Science (Louisiana Tech University), MS Wildlife Biology (LTU), trained and licensed as an Emergency Medical Technician. Professional development in areas involving disability and the arts. Basic Radio Broadcasting Certificate (Radio Adelaide), Community Partnerships and Growth courses including Rent Management, Good Governance and NRS.

### Experience and expertise

Now retired, Claire has been an Event and Volunteer Project Manager for an arts and disability organisation including management of a production team and volunteering as a Board Member and Secretary of the SA Folk Federation. Claire also managed an outdoor adventure company, worked as a zookeeper and a veterinary nurse. Most recently, Claire has spent the last 8 years as either Chair or Assistant Chair of PEACH Housing Co-operative. Always a musician, Claire is now contributing to several music projects as a percussionist and flute player.





## Angela Carey

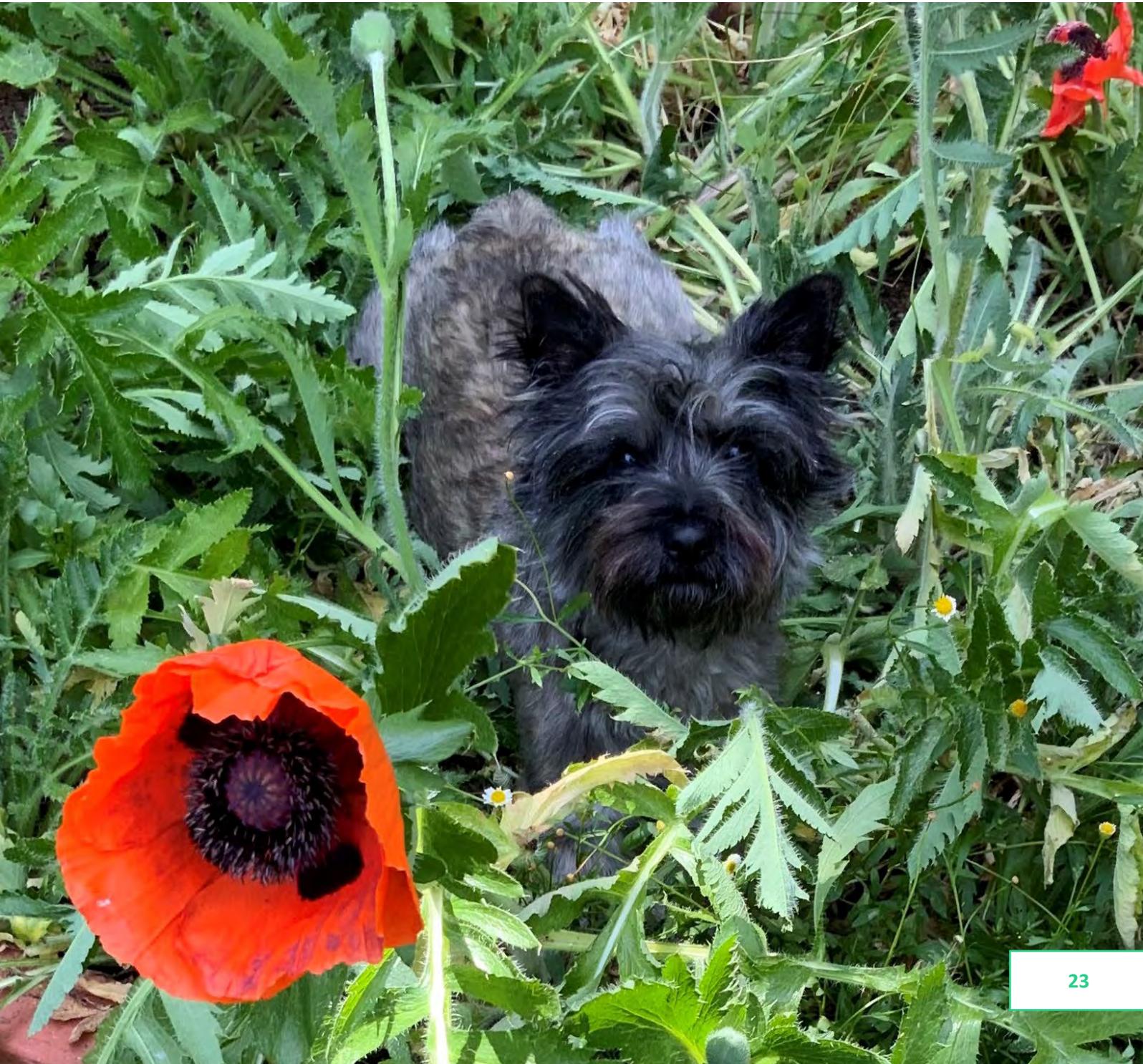
CEO, Public Officer, Company Secretary

### Qualifications

Angela has a Bachelor of Management degree, Diploma in Project Management and is a Graduate Member of the Australian Institute of Company Directors.

### Experience and expertise

Angela has extensive experience in governance, strategic planning, leadership, marketing, process improvement and stakeholder engagement and has previously worked at HomeStart Finance, Savings & Loans Credit Union, and Adelaide Bank in senior management roles.



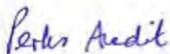
Address  
180 Greenhill Road  
Parkside SA 5063  
Telephone  
(08) 8273 9300  
Facsimile  
(08) 8274 1466  
info@perks.com.au  
perks.com.au

**Common Equity Housing South Australia Ltd**

**Auditors Independence Declaration under Section  
60.40 of the Australian Charities and Not-for-profits  
Commission Act 2012 to the Directors of Common  
Equity Housing South Australia Ltd**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 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.



PERKS AUDIT PTY LTD

180 Greenhill Road

Parkside

South Australia 5063



PETER J HILL

Director

Registered Company Auditor

Dated this 20<sup>th</sup> day of October 2021

**Chartered Accountants**  
Perks & Associates Pty Ltd  
