

**Report to General Manager**

Attachments:

1. James Milson Village Annual Review 2018/19
2. North Sydney Retirement Trust Financial Statements for the Year Ended 30 June 2019
3. Amended Constitution

SUBJECT: James Milson Village Annual Report 2018/19 and Amended Constitution**AUTHOR:** Martin Ellis, Director, Community and Library Services**EXECUTIVE SUMMARY:**

North Sydney Retirement Trust (NSRT, trading as James Milson Village, JMV) has provided Council with its service and financial outcomes for 2018/19. While a deficit has been incurred, standards of care and catering have been maintained. Significant improvements include having a Clinical Manager on site 7 days per week, increased hours for registered nurses and increased in-home support for Retirement Living Apartment occupants. These are very satisfactory outcomes in the climate of the Royal Commission into Aged Care.

No nominees from the Parish to the Board have been made since July/August 2019. In addition, two community nominees have chosen to step down. This latter deficit has been reversed by the addition of Lois Towart and Philip Rankin to the Board, providing valuation knowledge specialising in aged care facilities (Ms Towart) and accountancy skills from a Chief Financial Officer (Mr Rankin).

In order to restore a full complement of Board Members, NSRT has provided Council with an amended Constitution removing the Parish right to nominate and increasing the number of community nominations allowable, while retaining the Parish as a member. Current Directors on the Board nominated by Council fully support the Board's position and the amended constitution.

The Parish is a non-pecuniary stakeholder, the others (NSRT and Council), having a financial interest.

FINANCIAL IMPLICATIONS:

Council's lease to the Trust is for a peppercorn; the value of the lease has been estimated at \$700,000 p.a.

The Trust ended the year with a deficit of \$608,000. Despite this the Trust maintained its subsidies for those in financial need: as recorded in the 2018/19 Annual Report \$1.8 million in revenue was forgone: waiving/reduction in fees and additional support (\$1.2 million) and support for retirement living occupants (\$600,000).

The Directors are non-executive (and unpaid). There is no cost to Council arising from their role, nor would there be for the additional Board position proposed.

RECOMMENDATION:

- 1. THAT** the James Milson Village Annual Report and Financial Statements for the year ended 30 June 2019 be received.
 - 2. THAT** Council approve the North Sydney Retirement Trust Constitution with the changes documented in the copy provided with this report.
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LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

- Direction: 2. Our Built Infrastructure
 4. Our Social Vitality
- Outcome: 2.1 Infrastructure and assets meet community needs
 4.1 North Sydney is connected, inclusive, healthy and safe

BACKGROUND

The Village (4 Clark Road, Milson Point) was founded in 1989. The title to the initial site (one third of the current; i.e. the Tower & Hostel Buildings) is held in the name of North Sydney Council, the remaining two thirds in the name of the North Sydney Retirement Trust. The Trust's predecessor was the North Sydney Retirement Village Association ("NSRVA"). This was established by North Sydney Council, the first Council in NSW to have the foresight to establish a not for profit local aged care facility.

The Trust has been granted a lease over the Council-owned site for two terms for a total of 99 years expiring in December 2088 at a nominal rental of \$1.00 per annum. The Village since its beginnings has given priority of access to North Sydney residents (though its catchment includes Mosman, Lane Cove and Willoughby LGAs). No North Sydney applicant is refused accommodation solely on an inability to meet the costs.

In the 1990s Uniting Care Ageing (UCA) became a third partner in the site entering into a long-term partnership (lease) with the Trust to build the Nursing Home. UCA sold its share of the venture to the Trust in 2016 having decided its mission lay more in managing aged care facilities as opposed to simply giving oversight from the Board. (UCA has many properties it manages directly).

The Catholic Parish has long been a (non-pecuniary) partner and remained on the Board until July/August 2019 when its representatives resigned. Since that date no replacements have since been nominated despite repeated requests from the Board.

The current site also features Cammeraygal House, owned by the NSRT, providing an additional 58 independent living units for our community.

Council is represented on the Board by community members, nominated after a public call for expressions of interest. At its meeting on 24 June 2019 Council resolved (Min. No. 167):

- 1. THAT Council forward the names Ally Murphy and Stephen Carberry as its nominees for the Board of the North Sydney Retirement Trust for 2019/20.*

CONSULTATION REQUIREMENTS

Community engagement will be undertaken in accordance with Council's Community Engagement Protocol.

SUSTAINABILITY STATEMENT

The sustainability implications were considered and reported on during the initiation phase of this project.

FINANCIALS

With regard to the deficit the main factors were:

- Additional Registered Nursing (RN's) hours;
- Depreciation following \$7m in refurbishments across the Village in FY 2017/18 & 2018/19;
- Redundancies in Administration;
- Additional Physiotherapy hours;
- Repairs & Maintenance; and
- Increase in Insurance premiums following Royal Commission.

JMV is now 40 + years old and provides a built environment that is outdated, requiring significant maintenance and repairs. Average capital expenditure between 2010 to 2017 was \$670,000 per year in contrast to an average expenditure for 2017 to 2019 of \$3.2mil.

SITE DEVELOPMENT PLANS

In September 2016, at a Councillor briefing, a first version of the Masterplan was presented proposing an extension of JMV over much of High Street Reserve.

In October 2018 a revised version, proposing a development over 49-51 High Street and only one third of High Street Reserve was presented to a Councillor Briefing.

The proposal includes a public right of way through James Milson Village as well as publicly accessible community health facilities.

With this second version Council sought a meeting with the Chief Executive Officer of Roads and Maritime Services (RMS), the owner of High Street Reserve, to discuss options for moving this project forward.

The NSRT progresses with this project, having secured eight apartments on the adjoining 49-51 High Street and in negotiations for the remainder. The larger objective of gaining support for use of a minor part of High Street Reserve advances slowly.

On 22 October 2019 RMS wrote: concerning their intention to accommodate widening of the High Street on-ramp and to provide for a stormwater detention tank associated with the Freeway Upgrade project that "The short and long term impacts of the project on the High Street Reserve will be confirmed through the procurement of the contractor who will ultimately deliver the project. This process is not expected to be completed until the end of 2020 with the project expected to take around 4 years to deliver".

A meeting between Council and RMS to discuss the matter further has been scheduled for 17 December 2019.

AMENDED CONSTITUTION

Current Directors on the Board nominated by Council - Ally Murphy and Stephen Carberry - fully support the Board's position and the amended constitution.

Annual Review 2019



Governing Board
North Sydney Retirement Trust



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Our MISSION

James Milson Village provides a supportive and respectful community for ageing people; a community that places the person at the centre of all we do and enables independence and honours individuality and citizenship.

Our VISION

To be and be recognised as a centre of excellence in services for the ageing.

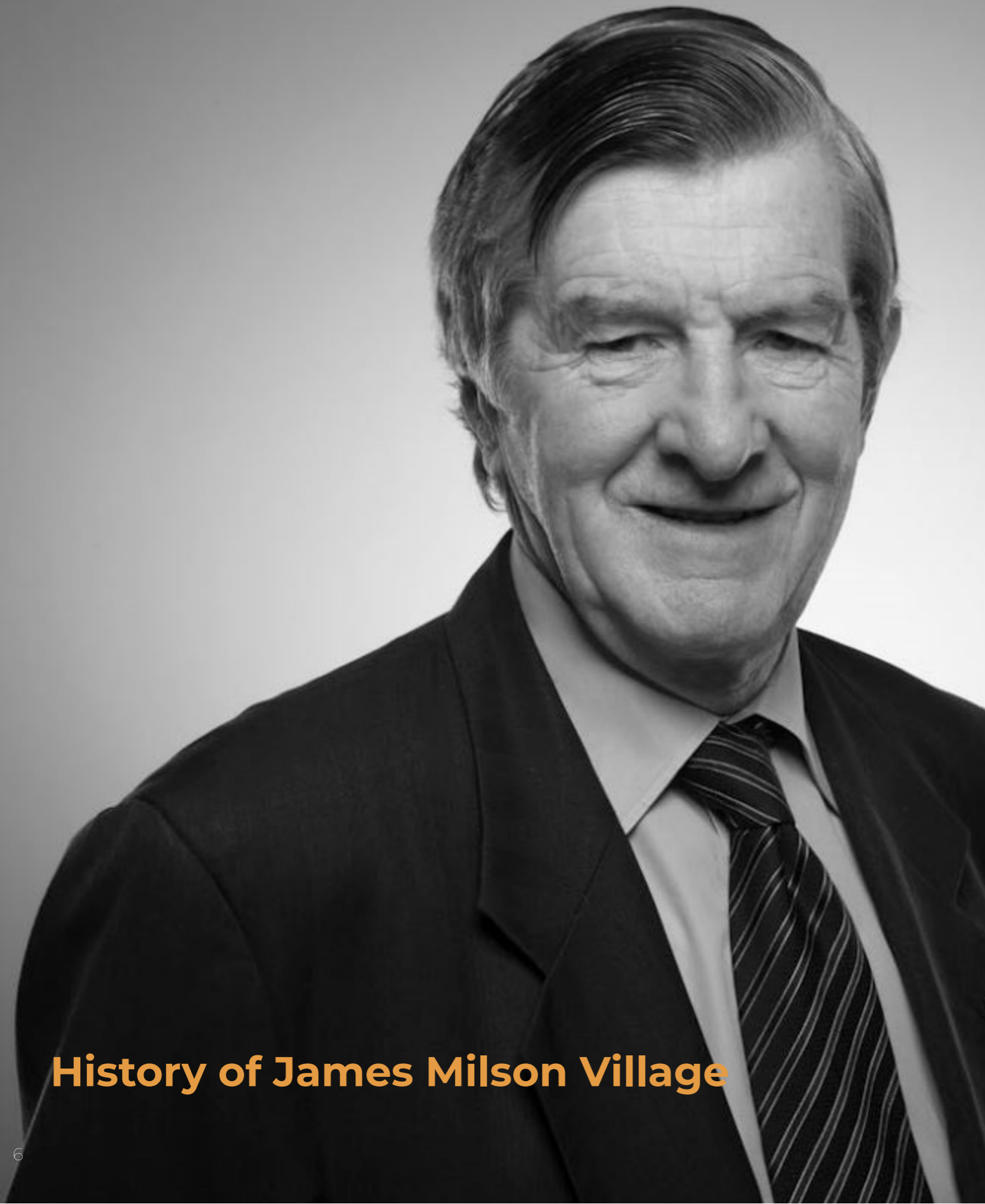
Our MOTTO

Excellence in care, treating each person with integrity, commitment and respect.



01

A Year In Review 2018-2019



History of James Milson Village

- 1968:** North Sydney Municipal Council (“NSC”) establishes a sub-committee - North Sydney Homes for the Aged Association (the “Association”) - to consider ways of building and operating a retirement village.
- 1970:** NSC provides \$101,500 to finance the project, together with generous donations from local community groups, businesses and individuals.
- 1971:** NSC approves the construction of the Tower building.
- 1974:** The Tower and Hostel open, housing Independent Living Units (45) and Hostel Accommodation (59 beds).
The land title to the initial site of the Village comprising the Tower and Hostel buildings was as to:
- 1/3 gifted by the DMR to North Sydney Retirement Village Association for an Aged Care Facility
 - 1/3 purchased with funds of the Trust (or its predecessor the North Sydney Retirement Village Association)
 - 1/3 gifted to the Facility by North Sydney Council because at that time the Trust was unincorporated the land title was taken by the Council
- 1975:** North Sydney Retirement Trust (“NSRT”) incorporates - NSC declined to transfer title to the Trust but grants a long-term lease at a nominal rent of \$1.00 pa.
- 1980:** NSRT and Uniting Care (“UCA”) enter into a Joint Venture Agreement to operate a High Care Facility (the Nursing Home) on separate land acquired by the NSRT.
- 1988:** NSC and NSRT enter into a 99 years Lease for the land on which the Tower and Hostel operate, expiring in December 2088 at a nominal rental of \$1.00 per annum.
- 2005:** Camaraigal House opens on additional land purchased by NSRT – providing 58 Independent Living Units.
- 2016:** NSRT acquires UCA’s interest in the Nursing Home joint venture thereby resulting in the NSRT being the sole management entity across the entire JMV site.
- 2017:** NSRT appoints external project team to advise on site redevelopment and expansion strategy.
- 2018:** NSRT undertakes major refurbishment of facilities at James Milson Village.
- 2019:** NSRT commences acquiring apartments at 49-51 High Street, North Sydney for future re-development needs.

Chairman's Report

Dear Friends, Stakeholders,

It is a pleasure to once again write this Report, as part of James Milson Village's Annual Review to you, our Friends and Stakeholders.

In a market environment of negative publicity from the findings of the Royal Commission into Aged Care, we can stand proud in our delivery of care to our residents / consumers. Care is our primary focus. We regularly benchmark ourselves versus the industry – both the for-profit and not-for-profit providers – and can be comfortable knowing that we deliberately invest more into care, catering and other services than the industry averages. Feedback from residents and families has been most encouraging.

We now have a Clinical Manager on-site 7 days per week, we have increased hours for our Registered Nurses and now provide increased in-home support for our Retirement Living Apartment consumers.

In FY 2019 – following significant investment in site refurbishments in FY 2018 - we again invested heavily across the Village with further upgrades to rooms in Carabella House, Camaraigal House, and Carabella Tower and the introduction of new Consumer Care and Lifestyle Services and facilities.

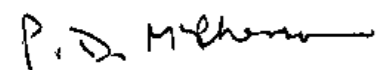
We again delivered strongly in FY 2019 on our Social Justice Deliverables, foregoing revenue just under \$2 million – up \$130K vs that foregone in FY 2018. This is a key Constitutional Objective against which we monitor progress monthly.

In recent months, we have made considerable progress with our Site Development Plans. We now have acquired 8 Apartments in the 49 – 51 High Street complex and are in negotiations for the remaining 11 Apartments.

We are also working in tandem with our major Stakeholder – North Sydney Council – in seeking utilisation of part of the adjoining RMS parkland for our new development and the Council is acting as the proponent for the planning / rezoning application. This is a very positive outcome and we thank the Council sincerely for their support.

In closing, I would like to thank our great Workforce, Management and fellow Board Members for their dedication and passion to our James Milson Village community.

We all remain committed to delivering our Vision of delivering a centre of excellence in services for the ageing.



Paul McPherson

Chairman of the Board

North Sydney Retirement Trust / James Milson Village





Chief Executive Officer's Report

Last year I wrote on 2019 having a focus on sustaining and building on Compliance, Financial, Governance, Care and Services, Property, Asset and Development Management and yes much time has been resourced to these outcomes. However, there has been an equal divergence of focus and resourcing to the Royal Commission into Aged Care and the Retirement Villages Legislative review.

The Royal Commission: Albeit there have been many reviews into the aged care environment since the introduction of the Aged Care Act in 1997 but there has not been systemic change. A Royal Commission has greater visibility and is reviewed/ noted at Cabinet level whereas other reviews were not. To date the Commission has conducted 10 hearings across 11 sites; 9 Community Forums; 18 Service Provider visits and published 7 Background Papers. The Commission will publish an Interim Report in October 2019. The final report was due for publication in April 2020, however an extension of six months will now see a final report in November 2020.

My thoughts are many however I am confident that the recommendations that arise from the Royal Commission cannot and will not be ignored by Government and the Opposition. I imagine that the Commission will highlight examples of poor care and I agree that such examples should be raised however every aged care provider stuffs up on occasion. At James Milson Village we will at times make mistakes however it is what we do about it that matters; it's about fessing up, listening to our people and having a preparedness to change what and how we do things. While we are proud of our systems and our continual push for improving our care and services, we also sober and measure this with our consumer and stakeholder feedback.

I am reminded daily as I wander through our home that we are caring for an increasingly fragile and frail cohort of people; that for some there will not be improvements and that deterioration is rapid, that there will be falls as a result of strong wills or confusion and that there will be infections and wounds that result from the existence of complex and multiple disease processes that are not able to be healed or cured. Our resolve however is to focus on the best care and services and not always fixing the ailment.

Our staff do an amazing job each and every day. I am honoured to have the opportunity to be their leader, I am humbled by their passion and caring, and I am buoyed by their commitment to James Milson Village, they truly bring our Mission and Values to life and strive to improve the quality of life experienced by our many consumers.

Finally, I am hopeful and positive for our future, that the Royal Commission will provide the direction, systems, supports and an understanding as to how we will be enabled to achieve stated and required outcomes.

Retirement Village Legislative Review: The Greiner Review of 2017 resulted in a number of recommendations that the NSW Government determined necessary to implement which has required a change in Legislation.

These recommendations including ensuring greater consultation, communication and transparency have been enacted into legislation and we have commenced processes that ensure that James Milson Village is able to meet the required outcomes of the Retirement Villages Act and Regulations. The first 4 pieces of legislation have been implemented from 1 July 2019 are:

- Annual Contract Check-ups
- Emergency Plans and Evacuation Exercises
- Annual auditing of accounts/ Auditor appointment process
- Rules of Conduct for Operators of Retirement Villages (the rules commence from 1 July 2019 with offence provisions commencing from 1 January 2020)

What Now?

The Village: We remain committed to providing care and services that meet and/or exceed need and expectation. This includes ensuring that our buildings and property are maintained and upgraded as and when required.

Over the past two years we have commenced a systematic approach to maintenance and refurbishment, this approach has provided us with a product that is well managed and of a standard that our consumers expect. This work as you can imagine is a continuing cycle, never finished and will continue as an annual project.

You will be aware that we have a strategy for growth; in 2018/19 we introduced In-Home Support Services for the Retirement Village, Counselling Services across all of JMV and as a means of support the expansion and growth of our residential care and retirement living services, we commenced acquiring the 49-51 High Street apartment block and discussing expansion possibilities with North Sydney Council, we have acquired 8 units to date.

The next year will witness the continuance of these programs and initiatives as well as the introduction of Additional and Day Respite Services within the residential care space and the further acquisition of units in the High Street complex.

