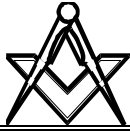


**THE FREEMASONS' HOMES
OF SOUTHERN TASMANIA INC**

59th
ANNUAL REPORT
and
STATEMENT OF ACCOUNTS
2009 – 2010





**THE FREEMASONS' HOMES
OF SOUTHERN TASMANIA INC**
7 BALLAWINNE ROAD LINDISFARNE 7015

PATRON

His Excellency the Honorable Peter Underwood AO, Governor of Tasmania

VICE-PATRON

Most Wor Bro Norman Cooper (Grand Master)

OFFICERS AND COMMITTEE 2009 – 2010

Board of Directors

Elected Members:

Most Wor Bro E K Graver OAM, Ph.C., M.P.S., F.A.I.P.M., PGM (Chairman)
Rt Wor Bro T D Dann ODS, PGW (Vice Chairman)
Wor Bro Dr. J W Woods DBA, FCA, CFTP (Snr), FAIM, AIAMA, P.G. Stwd (Treasurer)
Most Wor Bro N R Cooper D.G.M. Most Wor Bro R T Clarke BA, Dip.Mgt. PGM.
PGW, Wor Bro H F James PG Supt W, Rt Wor Bro G R A Dick
Wor Bro D J Macrow JP.

Grand Lodge Representative:

Rt Wor Bro H W J Hollick PGW

CHIEF EXECUTIVE OFFICER

Mr. Greg Burgess PSM JP FLGMA

DEPUTY CHIEF EXECUTIVE OFFICER

Mr Paul Stevens

DIRECTOR OF NURSING

Until June 2010
Ms. Kathryn Scaife

CLINICAL CARE SUPERVISOR

From June 2010
Mr Justin Rossiter

MANAGER, HUMAN RESOURCES

Mrs Stephanie Seinor

FINANCE MANAGER

Mr Barry Chandler

COMMITTEES

Building and Planning

T D Dann (Chairman), N R Cooper, D J Macrow, H F James and Chief Executive Officer

Strategic Planning:

R T Clarke (Chairman), E K Graver, M O'Farrell Chief Executive Officer, Deputy Chief Executive Officer

Clinical Governance Committee

E.K. Graver (Chairman), Chief Executive Officer, Deputy Chief Executive Officer, Clinical Care Supervisor

PORTFOLIO

Public Relations
Resident Liaison

E.K. Graver
H.W.J. Hollick

AUDITORS

WHK Denison



NOTICE FOR MEETING

Notice is hereby given that the **Annual General Meeting** of the Freemasons' Homes of Southern Tasmania Incorporated will be held at Freemasons Nursing Home, 7 Ballawinne Road, Lindisfarne on Thursday, 23rd September 2010 at 1.00 pm

The Business will be as follows:-

1. Welcome by Chairman
2. Apologies
3. Confirmation of Minutes for the A.G.M. held on 17th September 2009
4. Annual Report
5. Election of five Directors - Retiring Directors are eligible for re-election
6. Appoint Auditors
7. Any Other Business
 - (a) Special Resolution – Amendment to the Constitution and Rules
8. Close

N.B. Nominations for election to the Board of Directors must be lodged with the Secretary, on the approved form, at least seven days prior to the date of the Annual General Meeting

Greg Burgess
Chief Executive Officer / Secretary

14th August 2010



**THE FREEMASONS' HOMES
OF SOUTHERN TASMANIA INC**
7 BALLAWINNE ROAD LINDISFARNE 7015

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VICE-PATRON

Most Wor Bro Norman Cooper (Grand Master)

OFFICERS AND COMMITTEE 2009 – 2010

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Wor Bro Dr. J W Woods DBA, FCA, CFTP (Snr), FAIM, AIAMA, P.G. Stwd (Treasurer)
Most Wor Bro N R Cooper G.M. Most Wor Bro R T Clarke BA, Dip.Mgt. PGM.
PGW, Wor Bro H F James PG Supt W, Rt Wor Bro G R A Dick
Wor Bro D J Macrow JP.

Grand Lodge Representative:

Rt Wor Bro H W J Hollick PGW

CHIEF EXECUTIVE OFFICER

Mr. Greg Burgess PSM JP FLGMA

DEPUTY CHIEF EXECUTIVE OFFICER

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DIRECTOR OF NURSING

Until June 2010

Ms. Kathryn Scaife

CLINICAL CARE SUPERVISOR

From June 2010

Mr. Justin Rossiter

MANAGER, HUMAN RESOURCES

Mrs. Stephanie Seiner

FINANCE MANAGER

Mr. Barry Chandler JP, FPNA

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Building and Planning

T D Dann (Chairman), N R Cooper, D J Macrow, H F James and Chief Executive Officer

Strategic Planning:

R T Clarke (Chairman), E K Graver, M O'Farrell Chief Executive Officer, Deputy Chief Executive Officer

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E.K. Graver (Chairman), Chief Executive Officer, Deputy Chief Executive Officer, Clinical Care Supervisor

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AUDITORS

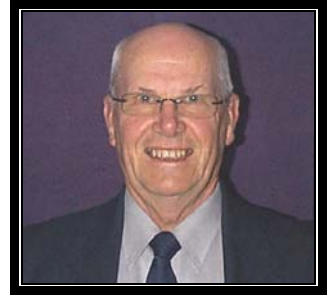
WHK Denison



BOARD OF DIRECTORS: 2009/2010



Keith Graver
OAM, Ph.C., M.P.S., F.A.I.P.M.
Chairman since 2008
Board member since 1998
Retired Pharmacist



Terry Dann
Deputy Chairman since 2008
Board member since 1997
Retired Building Construction Manager