ACN 008 053 576 / ABN 50 507 079 554  
Liability limited by a scheme approved  
under Professional Standards Legislation.

**Audit**  
Perks Audit Pty Ltd  
ACN 109 602 100 / ABN 20 173 474 661  
Liability limited by a scheme approved  
under Professional Standards Legislation.

**Private Wealth**  
Perks Private Wealth Pty Ltd  
ACN 086 643 058 / ABN 88 086 643 058  
Australian Financial Services  
Licence No. 236 551

**Finance**  
Perks Finance Pty Ltd  
ACN 101 919 537 / ABN 76 533 199 660  
Australian Credit Licence No. 378241

# Financial Statements for the year ended 30 June 2021

## Directors' Report

Your directors present this report on the company for the financial year ended 30 June 2021. To comply with the provisions of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), the directors report as follows:

## Directors

The names of each person who has been a director during the year and to the date of this report are:

- Mr Don Passmore
- Ms Claire MacKenzie
- Mr John Rolfe
- Mr Ray Smith
- Mr Chris Branford
- Mr Nathan March
- Mr Scott Sharrad
- Ms Esther Hamandishe
- Mrs Claire Thackray
- Ms Angela Carey

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

## Principal activities

Common Equity Housing SA Ltd (Common Equity) was registered as a company on 12 October 2010. The principal activities of the company are the leasing of debenture properties from South Australian Housing Trust (SAHT) under the Community Housing Providers (National Law) (South Australia) Act 2013 and the Master Community Housing Agreement between SAHT and Common Equity. Under a Property and Services Agreement, Common Equity leases these properties to member Community Housing Providers (CHP's) who then sublease to tenants under this Act. The company is registered under the National Regulatory System for Community Housing and must comply with specific performance standards. The company also provides administration, finance, property management, compliance, and support services to those member organisations.

## Review of operations

During the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

The net current year operating surplus of the company for the financial year ended 30 June 2021 amounted to \$252,526 (2020: \$234,132).