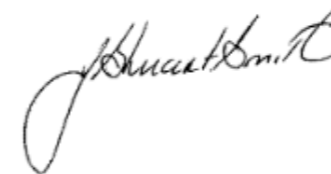
The Staff: As stated earlier our staff team is incredible; they enliven our Mission and Values through their daily work and dedication to our ageing consumers however our staff team has changed over the past 3 years. With the realisation that the acuity and complexity of consumers is increasing we have purposefully increased the availability of clinical expertise increasing registered hours from 329 hours/week to 483 hours/week. We have implemented a flexible roster system that enables us to ensure we always have the most appropriate skilled and qualified staff available.

Of greater relevance and testimony to the calibre of our staff is the ability to promote from within; this year when we were challenged to fill several higher positions, we were able to meet this requirement from within our existing staff team. We have many skilled and competent emerging leaders within our team, their presence provides the comfort that JMV has a bright future.

My Role: The role of the CEO is reasonably straight forward; to ensure that we have the right strategy; ensure we have the right team to execute strategy and then to adopt a position of being the primary internal and external communicator for James Milson Village.

Over the past year I have spent a lot of time talking, writing and delivering communiques and discussing what we do and what the future holds. I imagine that the next year will be similar. I imagine that like this year I will be asking our consumers, stakeholders and others for feedback regarding what we do; it is through such feedback that we are able to challenge ourselves to improve the care and services offered and to maintain the reputation we currently have as a credible and excellent provider of residential and retirement living.

Of highest importance to me is that I remain present in our services, listening to our consumers, staff and others and hearing the varying messages delivered with an openness to acknowledge our lesser efforts and enact change as required. It is this very reason why I have comfort that we are getting most things right and why I continue to get up in the mornings as a very proud CEO of James Milson Village.



Jennifer Stuart Smith
Chief Executive Officer
James Milson Village

In Control of our Destiny

<p><u>Vision</u></p>	<p>TO BE AND BE RECOGNISED AS A CENTRE OF EXCELLENCE IN SERVICES FOR THE AGEING</p>				
<p><u>Values</u></p>	<p>Respect</p> <ul style="list-style-type: none"> The way we treat all Stakeholders 	<p>Excellence</p> <ul style="list-style-type: none"> Our people are at the centre of all we do Choice, Control and Consultation drives all care and services 	<p>Forward Thinking</p> <ul style="list-style-type: none"> To challenge what we do every day To look outwards & embrace Continuous Improvement 	<p>Integrity</p> <ul style="list-style-type: none"> The integrity of the organisation or individual is paramount and will not be compromised 	<p>Performance</p> <ul style="list-style-type: none"> Plan to exceed expectations on a daily basis Be acknowledged as a leader
<p><u>Strategic Priorities</u></p>	<p>Financial Sustainability</p> <ul style="list-style-type: none"> Disciplined, planned and controlled resource allocation & management Capital discipline, balance sheet strength and long term growth 	<p>Service Culture</p> <ul style="list-style-type: none"> A committed workforce responsive to new opportunities and challenges 	<p>Responsive Service Delivery</p> <ul style="list-style-type: none"> Flexible & embedded Model of Care. Developed community service partnerships 	<p>Brand Growth and Awareness</p> <ul style="list-style-type: none"> Developed, agreed and known brand within community and broader industry 	<p>Contemporary Living & Services Options</p> <ul style="list-style-type: none"> Offers of alternative housing options & service choices that are responsive to consumer preference
<p><u>Operational Focus</u></p>	<p>Care & Services</p> <ul style="list-style-type: none"> Plan to exceed resident expectations and to expand our reputation Align delivery outcomes to best practice 	<p>Property & Asset Stewardship</p> <ul style="list-style-type: none"> Refurbishment & maintenance program aligned to market expectations 	<p>Governance</p> <ul style="list-style-type: none"> Robust systems & processes that provide assurance of compliance System of review and renewal that embraces Continuous Improvement 	<p>Workforce</p> <ul style="list-style-type: none"> Focus on a safe working environment, well-being, company culture, leadership development and staff training, attraction and retention 	<p>Financial Management</p> <ul style="list-style-type: none"> Accurate & timely reporting, analysis & benchmarking driving decision making New revenue streams & forward budgeting
<p><u>Goal</u></p>	<p>KNOWN AND VALUED PROVIDER OF SERVICES TO THE AGEING</p>				

02

**What you need
to know**





Business Performance

James Milson Consumer Profile Retirement Living

General Data								
Building	Age			Gender		Marital Status		
	Entry	Exit	Current	Male %	Female %	Married %	Single %	Widow Widower %
Camaraigal House	77	92	81	23	77	22	17	61
Carabella Tower	73	86						

In Home Support Services (Average recipients per month)						
Building	Govt. Funded Home Care Package			JMV In-Home Support & Other Services		
	Nursing Care	Domestic Assistance	Community Access	Nursing Care	Domestic Assistance	Community Access
Camaraigal House	4	5	3	7	9	5
Carabella Tower	2	6	4	5	11	7

Occupancy and Tenure					
Building	2018 %	2019 %	Entry 2019	Exit 2019	Length of Tenure (Average Years)
Camaraigal House	94	96.3	10	8	8.2
Carabella Tower	94	97			



Business Performance

James Milson Consumer Profile Residential Aged Care

General Data								
Building	Age			Gender		Marital Status		
	Entry	Exit	Current	Male %	Female %	Married %	Single %	Widow Widower %
Carabella House	87	94	93	38	62	25	3	72
Elamang House	91	92						

Occupancy and Tenure								
Building	2018 %	2019 %	Entry 2019		Exit 2019		Conversion (Respite to permanent) %	Length of Tenure (Average Years)
			Respite	Perm	Respite	Perm		
Carabella House	98.2	96.3	23	30	22	25	86	4.7
Elamang House	96.3	95.2	21	26	18	29		

- NOTE: The average length of stay within the RAC remains somewhat higher than the industry average; this can best be attributed to the prior use of Carabella House as a “low Care Facility or Hostel”. Since 2018 when we combined the RACs and introduced in-home supports to the RLA we have noted a higher level of acuity in consumers entering the RAC and a more aligned average tenure of 2.3 years.

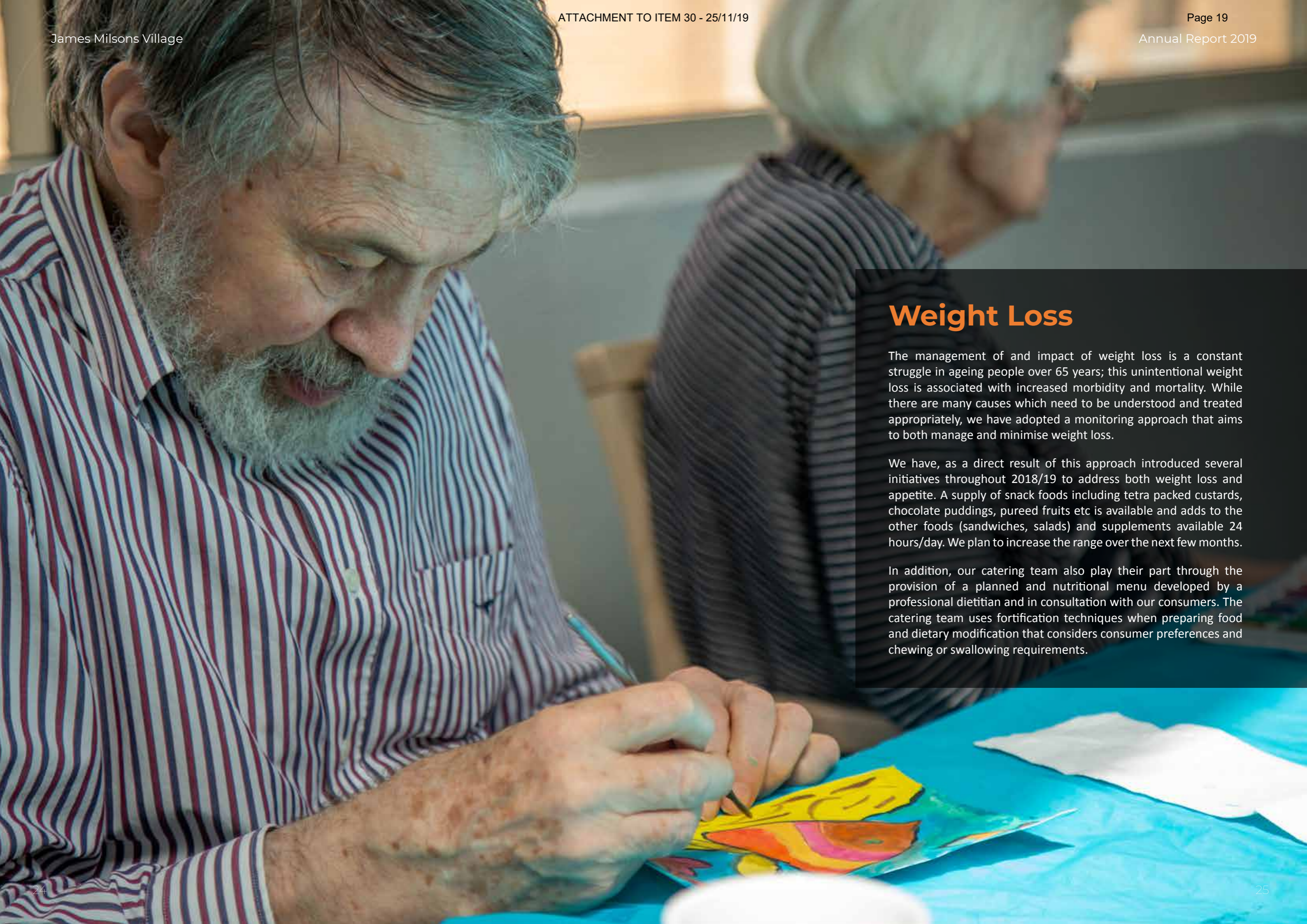
Clinical Data

There has been a great deal of data floating around in the media this year that relates to clinical outcomes for consumers living in residential aged care. Most of this data and commentary is negative and outlines some rather negative outcomes for people in some aged care homes. All homes are now required to report on restraint, pressure wounds and weight loss. JMV data is below.

Restraint: through a process of education, partnering with our visiting doctors and determination we have managed to eliminate both chemical and physical restraint.

Pressure Areas: Over the past two years we have invested heavily in skin care education, skin care and protection devices and pressure relieving devices and our staff work diligently in ensuring that skin care is a priority and that early and accurate identification and early intervention is a priority; we do acknowledge that there are wounds that cannot be healed but can be controlled and not advance to more serious wounds.





Weight Loss

The management of and impact of weight loss is a constant struggle in ageing people over 65 years; this unintentional weight loss is associated with increased morbidity and mortality. While there are many causes which need to be understood and treated appropriately, we have adopted a monitoring approach that aims to both manage and minimise weight loss.

We have, as a direct result of this approach introduced several initiatives throughout 2018/19 to address both weight loss and appetite. A supply of snack foods including tetra packed custards, chocolate puddings, pureed fruits etc is available and adds to the other foods (sandwiches, salads) and supplements available 24 hours/day. We plan to increase the range over the next few months.

In addition, our catering team also play their part through the provision of a planned and nutritional menu developed by a professional dietitian and in consultation with our consumers. The catering team uses fortification techniques when preparing food and dietary modification that considers consumer preferences and chewing or swallowing requirements.

Our Other Outcomes

Care Planning: Since 2017 we have worked with consumers and their families to develop care plans that are agreed; consumers are asked during the assessment and planning phase for their preferences and a plan is agreed.

While a step forward, we acknowledge that this is not the ideal as staff continue to have a more dominant role in this process and the end product. Therefore, we have commenced a process of self-directed care planning. While this initiative remains in its infancy and we have learnings to come from the implementation processes, the result will be to enable consumers to have greater control over the Care Planning process.

Lifestyle Focus: A large part of our staff duties is to engage consumers in preferred lifestyle choices; our lifestyle calendar developed in consultation with consumers is expanding the options available for them.

Our aim is to assist or provide options that lead to consumers enjoying their life at James Milson Village.

Workforce: From 2017 we have consistently upgraded the skills of staff employed and adopted a roster that:

- Is responsive to acuity of people
- Is responsive to occupancy level
- Is financially responsible
- Is adaptable to a changing aged care landscape and legislative requirement/s and
- Provides clinical expertise to ensure correct and responsible clinical care delivery



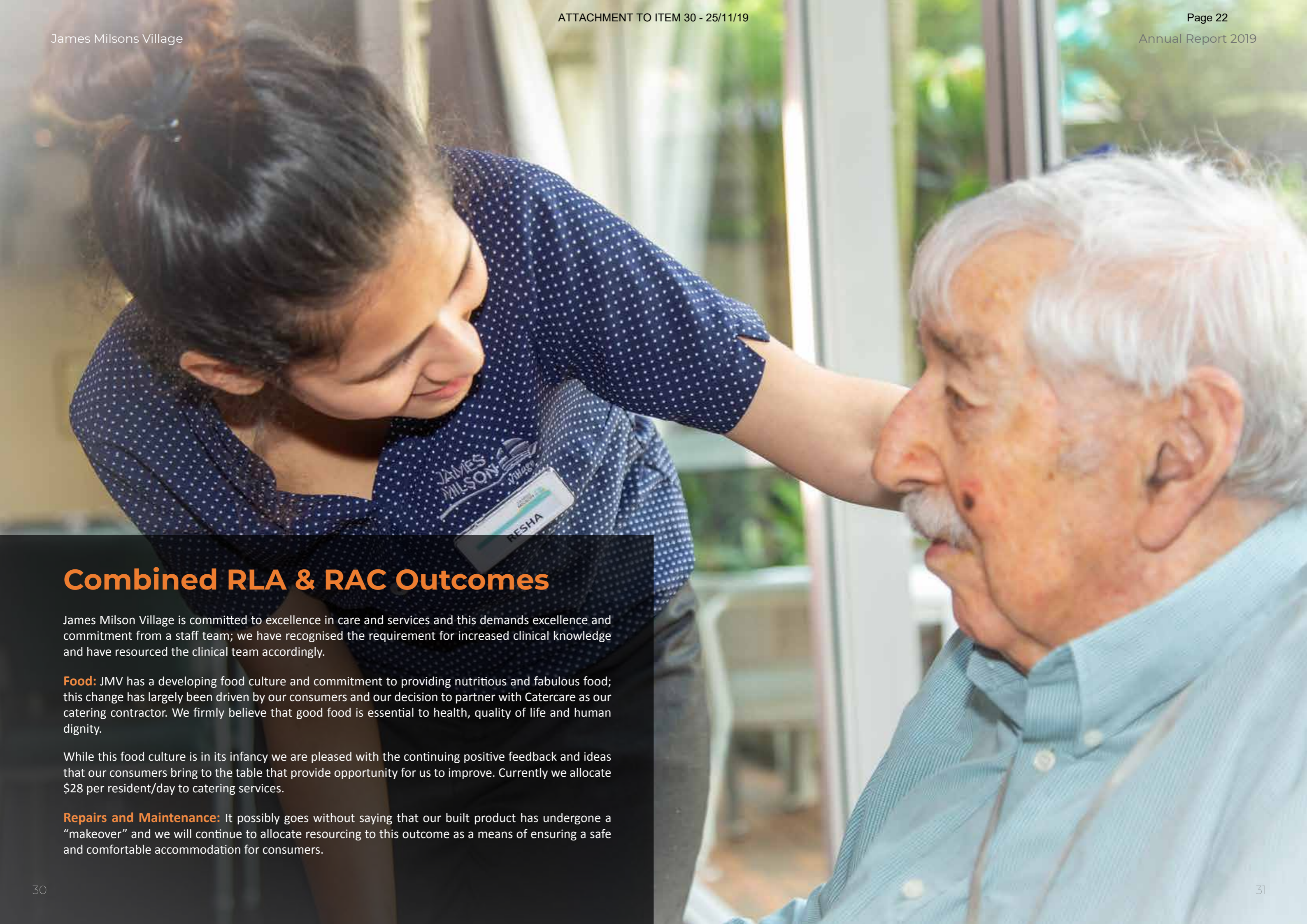


Combined RLA & RAC Outcomes

The current roster provides skills, hours and personnel to times and areas within the Village that are aligned to people requirements. Person centred care demands this of us, and we will therefore deliver on this.

We remain focused on demanding excellence, flexibility and commitment from our staff and therefore we will continue to cast the net at every opportunity to bolster our staff skills, experience and qualifications mix. We continue to support staff to achieve within the workplace. We have supported (financially and time) and continue to support staff in their continuing education including:

- Kim Pryde Scholarship: an assigned scholarship program (\$20,000 per year)
- a management skills program (Certificate IV in Aged Care Management - all current promotions have come from within our staff roster);
- we are currently offering 3 staff Certificate IV in Leisure and Lifestyle opportunity and offering staff the opportunity to undertake Certificate IV in Allied Health (physiotherapy and OT) and
- we are in the process of researching the opportunity of supporting a Registered Nurse progress to Nurse Practitioner.



Combined RLA & RAC Outcomes

James Milson Village is committed to excellence in care and services and this demands excellence and commitment from a staff team; we have recognised the requirement for increased clinical knowledge and have resourced the clinical team accordingly.

Food: JMV has a developing food culture and commitment to providing nutritious and fabulous food; this change has largely been driven by our consumers and our decision to partner with Catercare as our catering contractor. We firmly believe that good food is essential to health, quality of life and human dignity.

While this food culture is in its infancy we are pleased with the continuing positive feedback and ideas that our consumers bring to the table that provide opportunity for us to improve. Currently we allocate \$28 per resident/day to catering services.

Repairs and Maintenance: It possibly goes without saying that our built product has undergone a “makeover” and we will continue to allocate resourcing to this outcome as a means of ensuring a safe and comfortable accommodation for consumers.



Combined RLA & RAC Outcomes

Over the past year we have completed refurbishments to 9 Retirement Living Apartments, 37 Residential Care places, the shared space within both Carabella Tower and Camaraigal House and various small initiatives aimed at improving the living environment for our consumers.

