



SOUTHERN CROSS
HOUSING

2019-2020 ANNUAL REPORT





“ **Building real
communities
futures** ”

ABOUT US

Southern Cross Housing provides **Social Housing** and **Affordable Housing** across the Illawarra, Shoalhaven, Eurobodalla and Snowy Monaro Local Government Areas.

In recent years, we have continued to diversify our services, working to address the disadvantages experienced by many of our clients, residents and community members. As a result we have created new business activities and formalised existing activities to deliver increased community benefits.

Southern Cross Housing has four business units which supplement our Social and Affordable Housing services, they are:

- **Southern Cross Building and Construction**
- **Southern Cross Realty Services**
- **Southern Cross Communities Assist**
- **Southern Cross Financial Futures**



Southern Cross Building and Construction is a registered building company which is able to deliver new social and affordable dwellings through a social enterprise, while providing employment and training opportunities for people in our local communities.



Southern Cross Realty Services provides pathways out of social and affordable housing where it is feasible for applicants and tenants. Our realty services provide a safety net for people transitioning from social housing to the private rental market. This safety net provides added security and support for tenants to take their next step toward greater independence with peace of mind. Our Realty Services also provide a value-for-money proposition for Landlords, with a range of benefits including a rental guarantee.



Southern Cross Communities Assist brings together a number of established Community Development and Tenant Participation initiatives, with new projects supporting residents achieve their goals whilst building organisational capacity in data collection, analysis and service impact evaluation. These initiatives deliver sustainable outcomes to improve the lives of many people through empowerment, education, opportunity, and employment.



Southern Cross Financial Futures provides service users with specialist resources to plan and realise their financial goals, helping them achieve financial security to maintain their social and affordable housing, or achieving home ownership through shared equity products, or independently.

CEO MESSAGE

All things considered, Southern Cross Housing's overall performance throughout the 2020 financial year was remarkable. Our communities, clients, and staff battled through drought, fire, flood, and disease, yet still achieved a very positive result across the board. I become quite emotional when I talk about how extremely proud I am of every single team member within our organisation. The way we all rallied together during the devastation of the Christmas bushfires, the support, strength, and resilience of our people is nothing short of amazing. Just when we think we can pull together to start rebuilding our communities, we are dealt another huge blow with a pandemic which has brought the world to its knees. We know we have more challenges ahead in learning how to live with the threat of disease, and the safety of our staff and our tenants are of utmost priority. We have learned to adapt our business model, work remotely, wear our personal protective equipment, and miss out on socialising with family and friends. This places a lot of stress on people's mental health and I fear the impact this will ultimately have on the fabric of our society.

Southern Cross Housing continued on our strategic path. We built more housing, we built more capacity, we committed more resources to customer service, tenant engagement, and community development. Across the Shoalhaven we are providing free household clean-ups, free

lawn mowing services, and we have ramped up our home visits to ensure all of our tenants are assisted during these uncertain times.

Financially we performed better than expected. Revenue grew from \$21.8 million to \$26.7 million, resulting in an operational surplus of \$4.3 million. EBITDA margin was 16%, total equity grew by 25%. These are gratifying results; affording us the opportunity to further invest in our development pipeline and pursue other alternatives that answer the needs of the communities we serve. This year also witnessed our amalgamation with Sapphire Coast Tenancy Scheme based in Merimbula. My thanks goes to the retiring CEO, Sue Ogier and Committee Members who laid the foundations of a well-run and reputable organisation to assist Southern Cross Housing to increase our Service Delivery Area to the South-East border of NSW. With increased scale comes more capacity to better serve our clients and community.

Our staff truly are the heroes at Southern Cross, particularly after such a devastating year for so many people. I take this opportunity to recognise and thank them sincerely for all their efforts. They work tirelessly every day for the betterment of people's lives, while fulfilling the needs of Southern Cross to run a sustainable and productive business.

Here at Southern Cross Housing, it's more than affordable housing; it's about community living.



My thanks also goes to our board, who strategically steer a well-governed organisation. As CEO, I feel blessed to be surrounded by a team of Directors who are extremely professional, yet understanding and empathetic to the daily challenges we face. Finally, sincere thanks to our residents and community partners, for their continued support and commitment in making our communities a better place to live. Here at Southern Cross, it's more than affordable housing; it's about community living.

A handwritten signature in black ink, appearing to read 'Alex Pontello'.