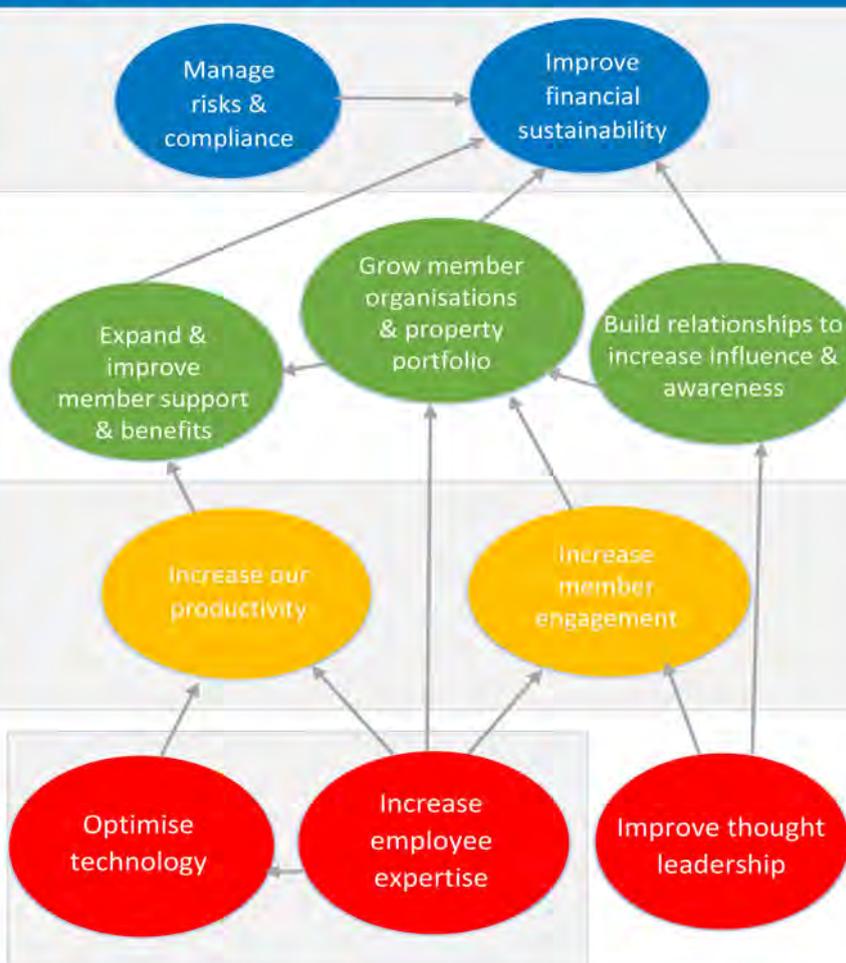
There have been no significant changes during the year.

## Short-term and Long-term objectives & strategies

The strategic plan for the 2021-2021 period, using the Balanced Scorecard methodology, was developed by the Board after holding strategic planning sessions in September 2020. The objectives identified and KPI's and initiatives developed are reviewed by Board on a quarterly basis and the high-level summary is illustrated on the following page.

# Strategic Plan 2020-2023

<b>Vision:</b>	The co-op housing model continues to actively grow, evolve and empower communities in South Australia.		
<b>Purpose:</b>	To support and enable housing co-ops to flourish in South Australia by providing members with: <ul style="list-style-type: none"> <li>o administrative, finance, asset and tenancy management services;</li> <li>o regulatory compliance and risk management controls;</li> <li>o monitoring and reporting advocacy, education and participation strategies and skills</li> </ul>		
<b>Strategic themes:</b>	<b>Sustainable growth</b>	<b>Operational agility</b>	<b>Partnership development</b>
<b>Strategic result statements:</b>	Increase in size and member value through membership growth and property management diversification.	Processes and services are executed in a timely, accurate and cost-effective manner that exceeds members expectations.	Foster partnerships to improve brand awareness, understanding of the Common Equity model and business relationships.