Compliance Data						
Building	Complaints		Reportable Incidents		Outbreaks	Consumer Feedback %
	Internal	External	Discretionary Report	Compulsory Report		
RAC	9	2	7	2	Nil	90
RLA	6	1	Nil	Nil		86

Business Performance

North Sydney Retirement Trust / James Milson Village is in a sound financial position.

We currently have Total Assets in excess of \$111 million and Net Equity in excess of \$51 million.

As mentioned in the Chairman's and CEO's Reports, we have undertaken some major redevelopment and refurbishment works during the last financial year with some significant "abnormal / non-recurring" expenditure being incurred as well as substantial capital investment.

We have also purchased additional Bed Licenses and further adjoining properties to support our future development plans.

We have totally self-funded the above investments and capital expenditure.

Despite this expenditure and investment, we maintain strong cash reserves and our retained earnings are healthy.

We have no debt and no mortgages, other than statutory charges.

We have achieved this strong financial performance whilst still exceeding our social justice deliverables objectives.

In terms of our delivery of care, our Staff / Resident and catering cost ratios are higher than industry norms. We continue to maintain compliance to our regulatory requirements and have a staff team that is committed to the highest levels of resident care and the James Milson Village community.

Copies of our audited statutory accounts for the 2018-2019 financial year are available upon request.



Social Justice Deliverables

This Year

In keeping with our Constitution and Philosophy, James Milson Village has contributed just under \$2m in foregone revenue to honour our social justice deliverables.

Residential Care

In our Residential Aged Care facility, we offer a significant number of bed placements to fully supported or partially supported residents, who pay no or minimal Refundable Accommodation Deposits (RAD's) / Daily Accommodation Payments (DAP's) to enter.

We also provide:

- Short term subsidised respite and day care to RLA residents and residents from the local community
- Social and counselling support
- Enhanced care delivery and food costs above industry standards and ratio

Revenue foregone and additional support provided for residential aged care services is approximately \$1.2m

Retirement Living Apartments

We continue to support residents through subsidising ingoing contributions and rental amounts to meet individual financial circumstances.

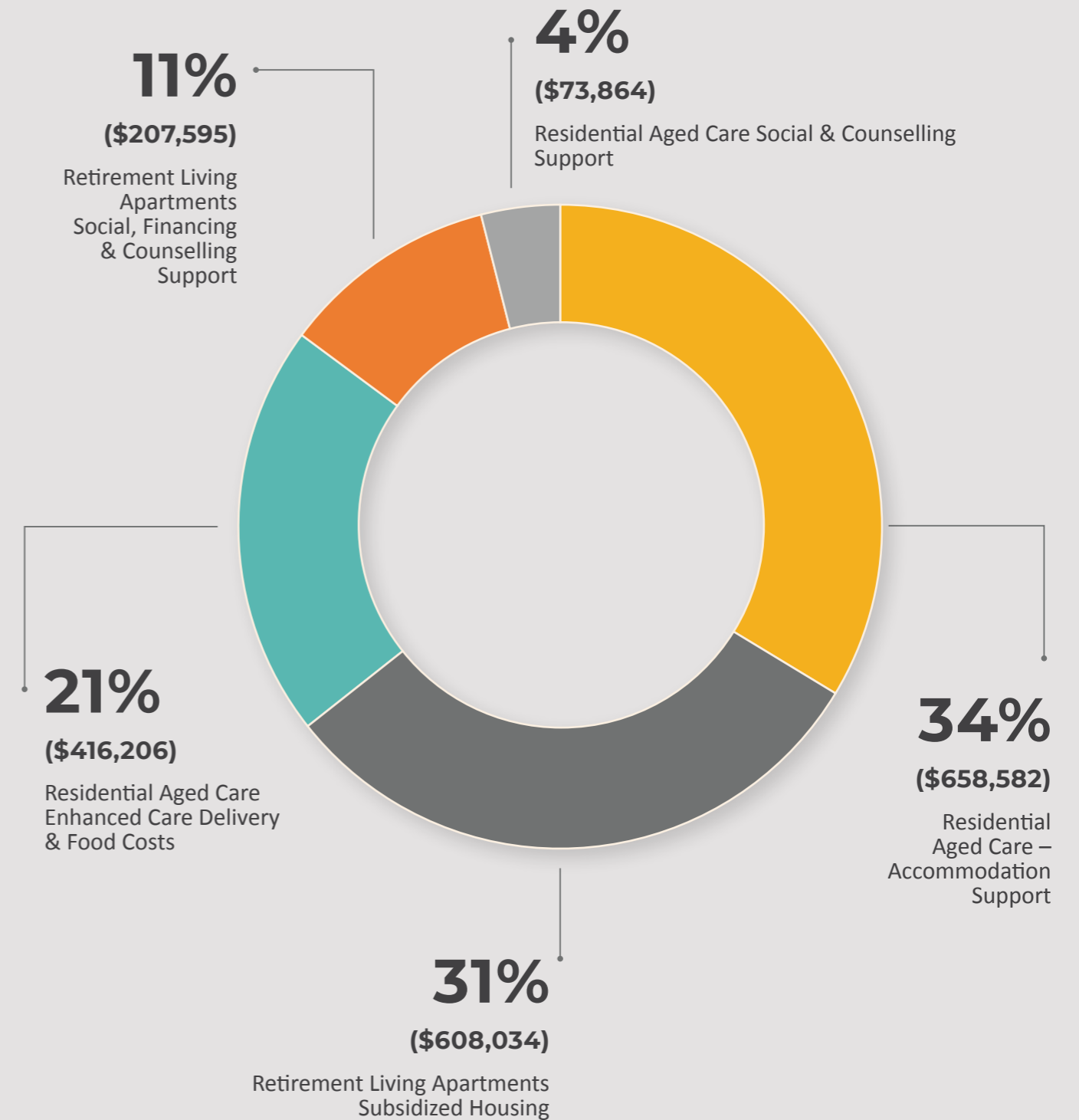
Our entry pricing is set below local area median housing prices.

We also provide:

- Subsidised in-home support for cleaning and ancillary services at well below market rates
- Social, financial and counselling support
- Regular subsidised social functions

In excess of \$600K has been foregone so support our retirement living consumers

Social Justice Deliverables for FY 2019 \$1.96m





Current Focus on Aged Care

Aged Care, possibly because of the Royal Commission, is a space of change and a topic of discussion. There has been examples of poor care and services and these instances are being brought to light and are attracting attention within the media. The aged care world has been subject to several reviews over the past 10 years however in holding a Royal Commission we are expecting that there will be greater change throughout 2020 and beyond.

Of interest is that despite the Royal Commission there are many innovative and excellent initiatives being progressed within the aged care sector; this is a testament to the aged care providers who despite the constancy of negative press and opinion continue to place care and service to their ageing people first and foremost.

Here at James Milson Village we endeavour to live our Mission through work outcomes and through placing the consumer at the centre of all we do. We honour each persons value and citizenship and follow a Person Centred approach to care, lifestyle and services. Our model works as follows:

Definition: person centeredness is a way of thinking and doing things that places the person (consumer in this circumstance) as an equal partner and at the centre of planning, developing, delivering and monitoring care and services.

Current Focus on Aged Care

Person concertedness is about considering people's desires, values, family situations, social circumstances and lifestyles; seeing the person as an individual and working together to develop appropriate and agreed solutions.

Person concertedness is truly applying respectfulness to the people we serve (consumers, relatives and friends), having a preparedness to change thinking and processes, to provide services that are flexible and meet needs in a manner that is best for the consumer.

Focus:

The model applies respect to and has an intentional focus on maintaining a "Good Life" for consumers through an approach that embraces living well and recognises that people are at the centre of all we do. The model provides;

Focus that people are choosing an accommodation option that has the potential to support them to live well throughout their ageing journey and includes appropriate options of care and services that have the capacity to meet assessed need and individual preference.

Focus that the people choosing to live in at JMV will be at the centre of all that we do and provide and recognition that the person is the expert in relation to their life.

Focus on the importance of community and community engagement to enable the continuance of individual people's lifestyle choices and networks after they have moved to JMV.



What is a Good Life?

1. Uniqueness; “No life has been lived before” – we are unique and therefore we require recognition for all life experiences; who we are, where we have been, what we have done; feeling special
2. Control; Ability to make decisions, having choices and being respected for the choices made; feeling valued
3. Optimism; A sense of hope and future; having access to tomorrow and the opportunity to participate; be part of community and life; feeling happy
4. Belonging; Involvement in a variety of relationships with people; being involved in everyday roles, responsibilities, routines, experiences and emotions that are a normal part of living; feeling wanted
5. Contribution and Engagement; To be able to give to others and/or community; to be able to take enjoyment from engagement in activities, interests and passions; feeling useful
6. Health; Being as healthy as possible; to be able to access supports and services that enable rather than disable; feeling strong
7. You may notice posters placed throughout the homes bringing the above to the forefront and to be a reminder to staff and stakeholders of our purpose.



Governance

Board and Management take their Governance responsibilities seriously.

In FY 2019 we have:

- Undertaken training – across both Workforce and Board Members - to prepare for the introduction of the new Aged Care Quality Standards and Charter of Aged Care Rights from July 1, 2019.
- Board has undertaken a Governance Workshop and completed a self-assessment tool for organisational governance.
- Updated our Vision, Values, Strategic Priorities & Operational Focus to better address the transition of our business model to consumer directed care.
- Reviewed and prepared an updated Risk Matrix.
- Introduced a new Directors Code of Conduct.
- Currently undertaking a Board renewal process to bring in new skills matching our future needs and strategic direction.
- Board is undertaking a 360° Review by an external Consultant.





03

Our Stories

Resident Events

Monthly Events

Our consumers enjoy a variety of activities throughout the day but our monthly events are a highlight on everyone's calendar.

Events provide the opportunity for socialisation, community connection and renewal and/or continuation of lifetime pursuits. Events at James Milson Village are designed to be inclusive – all consumers can attend; they are designed to foster friendships and Village connection.

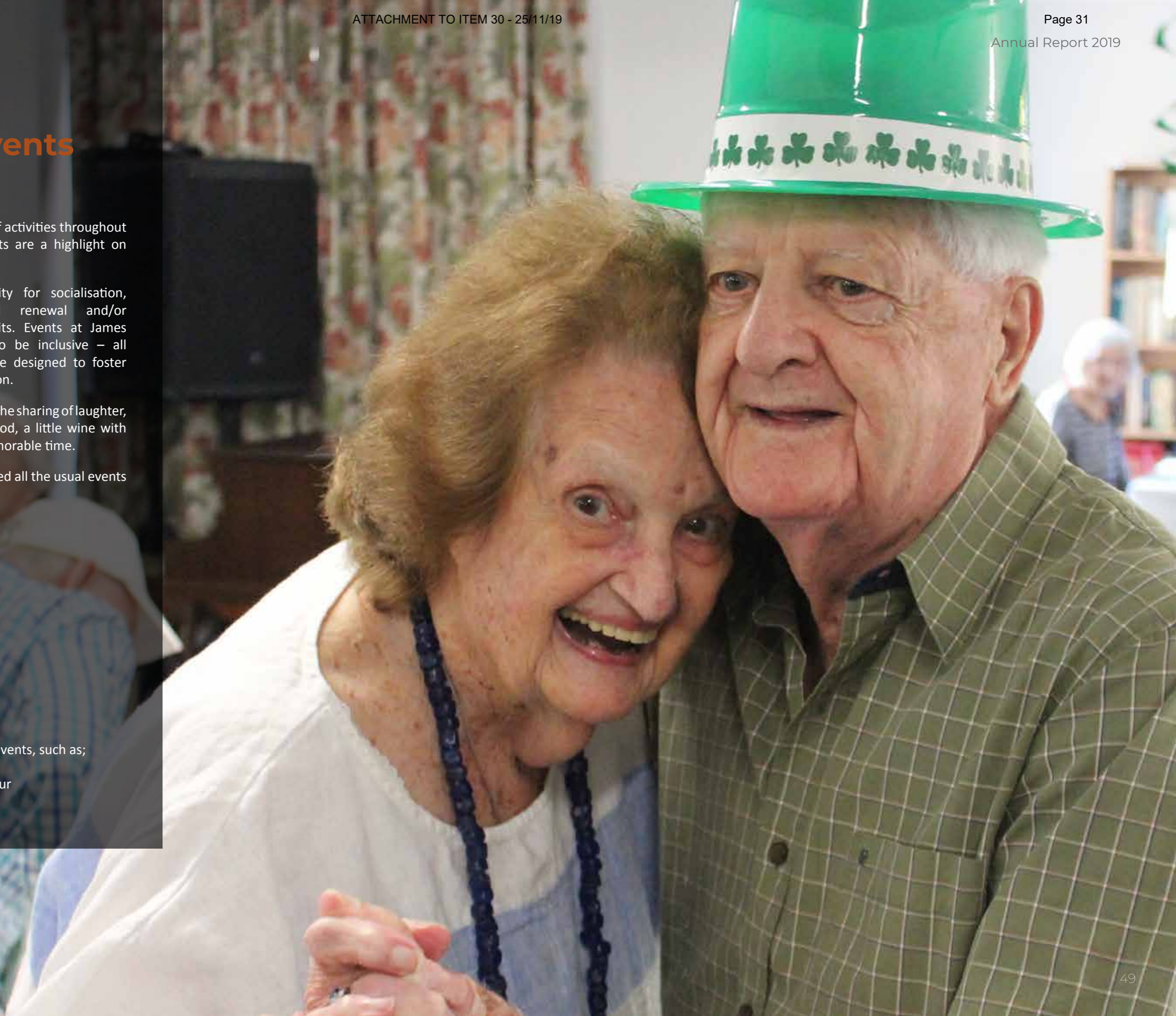
Our events are fun, a time where the sharing of laughter, conversation, good company, food, a little wine with music combine to provide a memorable time.

So far this year we have celebrated all the usual events such as;

- Australia Day
- Valentines Day
- St Patrick's Day
- Easter
- Anzac Day
- Mother's Day
- Christmas In July
- Father's Day

We have also had some off site events, such as;

- Westside Story on the Harbour
- Archibald Exhibition





Monthly Events

As a nurse, time and thinking is often consumed by physical and medical issues and outcomes. Events provide a unique opportunity for staff to engage with consumers in a social space, an opportunity that provides them with a different perspective from personal care and nursing.

It goes without saying that the success of our events sits wholly with our staff; their energy and willingness to give to the events through volunteering their time, helping set up and clean up and most importantly participate is priceless and appreciated.

During the past year our many Nepalese staff shared their culture through their Dashain Festival. We were very fortunate to share their wonderful foods, dance and music and look to add this festival to our usual event calendar.

The sharing culture through this event provided an opportunity for relationship building and development of mutual respect and understanding.



What the Future Holds

Our Future is Bright

We continue to work towards expanding our Village by providing a new facility that will provide:

- A “Home for Life”;
- A mix of Retirement Living Apartments (“RLA’s”) and Residential Care Suites (“RACS”);
- New additional services to the Village consumers and the broader community:
 - ✓ Physiotherapy, Allied Health & Doctor Suites
 - ✓ Hydrotherapy Pool
 - ✓ Café
 - ✓ Community Meeting Spaces
- An architectural bespoke building that will enhance the North Sydney landscape
- Accessible parkland for the use of the community



Progress

- We have purchased new Bed Licenses for our Residential Aged Suites.
- We now own 8 Units in the 49-51 High Street apartment block and are in negotiations with the balance of owners.
- We are working in tandem with North Sydney Council in seeking utilisation of part of the adjoining RMS parkland for our new development.
- North Sydney Council is acting as the proponent for the planning / rezoning application.
- We have a Project Team of external advisers appointed to work with us in finalising design.





Our Staff

This document outlines the achievements for the past year, many of these achievements would not be possible without a very special group of people – our staff team. There are three words that come into mind when we consider the James Milson Village staff team: Committed, Skilled and Caring.

While our entire team is exceptional there are a few who stand out and their outstanding work, commitment and caring recognised through the Excellence in Service Awards. Nominations are accepted from all stakeholders with the 2018 awards receiving 22 nominees. As with any award choosing a winner is never easy however there is always a point of excellence that emerges through the nominations and the 2018 winner of the award was Nancy Cho.

Nancy is a registered nurse who has been at JMV since 2006; during this time Nancy has not only demonstrated her professionalism and competence as a registered nurse, she has worked everyday to bring life and meaning to the JMV Mission, Vision, Values and Philosophy. Nancy is highly respected by consumers, family, staff and other stakeholders. Nancy received 5 nominations and the following extracts possibly provide an understanding of what she gives every shift when she is at work.

“Nancy is a treasure, she knows what we want before we ask.....Nancy just loves everyoneyou can just tell” “Nancy gives...time is not an issue for her” Nancy is a true leader; she always treats everyone as an equal and helps us to do our best”

Our Staff

In addition to the Excellence in Service award we also recognize length of service at 5, 10 and 15 year time intervals.

The list below are the recipients for 2018.

Five Years

Belinda Castillon
Dona Perera
Warren Polley

Ten Years

Asi Fualalo
Samjhana Giri

Fifteen Years

Arminda (Minda) Buddhipala
Faktaurere (Tonu) Marlow
Hyun Lee
Lilis Matlak





A Note of Thanks

“Thank you all for your care and support of both my parents over the past 5 years. It has been an amazing journey with you all & the wonderful staff of JMV. Your committed care of my dad over the past 18 months was wonderful, to the end... AND now with Mum, as the loss of a husband of 71 years, everyone is so gentle! Thank you to all the staff.”

“To the management and staff of James Milson Village, My deepest love and gratitude to you all, for the care of my gentle father. Not only the nurses and carers, but behind the scenes, I want to recognise everyone for their contribution to Dad’s welfare. He loved living there. From the bottom of my heart, thank you.”

“I would like to thank James Milson Village for the care of my beloved Grandmother.

My Mother and Aunty were very impressed with the care and attention she received whilst with you, from her time in Independent Housing until she required greater assistance. My mother and I were particularly impressed and greatly comforted by the care shown in her final hours. All staff were wonderful. Please pass on our sincerest thank you.”