Alex Pontello
CEO



WORDS FROM CHAIRMAN

The 2020 financial year was a year of significant achievement for Southern Cross Housing (SCH); in the most challenging of times. The catastrophic fires of summer followed by the COVID-19 pandemic were extremely disruptive for our tenants and our staff, while the dramatic increase in scale of the business due to the Social Housing Management Transfers was still being embedded, and new opportunities pursued. Management and staff battled tirelessly through these challenges; really lifting their game to ensure tenants were safe and their needs met, at the same time working from home and maintaining a safe working environment for themselves. It was a new dynamic which the leadership team steered us through with great commitment and expertise and we are a stronger and more resilient organisation as a result.

Financially FY20 was our best ever, again reflecting the increased scale of the business, tight financial control, and more importantly, improved efficiencies and economies of scale; something that is very much on our mind as the long term prospects for the industry look increasingly challenging.

An operating surplus of \$4.3 million was recorded (vs \$3.5 million in FY19), exceeding our budget expectations; net asset value increased to \$41 million.

In an operational sense we met or exceeded all KPI's; a combination of hard work, close attention to detail and a robust operational framework. This is very pleasing; indicating that the business is well controlled and has the capacity for further growth and to add more value to the community.

A highlight of the year was the merger with Sapphire Coast Tenancy Scheme (SCTS) based in the Bega Valley. This has allowed SCH to expand its footprint in a very efficient way, while increasing the resources which may be applied to that community; to build on the excellent work of SCTS over many years. We are grateful to the SCTS board for their decision and work in enabling the merger.

The Board of Directors has been very engaged over the course of the year and is committed to its own further development and renewal; to ensure the skills, experience and diversity of the board remain appropriate to the increasing complexity of the business and industry and the challenges ahead. We have welcomed 2 new members during the last financial year, Lee Hillman and Michael Pryke, and I offer them and all existing members my sincere thanks for their guidance and commitment.

In this context it's important that despite the successes, we continue to remind ourselves that the demand for sustainable low-cost housing far exceeds supply, and there is much work and further investment required to ensure that all those in need have somewhere to live. To this end SCH will continue to look for creative solutions and partnerships into the future to keep closing the gap. We are confident we have a solid base to build on.



Our staff, led by Alex, has been magnificent and are to be congratulated for all they have achieved during the year. We are a service provider, and while we deal in "bricks & mortar" it is the quality of staff that sets us apart and, in trying times, they have more than proven they are up to the task. And that task is of course, providing affordable housing to the more vulnerable people in our community.

A handwritten signature in white ink on a dark blue background, appearing to read 'N Thomas'.

Nick Thomas
Chairman

EXECUTIVE TEAM

Southern Cross Housing’s Executive Team is arguably one of the most talented and highest performing in the sector. A group of hardworking and passionate individuals, they continue to embrace challenges to not only make our organisation successful, but to ensure we are the employer of choice and our clients have the highest quality customer experience.

The recent year we left behind saw our communities battle drought, devastating fires, floods, and disease. When the Covid-19 pandemic first hit, organisations around the globe had to pivot at speed to enable and maintain their business-as-usual operations. For many, this involved initiating new remote workforce models at scale. Southern Cross Housing was not immune to this necessity.

Our leadership team rallied to best position ourselves to meet the difficult task of keeping our people safe whilst making sure our organisation did not falter. Due to the dedication and commitment of our workforce, operationally we did not miss a beat.

With lockdown restrictions beginning to ease, our Executive Managers now find themselves working behind the scenes to address the next challenge on the horizon - navigating new procedures and mandates, while factoring in the professional and personal impacts on employees. In times of uncertainty, this is proving to be a crucial yet stressful task.

This team is responsible for steering the business back to full speed while needing to rethink what the future of work looks like. To ensure the organisation – and its people – can stay productive, successful, and connected, it will be critical to focus on some key strategic areas.

The wellbeing of employees remains a core commitment and our Executive Team do an amazing job at putting our people first. The organisation’s strong yearly result and wonderful achievements provides overwhelming evidence of how we can overcome the most difficult obstacles, yet still achieve our goals by hard work, resilience, community cohesiveness, and empathy for people.