Strategy map & strategic objectives		Measures
<b>Financial</b>  <b>Community &amp; Members</b>  <b>Internal processes</b>  <b>Learning &amp; Growth</b>		<ul style="list-style-type: none"> <li>• NRSCH Return</li> <li>• SAHA KPI's</li> </ul>
		<ul style="list-style-type: none"> <li>• Working Capital ratio</li> <li>• Operating cashflow adequacy</li> <li>• Operating EBITDA margin</li> </ul>
		<ul style="list-style-type: none"> <li>• Member satisfaction</li> <li>• NRSCH benchmarks</li> <li>• Common Equity Model</li> </ul>
		<ul style="list-style-type: none"> <li>• Number of new properties (&amp; MO's)</li> <li>• Social media</li> <li>• PR &amp; contacts</li> </ul>
		<ul style="list-style-type: none"> <li>• MO admin costs per member</li> <li>• Admin + staff costs per property</li> <li>• IT infrastructure</li> </ul>
		<ul style="list-style-type: none"> <li>• Member communications</li> <li>• Member engagement</li> </ul>
		<ul style="list-style-type: none"> <li>• IT infrastructure</li> </ul>
		<ul style="list-style-type: none"> <li>• Team training &amp; development plans</li> <li>• Board member development</li> <li>• Team leadership development</li> </ul>

## Values

**Co-operation** – we actively promote & enact the principles of co-operation & the growth of co-op housing to improve access for lower income household, enhance social & community benefits & to create greater community resilience.

**Respect** – we respect and strongly advocate for a diverse and inclusive society, we act with integrity by treating people with respect, doing what we say we'll do and being honest and genuine with each other.

**Empowerment** – we actively empower members to maintain their identity and autonomy and we do this by collaborating with members and stakeholders to drive the best outcomes.

## Key performance measures

The company measures its own performance using both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

The company is registered with the Australian Charities and Not-for-profits Commission and is a company limited by shares. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 towards meeting any outstanding obligations of the entity.

As at 30 June 2021, eleven unpaid \$1.00 shares were on issue to the eleven-member organisations who had joined Common Equity under the terms of the Property and Services Agreement (PSA).

## Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 24 of the financial report.

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



Don Passmore  
Chair

Date this 20<sup>th</sup> October 2021



# Directors' Declaration

The directors of the registered entity declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 29 to 45 comply with Australian Accounting Standards and give a true and fair view of the financial position of the registered entity as at 30 June 2021 and of its performance for the year ended on that date.
2. This declaration is signed in accordance with the subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
3. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.



**Don Passmore**  
Director



**John Rolfe**  
Director

Date this 20<sup>th</sup> October 2021

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Rental revenue		1,832,863	1,848,863
Fair value gain on financial assets		137,659	-
Other Income	2	116,106	153,309
Administration Expenses		(175,934)	(210,887)
Capital contribution to Housing SA		(565,253)	(566,803)
Depreciation		(4,137)	(4,850)
Fair value loss on financial assets		-	(49,411)
Gain / (loss) on sale of financial assets		(171)	(291)
Insurance		(121,275)	(93,751)
Property expenses		(268,375)	(187,311)
Rates - rental properties	3	(182,064)	(195,308)
Salaries and wages		(516,893)	(459,428)
<b>Operating surplus before income tax</b>		<b>252,526</b>	<b>234,132</b>
Income tax expense	1(d)	-	-
<b>Net operating surplus</b>		<b>252,526</b>	<b>234,132</b>
<b>Restricted Investment Property</b>			
Increase in fair value of investment property		70,705	1,796,570
Investment properties received		-	5,290,000
<b>Total movement Restricted Investment Property</b>		<b>70,705</b>	<b>7,086,570</b>
<b>Net surplus for the year</b>		<b>323,231</b>	<b>7,320,702</b>
Other comprehensive income		-	-
<b>Total other comprehensive income for the year</b>		<b>323,231</b>	<b>7,320,702</b>