“A note of thanks to you and your team for the helpful way your cared for my late mother-in-law. There were so many challenging times and experiences to which you and your team responded with tireless patience and kindness. Thank you all for enriching her life and keeping Joan safe and well during the last months of her life.”

NSRT Board Profiles



Paul Mcpherson
BOARD CHAIRMAN
BCom, LLB., FAICD

Experienced Company Director. Senior international management, marketing & sales roles in consumer goods. Specialist in strategic planning and implementation process improvement. Board member since 2014. Ex officio Member of all Committees. Nominee from Community.



Peter Antaw
DEPUTY CHAIRMAN
B. Eng (Electrical)

Former Divisional Manager of Energy Australia (now Ausgrid) and has extensive experience in the electricity supply industry. Board Member since 2012. Chair of Site Development Committee. Member of the Audit & Risk Committee. Nominee from Community.



Ally Murphy
BOARD DIRECTOR
Diploma Business Administration

Diploma Business Administration. Broad Aged Care experience across the independent living, residential aged care and dementia care sectors. Experience in the development of greenfield sites. Board Member since 2017. Member of the Governance, Legal & HR Committee; Member of the Site Development Committee. Nominee from North Sydney Council.

Senior Management Team & Key Staff Profiles



Jennifer Stuart Smith
CHIEF EXECUTIVE OFFICER

Jennifer commenced her professional life as a registered nurse and has since developed her career into one of management. Her involvement in ageing and retirement services spans 22 years. Jennifer holds qualifications in Nursing, Health Management, Gerontology, Business Management and is a graduate of the Australian Institute of Company Directors (GAICD). As a senior manager, she works toward a balanced set of results that provide financial stability and quality of care and service outcomes.



Lyn Quilty
RELATIONSHIPS AND MARKETING MANAGER

Lyn brings to the James Milson Village team a wealth of process and procedure knowledge, having worked in administration for more than twenty-five years. Lyn has a Diploma in Business Management, a Certificate IV in Leadership and Management and is currently studying for a Diploma in HR Management. Lyn has worked in a variety of industries, including medical devices, property and logistics, having run her own freight company that specialised in the film industry.



Sharon Callister
BOARD DIRECTOR
MBA, BHA, GAICD, RN

Current CEO for PMSA (Presbyterian and Methodist Schools Association QLD) and recently appointed to the Salvation Army Queensland Advisory Board. Extensive experience in Aged Care capital developments, clinical governance and strategic planning. Board member since April 26, 2018. Member of Care Committee; Member of Site Development Committee. Nominee from Community.



Stephen Carberry
BOARD DIRECTOR
Associate Diploma in Commercial Studies (Accountancy Stream)

Comprehensive experience in the Aged Care Industry and not-for-profit sector. Sound knowledge of Aged Care funding from both the operator and government department perspectives. Most recently Senior Funding and Compliance Manager, RSL Lifecare Ltd. Board Member since July 1, 2018. Member of the Governance, Legal & HR Committee; Member of the Care Committee. Nominee from North Sydney Council.



Lois Towart
Assoc DipVal BBus FAPI SF Fin GAICD

Extensive experience in valuations and analysis specialising in retirement housing and residential aged care. Member of Audit & Risk & Site Development Committees. Nominee from Community.



Phillip Rankin
B.Bus (Accounting), CPA, ATI, JP, Accountant, Registered Tax Agent, JP & Member Taxation Institute

Extensive experience as Chief Financial Officer, Finance Director & Managing Director. Extensive board experience, audit committee chairman & deputy chairman, Former director The Mac Credit Union & Macarthur Diversity Services Inc. Chair of Audit & Risk Committee. Member of Governance, Legal & HR Committee. Nominee from Community.



Rakshya Sharma
CLINICAL MANAGER

Rakshya joined James Milson Village four years ago after she graduated as a Registered Nurse. She has quickly risen from Unit Manager within Carabella House to Clinical Manager. Rakshya recently completed a Certificate IV in Leadership and Management.



Joan Fernando
CHIEF FINANCIAL OFFICER

Joan Fernando has extensive experience in aged care at head of finance level. She is also a NED for a not for profit organisation in the disability sector. Joan is a Fellow of the Chartered Institute of Management Accountants (UK), CPA, Master's Degree in Business Administration from the University of New England and has membership with the Australian Institute of Company Directors (AICD).



Steven Collins
GENERAL MANAGER MAINTENANCE

Steven started his career as a cabinet maker, manufacturing and installing office furniture, partitions and kitchens, where he progressed quickly to factory foreman. Steven then worked for a commercial furniture manufacturing company as head supervisor. In recent years, Steven has been the Maintenance Supervisor & Groundsman at Maybrook Retirement Village. Steven has recently completed a diploma in Leadership and Management from TAFE NSW.

Senior Management Team & Key Staff Profiles



Nadeem Ahmed

IT MANAGER

Nadeem has over 15 years of experience in Information Technology, with the last 3 years as ICT Manager at James Milson Village.

Nadeem has a Masters in Networking & System Administration (Major in Networking, Digital Forensics and Risk Management) and has gained various industry (Both Cisco & Microsoft) certification including ITILv3, CCNA, MCP, MSCA, MCSE, MSTs and others.

He has also completed Certificate II in Customer Contact & Certificate IV in Business. Nadeem was also speaker at Innovation & Technology in Aged Care Conference held in Sydney.



Pip Stanford

QUALITY AND SYSTEMS MANAGER

Pip has chosen to start her Aged Care Career here at James Milson Village.

With over 15 years experience in large and small retail and wholesale businesses, Pip brings a wealth of knowledge and experience in systems, process analysis and training.



Sunita Shrestha

IN-HOME SUPPORT COORDINATOR

Sunita (Sona) is a Registered Nurse who received her training at James Milson Village.

Sona is keen to learn and grow her skills and qualifications within aged care.



Helen Hunter

COUNSELLOR

Helen joined James Milson Village in 2017 to offer therapeutic support to residents including counselling.

With a Master of Arts (Counselling), a Graduate Diploma of Community Counselling and a Bachelor of Education, Helen brings a range of skills and insights to share. Helen has worked in the not-for-profit sector for over 45 years including at one time, Manager of the Kirribilli Neighbourhood Centre and more recently as Manager of Uniting ACT & Southern Tablelands Manager Home and Community Care.



Suresh Aryal

ACCOUNTANT

Suresh joined James Milson Village in 2012 as an Accounts Receivables and Administration Clerk.

Suresh holds a Masters in Commerce (Professional Accounting) having graduated in 2011.



James Milson Village

4 Clark Road, NORTH SYDNEY NSW 2060

Phone: (612) 9346 1500

www.jamesmilsonvillage.com.au

ABN: 88 001 259 294

North Sydney Retirement Trust

ABN 88 001 259 294

Financial Statements for the year
ended 30 June 2019

North Sydney Retirement Trust Financial Statements
ABN 88 001 259 294

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Directors' Report

The Directors of North Sydney Retirement Trust present their Report for the year ended 30th June 2019 and the Independent Audit Report thereon.

The Directors consider the reference to Responsible Persons and Responsible Entities in the Australian Charities and Not-for-profits Commission Act 2012 has the same meaning as the role of Director as defined by the Corporations Act.

Director details

The following persons were Directors of North Sydney Retirement Trust during or since the end of the financial year.

<p>Paul McPherson</p> <p>Board Chairman Governance, Legal & HR Committee Member Site Development Committee Member Care Committee Member Audit & Risk Committee Member</p>	<p>Peter Antaw</p> <p>Board Deputy Chairman Site Development Committee Chair Audit & Risk Committee Member</p>
<p>David Rothery (resigned July 2019)</p> <p>Governance, Legal & HR Committee Chair Audit & Risk Committee Member</p>	<p>Therese Adami (resigned August 2019)</p> <p>Care Committee Chair Governance, Legal & HR Committee Member</p>
<p>Ally Murphy</p> <p>Site Development Committee Member Governance, Legal & HR Committee Member</p>	<p>Chris Bowdler (resigned August 2019)</p> <p>Audit & Risk Committee Chair Governance, Legal & HR Committee Member</p>
<p>John Ferrarin (resigned August 2019)</p> <p>Audit & Risk Committee Member Site Development Committee Member</p>	<p>Stephen Carbery</p> <p>Care Committee Member Governance, Legal & HR Committee Member Audit & Risk Committee Member</p>
<p>Sharon Callister</p> <p>Care Committee Member Site Development Committee Member</p>	

Principal activities

During the year, the principal activity of North Sydney Retirement Trust (the "Company") was the operation of James Milson Village, an aged care facility and retirement village in North Sydney.

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History

- 1968 - North Sydney Municipal Council (“NSC”) establishes a sub-committee - North Sydney Homes for the Aged Association (the “Association”) - to consider ways of building and operating a retirement village.
- 1970 - NSC provides \$101,500 to finance the project, together with generous donations from local community groups, businesses and individuals.
- 1971 - NSC approves the construction of the Tower building.
- 1974 - The Tower and Hostel open, housing Independent Living Units (45) and Hostel Accommodation (59 beds).
- The land title to the initial site of the Village comprising the Tower and Hostel buildings was as to:
 - 1/3 gifted by the DMR to North Sydney Retirement Village Association for an aged care Facility
 - 1/3 purchased with funds of the Trust (or its predecessor the North Sydney Retirement Village Association)
 - 1/3 gifted to the Facility by North Sydney Council because at that time the Trust was unincorporated the land title was taken by the Council
- 1975 - North Sydney Retirement Trust (“NSRT”) incorporates - NSC declined to transfer title to the Trust but grants a long-term lease at a nominal rent of \$1.00 per annum.
- 1980 - NSRT and Uniting Care (“UCA”) enter into a Joint Venture Agreement to operate a High Care Facility (the Nursing Home) on separate land acquired by the NSRT.
- 1988 - NSC and NSRT enter into a 99 years Lease for the land on which the Tower and Hostel operate, expiring in December 2088 at a nominal rental of \$1.00 per annum.
- 2005 - Camaraigal House opens on additional land purchased by NSRT – providing 58 Independent Living Units.
- 2016 - NSRT acquires UCA’s interest in the Nursing Home joint venture thereby resulting in the NSRT being the sole owner and management entity across the entire JMV site.
- 2017- NSRT appoints external project team to advise on site redevelopment and expansion strategy.
- 2018/19 – NSRT undertakes major refurbishment of facilities at James Milson Village
- 2018/19 – NSRT commences acquiring Apartments at 49-51 High Street, North Sydney for future re-development needs

Short-term objectives

The Company’s short-term objectives are to:

- Deliver a high standard of care and wellbeing for the frail and ageing, particularly in the local government areas of North Sydney, Lane Cove, Mosman and Willoughby.
- Maintain a supported consumer ratio at or above Department of Health requirements.
- Maintain a strong team approach across the village to promote a positive environment for consumers and workforce.
- Attract and retain high quality workforce to ensure the needs of consumers are met.
- Comply with all relevant legislation.

North Sydney Retirement Trust Financial Statements
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- Maintain financial strength and viability in line with funding legislation.

Long-term objectives

The Company's long-term objectives are to:

- Be, and be recognised as, a centre of excellence in services for the ageing.
- Play a significant role in the provision of residential aged care and retirement services to the growing number of ageing consumers in the community.
- Seek out new opportunities to deliver aged care services into the community.
- Be sustainable and strive for continuous improvement in the rapidly changing legislative environment; and
- Explore options for future expansion.

Strategy for achieving short and long-term objectives

To achieve these objectives, the Company has adopted the following strategies:

- Introduction of a wellness and healthy lifestyle focus to consumer care and services.
- Re-branding of JMV including updating logo and colour palette and re-naming of buildings.
- Significant upgrade/refurbishments to Carabella House, Elamang House, Carabella Tower and Cameraigal House.
- Development schedule of refurbishment of vacated residential and retirement living product implemented.
- Appointment of expert project team to advise on re-development and new build and liaison with NSC to progress planned redevelopment strategy.
- Workforce and directors continually encouraged to attend education and training sessions.

Directors' meetings

The number of meetings of Directors held during the year and the number of meetings attended by each director was as follows:

BOARD MEMBERS	Entitled to attend	Attended
Paul McPherson (Chairman)	9	9
Peter Antaw (Deputy Chairman)	9	9
David Rothery (resigned July 2019)	9	9
Ally Murphy	9	7
Therese Adami (resigned August 2019)	9	6
Chris Bowdler (resigned August 2019)	9	9
John Ferrarin (resigned August 2019)	9	8
Stephen Carbery	9	9
Sharon Callister	9	7

Contribution in winding up

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Company.

At 30 June 2019, the total amount that members of the Company are liable to contribute if the Company is wound up is \$300 (2018: \$300).

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Auditors Independence Declaration

A copy of the auditor's independence declaration as required under s s.60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included in page 6 of this financial report and form part of the Directors' Report.

Signed in accordance with a resolution of the Directors



Paul McPherson
Chairman

 September 2019



Auditor's Independence Declaration To the Members of North Sydney Retirement Trust

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of North Sydney Retirement Trust for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Hill Rogers Assurance Partners

Vishal Modi

Registered company auditor no. 486119

Dated at Sydney, this 19th day of September 2019

Assurance Partners

Hill Rogers Assurance Partners | ABN 56 435 338 966

Liability limited by a scheme approved under Professional Standards Legislation.



North Sydney Retirement Trust Financial Statements
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Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	7	1,789,148	2,435,668
Trade and other receivables	8	426,194	262,526
Financial assets	9	35,950,000	35,400,000
Contribution Receivable		1,100,000	-
Other assets	10	645,833	726,031
Total current assets		39,911,175	38,824,225
Non-current assets			
Property, plant and equipment	12	66,863,300	61,441,101
Capital - Work in Progress		258,556	834,060
Intangible assets	11	4,537,929	2,775,939
Total non-current assets		71,659,785	65,051,100
Total assets		111,570,960	103,875,325
Current Liabilities			
Trade and other payables	14	879,739	796,094
Short term employee provisions	13	693,244	687,181
Borrowings within 12 months	15	32,090,870	25,075,475
Borrowings after 12 months	15	26,382,404	25,231,105
Total current liabilities		60,046,257	51,789,855
Non-current			
Long term employee provisions	13	170,580	123,688
Total non-current liabilities		170,580	123,688
Total liabilities		60,216,837	51,913,543
Net assets		51,354,123	51,961,782
Equity			
Reserves		30,092,149	30,092,149
Retained earnings		21,261,974	21,869,633
Total equity		51,354,123	51,961,782

This statement should be read in conjunction with the notes to the financial statements.

North Sydney Retirement Trust Financial Statements
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Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

	Notes	2019	2018
Revenue	5	14,687,046	14,600,086
Employee benefits expense	13	(8,477,782)	(7,792,407)
Depreciation and amortisation expense	6	(1,833,884)	(1,439,439)
Catering expenses		(1,342,608)	(1,315,413)
Cleaning & laundry expenses		(667,606)	(1,117,088)
Physiotherapists- Contractors		(579,352)	(442,402)
Rental expense		(58,009)	(77,689)
Repairs and maintenance		(560,473)	(476,672)
Resident care expenses		(179,948)	(190,920)
Staff training		(152,081)	(162,458)
IT Communication		(177,981)	(221,577)
Insurance expenses		(121,069)	(93,884)
Utilities		(265,484)	(303,557)
Accounting, audit & consultancy fee		(107,616)	(133,651)
Other expenses		(655,857)	(519,979)
Finance costs		(114,955)	(78,191)
Surplus/ (Deficit) for the year attributable to the Company		<u>(607,659)</u>	<u>234,759</u>
Other comprehensive income:			
Other comprehensive income for the period			
Items that will not be reclassified subsequently to profit or loss			
- Revaluation of property, plant & equipment		-	16,345,249
Total comprehensive income for the period		<u>(607,659)</u>	<u>16,580,008</u>

This statement should be read in conjunction with the notes to the financial statements.

North Sydney Retirement Trust Financial Statements
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Statement of Changes in Equity

for the year ended 30 June 2019

	Retained earnings	Reserves	Total Equity
	\$	\$	\$
Balance as at 30 June 2017	21,634,874	13,746,900	35,381,774
Surplus for the year	234,759	-	234,759
Other comprehensive income:			
- Revaluation of property, plant & equipment	-	16,345,249	16,345,249
Total comprehensive income for the year	234,759	16,345,249	16,580,008
Balance at 30 June 2018	21,869,633	30,092,149	51,961,782
Deficit for the year	(607,659)	-	(607,659)
Other comprehensive income	-	-	-
Total comprehensive income for the year	(607,659)	-	(607,659)
Balance at 30 June 2019	21,261,974	30,092,149	51,354,123

This statement should be read in conjunction with the notes to the financial statements.

North Sydney Retirement Trust Financial Statements
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Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019	2018
Cash flows from Operating services			
Resident fees, levies and other revenue		5,019,032	5,199,709
Government grants received		8,541,448	8,059,741
Payment to suppliers and employees		(13,044,931)	(12,561,862)
Interest received		755,497	1,061,723
Net cash provided by operating activities	17	<u>1,271,046</u>	<u>1,759,311</u>
Cash flows from Investing activities			
Investments in short term cash deposits		(1,650,000)	6,097,265
Disposal Proceeds from Motor Vehicles		60,000	-
Purchase of Bed Licences		(1,761,330)	-
Net purchase of property, plant and equipment		(6,732,930)	(6,708,926)
Net cash (used in) investing activities		<u>(10,084,260)</u>	<u>(611,661)</u>
Cash flows from Financing activities			
Net proceeds from borrowings		8,166,694	1,065,696
Net cash from financing activities		<u>8,166,694</u>	<u>1,065,696</u>
Net (decrease)/increase in cash and cash equivalents held		(646,520)	2,213,347
Cash and cash equivalents at beginning of year		2,435,668	222,321
Cash and cash equivalents at end of financial year		<u><u>1,789,148</u></u>	<u><u>2,435,668</u></u>

This statement should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1 Nature of operations

North Sydney Retirement Trust's (the "Company") principal activity is to provide residential aged care and independent retirement living facilities.