Alex Pontello

CEO



Hannah MacRae

Exec. Manager Finance



Adrianna Burnes-Nguyen

Exec. Manager Housing Services



Gary Watkins

Exec. Managers Prop. Services



Kimberley Norton

Exec. Manager People & Culture



Eric Coulter

Exec. Manager Corporate Services



OUR BOARD

The Southern Cross Housing Board comprises of nine members who bring a wealth of social, business and governance expertise to their role. The mixture of skills and experience offered by the directors ensures the organisation remains financially responsible, whilst delivering significant client outcomes. The board continues to exercise best practice governance principles with a well balanced approach to risk appetite.



BUSINESS EVALUATION COMMITTEE

Provides a robust evaluation framework for additional insight and support to the SCH Executive Team by scrutinising, testing, and advice for proposed strategic and tactical business opportunities and investments for the purpose of achieving organisational strategic plan outcomes.



GOVERNANCE EVALUATION COMMITTEE

Provides the board with information, evidence and recommendations regarding governance, regulatory compliance, risk management and financial viability to ensure the board meets all its obligations to fulfil its legal, ethical and functional responsibilities.



SCH BOARD OF DIRECTORS

The board is responsible for the overall governance, management and strategic direction of the organisation and for delivering accountable corporate performance in accordance with the organisation's goals and objectives.



TEAM RETREATS

This year SCH continued the theme of team retreats and team days. This worked well with COVID restrictions to ensure that the team had time to learn to work together and build plans for the future.

CERTIFICATE IV IN SOCIAL HOUSING

SCH has continued to invest in our people to ensure they are well informed of the community housing industry and to help build the career path of our staff. Twelve (12) staff are undergoing the Certificate IV in social housing, two of these staff members are part of our Trainee program.

TRAINEE PROGRAM

The trainee program was operational this year with two staff members employed for a 12-month period and supported financially to study the Certificate IV in Social Housing. The aim of the program is to support the problem of lack of employment opportunities for youth of the Shoalhaven. SCH is proud of the positive outcome of this program.



NUMBER OF EMPLOYEES

2020	2019
71	67

TRAINING HOURS

989.8

TRAINING INVESTMENTS

69,680K

AVERAGE AGE OF EMPLOYEES

43

YEARS OF SERVICE

TENURE

3.83

YEARS OF SERVICE



TENANCY TEAM

Jerrinja partnership

In September 2019 SCH embarked on a partnership with the Jerrinja Local Aboriginal Land Council to assist with Tenancy and Property Management. This involved 28 properties based at Orient Point. A goal in mind was to ensure all residents were engaged and able to pay rent as required. This was met with initial and continued success, seeing 22 out of 28 residents engaged in making regular rent payments.



2241

The number of properties that SCH has grown its portfolio



314

The number of Aboriginal and Torres Strait Islander (ATSI) Tenancies



622

The number of tenants with formal support arrangements in place

Focus on arrears & tenant debt

Significant work was done to redesign tenancy management practices. This included a keen focus on arrears and tenant debt management, which enabled a clearly stepped out process of early intervention to ensure tenants were given every opportunity to sustain their tenancy when issues first arise, rather than having to deal with out of control financial issues. We have found numerous cases of success by engaging and investing in vulnerable or at risk tenancies up front, rather than the escalated nature of a household at risk of eviction.

Facilitating support, partners, Anderson Avenue/Caresouth

Working closely with our support partners has also afforded the unique and privileged opportunity to create new and specialised partnerships. This saw the development of a 7 room New Generation Boarding House, including 2 rooms which are fully accessible.



A&D TEAM

Over the past 12 months the Access & Demand (A&D) team have been on the go, assisting the immediate homeless as well as those that have been or are at risk of homelessness. We have faced many challenges throughout the past 12 months with the Christmas and New Year bushfires. Our A&D team provided in depth assistance as part of the Bushfire Housing Assistance Response Team (BHART). We had further challenges through the floods and the need to arrange emergency accommodation at short notice.

Following that came COVID-19, whilst we were able to make allowances by providing most of our regular assistance in a working from home environment, we still needed to ensure that our Kinghorne Street office remained open and accessible to those in need of urgent accommodation assistance. The A&D team took these new and different ways of working on board, and showed up to get on with the job during the pandemic, supporting clients through a difficult time.

The pandemic has drawn attention to the ongoing issue of homelessness and those sleeping rough throughout NSW. Through the Together Home Program (THP), SCH has worked in collaboration with a number of service providers to provide a wrap-around service to clients that have been identified as sleeping rough in the community. We have identified 10 clients within the Shoalhaven and Southern Region, utilising all THP packages assigned to SCH. Of these 10 clients. This has been achieved with the support of St Vincent De Paul and the appointed Case Worker for the THP program, who has been working with both the A&D and Tenancy teams to help create and sustain their tenancies.