## Statement of Financial Position

### As at 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4	462,704	732,883
Accounts receivable		-	30,827
Financial assets	5	984,495	848,841
Other current assets	6	127,682	99,087
<b>TOTAL CURRENT ASSETS</b>		<b>1,574,881</b>	<b>1,711,638</b>
NON-CURRENT ASSETS			
Property, plant, and equipment	7	13,338	10,448
Restricted Investment Property	8	62,040,737	61,570,409
Other non-current assets	6	11	11
<b>TOTAL NON-CURRENT ASSETS</b>		<b>62,054,086</b>	<b>61,580,868</b>
<b>TOTAL ASSETS</b>		<b>63,628,967</b>	<b>63,292,506</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	285,292	276,369
Provisions - current	10	28,879	24,572
<b>TOTAL CURRENT LIABILITIES</b>		<b>314,171</b>	<b>300,941</b>
<b>TOTAL LIABILITIES</b>		<b>314,171</b>	<b>300,941</b>
<b>NET ASSETS</b>		<b>63,314,796</b>	<b>62,991,565</b>
<b>EQUITY</b>			
Share capital		11	11
Retained surplus		1,709,080	1,456,554
Restricted Investment Property Reserve		61,605,705	61,535,000
<b>TOTAL EQUITY</b>		<b>63,314,796</b>	<b>62,991,565</b>

## Statement of Changes in Equity

### For the Year Ended 30 June 2021

2021

	Note	Retained Surplus \$	Share Capital \$	Restricted Investment Property Reserve \$	Total \$
<b>Balance at 1 July 2020</b>		1,456,554	11	61,535,000	62,991,565
Surplus for the year attributable to members		323,231	-	-	323,231
Transfers (to) and from reserves		(70,705)	-	70,705	-
<b>Balance at 30 June 2021</b>		<b>1,709,080</b>	<b>11</b>	<b>61,605,705</b>	<b>63,314,796</b>

2020

	Note	Retained Surplus \$	Share Capital \$	Restricted Investment Property Reserve \$	Total \$
<b>Balance at 1 July 2019</b>		1,222,422	10	54,448,430	55,670,862
Surplus for the year attributable to members		7,320,702	-	-	7,320,702
Transfers (to) and from reserves		(7,086,570)	-	7,086,570	-
Additions		-	1	-	1
<b>Balance at 30 June 2020</b>		<b>1,456,554</b>	<b>11</b>	<b>61,535,000</b>	<b>62,991,565</b>

## Statement of Cash Flows

### For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from operating activities		2,066,151	2,092,798
Interest received		1,408	13,690
Trust distribution		18,943	4,734
Dividends		26,699	3,488
Payments to suppliers and employees		(1,981,611)	(1,802,870)
Net cash provided by operating activities	11	<u>131,590</u>	<u>311,840</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of financial assets		4,881	15,821
Purchase of Plant and Equipment		(7,027)	(9,409)
Investment in financial assets		-	(868,961)
Work in Progress and development costs		(399,623)	(35,409)
Net cash (used in) investing activities		<u>(401,769)</u>	<u>(897,958)</u>

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

The financial report covers Common Equity Housing South Australia Ltd ("company") as an individual entity, incorporated, registered and domiciled in Australia.

The financial statements were authorised for issue on 20<sup>th</sup> October 2021 by the directors of the Company.

### 1 Summary of Significant Accounting Policies

#### Financial Reporting Framework

The directors have prepared the financial statements on the basis that the company is not a reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012*, and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

#### Statement of Compliance

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 1031 Materiality and AASB 1054 Australian Additional Disclosures.

#### Basis of Preparation

The financial statements, except the Statement of Cash Flows, have been prepared on an accruals 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. Material accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

#### Accounting policies

##### (a) Capital contributions payable to SA Housing Authority

Capital contributions payable to SA Housing Authority are based on rent receivable (rent income) for the number of days tenanted, not on rent received.

##### (b) Share Capital

During the financial year, 11 shares were listed as issued to member shareholders unpaid to the value of \$1.00 per share.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1. Summary of Significant Accounting Policies

##### (c) Revenue

The company accounts for rent on an accrual basis, taking into account arrears, rent paid in advance and rent adjustments.

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

Dividend and trust distributions are recognised as revenue when the right to receive the dividend/distribution has been established.

All revenue is stated net of the amount of good and services tax, as applicable.

##### (d) Income Tax

No provision for income tax has been raised as the company is a Community Housing Provider (CHP) endorsed as an Income Tax Exempt Charity (ITEC) under Section 50B of the *Income Tax Assessment Act 1997* in accordance with Item 1.1 Charitable Institutions.