2 General information and statement of compliance

The general purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards –Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*) and the *Australian Charities and Not-for-profits Commission Act 2012*. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting standards Board (IASB) cannot be made due to North Sydney Retirement Trust applying not-for-profit specific requirements contained in the Australian Accounting standards.

The Company is a company limited by guarantee incorporated and domiciled in Australia.

3 Changes in accounting policies

3.1 New and revised standards that are effective for annual periods beginning on or after 1 July 2018

The Company has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the financial statements for the annual period beginning 1 July 2018.

None of the amendments has had a significant impact on the Company.

3.2 Accounting standards issued but not yet effective and not adopted early by the Company

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The reporting results and position of the Company will not change on adoption of these pronouncements as they do not result in any changes to the existing accounting policies. The Company does not intend to adopt any of these pronouncements before their effective date.

4 Summary of accounting policies

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.1 Revenue

Revenue comprises revenue from the provision of services, government grants, bequests & donations and client contributions. Revenue from significant services is shown in Note 5.

Revenue is measured by reference to the fair value consideration received or receivable for goods supplied and services provided, excluding rebates and trade discounts.

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Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the company's different activities have been met. Details of the activity-specific recognition criteria are described below.

Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

Donation and bequests

Donation and bequests revenue is brought to account in the period in which it is received.

4.2 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

During the year, additional monies were spent on one-off/ non-recurring items -remedial cleaning, increased marketing cost and compulsory staff training.

4.3 Intangible assets (excluding bed licences)

Recognition of other intangible assets

Acquired intangible assets:

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Subsequent measurement:

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite.

Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.6. The following useful lives are applied:

- Software: 3 years

Amortisation has been included within depreciation and amortisation.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

4.4 Bed licences

Bed licences are recognised if they are acquired. Subsequent to initial recognition at fair value, bed licences are carried at deemed cost. They are subject to annual impairment testing as described in Note 4.6.

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4.5 Property, plant and equipment

Land

Land held for use in production or administration is stated at fair value. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings, plant and other equipment

Buildings, plant and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Buildings are subsequently measured using the fair value model, less subsequent depreciation and impairment losses.

Plant and equipment are subsequently measured using the cost model, less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment. The following depreciation rates are applied:

- Buildings: 2.5%
- Building improvements: 10%
- IT equipment: 33.33%
- Plant, Property and Equipment: 20%
- Furniture and Fittings: 5% -20%
- Motor Vehicle: 20%

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

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

4.6 Impairment testing of intangible assets and property, plant and equipment

At each reporting date, the Company 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 an indication exists, the recoverable amount of the asset, being the higher of the asset's fair values 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.

4.7 Resident loans

Resident loans are received from incoming consumers and are recognised as liabilities of the company upon receipt. AASB101 'Presentation of Financial Statements' requires the liabilities to be classified as current as the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The liabilities are reduced in accordance with the various resident agreements. These reductions are recorded as income in the statement of profit or loss and other comprehensive income. Repayment of the loans are also in accordance with the various resident agreements, subject to the operation of the Aged Care Act and the Retirement Villages Act.

4.8 Financial instruments

Recognition, initial measurement and derecognition

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

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

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, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost;
- Fair value through profit or loss (FVPL); or
- Equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- 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 Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposit that were previously classified as held-to-maturity under AASB 139.

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Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

4.10 Short-term employee benefits

Short-term employee benefits

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

Long-term employee benefits

The liability for long service leave is recognised in the provision for employee-benefits and measured at present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy the vesting requirements. Those cash outflows are discounted using the market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

4.11 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligations. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

4.12 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 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. Receivable and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.13 Comparative figures

When required by Accounting Standards, comparing figures have been adjusted to conform to changes in presentation for the current financial year.

4.14 Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

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4.15 Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair value” is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

4.16 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

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

Key estimate – Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Key estimate – Long Service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Key estimate – Impairment of bed licences

The Company assess impairment at the end of the reporting year by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of bed licences are reassessed using fair value less costs to sell calculations or expected future cash flows discounted using a suitable discount rate. These calculations incorporate various key assumptions.

Key estimate – Valuation of land and buildings

External values are used in assisting Directors with their determination of fair value. Assumptions used in the fair value model are tested for reasonableness but are subject to expert judgement.

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5 Revenue

	2019	2018
	\$	\$
Revenue		
Operating activities		
Resident fees	2,941,087	2,864,544
Interest Income	5(a) 914,538	1,061,723
Donations	3,830	1,901
Government Subsidies	8,296,719	8,051,158
Maintenance levies	912,286	1,069,779
Daily Accommodation Payments	1,320,630	1,372,310
Rental Income	222,687	117,579
Resident's loan retention	11,559	24,238
Other revenue	63,710	36,853
	14,687,046	14,600,086

(a) Interest revenue received from:

Financial institutions	914,538	1,061,723
	914,538	1,061,723

6 Expenses

Depreciation and amortisation

-Depreciation of property, plant and equipment	1,833,884	1,439,439
	1,833,884	1,439,439

7 Cash and cash equivalents

Cash and cash equivalents consist the following:

Cash on hand	2,270	2,270
Cash at bank	1,786,878	2,433,398
	1,789,148	2,435,668

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled in statement of financial position as follows:

Cash and cash equivalents	1,789,148	2,435,668
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8 Trade and other receivables

	2019	2018
	\$	\$
Other receivables	25,420	8,584
Subsidy Receivable	189,388	55,341
GST Receivable	67,527	97,368
Stock	18,205	-
Trade receivables	125,654	101,233
	426,194	262,526

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value

All of the Company's trade and other receivables have been reviewed for indicators of impairment.

9 Financial assets

Current

Term deposits with maturity between 4 and 12 months	35,950,000	35,400,000
	35,950,000	35,400,000

10 Other assets

Prepayments and other receivables	209,916	449,155
Sundry Debtors- Interest Receivable	435,917	276,876
	645,833	726,031

11 Intangible assets

Details of the Company's other intangible assets and their carrying amounts are as follows:

Bed licences-acquired from James Milson Joint Venture	1,600,000	1,600,000
Bed Licences purchased in the previous year	1,175,939	-
Additions during the year	1,761,990	1,175,939
Total Intangibles	4,537,929	2,775,939

During the year 22 bed licences were acquired on 31st July 2018.

12 Property, plant and equipment

In ascertaining the value of Land and Buildings, the company has used the Going Concern Gross Fair Value methodology as at 30th June 2018, based on an independent third-party valuation.

The land and buildings were independently valued at 30 June 2018 by CIVAS (NSW) Pty Ltd. The valuation resulted in a revaluation increment of \$16.3 million being recognised in the revaluation surplus for the year ended 30 June 2018.

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Details of the Company's property, plant and equipment and their carrying amount are as follows:

	Land & Buildings	Furniture & Fittings	Motor Vehicle	Other	Total
	\$	\$	\$	\$	\$
Gross carrying amount					
Balance 1 July 2018	67,214,716	3,752,044	86,848	2,903,560	73,957,168
Additions	4,905,608	650,624	39,797	1,706,293	7,302,322
Disposals	(3,684,957)	-	(86,848)	-	(3,771,805)
Balance 30 June 2019	<u>68,435,367</u>	<u>4,402,668</u>	<u>39,797</u>	<u>4,609,853</u>	<u>77,487,685</u>
Depreciation and impairment					
Balance 1 July 2018	(9,430,958)	(2,417,635)	(29,834)	(637,640)	(12,516,067)
Disposals	3,684,957	-	40,609	-	3,725,566
Depreciation and impairment	(977,949)	(335,860)	(13,937)	(506,138)	(1,833,884)
Balance 30 June 2019	<u>(6,723,950)</u>	<u>(2,753,495)</u>	<u>(3,162)</u>	<u>(1,143,778)</u>	<u>(10,624,385)</u>
Carrying amount 30 June 2019	<u>61,711,417</u>	<u>1,649,173</u>	<u>36,635</u>	<u>3,466,075</u>	<u>66,863,300</u>
Gross carrying amount					
Balance 1 July 2017	48,426,844	2,978,597	86,848	1,862,072	53,354,361
Additions	2,253,738	773,447	-	1,727,503	4,754,688
Disposals	188,885	-	-	(686,015)	(497,130)
Fair Value revaluation	16,345,249	-	-	-	16,345,249
Balance 30 June 2018	<u>67,214,716</u>	<u>3,752,044</u>	<u>86,848</u>	<u>2,903,560</u>	<u>73,957,168</u>
Depreciation and impairment					
Balance 1 July 2017	(8,365,834)	(2,151,334)	(12,464)	(988,761)	(11,518,393)
Disposals	(188,886)	-	-	630,651	441,765
Depreciation and impairment	(876,238)	(266,301)	(17,370)	(279,530)	(1,439,439)
Balance 30 June 2018	<u>(9,430,958)</u>	<u>(2,417,635)</u>	<u>(29,834)</u>	<u>(637,640)</u>	<u>(12,516,067)</u>
Carrying amount 30 June 2018	<u>57,783,758</u>	<u>1,334,409</u>	<u>57,014</u>	<u>2,265,920</u>	<u>61,441,101</u>

All depreciation and impairment charges (or reversals if any) are unduded within 'depreciation and amortisation' and 'impairment of non-financial assets'.

13 Employee remuneration

13.1 Employee benefits expense

Expenses recognised for employee benefit are analysed below:

	2019	2018
	\$	\$
Wages, salaries	7,690,539	7,059,002
Workers Compensation Insurance	114,760	113,849
Superannuation	672,483	619,556
	<u>8,477,782</u>	<u>7,792,407</u>

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13.2 Employee provision

The liabilities recognised for employee benefits consist of the following amounts:

	2019	2018
	\$	\$
Current		
Provision for annual leave	582,209	529,669
Provision for long service leave	111,035	157,512
	<u>693,244</u>	<u>687,181</u>
Non-current		
Provision for long service leave	170,580	123,688
	<u>170,580</u>	<u>123,688</u>

14 Trade and other payables

Trade and other payables recognised consist of the following:

Current		
Sundry payables and accrued expenses	879,739	796,094
	<u>879,739</u>	<u>796,094</u>

All above liabilities are short-term. The carrying values are considered to be a reasonable approximation of fair value.

15 Borrowings

Borrowings consist of the following:

Current		
Borrowings -within 12 months	32,090,870	25,075,475
Borrowings -after 12 months	26,382,404	25,231,105
	<u>58,473,274</u>	<u>50,306,580</u>

AASB 101 'Presentation of Financial Statements' requires that accommodation bonds, parking bonds and other resident loans to be classified and disclosed as current liabilities as the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Based on prior year amounts refunded to residents the Company estimates \$32,090,870 will be refunded to residents in the ensuing twelve months.

16 Auditor remuneration

Auditing and reviewing financial reports	36,000	36,000
Other services	-	-
	<u>36,000</u>	<u>36,000</u>

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17 Reconciliation of cash flows from operating activities

	2019	2018
	\$	\$
Cash flows from operating activities		
Net surplus/(deficit) for the period	(607,659)	234,759
Gain on sale of assets	(8,309)	-
<i>Non-cashflows in operating surplus/ (deficit):</i>		
- Depreciation	1,833,884	1,439,437
<i>Net changes in working capital:</i>		
Changes in trade and other receivables	(163,668)	(45,340)
Changes in other assets	80,198	(233,572)
Changes in trade payables and accruals	83,645	236,662
Change in provisions	52,955	199,917
Change in other liabilities	-	(72,552)
Net cash from operating activities	1,271,046	1,759,311

18 Operating Segments

Segment Information

Segment information is presented in respect of the Company's operating and geographical segments. The primary format, operating segments, is based on the Company's management and internal reporting structure (refer to note 18(a)).

Business segments

Refer to note 18(a) for a description of the business segments.

Geographical segments

The Company operates in the aged care industry within Australia.

a. Identification of reportable segments

North Sydney Retirement Trust has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors and Chief Executive Officer (chief operating decision makers) in assessing performance and determining the allocation of resources.

The North Sydney Retirement Trust is managed primarily on the basis of accommodation style and funding streams. Operating segments are therefore determined on the same basis. The information provided to the Board of Directors and Chief Executive Officer does not normally include segmented information on the assets and liabilities of the company and as such this information is not disclosed by segment. The reportable segments disclosed in the financial statements are as follows:

- i Residential aged care
The residential care division comprises of 138 active places and 11 inactive places subsidised by the Commonwealth Department of Health and Ageing and subject to the Aged Care Act 1997 and Aged Care Principles 1997. In addition to the segment information provided in accordance with AASB 8 Operating Segments, supplemental segment information is provided in relation to this operating segment in note 18(b) in compliance with the financial reporting requirements of Part 10, Division 4 of the Residential Care Subsidy Principles 1997.
- ii Retirement Village
This retirement village segment comprises of 97 self-care units which provide independent living to the residents. Retirement villages are subject to the Retirement Villages Act 1999 (NSW).

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- iii Investment and other operations
This segment includes investment income and costs in relation to the capital and strategic initiatives of the Company.

b Segment performance

Segment information for the reporting period is as follows:

	Residential Aged Care	Retirement Living	Investment & Other Operations	Total
	2019	2019	2019	2019
	\$	\$	\$	\$
Total Revenue	12,464,999	698,113	1,523,934	14,687,046
Total Expenditure	13,976,943	756,794	560,967	15,294,704
Segment result	(1,511,945)	(58,681)	962,967	(607,659)
Other segment information				
Depreciation and amortisation	1,440,205	-	393,679	1,833,884
Interest Income (included in total revenue)	-	-	914,538	914,538
Interest expense	114,955	-	-	114,955

	Residential Aged Care	Retirement Living	Investment & Other Operations	Total
	2018	2018	2018	2018
	\$	\$	\$	\$
Total Revenue	11,681,774	711,926	2,206,387	14,600,087
Total Expenditure	12,960,569	743,647	661,112	14,365,328
Segment result	(1,278,795)	(31,721)	1,545,275	234,759
Other segment information				
Depreciation and amortisation	1,075,987	-	363,452	1,439,439
Interest Income (included in total revenue)	-	-	1,061,723	1,061,723
Interest expense	78,191	-	-	78,191

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19 Related party transactions

The related parties include its key management personnel and related entities as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

	2019	2018
	\$	\$
Short term employee benefits	261,940	254,509
Post -employment benefits	-	-
Long -term employment benefits	2,702	5,675
Total remuneration	264,642	260,184

There were no outstanding payables to or receivables from key management personnel at the reporting dates under review.

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20 Financial instruments – Fair values and risk management

The company's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable and borrowings

The carrying amounts of each category of financial instruments, measured in accordance with AASB 9: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

(a) Accounting classifications and fair values

	Note	Carrying Value	
		2019	Total
30 June 2019		\$	\$
Financial Assets at amortised cost			
Term Deposits with a maturity greater than 3 months	9	35,950,000	35,950,000
Trade and other receivables	8	426,194	426,194
Contributions receivable		1,100,000	1,100,000
Cash and cash equivalents	7	1,789,148	1,789,148
		<u>39,265,342</u>	<u>39,265,342</u>
Financial Liabilities at amortised cost			
Trade payables	14	879,739	879,739
Borrowings	15	58,473,274	58,473,274
		<u>59,353,013</u>	<u>59,353,013</u>
30 June 2018		\$	\$
Financial Assets at held-to-maturity			
Term Deposits with a maturity greater than 3 months	9	35,400,000	35,400,000
Trade and other receivables	8	262,526	262,526
Cash and cash equivalents	7	2,435,668	2,435,668
		<u>38,098,194</u>	<u>38,098,194</u>
Financial Liabilities at amortised cost			
Trade payables	14	796,094	796,094
Borrowings	15	50,306,580	50,306,580
		<u>51,102,674</u>	<u>51,102,674</u>

North Sydney Retirement Trust Financial Statements
ABN 88 001 259 294

21 Fair Value Measurements

The company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition. The company does not subsequently measure any liabilities at fair value on recurring basis and has not assets or liabilities that are measured at fair value on a non-recurring basis.

	2019	2018
	\$	\$
<i>Non-financial assets</i>		
- land and buildings (level 2)	61,711,417	57,783,758
	<u>61,711,417</u>	<u>57,783,758</u>

22 Contingent assets and contingent liabilities

There were no new material legal claims brought against the company during the year other than one ongoing matter from prior years that cannot be disclosed because of legal privilege in the matter.

23 Interests, mortgages and other charges

The Retirement Village land is subject to a statutory charge created by operation of section 182B (1) of the Retirement Villages Act 1999 (NSW) to secure repayment of ingoing contributions paid by non-registered interest holders.

There were no other interests, mortgages or other charges affecting the Retirement Villages property as June 30, 2019.

24 Information and declaration to be furnished under the Charitable Fundraising (NSW) Act 1991

No fundraising appeals were conducted by the Company during the financial year.

25 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

26 Member's guarantee

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum \$20 each towards meeting any outstanding obligations of the company. At 30 June 2019 the number of members was 15 (2018:15).