HOW MANY NIGHTS TEMPORARY ACCOMODATION DID WE ASSIST WITH?

More than \$500k was spent providing assistance to homeless individuals and families in TA. More than 3,200 nights were provided in TA, with our busiest periods being in January and February.

The Whitehouse

The Whitehouse continues to be a successful venture in partnership with local DV support provider SAHSSI, providing both supported Temporary Accommodation for women (and their children) experiencing homelessness, as well as offering a medium term option from women choosing to board for longer periods of time. Allied to this model is the provision of small Transitional accommodation units, located on site for women to transition to longer term housing outcomes.



PROPERTIES SERVICES TEAM

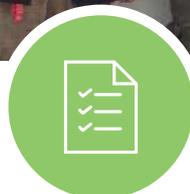
It has been a busy year for the Property Services Team with having to work through bushfires, floods and Covid. During the bushfires and floods, the team made sure quality service was provided to tenants to not only ensure the safety of their property but also their mental health and wellbeing. The team made extra calls and conducted regular site visits to show tenants we were there to support them. During Covid we redesigned the way the team worked (from home) so that tenants weren't disadvantaged with their maintenance requests and timely repairs were still being delivered.



Over \$180,000 saved by cleaning and maintaining grounds in SCH's unit complexes



Planned/Cyclical maintenance \$1,704,678 increase of 40.42% from 2019



Responsive Maintenance (including Tenant Charges) \$2,133,968 increase of 31.87% from 2019



In Shoalhaven

Southern Cross Housing (SCH) was approached by the Manager of this Refuge to assess a playground. On inspection, SCH identified a number of safety issues including trip hazards and concrete pads which were not ideal for a children's playground, and deemed the area unsafe. SCH submitted a quotation for upgrade to the Department of Communities and Justice (DCJ) who promptly provided approval and funding for the project. Since repairs and upgrades were completed the playground has been reopened for the refuge to enjoy.

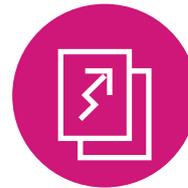
CLEAN UP CREW

Our Clean-Up Crew continued to do an amazing job across our Shoalhaven service area. Almost 300 tenanted properties were visited throughout the year to remove unwanted rubbish and green waste. Many of these also had their lawns and general garden maintenance attended to by the crew. Our tenants were overwhelmingly appreciative for this free service which made a huge difference to the presentation of people's homes. The team are always going above and beyond to assist our tenants.

CA TEAM

Shoalhaven Community Alliance

The Shoalhaven Community Alliance has continued to meet on a regular basis, even during this era of social distancing, taking a number of our meetings to the online Zoom platform. The Alliance developed its first ever Annual Plan and has been focussing on the associated challenges that clients and tenants alike experience with Hoarding and Squalor. The group has agreed on a draft project plan to better equip both organisational staff and the broader community on how to deal with the challenges brought on by Hoarding and Squalor.



40

Scholarships
Awarded



117

participants
were
supported by
the Mental
Health
Brokerage
program

Christmas events

Successful Christmas events were held in each regional location, with a bumper event arranged for those close to the Nowra region – including a visits from the Rural Fire Service which was a real treat for young and old alike. Smaller events were held in regional locations, with great turnouts of tenant attendance.

Scholarships

This year saw a bumper year for our in-house Scholarship Program. SCH has committed 100 scholarships over 3 years and it's such an amazing program. The team made as many tenants as possible aware of this great program to further their educational goals. Close to 70 applications were received and a final 40 awarded.



Local twins from Pambula, are recipients of our scholarship that struggled with reading and writing. Their scholarship has helped them to obtain professional tutoring, which has given the twins more confidence and a better attitude towards learning.

- Rent must be paid so you are not in arrears. Rent is usually paid 2 weeks in advance when you commence your tenancy.
- Bond is usually 4 weeks. A Landlord can not ask for more than 4 weeks bond.
- Your Bond is lodged at the Rental Bond Board and can be done by the tenant and lodged online or in person at any Service NSW office.
- Bond is used in case of debt at the end of a tenancy. Make sure you leave your property as you took it on and according to your Condition Report.