##### (e) Property, plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. A formal assessment of recoverable amount is made when impairment factors are present.

##### Depreciation

Plant and equipment is depreciated on a straight-line basis over the asset's useful life to the company, commencing when the asset is ready for use.

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

##### Fixed asset class

Plant and Equipment	10% to 33%
---------------------	------------

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1. Summary of Significant Accounting Policies

##### (f) Leases

Lease payments for operating leases, where substantially the risks and benefits remain with the lessor, are charged as expenses on a straight-line-basis over the lease term.

The lease expense related to the administration offices is considered a low value lease.

##### (g) Financial instruments

###### Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit and loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables does not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

###### Classification and subsequent measurement

###### *Financial Assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income - debt instruments (FVOCI - debt); or
- fair value through other comprehensive income - equity instruments (FVOCI - equity).

Measurement is on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flow of the financial asset; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1. Summary of Significant Accounting Policies

##### (g) Financial instruments

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised costs and fair value through other comprehensive income are subsequently measured at fair value through profit and loss.

##### *Financial liabilities*

Financial liabilities are subsequently measured at:

- Amortised cost; or
- Fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- A contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- Held for trading; or
- Initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability; that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- It is incurred for the purpose of repurchasing or repaying in the short term;
- Part of a portfolio where there is an actual pattern of short-term profit taking; or
- A derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1. Summary of Significant Accounting Policies

##### (g) Financial instruments

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

##### (h) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is evidence of an impairment indicator for non-financial assets.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

##### (i) Employee benefits

Provision is made for the Company'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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period 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 the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on Government bonds, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

##### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1. Summary of Significant Accounting Policies

##### (k) Goods and services tax (GST)

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

##### (l) Provisions

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

##### (m) Service Concession Arrangements

AASB Interpretation 12 *Service Concession Arrangements* apply to arrangements where government transfers public infrastructure to non-government organisations subject to the following conditions:

- a) the government controls and regulates what services the non-government organisation must provide with the infrastructure, to whom it must provide them, and at what price; and
- b) the government retains residual ownership of the infrastructure.

The above conditions are deemed to have been satisfied through the requirements of the SACCH Act and Funding Agreement which prescribe how the community houses are to be used, the eligible tenants that are entitled to tenant them, and what rents can be charged. The arrangements also require Community Housing Organisations to return long term vacant property to government under the Funding Agreement.

Infrastructure within the scope of the Interpretation should not be recognised as property, plant, and equipment of the operator, irrespective of the extent to which the operator bears the risks and rewards incidental to ownership and regardless of which party has legal title to it during the term of the arrangement, since the asset is "controlled" by the government. Instead, the non-government organisation recognises an intangible asset to the extent it has a right to charge users (tenants) of the public service.

An Intangible asset is an identifiable non-monetary asset without physical substance. An Intangible asset is recognised when:

- a) it is identifiable; and
- b) the entity controls the asset; and
- c) there are future economic benefits flowing from the intangible asset.

The above conditions are deemed to have not been satisfied as there is no expected future economic benefits which will flow to the organisation at the inception of the Funding Agreement or during the course of service provision.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1. Summary of Significant Accounting Policies

##### (n) Critical Accounting Estimates and judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

##### **Key Estimates**

###### *Receivables*

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

##### (o) Restricted Investment Property

Restricted Investment Properties are recognised in the Statement of Financial Position at either market value and / or the Valuer Generals Valuation at balance date. Movements on the restricted investment property are recognised through profit and loss.