North Sydney Retirement Trust Financial Statements
ABN 88 001 259 294

27 Company details

Registered Office

The registered office of the company is:
North Sydney Retirement Trust
4 Clark Road, North Sydney NSW 2060

North Sydney Retirement Trust Financial Statements
ABN 88 001 259 294

Directors' Declaration

1. In the opinion of the directors of North Sydney Retirement Trust
 - a the financial statements and notes of North Sydney Retirement Trust are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including
 - i. giving a true and fair view of its financial position as at 30th June 2019 and of its performance for the financial year ended on that date; and
 - ii complying with Australian Accounting Standards Reduced Disclosure Regime (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profit Commission Regulation 2013*; and
 - b There are reasonable grounds to believe that North Sydney Retirement Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

Director _____



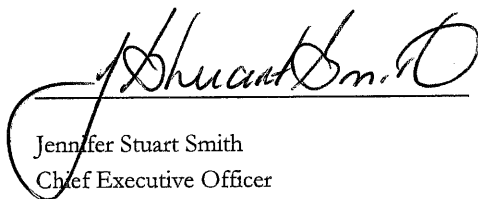
Dated the 1st September 2019

North Sydney Retirement Trust Financial Statements
ABN 88 001 259 294

Chief Executive Officer Declaration – Charitable Fundraising Act 1991

I, Jennifer Stuart-Smith, Chief Executive Officer of North Sydney Retirement Trust declare, in my opinion:

- a the financial statements give a true and fair view of all income and expenditure of North Sydney Retirement Trust with respect to fundraising appeal activities for the year ended 30 June 2019;
- b the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2019;
- c the provisions of the *Charitable Fundraising Act* and the Regulations under that Act and the conditions attached to the authority have been complied with during the period from 1 July 2018 to 30 June 2019;
and
- d the internal controls exercised by North Sydney Retirement Trust are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Jennifer Stuart Smith
Chief Executive Officer

Dated the 19th September 2019



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH SYDNEY RETIREMENT TRUST

Opinion

We have audited the financial report of North Sydney Retirement Trust (the Company), which comprises the statement of financial position as at 30 June 2019, 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, the director's declaration and chief executive officers declaration in respect of fundraising appeals.

In our opinion, the financial statements of North Sydney Retirement Trust is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date;
- b. complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*;
- c. the financial report shows a true and fair view of the financial results of fundraising appeals conducted during the year;
- d. the financial report and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the regulations;
- e. monies received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* and its regulations; and
- f. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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 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 directors of the Company, would be in the same terms if given to the directors 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.

Assurance Partners

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Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Charitable Fundraising Act 1991* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is 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 either intends to cease operations or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial 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 judgment 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 company 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.

Hill Rogers

Assurance Partners

A handwritten signature in blue ink that reads "Vishal Modi". The signature is written in a cursive style and is positioned above a horizontal line.

Vishal Modi

Registered company auditor no. 486119

Dated at Sydney, this 19th day of September 2019



**NORTH SYDNEY RETIREMENT TRUST
ACN 001 259 294**

A Public Company Limited by Guarantee

CONSTITUTION

Adopted by Members on
[May 11, 2017]insert

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Corporations Act 2001 Constitution

North Sydney Retirement Trust
ACN 001 259 294

1 Definitions and interpretation

1.1 Definitions

In the construction of this Constitution, unless the contrary intention appears:

Acts means the *Corporations Act* and the *ACNC Act* as it applies to the Company for the time being.

ACNC Act means the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) as it applies to the Company for the time being.

Annual General Meeting means an annual General Meeting of the Company required to be held at least once in each calendar year and within 4 months after the end of its financial year.

Annual Subscription means the amount determined by the Board from time to time.

Application Fee means the amount (if any) determined by the Board from time to time which is payable by a Member upon his or her application to become a Member of the Company.

Board means the Board of Directors of the Company from time to time.

Chairperson means the chairperson of the Board appointed at clause 18.1 from time to time.

Chief Executive Officer means the chief executive officer of the Company appointed at clause 18.4 from time to time, and **CEO** has a corresponding meaning.

Company means North Sydney Retirement Trust ACN 001 259 294.

Constitution means this constitution.

Corporate Representative means a natural person that represents a Member that is a body corporate in any matters connected with the Company, who may exercise all or any of the powers of the Member that appointed him or her.

Corporations Act means the *Corporations Act 2001* (Cth) as it applies to the Company for the time being.

Directors means the directors of the Company in office for the time being.

General Meeting means a meeting of Members duly called and constituted in accordance with this Constitution and any adjourned holding of it.

Gift Fund means a fund that is maintained for the furtherance of the Objects of the Company in accordance with clause 7.

ITAA means the *Income Tax Assessment Act 1997* (Cth) as amended from time to time.

Member means any person entered in the Register as a member for the time being of the Company.

Membership means membership of the Company.

Objects of the Company means the objects set out in clause 3.2.

Office means the registered office for the time being of the Company.

Officer means:

- (a) a Director or Secretary of the Company; or
- (b) a person:
 - (i) who makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the Company;
 - (ii) who has the capacity to affect significantly the corporation's financial standing; or
 - (iii) in accordance with whose instructions or wishes the Directors of the Company are accustomed to act (excluding advice given by the person in the proper performance of functions attaching to the person's professional capacity or their business relationship with the Directors or the Company).

Ordinary Resolution means a resolution of a general meeting where more than 50% of the total votes cast on the resolution are in favour of the resolution.

Register means the Register of Members kept by the Company.

Remuneration includes, without limitation, salaries, wages, commissions, fees, rewards, allowances, bonuses, incentive schemes or profit sharing schemes.

Resident means a resident of a residential care facility, retirement village or other seniors housing operated by the Company or a client or service user of any other service that the Company provides.

Secretary means any person appointed to perform the duties of secretary of the Company and includes an assistant secretary or any person appointed to act as the secretary or assistant secretary temporarily.

Special Resolution means a resolution of a general meeting where at least 75% of the votes cast on the resolution are in favour of the resolution and which is passed in accordance with sections 249H and 249L of the Corporations Act.

1.2 Interpretation

In the construction of this Constitution:

- (a) headings are disregarded;
- (b) words importing persons include partnerships, associations, corporations, companies unincorporated and incorporated whether by Act of Parliament or otherwise, as well as individuals;
- (c) singular includes plural and vice versa and words importing any gender include all other genders;
- (d) except for the definitions in the preceding clause, an expression has, in a provision of this Constitution that deals with a matter dealt with by a particular provision of the Corporations Act, the same meaning as in that provision of the Corporations Act;
- (e) all references to statutory provisions are construed as references to any statutory modification or re-enactment for the time being in force.

2 Replaceable rules

2.1 Replaceable rules

The operation of each of the sub-sections of the Corporations Act which are defined as replaceable rules are displaced by this Constitution and do not apply to the Company.

3 Objects

3.1 Pursuance of objectives

The Objects of the Company are to be pursued principally within Australia.

3.2 Objects

The objects for which the Company is established are to:

- (a) deliver care and wellbeing for the frail and aged, particularly in the local government areas of North Sydney, Lane Cove, Mosman and Willoughby, in a way that:
 - (i) relieves poverty experienced by persons who are aged; and
 - (ii) relieves aged persons who are in necessitous circumstances and/or suffering distress; and
- (b) to achieve the objects in paragraph (a), conduct the retirement and aged care facilities within the James Milson Village on the corner of Clark Road and High Street, North Sydney and/or such other place or places as the Board determines from time to time,

in each case with commitment, integrity and respect for each individual.

3.3 Activities in pursuance of objectives

For the attainment of its objects, the Company is permitted:

- (a) to purchase, construct, acquire, alter, lease, license, produce, or otherwise provide, procure or receive facilities, amenities and assets (or any interest in them) as is reasonable to achieve the Objects of the Company or to ensure the continuance of the Company and its commitment to these Objects;
- (b) to sell, trade, lease, license, assign, novate, grant an interest in or over, or otherwise reasonably deal with any interest, facility, amenity or asset as is reasonable to further the Objects and to ensure the continuance of the Company and its commitment to these Objects;
- (c) to subscribe to or affiliate with any companies, institutions, societies or associations having objects altogether or in part similar to those of the Company and which shall prohibit the distribution of their income and property among their members to an extent at least as great as that imposed upon the Company under clause 5 of this Constitution;
- (d) to perform all such acts and things necessarily conducive to the benefit, advancement and promotion for the purposes of caring for and supporting elderly persons in all conditions of health; and
- (e) to cooperate with, encourage and provide assistance to any charitable institution, charitable body or charitable fund having objects similar to the Objects of the Company.

4 Limited liability

4.1 Members' liability

The liability of the Members is limited.

4.2 **Members' contributions**

Every Member of the Company undertakes to contribute to the assets of the Company if it is wound up while the Member is a Member, or within one year after the Member ceases to be a Member, for:

- (a) the payment of the debts and liabilities of the Company, contracted before the Member ceased to be a Member; and
- (b) the expenses of winding up the Company.

4.3 **Amount of Members' contributions**

The amount of the contribution under clause 4.2 must not exceed \$20 per member in any circumstances.

5 Use of the property by the Company

5.1 **Conduit policy**

Any allocation of funds or property to other institutions, bodies, entities, organisations, government departments or persons must be made in accordance with the established Objects of the Company and not be influenced by the expressed preference or interest of a particular donor to the Company.

5.2 **Application of Company property**

Subject to clauses 5.3 and 5.4 below, all income and property of the Company must be applied for the Objects of the Company. No portion of the income or property may be paid or transferred directly or indirectly by way of dividend, bonus or otherwise by way of profit or return of capital to any Member.

5.3 **Payments of Company expenses**

Nothing in clause 5.2 prevents the payment in good faith of reasonable and proper:

- (a) remuneration to any of the officers (excluding the Directors) or employees of the Company or to any Member in return for any services actually rendered by them to the Company;
- (b) interest on money borrowed from any Member for any of the purposes of the Company (provided the interest rate does not exceed the rate charged by the Company's bank on similar borrowings);
- (c) rent for premises let by any Member to the Company (provided the rental rate charged by the Member does not exceed fair market rental rates for similar premises); or
- (d) payment for any goods supplied to the Company by any Member (provided the amount charged for the goods does not exceed fair market rates for similar goods).

5.4 **Remuneration of Directors**

No remuneration or other benefit may be paid or given by the Company to any Director except:

- (a) for the reimbursement of out-of-pocket expenses incurred on reasonable commercial terms in carrying out the duties of a Director; or
- (b) for any service rendered to the Company in a professional or technical capacity, where the terms of service are on reasonable commercial terms and have been previously approved by a resolution of the Directors.

5.5 Conflict of interest resolution

At any general meeting of the Members or the Directors at which a resolution is put for approval of a payment to be made pursuant to clause 5.4 (**conflict of interest resolution**) the Director who is the object of the conflict of interest resolution and any other Director or Member who is related to that Director is not entitled to:

- (a) be present or heard in discussions on the conflict of interest resolution other than with the permission of the other Members or Directors;
- (b) propose or second the conflict of interest resolution;
- (c) vote on the conflict of interest resolution; or
- (d) be present at the meeting when the conflict of interest resolution is put to the vote other than with the permission of the other Directors or Members.

6 Use of property on winding up and on revocation of endorsement

6.1 Surplus

If on the:

- (a) winding up or dissolution of the Company; or
- (b) the revocation of the Company's endorsement as a deductible gift recipient or an income tax exempt entity under the ITAA,

after the satisfaction of all its debts and liabilities, any property remains (**surplus**), the surplus must not be paid or distributed among the Members.

6.2 Transfer of surplus

The surplus must be given or transferred to an institution, body, entity, or organisation (**Transferee Entity**):

- (a) having objects similar to the Objects of the Company and which is endorsed as a deductible gift recipient under the ITAA;
- (b) is registered as a charity under the ACNC Act; and
- (c) whose constitution prohibits the distribution of its income and property among its Members to an extent at least as great as is imposed on the Company under clause 5.

6.3 Choice of transferee

The Transferee Entity must be chosen by the Directors (as the Directors were constituted at the commencement of the winding up). If the Directors do not choose a Transferee Entity within a reasonable time, any Member at the commencement of the winding up or the liquidator may apply to the Supreme Court of New South Wales to choose the Transferee Entity.

7 Gift Fund

7.1 Company to maintain a Gift Fund

The Company must maintain a Gift Fund in accordance with this clause 7 for so long as it has obtained endorsement as a deductible gift recipient from the Australian Taxation Office.

7.2 Rules applying to the Gift Fund

The following rules apply to any Gift Fund established and maintained by the Company:

- (a) the Gift Fund must have a name;
- (b) the Company must maintain sufficient documents to provide evidence of the Gift Fund's purpose and operations;
- (c) the Company must maintain a separate bank account for the Gift Fund;
- (d) the following must be credited to the Gift Fund:
 - (i) all gifts of money or property to the Company for the furtherance of its Objects; and
 - (ii) all money or property received by the Company because of those gifts;
- (e) no other money or property may be credited to the Gift Fund; and
- (f) the Company must use any gifts, money or property of the kind referred to in clause 7.2(d) only for the furtherance of the Objects of the Company.

7.3 Winding up of Gift Fund

- (a) At the first occurrence of:
 - (i) the winding up of the Gift Fund; or
 - (ii) the revocation of the Company's deductible gift recipient endorsement under Division 30 of the ITAA,

any surplus assets of the Gift Fund must be transferred to another fund, authority, institution or organisation in Australia which is endorsed as a deductible gift recipient under the ITAA.

For the avoidance of doubt, if the Gift Fund is wound up but the Company remains endorsed as a deductible gift recipient and operates any other gift fund in accordance with this clause 7, any surplus assets of the Gift Fund that is being wound up may be transferred to any other gift fund operated by the Company.

8 Fundraising authority

If the Company holds an authority to fundraise from NSW Fair Trading (or such other government entity responsible for fundraising in NSW from time to time), no addition, alteration or amendment may be made to clauses 5 or 6 without the prior written approval of the Minister responsible for the administration of the *Charitable Fundraising Act 1991*.

9 Members

9.1 General

The Members consist of:

- (a) those persons ~~registered-listed on the register of as a~~ Members at the date this Constitution is adopted as the Constitution of the Company, as set out in Schedule 1; and
- (b) all other persons after the date this Constitution is adopted, qualified to be a Member in accordance with this Constitution and have been admitted as a Member of the Company in accordance with this clause 9.

9.2 Number of Members

The maximum number of Members is 50.

9.3 Members' qualification

A person is qualified to be a Member of the Company who:

- (a) is at least 18 years of age;
- (b) is not a current Resident of the Company;
- (c) is not in receipt of any benefit provided by the Company of the kind contemplated in clause 3.2(a);
- (d) has applied for Membership of the Company as provided by clause 9.7; and
- (e) has been approved for Membership of the Company by the Board.

9.4 Rights of categories

The Board may determine additional categories of Members and rights attaching to each category of Members.

9.5 Categories of Members

As at the date of the adoption of this Constitution, the categories of Members are:

- (a) Ordinary Members; and
- (b) Non-Voting Members.

9.6 Rights of Members

Members are entitled to different rights, depending on their category of membership, as follows:

- (a) Members admitted as Ordinary Members are entitled to:
 - (i) receive notices of meetings of Members;
 - (ii) be counted towards a quorum of Members present at a General Meeting;
 - (iii) appoint a proxy to vote at a General Meeting;
 - (iv) vote at a General Meeting;
 - (v) attend all General Meetings of Members including any extraordinary or Annual General Meeting;
 - (vi) receive annual financial reports and statements of the Company; and
 - (vii) be eligible for election to the Board; and
- (b) Members admitted as Non-Voting Members are entitled to:
 - (i) receive notices of meetings of Members;
 - (ii) attend all General Meetings of Members including any extraordinary or Annual General Meeting; and
 - (iii) receive annual financial reports and statements of the Company.

9.7 Application for Membership

- (a) An application of a person for Membership of the Company:
 - (i) must be in writing in the form approved by the Board from time to time, and such an application must:
 - (A) state the applicant's name and address and be signed by the applicant;
 - (B) affirm that the applicant meets the requirements of clause 9.3;
 - (C) be accompanied by the Application Fee determined in accordance with clause 10.1; and
 - (D) state that the applicant has reviewed this Constitution and agrees to be bound by its provisions; and
 - (ii) must be lodged at the Company's Office.
- (b) For the avoidance of doubt, the Members referenced in clause 9.1(a) will be deemed to have complied with clause 9.7(a).

9.8 Admitting Members

The Board must:

- (a) ~~immediately~~ admit to membership a Director who applies for membership in accordance with clause 9.7, which will be ratified at the next meeting of the Board;
- (b) in the case of other applicants, as soon as practicable after receiving an application for Membership, determine whether to approve or to reject the application;
- (c) where it determines to reject an application for Membership, refund any Application Fee and any Annual Subscription paid by the applicant; and
- (d) where it determines to approve an application for Membership, instruct the Secretary to, as soon as practicable after that determination, notify the applicant of admission in the form of a receipt for the Application Fee and:
 - (i) upon payment of the applicant's Annual Subscription, the Secretary must enter the applicant's name and details in the Register and, upon the name being so entered, the applicant becomes a Member of the Company; or
 - (ii) if payment of the applicant's Annual Subscription is not made within two calendar months after receipt of this written notice, the Board may, in its discretion, cancel its approval of the application for Membership.

9.9 Discretion to admit

For the avoidance of doubt:

- (a) other than a Director applying under clause 9.8(a), the Board may refuse to admit any person as a Member in its absolute discretion and is not obliged to give reasons for so refusing;
- (b) no applicant may be admitted to Membership and have their name entered in the Register unless the applicant agrees in writing to be bound by this Constitution; and
- (c) the Members referenced in clause 9.1(a) will be deemed to have complied with clause 9.9(b).

10 Fees to be paid by Members

10.1 Application Fee

The Application Fee payable by Members is such amount as determined by the Directors from time to time.

10.2 Annual Subscription

The Annual Subscription payable by a Member:

- (a) is such amount as determined by the Directors from time to time;
- (b) must be paid in advance for the period beginning on 1 July in every year or such other date determined by the Directors from time to time; and
- (c) where the person is admitted as a Member after 1 July, may be reduced by the Directors in such manner as they see fit.

10.3 Waiver

The Board may at any time suspend or waive, in whole or in part, payment of the Application Fee or Annual Subscription in favour of any Member.

10.4 Annual Subscription in arrears

If any Member fails to pay his or her Annual Subscription within two months after it becomes due and payable and a notice of default is given to the Member by the Board, that Member is not entitled to any of his or her rights under clause 9.6 while the subscription remains due and unpaid. Upon payment of all arrears, that Member may have his or her rights reinstated if the Board, in its absolute discretion, so resolves.