CORPORATE SERVICES TEAM



IT

IT continues to develop systems that are built around Compliance, Reliability and Functionality; collaborating to provide responsive, integrated and creative solutions, for SCH business/user efficiency and improvement.



POLICY

Good policy not only ensures compliance, it also nurtures good processes, practice clarity and in doing so, better outcomes for those to whom SCH delivers service. At SCH we believe Policy is integral to growth/improvement and best practice.



COMPLIANCE & REPORTING

Compliance, Reporting, and Internal auditing are a few of the responsibilities of Corporate Services. We are a small team committed to quality and improvement. Endeavoring to provide a 360° view of SCH.

OUR PROJECTS

Southern Cross Housing has continued to successfully complete new projects in the Shoalhaven. These projects included new 3 bedroom cottages, a number of secondary dwellings, as well as preparing design and development applications for some 72 home units to be built over the next 3 years. All our newly built properties are turnkey and ready for occupation including all landscaping, fencing and complete interior fit-out.

SCH is proud to produce high quality properties which are designed in accordance with the Liveable Housing Guidelines and reducing maintenance costs in the future.

SCH is committed to creating employment opportunities via our development projects and where possible use all local contractors, labour and materials. We continue to recruit trainees and provide a career path for each of them. Tyler Wills is now in his second year apprenticeship with Southern Cross Housing on his way to becoming a fully accredited Carpenter, the experience gained on these projects working with all trades is invaluable.

With more projects in the pipeline, Southern Cross Housing will continue to produce well-designed and quality properties, providing much needed affordable and social housing accommodation in an area of high demand.





Southern Cross Housing continues to construct Secondary Dwellings on former owned Land and Housing Corporation properties. We acknowledge that many of the larger lots can be better utilised for more housing accommodating well designed fully accessible fully independent cottages.



We have a pipeline of 72 home units over the next 3 years



As Licenced Builders, SCH directly employ all our trainees who work in and assist all trades throughout the construction process.



16%

EBITDA Margin

\$189 k

Improvement of
operating surplus

Repayment of

ALL

debt

\$2.96 m

increase in cash
and equivalents

\$8.6 m

Increase in total
assets

Net assets of

\$41 m

FINANCIAL REPORT

Southern Cross Housing (SCH) performed well in the 2020 financial year despite the extremely challenging year. SCH achieved an operating EBITDA margin of 16% and Net Assets of \$41m through responsible economic management, enabling us to maintain a strong financial position.

SCH continued to see growth in FY 20 due to an amalgamation with Sapphire Coast Tenancy Scheme (SCTS) which resulted in an uplift in net income from 103 properties transferred to our portfolio, \$3.9m in net assets on our balance sheet and other comprehensive income.

SCH's Key Performance Indicators continued to remain well in excess of NRSCH Tier 1 benchmarks

KEY PERFORMANCE INDICATORS	NRSCH BENCHMARK FOR TIER 1 CHPS	SCH 2020 RESULT SCH 2020 RESULT
Operating EBITDA	>=8%-15%	16%
Working Capital Ratio	>=1.5 times	1.97 times
Amended Quick Ratio	>=1.2 times	1.56 times
Operating Cash Flow Adequacy	>=1.2 times	1.34 times
Gearing Ratio	<=30%	0%
Return on Assets	>=5%	8.9%

Our focus on key strategic, risk and governance priorities, together with the increase of our balance sheet and strong capital position, mean SCH is well placed to deliver for our stakeholders. It has also created capacity for ongoing investment in our communities, development projects to provide additional housing and innovation for future growth.

Financial sustainability whilst improving Customer outcomes and experience remain the forefront of our efforts as a Tier 1 Community Housing Provider. This is reflected on the business' performance, and attributed to operational and procedural adaptation of the changing business environment experienced by all this year, further efficiency improvements, maximisation of all resources and our robust internal control framework.

SCH Auditors, Kothes & Co. have submitted an unqualified audit report for Southern Cross Housing's 2020 Financial Statements. Our team continues to strive towards financial and operational improvement, growth and opportunity. As Executive Manager Finance, I have every confidence in my team and the organisation as a whole to continue to meet its financial and organisational obligations.