Construction costs associated with restricted investment property are capitalised as work in progress until practical completion of the construction has been established.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 2 Other Income

	2021	2020
	\$	\$
- Interest	1,408	13,690
- Dividends	26,699	3,488
- Trust distributions	13,781	21,258
- Recoveries	26,726	66,543
- Gain on disposal of assets	2,018	-
- Insurance claims	16,476	-
- ATO Cash Flow Boost	28,998	48,330
<b>Total other income</b>	<b>116,106</b>	<b>153,309</b>

#### 3 Rates & Taxes - Rental Properties

	2021	2020
	\$	\$
Council Rates	82,526	83,838
SA Water	80,995	94,394
Emergency Services Levy	17,729	16,821
Utilities	814	255
<b>Total Rates &amp; Taxes - Rental Properties - Debentured Properties</b>	<b>182,064</b>	<b>195,308</b>

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

4 Cash	2021	2020
	\$	\$
Cash at bank	181,935	332,515
Term deposits	280,769	400,368
	<b>462,704</b>	<b>732,883</b>

Refer to Note 5 for changes in relation to restricted / non-restricted cash balances.

5 Financial assets	2021	2020
	\$	\$
CURRENT		
Investment portfolio - restricted	334,128	503,971
Investment portfolio - unrestricted	650,367	344,870
	<b>984,495</b>	<b>848,841</b>

The Board of Common Equity has a number of obligations outlined in the Master Community Housing Agreement (“Master Agreement”), that was signed with the South Australian Housing Trust.

One of those obligations is to maintain the properties provided to the company to standards outlined in the Community Housing Maintenance Accommodation Standards.

As part of this responsibility, the Board have developed a ten-year asset maintenance plan that will maintain the properties at the levels stipulated in the Master Agreement. In response, the Board has taken the latest 10-year forecast, which incorporates the latest maintenance plan, accumulated housing improvement funds, along with business growth to calculate the years where rent receipts do not fully cover expenses, mainly to high maintenance costs. In these years, cash balances necessary are designated as restricted, and are therefore not available for general operations of the company.

In response, the Board implemented a policy in the 2020 financial year whereby cash balances necessary to undertake the required maintenance plan were designated as restricted and were therefore not available for general operations of the company.

For the 2021 financial year, the Board amended this policy whereby a portion of the managed investment portfolio is considered the restricted component, to ensure maintenance standards per the Master Agreement. Therefore, cash balances are no longer considered restricted funds.

The Board is of the opinion that this policy will ensure that the standards outlined in the Master Agreement will be met in current and future financial years.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 6 Other Assets

##### (a) Other Current Assets

	2021	2020
	\$	\$
GST Receivable	18,003	8
Prepayments	86,527	74,098
Rental bonds	3,300	3,300
Accrued income	185	1,361
Other	19,667	20,320
<b>Total Other Current Assets</b>	<b>127,682</b>	<b>99,087</b>

##### (b) Other Non Current Assets

	2021	2020
	\$	\$
Shares on Call - CEHSA	11	11
<b>Total Other Non-Current Assets</b>	<b>11</b>	<b>11</b>

#### 7 Property, plant and equipment

	2021	2020
	\$	\$
Plant and equipment		
At cost	22,159	27,602
Accumulated depreciation	(8,821)	(17,154)
<b>Total property, plant, and equipment</b>	<b>13,338</b>	<b>10,448</b>

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 8 Restricted Investment Property

	2021	2020
	\$	\$
Social and affordable housing subject to South Australian Housing Trust (SAHT) Master Community Housing Agreement (Valuer General's Valuation)	61,540,000	61,535,000
At independent valuation	485,000	-
<b>Total restricted investment property</b>	<b>62,025,000</b>	<b>61,535,000</b>
<b>Work in Progress</b>		
WIP - Development at cost	15,737	35,409
	<b>15,737</b>	<b>35,409</b>
<b>Total</b>	<b>62,040,737</b>	<b>61,570,409</b>

(a) In terms of the Master Community Housing Agreement, the SAHT holds a Deed of Statutory charge over a majority of investment properties. Under this charge:

- These properties may only be used for the purpose of providing affordable housing for eligible tenants at rents set in accordance with predetermined criteria;
- These properties must be maintained to the standards as outlined in the agreement;
- The group must not sell, transfer, assign, mortgage or otherwise deal with the investment properties without first obtaining written consent of the SAHT;
- The proceeds from sales or transfers of these assets are limited to community housing projects in South Australia.

(b) The Work in Progress relates to costs incurred to 30 June 2021 for the development of two units at Greenacres and Windsor Gardens on sites owned by the SAHT.