11 Cessation of Membership

11.1 Cessation

A Member ceases to be a member of the Company if the Member:

- (a) dies;
- (b) becomes of unsound mind;
- (c) becomes bankrupt;
- (d) in the case of a body corporate:
 - (i) becomes insolvent or otherwise comes under external administration;
 - (ii) is wound up, dissolved, amalgamated or deregistered; or
 - (iii) has a change in control in its management by reason of a change of directors, shareholders or members of more than 50%;
- (e) resigns that Membership;
- (f) became a Member pursuant to clause 9.8(a) (or otherwise became a Member by reason of becoming a Director of the Company) and subsequently ceases to be a Director;
- (g) has refused or neglected to comply with a provision of the Constitution;
- (h) has acted in a manner prejudicial to the reputation or interests of the Company;

- (i) is expelled from the Company under this Constitution;
- (j) is a person whose actions in the opinion of the Directors brings the Company into serious disrepute; or
- (k) no longer meets the criteria of being a Member under clause 9.3.

11.2 **Appointment as Member not transferable**

A right, privilege or obligation which a person has by reason of being a Member of the Company:

- (a) is not capable of being transferred or transmitted to another person; and
- (b) terminates upon cessation of the person's Membership.

11.3 **Resignation**

Subject at all times to clause 4 of this Constitution, a Member of the Company may resign their Membership by giving written notice to the Secretary (**Notice**). The resignation is deemed to take effect from the date of receipt of the Notice, or such later date as is provided in the Notice. A Member remains liable to pay all amounts due to the Company up to the date of resignation.

11.4 **Failure to pay**

If a Member has not paid all arrears under clause 10.4 or, if paid, the Member's rights are not reinstated:

- (a) the Member remains liable for all obligations and liabilities of Membership for 12 months after the date of the notice of default under clause 10.4; and
- (b) at the end of the 12 month period, the Register must show that the member has ceased to be a member.

12 **Discipline of Members**

12.1 **Initial resolution of Directors**

Where the Directors, in their absolute discretion, are of the opinion that a Member:

- (a) is no longer suitable to be a member of the Company;
- (b) has refused or neglected to comply with a provision of the Constitution; or
- (c) has acted in a manner prejudicial to the reputation or interests of the Company,

the Directors may, by Special Resolution (**Initial Resolution**):

- (d) reprimand the Member;
- (e) suspend the Member for a specified period; or
- (f) expel the Member from the Company if any paragraph under clause 11.1 has not been met,

and are not required to give reasons for proposing the Initial Resolution.

12.2 **Suspended operation**

An Initial Resolution is of no effect unless it is confirmed at a subsequent meeting of the Directors in accordance with the following clauses. For that purpose, the subsequent meeting

of Directors must be held not earlier than 7 days and not later than 21 days after service on the Member of a notice under clause 12.3.

12.3 Notice to Member

The Secretary must, within 3 days following the passing of the Initial Resolution, cause a notice in writing to be served on the Member. The notice must:

- (a) set out the Initial Resolution and the grounds on which it is based (if considered necessary);
- (b) state that the Member may personally address the Directors in relation to the Initial Resolution at a meeting of the Directors to be held in accordance with clause 12.2;
- (c) state the date, place and time of that meeting of the Directors; and
- (d) inform the Member that the Member may submit to the Directors at or before the date of that meeting a written representation relating to that resolution and speak to the representation.

12.4 Confirming resolution of Directors

At a meeting of the Directors held and convened in accordance with the preceding clause, the Directors must:

- (a) give to the Member an opportunity to speak to the written representation;
- (b) give due consideration to any written and spoken representation submitted to the Directors by the Member at or before the meeting; and
- (c) by Special Resolution (**Confirming Resolution**) confirm, vary or revoke the Initial Resolution.

12.5 Immediate or suspended effect

The Confirming Resolution may take effect immediately, after any period of time or only on conditions specified in the Confirming Resolution.

12.6 Right of appeal

- (a) A Member or former Member may request in writing, within 21 days of a Confirming Resolution, that an appeal of the Confirming Resolution be heard at a General Meeting of the Members convened for the purpose of considering, affirming or rejecting the Confirming Resolution.
- (b) The Directors will convene a General Meeting of the Members for the purposes of considering an appeal requested by a Member or former Member under clause 12.6(a) within 30 days of the date of written notice issued pursuant to clause 12.6(a).
- (c) The Directors may determine the process for the hearing and consideration of any such appeal at the General Meeting but must provide the Member or former Member an opportunity to be heard.
- (d) An Ordinary Resolution of Members at the General Meeting is required to pass the necessary resolution affirming or rejecting the Confirming Resolution.

12.7 Notice to a Member

The Secretary must, within 3 days of the Members considering an appeal of a Confirming Resolution pursuant to clause 12.6, inform the Member in writing of the decision and that there is no further right of appeal under the Constitution.

13 Register of Members

13.1 Register to be kept

The Secretary must maintain at the Company's Office a Register of Members containing the following details of each Member:

- (a) full name;
- (b) mailing address;
- (c) telephone numbers;
- (d) electronic mail address;
- (e) date on which the entry of the Member's name in the Register is made; and
- (f) date of all payments of the Member's Annual Subscription.

13.2 Record of past members

The Secretary must maintain at the Company's Office a record of past members of the Company including:

- (a) details set out at clause 13.1 of each person who ceased to be a Member within the last 7 years; and
- (b) the date on which each such person ceased to be a Member.

13.3 Notices in writing or electronic means

Any notice required to be issued to a Member under this Constitution may be issued in writing or by electronic mail or facsimile to the last nominated email address or facsimile number held by the Company in its records. Each Member is required to notify the Company of a change of address or contact details. The last notified address will be deemed to be the proper address for all future correspondence. The receipt by the Company of an acknowledgment of correspondence sent by electronic mail or facsimile to the last nominated email address or facsimile held by the Company in its records will be deemed to have been properly received by the Member at the time of transmission.

14 Meetings of Members

14.1 Act to apply

A general meeting of the Company and an Annual General Meeting must be held in accordance with the provisions of the Corporations Act or the ACNC Act as applicable unless the provisions of this Constitution provide otherwise.

14.2 Calling of meetings

- (a) Any three Directors may call a General Meeting.
- (b) General Meetings will be convened on such requisition by Members as provided by the Corporations Act.

14.3 Notice of meeting

- (a) Notice of a General Meeting may be given by post, facsimile or by electronic mail.
- (b) Every notice of a General Meeting must:
 - (i) set out the place, date and time of meeting;

- (ii) in the case of special business, state the general nature of the business;
- (iii) if a Special Resolution is to be proposed, set out an intention to propose the Special Resolution and state the resolution;
- (iv) in the case of an election of Directors, give the names of the candidates for election;
- (v) contain a statement setting out the following in relation to proxy voting:
 - (A) that the Member has a right to appoint a proxy; and
 - (B) that a proxy need not be a Member.

14.4 Entitlement to notice

Notice of a General Meeting must be given to:

- (a) each Member, apart from any Member who under this Constitution or by the terms of issue of any category of Membership is not entitled to the notice;
- (b) the auditor of the Company; and
- (c) each Director.

14.5 Notice period

Notice of a General Meeting must be given in accordance with section 249H of the Corporations Act and where those provisions no longer apply to the Company, must be given in writing upon no less than 21 days' notice unless Members with at least 95% of the votes that may be cast at the meeting agree to a shorter period beforehand.

14.6 Proxy voting by Members

A Member may appoint a proxy who need not be a Member to attend and vote at any General Meeting at which the Member is entitled to attend and vote. To be valid, a proxy appointment must be in writing in the form prescribed by the Company from time to time (**Form**). The Form must be delivered to the place nominated by the Directors in the notice of General Meeting (or, if no place is nominated, the Office) at least 48 hours before the scheduled commencement of the General Meeting. A proxy appointment may be delivered by post, electronic mail or facsimile transmission.

14.7 Omission to give notice

The accidental omission to give notice of a General Meeting to, or the non-receipt of any such notice by, a person entitled to receive it, or the accidental omission to advertise (if necessary) such General Meeting, does not invalidate the proceedings at, or any resolution passed at, any such General Meeting.

14.8 Consent to short notice for Annual General Meeting

With the consent in writing of all the Members entitled to vote at an Annual General Meeting, an Annual General Meeting may be called on short notice and in any manner they think fit and all provisions of this Constitution are modified accordingly.

14.9 Notice of cancellation or postponement

The Directors may notify the Members of a cancellation or postponement of a General Meeting by such means as they see fit, but must provide notice of the cancellation or postponement at least two business days prior to the time of the meeting as specified in the notice of meeting. If any General Meeting is postponed for 28 days or more, then no less than 5 days' notice must be sent to the Members of the postponed General Meeting. It is not necessary to specify in such notice the nature of the business to be transacted at the postponed General Meeting.

14.10 Venue

Despite any other rule, the Company may hold a General Meeting of Members at two or more venues using technology that gives each Member a reasonable opportunity to participate in the General Meeting.

15 Proceedings at meetings of Members

15.1 Quorum

No business may be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as provided in clause 15.2, four Members entitled to vote at the meeting present in person or by representative, proxy or attorney are a quorum.

15.2 Failure of quorum

- (a) If a quorum is not present within 30 minutes from the time appointed for a General Meeting:
 - (i) where the meeting was called by, or in response to, the requisition of Members made under the Corporations Act, the meeting is dissolved; or
 - (ii) in any other case the meeting stands adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine. If a meeting has been adjourned to another time and place determined by the Directors, not less than five business days' notice must be given in the same manner as in the case of the original meeting.
- (b) If at the adjourned meeting a quorum is not present within 30 minutes from the time appointed for the meeting the meeting is dissolved.

15.3 Business of Annual General Meeting

The business of an Annual General Meeting is:

- (a) to receive the Company's financial report, the Director's report and the auditor's report on the financial statements;
- (b) to elect Directors;
- (c) to transact any other business which under this Constitution, the Corporations Act or the ACNC Act ought to be transacted at an Annual General Meeting; and
- (d) consider any matters referred by Members to the Company at least 21 days before the meeting, to be included in the agenda.

The chairperson of the Annual General Meeting may allow a reasonable opportunity for the any of the Members ~~as a whole~~ at the meeting to ask questions about, or make comments on, the management of the Company.

15.4 Report on Company's activities

The Board must at each Annual General Meeting in addition to the matters in clause 15.3, submit to the Members a report on the activities of the Company, including any payments made to Directors, in the period since the previous General Meeting.

15.5 Frequency of Annual General Meeting

The Company must hold an Annual General Meeting at least once every calendar year and within 5 months after the end of its financial year.

15.6 Special business

No special business may be transacted at any Annual General Meeting or General Meeting other than that stated in the notice calling the meeting unless:

- (a) it is a matter that is required by this Constitution, the Corporations Act or the ACNC Act to be transacted at the meeting; or
- (b) notice in writing of the agenda items is provided to the Board at least 21 days before the Annual General Meeting or General Meeting.

15.7 Chairperson of meeting

- (a) The Chairperson is entitled to take the chair at each General Meeting.
- (b) If the Chairperson is not present at the meeting within 15 minutes after the time appointed for holding the meeting, or is unwilling to take the chair, the Directors present at the meeting must elect one of their number to chair that meeting.
- (c) If there are no Directors present at the meeting within 15 minutes after the time appointed for holding the meeting or all directors present are unwilling to chair the meeting, the Members present that are entitled to vote must elect one of those Members to be chairperson of the meeting.

15.8 Passing the chair

If the Chairperson of a General Meeting is unwilling or unable to be the chairperson for any part of the business of the meeting:

- (a) that chairperson may withdraw as chairperson for that part of the business and may nominate any person who would be entitled under the preceding clause to chair the meeting for that part of the business; and
- (b) after that part of the business is completed, the person so nominated must cease to chair the meeting upon the request of the prior chairperson. The prior chairperson is then entitled to resume as the chairperson of the meeting.

15.9 Responsibilities of chairperson

The chairperson of a General Meeting is responsible for the general conduct of the meeting and to ascertain the sense of the meeting concerning any item of business which is properly before the meeting. For these purposes the chairperson of the meeting may, without limitation:

- (a) delay the commencement of the meeting if that person determines it is desirable for the better conduct of the meeting;
- (b) make, vary or rescind rulings;
- (c) prescribe, vary or revoke procedures;
- (d) in addition to other powers to adjourn, adjourn the meeting, or any item of business of the meeting, without the consent of the meeting if that person determines it is desirable for the orderly conduct of the meeting or the conduct of a poll; and
- (e) determine conclusively any dispute concerning the admission, validity or rejection of a vote.

15.10 Person entitled to attend

Only the following persons may attend a General Meeting:

- (a) each Member, apart from any Member who under the Constitution or by the terms of issue of any Membership is not entitled to attend;

- (b) each Director, Secretary and auditor of the Company;
- (c) each person, whether a Member or not, who is a proxy, Corporate Representative or attorney of a Member;
- (d) other persons only with leave of the meeting or its chairperson and then only while the leave has not been revoked in accordance with the terms of the leave.

15.11 Admission to meetings

The chairperson of a General Meeting may refuse admission to, or require to leave and remain out of, the meeting any person:

- (a) in possession of a pictorial-recording or sound-recording device;
- (b) in possession of a placard or banner;
- (c) in possession of an article considered by the chairperson to be dangerous, offensive or liable to cause disruption;
- (d) who refuses to produce or to permit examination of any article, or the contents of any article, in the person's possession;
- (e) who behaves or threatens to behave in a dangerous, offensive or disruptive manner; or
- (f) who is not entitled under this Constitution to attend the meeting.

15.12 Adjournment of meeting

The Chairperson may with the consent of any meeting at which a quorum is present (and must if so directed by the meeting) adjourn the meeting from time to time and from place to place as the Chairperson determines.

15.13 Business at adjourned meeting

No business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place and no notice need be given of an adjournment, or of the business to be transacted at an adjourned meeting. However, when a meeting is adjourned for 20 business days or more, notice of the adjourned meeting must be given as in the case of an original meeting.

16 Voting at meetings of Members

16.1 Entitlement to vote

Subject to this Constitution and the terms of issue of any category of Membership, each Member who is present at a General Meeting may vote if he or she is a Member having the right to vote at the meeting or a proxy of a Member having the right to vote at the meeting.

16.2 Number of votes

Each Member who is, under the preceding clause, entitled to vote has:

- (a) on a show of hands (or on the voices) only one vote; and
- (b) on a poll, one vote.

16.3 Voting restrictions

If permitted or contemplated by the Corporations Act, the ACNC Act or this Constitution, the Directors may direct that particular persons (whether specified by name or description) do not

cast a vote on particular business of a meeting. In relation to that business, votes cast by the prohibited persons are to be disregarded.

16.4 **Method of voting**

Every resolution put to a vote at a General Meeting (except where there is an election of Directors by ballot) must be determined by the voices or a show of hands (as determined by the chairperson of the meeting) unless a poll is properly demanded either before or on the declaration of the result of the voices or the show of hands.

16.5 **Demand for poll**

A demand for a poll under the preceding clause may be made by:

- (a) the chairperson of the meeting;
- (b) at least two Members entitled to vote on the resolution, or if the quorum is less than four, one Member entitled to vote; or
- (c) at least 10% of the Members present having the right to vote at the meeting.

16.6 **Declaring result of vote on show of hands**

In respect of any General Meeting (unless a poll is so demanded):

- (a) a declaration by the chairperson of the meeting that a resolution has been carried, or carried by a particular majority, or lost, or has not been carried by a particular majority; and

- (b) an entry made in the book containing the minutes of proceedings of the Company,

is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

16.7 **Conduct of poll**

The demand for a poll may be withdrawn. If a poll is duly demanded (and the demand not withdrawn) it must be taken in such manner and at such time (either at once or after an interval or adjournment or otherwise) as the chairperson of the meeting directs. The result of the poll is the resolution of the meeting at which the poll was demanded. A poll demanded on the election of a chairperson or on any question of adjournment must be taken at the meeting and without an adjournment. The demand for a poll does not prevent the continuance of the meeting for the transaction of any business other than the question on which a poll has been demanded.

16.8 **Casting vote of chairperson**

In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting is entitled to a second or casting vote.

16.9 **Objections**

No objection may be made to the validity of any vote except at the meeting or adjourned meeting or poll at which such vote is tendered. Every vote allowed at any such meeting or poll is treated as valid. In recording votes the latest copy of the Register held in the Office must be adopted and acted on as the voting roll.

16.10 **Ruling on votes**

The chairperson of the meeting is the sole judge of the validity of every vote tendered at the meeting and the determination of the chairperson is final and conclusive.

17 Appointment and removal of Board of Directors

17.1 Board of Directors

The Board comprises:

- (a) at least 3 and not more than 9 Directors, or such other number as the Board may determine from time to time; and
- (b) as at the date this Constitution is adopted as the constitution of the Company, those individuals listed in Schedule 2, who will continue their current term in office with their retirement determined under clauses 17.4 and 17.6.

17.2 Directors qualification

- (a) A Director must:
 - (i) be a natural person;
 - (ii) be over the age of 18 years;
 - (iii) not be a person disqualified from managing a corporation, within the meaning of the Corporations Act;
 - (iv) not be a person disqualified by the Australian Charities and Not-for-profit Commissioner at any time during the preceding 12 months from being a Director of a Company under the ACNC Act;
 - (v) not be a current employee of the Company or current Resident; and
 - (vi) if a former employee of the Company, have ceased to be an employee of the Company for a period of 3 years from the date of applying to become a Director.
- (b) The Board may from time to time identify the skills requirements and the needs of the Board Members to establish a skills-based Board in accordance with good governance structure to give effect to the Company's objects, subject at all times to clause 17.9 and the necessary Member approval at a General Meeting at which nominations and election of Directors are being voted upon.

17.3 Appointment of Directors

~~Each of the following~~The North Sydney Council (constituted under the *Local Government Act 1993 (NSW)* or its successor), whether ~~they are~~it is a members of the Company or not, may appoint two Directors ~~each (four Directors in total)~~ and may remove any or both of its nominated directors and replace them by notice in writing delivered to the Company:

- ~~(a) — the parish priest, or acting parish priest or administrator, for the time being of the Catholic Parish of North Sydney in the State of New South Wales; and~~
- ~~(b) — the North Sydney Council constituted under the *Local Government Act 1993 (NSW)* or its successor.~~

Where a Director is appointed under this clause 17.3 and there is no vacancy in the number of Directors permitted under clause 17.1(a), the Director last appointed (other than a Director appointed under this clause 17.3) will immediately resign and cease to be a Director.