Hannah MacRae
Executive Manager, Finance

PROFIT & LOSS FOR THE YEAR ENDED 30 JUNE 2020	2020 \$	2019 \$
Revenue - trading	26,663,034	21,813,955
Finance income	116,379	208,575
Other income - Gain on disposal of fixed assets	4,500	1,846
Employee benefits expense	-5,268,982	-4,608,228
Impairment loss on non financial assets	-459,835	-164,565
Administration expenses	-737,266	-602,382
Corporate expenses	-71,964	-153,727
Finance expenses	-160,685	-201,194
Office expenses	-196,631	-242,924
Depreciation - property, plant and equipment	-272,406	-248,932
Amortisation of right of use assets	-991,909	-
Tenancy and property management expenses	-14,260,267	-12,257,396
Surplus before income tax	4,363,968	3,545,028
Revaluation changes for property, plant and equipment	-136,150	-457,320
Net assets acquired from business combination	3,879,287	-
Other comprehensive income for the year, net of tax	3,743,137	-457,320
Total comprehensive income for the year	8,107,105	3,087,708

FINANCIAL REPORT (CONT.)

BALANCE SHEET AS AT 30 JUNE 2020

2020 \$

2019 \$

ASSETS

CURRENT ASSETS

Cash and equivalents	12,303,716	9,346,658
Trade and other receivables	2,665,934	1,233,886
Other assets	524,706	1,256,459
Total current assets	15,494,356	11,837,003

NON CURRENT ASSETS

Property, plant and equipment	32,668,316	28,584,750
Right of use assets	870,995	-
Total non current assets	33,539,311	28,584,750
Total assets	49,033,667	40,421,753

LIABILITIES

CURRENT LIABILITIES

Trade and other payables	2,348,519	2,376,059
Lease liabilities	688,374	-
Short-term provisions	2,174,299	1,209,430
Employee benefits	545,956	639,117
Other liabilities	2,117,280	828,854
Total current liabilities	7,874,428	5,053,460

NON CURRENT LIABILITIES

Borrowings	-	2,500,000
Lease liabilities	183,841	-
Total non current liabilities	183,841	2,500,000
Total liabilities	8,058,269	7,553,460

NET ASSETS

40,975,398 **32,868,293**

EQUITY

Reserves	599,316	735,466
Retained earnings	40,376,082	32,132,827
TOTAL EQUITY	40,975,398	32,868,293

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30
JUNE 2020**

	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operating activities **	27,219,933	22,699,048
Payments to suppliers and employees **	-20,362,253	-16,815,567
Interest received	116,084	241,334
Interest paid	-160,685	-201,194
Net cash provided by operating activities	6,813,079	5,923,621
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	4,500	39,091
Payments for property, plant and equipment	-1,102,122	-1,826,909
Net cash used by investing activities	-1,097,622	-1,787,818
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from repayment of loan	-	1,344,124
Repayment from borrowings	2,500,000	-1,000,000
Repayment of lease liabilities	-990,689	-
Net cash used by financing activities	-3,490,689	344,124
Net increase/(decrease) in cash and cash equivalents	2,957,058	4,479,927
Cash received from business combination	732,290	-
Cash and cash equivalents at beginning of year	9,346,658	4,866,731
Cash and cash equivalents at end of financial year	12,303,716	9,346,658

DIRECTORS' DECLARATION

Southern Cross Community Housing Ltd
ABN 63 267 328 814

Directors' Declaration

The directors of the Company declare that:

- The financial statements and notes, as set out on pages 5 to 27, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
 - comply with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013; and
 - give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company.
- In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director 
Nicholas THOMAS

Director 
Veronica HUSTED

Dated 30 September 2020

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AUDITORS INDEPENDENCE DECLARATION (CONT.)



Independent Audit Report to the members of Southern Cross Community Housing Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Southern Cross Community Housing Ltd, which comprises the statement of financial position as at 30 June 2020, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Southern Cross Community Housing Ltd has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, 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 directors are responsible for assessing the Company'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 responsible entities either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon). Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



DIRECTOR:
Simon Byrne
Fiona Durrant
Peter Mann
Gary Phares
Kevin Shillaker
Gary Skelton

BRCA
HERNSHILL
EDEN
BOMBALA
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Independent Regional Member of Walker Baylard Australia Limited, a network of independent accounting firms.

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AUDITORS INDEPENDENCE DECLARATION



Auditors Independence Declaration to the Directors of Southern Cross Community Housing Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

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

NOTICE
Chartered Accountants



Simon Byrne
Partner
Registered Company Auditor # 153624
30 September 2020



DIRECTOR:
Simon Byrne
Fiona Durrant
Peter Mann
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Kevin Shillaker
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ABN 36 472 755 795

Independent Regional Member of Walker Baylard Australia Limited, a network of independent accounting firms.