The 2020 costs relate to a SAHT property situated in Paradise that was developed by the Company from its own funds. At completion, the Company recognised one of the two units developed at independent valuation and continues to disclose it as restricted investment property due to their nature and limitations on use of any funds from any future sale.

#### 9 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade creditors	46,771	30,961
Accrued expenses	9,756	19,861
Other Payables	90,304	85,179
Capital Contribution Payable to Housing SA	138,461	140,368
<b>Total Trade and Other Payables</b>	<b>285,292</b>	<b>276,369</b>

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 10 Provisions - Current

	2021	2020
	\$	\$
Employee benefits - annual leave	28,879	24,572
	<u>28,879</u>	<u>24,572</u>

#### 11 Cash Flow Information

##### (a) Reconciliation of cash flows from operating activities with net surplus for the year

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Net surplus for the year	323,231	7,320,702
Adjusted for non-cash balances:		
- depreciation	4,137	4,850
- (loss) / profit on disposal of financial assets	(1,847)	291
- fair value (gains) and losses	(137,659)	49,411
- restricted investment property	(70,705)	(7,086,570)
Changes in assets and liabilities:		
- decrease in trade and other receivables	29,798	3,656
- (increase) in other assets	(28,595)	(30,927)
- increase in trade and other payables	8,923	42,680
- increase in employee benefits	4,307	7,747
Cash flows provided by operating activities	<u>131,590</u>	<u>311,840</u>

#### 12 Company details

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

Common Equity Housing South Australia Ltd  
 Suite 2,  
 32 West Thebarton Road  
 THEBARTON  
 South Australia 5031

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 13 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020: None).

#### 14 Events Occurring After the Reporting Date

The financial report was authorised for issue on 20<sup>th</sup> day of October 2021 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Common Equity Housing South Australia Ltd

# Independent Audit Report to the Members of Common Equity Housing South Australia Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Common Equity Housing South Australia Ltd (Common Equity), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of Common Equity's financial position as at 30 June 2021 and of its financial performance for the year ended; and
- (ii) 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 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 Common Equity in accordance with the auditor independence requirements of Division 60 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Chartered Accountants  
Perks & Associates Pty Ltd

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Liability limited by a scheme approved  
under Professional Standards Legislation.

Audit  
Perks Audit Pty Ltd

ACN 109 602 100 / ABN 20 173 474 661  
Liability limited by a scheme approved  
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Private Wealth  
Perks Private Wealth Pty Ltd

ACN 086 643 058 / ABN 88 086 643 058  
Australian Financial Services  
Licence No. 236 551

Finance  
Perks Finance Pty Ltd

ACN 101 919 537 / ABN 76 533 199 660  
Australian Credit Licence No. 378241

## Common Equity Housing South Australia Ltd

# Independent Audit Report to the Members of Common Equity Housing South Australia Ltd

### 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 purpose of fulfilling Common Equity's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. 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 Common Equity's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

### Responsibilities of the Directors for the Financial Report

The directors 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 *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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## Common Equity Housing South Australia Ltd

# Independent Audit Report to the Members of Common Equity Housing South Australia Ltd

### Responsibilities of the Directors for the Financial Report (continued)

In preparing the financial report, the directors are responsible for assessing Common Equity'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 Common Equity or to cease operations, or have no realistic alternative but to do so.

### 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 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 Common Equity's internal control.

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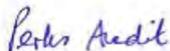
## Common Equity Housing South Australia Ltd

# Independent Audit Report to the Members of Common Equity Housing South Australia Ltd

### Auditor's Responsibilities for the Audit of the Financial Report (continued)

- 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 Common Equity'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 Common Equity 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 the directors 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.



PERKS AUDIT PTY LTD

180 Greenhill Road

Parkside

South Australia 5063



PETER J HILL

Director

Registered Company Auditor

Dated this 20<sup>th</sup> day of October 2021

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**COMMON  
EQUITY HOUSING**

South Australia

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**Common Equity Housing SA Ltd** ABN 82 146 523 453