17.4 Retirement by rotation

- (a) The maximum aggregate term of office of any Director shall be 9 years in total, after which the Director must retire from office for at least one year.
- (b) At each Annual General Meeting of the Company, one third of the Directors (other than those Directors appointed under clause 17.3), or, if their number is not 3 or a

multiple of 3, then the number nearest one-third, shall retire from office but shall be eligible for re-election.

- (c) A Director who is required to retire under this clause 17.4 retains office until conclusion of the meeting at which the retiring Director retires.
- (d) A retiring Director is eligible for re-election, subject to clause 17.4(a).
- (e) The Directors to retire at the Annual General Meeting are those who have been longest in the office since their last election. If two or more persons became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- (f) For the purposes of clause 17.4(a), those individuals listed in Schedule 2 as the Directors at the date this Constitution is adopted will have their election into office under the preceding constitution of the Company continue as though they were appointed under this Constitution.

17.5 **Casual appointment**

The Directors may at any time appoint any person as a Director, either to fill a casual vacancy or as an addition to the Directors. Until that person is re-elected at a General Meeting, that Director is a 'casual appointee' but otherwise has the same powers and duties as other Directors.

17.6 **Retirement of casual appointee**

A casual appointee, following his or her appointment by the Directors, holds office only until the conclusion of the next Annual General Meeting. The casual appointee is eligible for re-election at that Annual General Meeting.

17.7 **Deemed re-appointment**

If there are fewer persons standing for election or re-election than vacancies, all persons are deemed to be elected without the need for an actual election.

17.8 **Candidates requiring nomination**

No person is eligible for election to the office of Director at any General Meeting unless duly nominated under clause 17.9, except for:

- (a) a casual appointee; or
- (b) a person recommended by the Directors for election.

17.9 **Valid nominations**

- (a) Excluding nominations and appointments made under clause 17.3, nominations must be made to the Secretary at the Office prior to 5.00 pm local time on the day which is 20 business days before the date for the holding of the meeting.
- (b) For a nomination to be valid:
 - (i) the nomination must name the candidate and be signed by not less than 2 other Members;
 - (ii) the person nominated must consent to act if elected;
 - (iii) the nomination and consent must be received before the close of nominations;
 - (iv) the nomination must provide information as to how the nominee meets the skill requirements of the Board (if any); and
 - (v) at least 10 business days before the holding of the meeting, the nomination must be reviewed by the Board and the Board must confirm the nominee

satisfies the skill requirements and needs of the Company from time to time, and in doing so:

- (A) the Board must formally provide its consent to a nomination and confirm if the nomination satisfies the skills requirements and needs of the Company; and
 - (B) no nominee may appeal against any determination by the Board in relation to any nomination.
- (c) The Board by resolution may nominate a person to be a Director, but such person must satisfy the requirements in clause 17.2 and that person must consent to the nomination.
- (d) A consent is sufficient if the person signs a form of consent on the nomination paper. The Secretary may accept any other form of consent, including consent conveyed by electronic mail, whether or not accompanied by the nomination paper, that the Secretary deems satisfactory, and such acceptance is final.
- (e) The Board must indicate on the voting ballot of a nomination whether and how the nominee satisfies the skills requirements of the Company as described in clause 17.9(b)(iv) and clause 17.9(b)(v).
- (f) The Secretary must provide information to any prospective nominee of the skills requirement of the Board from time to time.

17.10 Resignation of Director

Any Director may retire from office by giving notice in writing to the Company of the Director's intention to do so. A Director must resign if they are identified as the Director required to resign pursuant to clause 17.3. Such resignation takes effect immediately unless the resignation is stated in the notice to take effect at some future time.

17.11 Vacation of office

A Director will cease to be a Director if the Director:

- (a) ceases to be a Director by virtue of a provision or any order under the Corporations Act or the ACNC Act;
- (b) becomes bankrupt or makes any arrangement or composition with his or her creditors generally;
- (c) becomes a Resident;
- (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- (e) resigns his or her office by notice in writing to the Company;
- (f) for two consecutive Board meetings or at least four Board meetings over a consecutive 12 month period, is absent without permission of the Board;
- (g) is disqualified from managing a corporation, within the meaning of the Corporations Act; or
- (h) is disqualified by the Australian Charities and Not-for-profit Commissioner at any time during the preceding 12 months from being a Director of the Company under the ACNC Act.

17.12 Less than minimum number of Directors

The continuing Directors may act despite any vacancy in their body. If the number falls below the minimum number fixed in accordance with this Constitution, the Directors may act only:

- (a) to appoint Directors up to that minimum number;
- (b) to call a general meeting; or
- (c) in emergencies.

18 Appointment and removal of office bearers

18.1 Election of Chairperson

The Directors must elect from among their number a Chairperson of their meetings and may determine the period for which each is to hold office.

18.2 Election of other officers

The Directors may elect from among their number such other officers as determined by the Directors from time to time and may determine the period for which each is to hold office.

18.3 Secretary

The Secretary will be appointed by the Board for such term, at such remuneration and upon such conditions as it thinks fit. Any Secretary so appointed may be removed by the Board.

18.4 Chief Executive Officer

- (a) The Board may from time to time appoint a person to the position of CEO for the period and on the terms (including as to remuneration) as the Board see fit, provided always that the CEO:
 - (i) must be appointed on a full-time basis; and
 - (ii) cannot be a Director for a period of 3 years in accordance with clause 17.2(a)(vi),

but, where the CEO is absent from duty or from Australia or is (in the Board's determination) incapable of acting as the CEO, the Board may appoint another person to act temporarily as CEO.

- (b) Subject to the law, the Board may terminate the appointment of the CEO and, for the avoidance of doubt, the Company in General Meeting has no power to terminate the appointment of the CEO or to appoint a person to the position of CEO.
- (c) A person's appointment as a Director automatically terminates if he or she is appointed as CEO.

19 Proceedings of Directors

19.1 Mode of meeting

- (a) The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit.
- (b) Without limiting the general power conferred on the Directors by the provisions of this clause, a meeting of Directors may be held using any means of audio or audio-visual communication, by which each Director participating can hear and be heard by each other Director participating or in any other means using any technology consented to

by all the Directors. Such consent to the use of technology may be a standing consent and a Director may only withdraw their consent within a reasonable period before a meeting.

- (c) A meeting of the Directors held solely or partly by technology is treated as held at the place at which the greatest number of the Directors present at the meeting is located or, if an equal number of Directors is located in each of two or more places, at the place where the Chairperson of the meeting is located.

19.2 Quorum

A quorum of the Board comprises four Directors or such other number determined by the Directors from time to time.

19.3 Directors or Secretary calling a meeting

A Director may at any time, and a Secretary must on the requisition of a Director, call a meeting of the Directors to be held at such time and place as the Director chooses.

19.4 Notice of meeting

Notice of each meeting of the Directors:

- (a) may be given by such means as is convenient, including by email or electronic transmission; and
- (b) must be given to all Directors.

19.5 Recipients of notice

For the purposes of the preceding clause, the accidental omission to give notice of any meeting of the Directors to, or the non-receipt of any such notice by, a person entitled to receive that notice does not invalidate the calling of the meeting or any resolution passed at any such meeting.

19.6 Appointment of chairperson

Where a Directors' meeting is held and a chairperson has not been elected in accordance with clause 18.1 or the Chairperson is not present within 15 minutes after the time appointed for holding of the Directors' meeting or is unwilling to act, the Directors present must elect one of their number to be a chairperson of the Directors' meeting.

19.7 Votes of Directors

- (a) Subject to this Constitution, questions arising at any meeting of the Board will be decided by a majority of votes. Each Director has one vote. A determination by a majority of the Directors will for all purposes be deemed a determination of the Board. In case of an equality of votes, the chairperson of the meeting will have a second or casting vote.
- (b) Despite anything in this clause, a Director's entitlement to vote, or be present, at a meeting of the Directors, where a Director who has a material personal interest in a matter that is being considered at the meeting, is restricted in accordance with section 195 of the Corporations Act (and every other mandatory law) as may apply from time to time to the Company.

19.8 Circular resolution of Directors

If all the Directors entitled to receive notice of a meeting of the Directors and to vote on a resolution sign a document containing a statement that they are in favour of the resolution set out in the document, a resolution of the Directors in those terms is passed at the time when the last Director signs. If the Directors sign the documents on different days, then a resolution is treated as having been passed on the day on which the document was last signed by a Director. A resolution is not treated as passed on that day if the document, by its terms, is

said to take effect from an earlier date. Two or more separate copies of a document may be used for signing by the directors if the wording of the resolution and statement is identical in each copy. A facsimile or electronic message containing the text of the document expressed to have been signed or agreed by a Director that is sent to the Company is deemed to be a document signed by that Director at the time of its receipt by the Company.

19.9 Deemed minute

The document or documents referred to in clauses 19.7 and 19.8 are treated as constituting a minute of that meeting and must be entered in books kept for that purpose.

19.10 Validity of acts of Directors

All acts done in respect of any meeting of:

- (a) the Directors;
- (b) a committee of Directors;
- (c) other persons or by any person acting as a Director; or
- (d) any person purporting to act as an attorney under power of the Company, are, despite the fact that it may later be discovered that there was some defect in the

appointment or continuance in office of such Director, person or attorney so acting or that they or any of them were disqualified or were not entitled to vote, as valid as if every such person had been duly appointed or had duly continued in office and was qualified to be a Director or attorney and was entitled to vote.

20 Director's contracts with Company

20.1 Director's contracts and conflicts of interest

In relation to Director's contracts and conflicts of interest, but subject at all times to clause 5:

- (a) despite any rule of law or equity to the contrary, no Director is disqualified by that office from contracting with the Company;
- (b) any such contract, or any contract entered into by or on behalf of the Company in which any Director is in any way interested, is not avoided;
- (c) any Director so contracting or being so interested is not liable to account to the Company for any profit realised by any such contract by reason only of such Director holding that office or of the fiduciary relationship thereby established;
- (d) the nature of the Director's interests must be disclosed by that Director at the meeting of the Directors at which the contract is decided on if that interest then exists and has not previously been disclosed. In any other case it must be disclosed at the first meeting of the Directors after the acquisition of those interests; and
- (e) a Director may not vote in that capacity in respect of any contract or arrangements in which the Director is interested if prohibited by either of the Acts from doing so. However, such Director may, despite that interest, participate in the execution of any instrument by or on behalf of the Company, whether through signing or sealing it or otherwise.

20.2 Notice of interest

A general notice given to the Directors by any Director in accordance with the Corporations Act and to the effect that he or she:

- (a) is an officer or a member of, or interested in, any specified firm or body corporate; and

(b) is to be regarded as interested in all transactions with such firm or body,

is sufficient disclosure as required by the Corporations Act as regards such Director and those transactions. After such general notice it is not necessary for such Director to give any special notice relating to any transaction with such firm or body.

21 Powers and duties of Directors

21.1 Powers generally

Subject to the Acts and to any other provisions of this Constitution, the management and control of the Company and of the business and affairs of the Company is vested in the Board who may exercise all such powers of the Company and do all such acts or things not expressly required by this Constitution or by the Acts to be exercised or done by a General Meeting. No resolution passed by a General Meeting invalidates any prior act of the Directors which would have been valid if that resolution had not been adopted or passed.

21.2 Borrowing

The Directors have the power to raise or borrow any sum of money and to secure the payment or repayment of such money and any other obligation or liability of the Company in such manner and on such terms as they think fit. This includes upon the security of any mortgage.

21.3 Execution of negotiable instruments

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company may be signed, drawn, accepted, endorsed or otherwise executed as the case may be, in such manner as the Directors at any time determine.

21.4 Delegation

- (a) The Directors may at any time confer upon any Director, or such other person as they may select, such of the powers exercisable under the Constitution by the Directors for such time as they may think fit and to be exercised for such objects and purposes as they think expedient.
- (b) They may confer such powers whether collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that respect.
- (c) They may at any time revoke, withdraw, alter or vary all or any of such powers.
- (d) Such powers may be granted by power of attorney or by any other lawful means but must be in writing and must be recorded in the Company's minute book.
- (e) Such powers may be granted upon such terms and with such restrictions as the Directors think appropriate.

21.5 Validity of acts

Despite anything contained in this Constitution, if it is found that some formality required by this Constitution to be done has been inadvertently omitted or has not been carried out, such omission does not invalidate any resolution, act, matter or thing which but for such omission would have been valid.

22 Committees

22.1 Delegation to committee

- (a) The Board may from time to time establish such committees as it sees fit to assist it in carrying out its functions.

- (b) The Directors may:
- (i) delegate in writing any of their powers to committees consisting of such one or more persons, whether Directors or not, as they think fit; or
 - (ii) establish advisory committees (or other similar committees) not having delegated authority or powers.
- (c) At least one Director must be a member of any committee established by the Board.

22.2 Committee powers

- (a) The Directors may determine from time to time:
- (i) the functions, purpose and objectives of each committee; and
 - (ii) the rights, powers and responsibilities of committee members (**Regulations**).
- (b) Any committee so formed or persons appointed to those committees must, in the exercise of the powers so delegated, or functions entrusted, conform to any **Regulations** that may at any time be imposed by the Directors.

22.3 Committee meetings

A chairperson must be nominated for any committee established and that chairperson must be a Director. The meetings and proceedings of any committee must, to the extent possible, be conducted in accordance with the rules of meetings of Directors.

23 Minutes

The Board will cause minutes to be made:

- (a) of all appointments of statutory officers;
- (b) of all delegations;
- (c) of names of Directors present at all meetings of the Company and of the Board; and
- (d) of all proceedings at all meetings of the Company and of the Board and its committees.

Such minutes must be signed by the chairperson of the relevant meeting or the chairperson of the next meeting of the relevant body.

24 Accounts and audit

24.1 Distribution of documents

The Board will cause proper accounting and other books of account to be kept and will distribute to the Members with the notice of the Annual General Meeting all accounts and other documents required by law to be so distributed in accordance with relevant legislation and the Board will table at each Annual General Meeting all accounts and other documents required by law to be tabled. Accounts may be distributed by post, electronic mail or be made available on the Company's website.

24.2 Inspection

The Board will determine in accordance with this clause at what times and places, under what conditions or regulations the accounting and other records of the Company will be open to the inspection of Members of the Company and no Member (not being a Director) will have any

right of inspecting any accounts or documents of the Company, except as conferred by law or authorised by the Board or by the Company in general meeting.

24.3 **Audit**

The Company must in accordance with the Acts and any State or Territory legislation applicable to registration of charities, or charitable fundraising arrange for the accounts to be audited in accordance with the Acts and the applicable State or Territory legislation.

25 **Notices**

25.1 **Service of notices**

Where this Constitution, the Acts or other legislation require or permit a document to be served on, given or sent to any person, whether any such expression or any other expression is used (in this clause referred to as served), the document may be served on the person:

- (a) by delivering it to the person personally;
- (b) by sending it, whether by post, contractor, agent, electronic means or otherwise, to:
 - (i) the address of the place of residence last notified and recorded by the Company as entered on the Register; or
 - (ii) the facsimile or email address of the Member as entered in the Register.

25.2 **Date of deemed service**

A document served under clause 25.1 is treated as having been duly served, regardless of whether it is actually received:

- (a) where delivered personally - on the day of delivery; and
- (b) where sent by post or electronic means - on the day following the day when dispatch occurred.

25.3 **Signature**

The signature to any document to be given by the Company may be written, printed or stamped personally or electronically.

26 **Indemnity**

26.1 **Indemnity for officers**

To the extent that the Acts allow it, each Officer of the Company and each Officer of a related body corporate of the Company, must be indemnified by the Company against any liability incurred by that person in that capacity.

26.2 **Insurance premiums**

- (a) The Company may at any time pay premiums in respect of a contract insuring a person (whether with others or not) who is an Officer of the Company against a liability incurred by the person.
- (b) The liability insured against may not include that which the Acts prohibit.
- (c) Any such premium in relation to a Director is not to be regarded as any remuneration under this Constitution or otherwise.

27 Alteration of Constitution

This Constitution may only be amended, added to, or rescinded by a Special Resolution of the Company.

Schedule 1 – Membersas at 18 December 2019**1 Ordinary Members**

- (a) Michael O’Dea
- (b) Rhonda Eileen Bell
- (c) Anthony John Borger
- (d) Michael Gill
- (e) Peter Michael Antaw
- (f) William Odillo Maher
- (g) Elisabeth Hall
- (h) Paul David McPherson
- ~~(i) David John Rothery~~
- ~~(j) Therese Adami~~
- ~~(k)(i) Jillian Christie~~
- ~~(j) Nicole Brooke Ally Murphy~~
- ~~(k) Sharon Callister~~
- ~~(l) Stephen Carberry~~
- ~~(m) Lois Carrol Towart~~
- ~~(n) Phillip Stewart Rankin~~
- ~~(o) Michael Shepherd~~
- ~~(p) Christian Farrell~~
- ~~(h)(q) Rosemary Flannery~~

2 Non-Voting Members

- (a) The Parish Priest, or acting Parish Priest or administrator, for the time being of the Catholic Parish of North Sydney, in the State of New South Wales; and
- (b) North Sydney Council, constituted under the *Local Government Act 1993* (NSW).

Schedule 2 — Directors**as at 18 December 2019**

- 1 ~~Rhonda Eileen Bell~~
- 1 Peter Michael Antaw
- 2 Paul David McPherson
- 3 ~~David John Rothery~~ Ally Murphy
- 4 ~~Therese Adami~~ Stephen Carberry
- 5 ~~Nicole Brooke~~ Sharon Callister
- 6 Lois Carrol Towart
- 57 Phillip Stewart Rankin