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AUDITORS INDEPENDENCE DECLARATION (CONT.)



Independent Audit Report to the members of Southern Cross Community Housing Ltd (Continued)

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

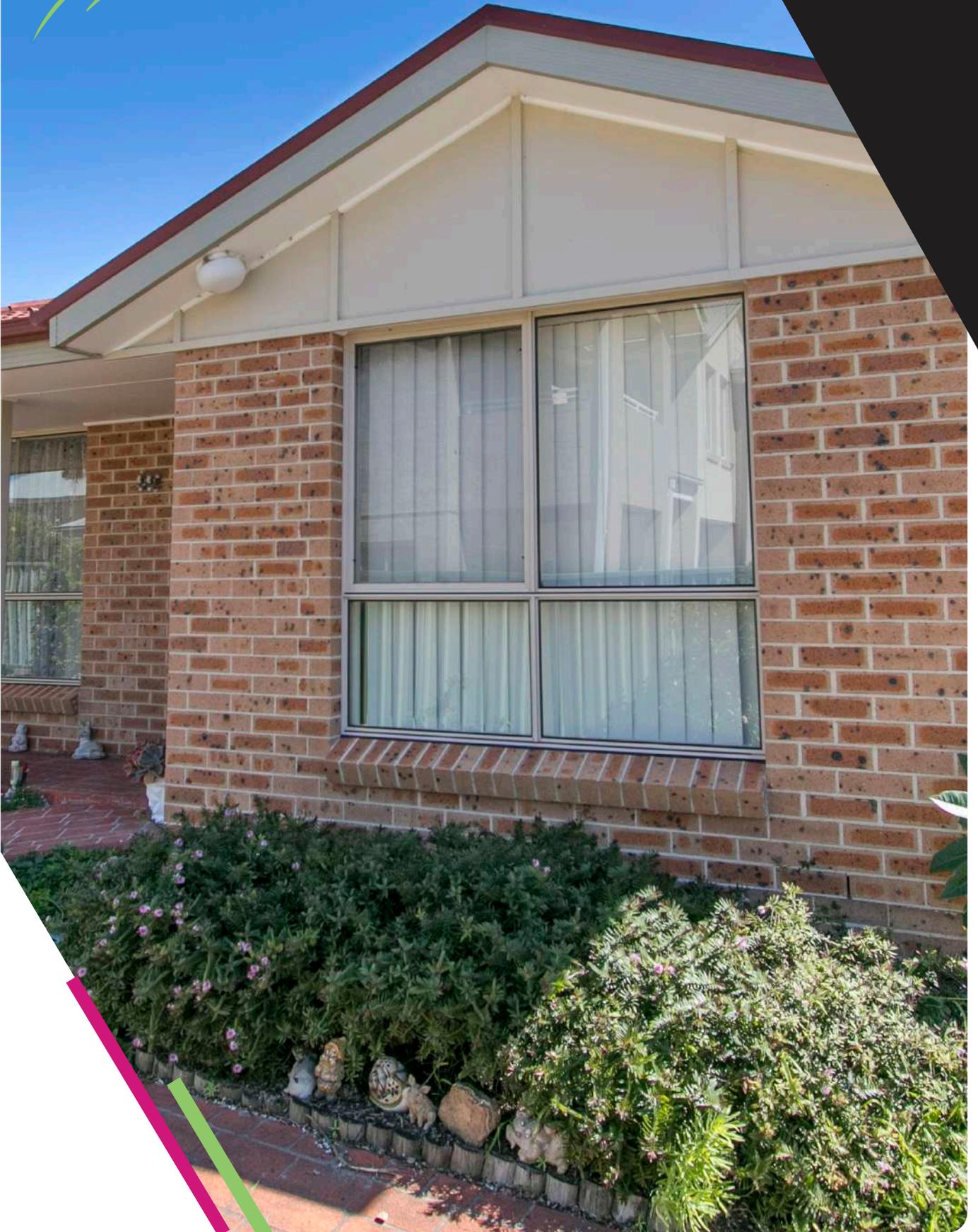
KOTHES
Chartered Accountants



Simon Byrne
Partner
Registered Company Auditor # 153624
30 September 2020



SOUTHERN CROSS
HOUSING



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