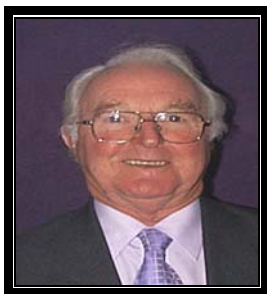
John Woods
DBA, FCA, CFTP (Snr), FAIM, AIAMA
Treasurer, Board member since 2003
Accountant/Company Auditor



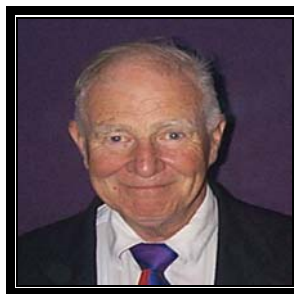
Norm Cooper
Board member since 2000
Company Director



Robert Clark *BA, Dip.Mgt.*
Board member since 2001
Retired State Manager for Fleet Transport



Harold James
Board member since 1986
Retired Building Construction Foreman



Robert Dick
Board member since 1996
Retired Office Administrator



Horrie Hollick
Board member since 2001
(Grand Lodge Representative)
Retired Business Proprietor



David Macrow
Board member since 2008
Retired Bank and Public Service Executive



Michael O'Farrell SC
Board member since 2010
Barrister



CHAIRMAN'S ANNUAL REPORT 2009 / 2010

On behalf of the Board of Directors of the Freemasons' Homes of Southern Tasmania Inc I have pleasure in presenting the 59th Annual report.

The Homes is honoured to enjoy the continued services of our patron the Hon Peter Underwood AC, Governor of Tasmania. His continued interest in our establishment is very much appreciated.

At the last Annual general meeting, Mr. Michael O'Farrell was elected to the Board. Michael was also, and continues to be, a member of the Advisory Board of the Freemasons' Homes Foundation and he performs a liaison role between both Boards. His election was noteworthy in that he became the first non-Freemason to be a Board member. His expertise and considered approach have made him a valued member who already has made a significant contribution to the organisation.



The major achievement for the Homes this year has been in the improvement in financial performance. following advice from our auditors, by the application of administrative economies, and by adopting a different approach to the ACFI method of evaluating residents' classifications. As a consequence, the Homes was able to achieve a position of cash flow neutrality and the Board expects a further improvement in the next financial year. The result shown is a tribute to all those responsible and our thanks and congratulations are warranted. It is also very gratifying that the Homes remains fully compliant with the requirements in all aspects of our operation.

There were some significant staff changes during the year. In November, Margaret Byrne, the Bowditch Hostel Supervisor resigned to further her career elsewhere. She goes with our good wishes.

A change of operational structure in the latter part of the year resulted in our Director of Nursing, Kathryn Scaife accepting a redundancy. Kathryn had been with the Homes for over 18 years and her care and consideration in dealing with the residents and their families was well known. The Board extends its good wishes to her for the future. The new position of Clinical Care Supervisor has been assumed by Justin Rossiter, the former Assistant Director of Nursing.

The Homes has continued to expand and develop its property portfolio. During the year, work commenced on replacing our aged and outdated Selbourne Place properties with new high class Independent Living Units. It is hoped that these will be completed by the end of the year. In addition, the Homes purchased seven units in Wellington Rd. Now known as the Village Haven, these units are being refurbished and the first three will be ready for occupation in early September and the remaining four towards the end of October 2010.

The Board gave consideration to the purchase of the Lindisfarne Motor Inn but was unable to achieve a purchase at a price which was viable for our purposes. At the time of writing, the property remains unsold. The property at Kingston has not be the subject of any development during the year and remains under review.



The Board made a decision to establish a Strategic Alliance with St. Ann's Nursing Home. This has the potential to be beneficial to both organisations. Already, St. Ann's has conducted a review of our catering operation and we have lodged a joint application for an allocation of Community Aged Care Packages, which would be owned by Freemason's Home and administered by St. Ann's. We continue to work with St. Ann's on the development of other shared operations.

The Freemasons' Homes Aged Care Foundation continues to make steady progress in its aim to provide additional benefits for our residents.

In October, the Board agreed to the establishment, in the main activities area, of a residents' social area known as "Audrey's Place". This is proving to be a welcome and effective addition to the provision of social interaction.

I extend my congratulations and gratitude to our Chief Executive Officer, Greg Burgess for his great diligence and service to our organisation.

To all our wonderful and caring staff who put in such efforts to ensure that our residents receive the optimum level of care in what is their home, I extend my sincere appreciation.

Finally, I thank my fellow Board members for the contribution to the operation of our facility.

Keith Graver
Chairman



CHIEF EXECUTIVE OFFICER'S ANNUAL REPORT 2009 / 2010

In the 2008/09 Annual Report the Home's auditors highlighted some concerns regarding the Homes financial position.

Much effort has been directed towards improving that position.



KPMG were engaged to assist in improving the Homes \$ return from the Aged Care Funding Instrument subsidy system and economies were achieved across all areas of the Home through staff rationalisation and savings in operational expenses.

This has resulted in a major turnaround in the Homes financial position and whilst there is still more work to be done this year's results are most encouraging.

All staff contributed to remedying the financial challenge the Home faced without the need for any reduction in care and services for our residents.

The Home is a member of Aged and Community Services Tasmania (ACST), the State's peak aged care body.

The CEO has been a Board member of ACST for 6 years and has been able to contribute to the efforts of that organisation in trying to convince both the Federal Minister for Ageing and the Department of Health and Ageing that our current system of aged care is very real need of major structural and financial reform if it is to continue into the future.

Freemasons Homes has actively participated in the *Grand Plan* – a national program to keep aged care firmly on the agenda during the lead up to the Federal election and, through allowing the CEO to sit on the ACST Board, contribute to the national submission into the Productivity Commission's review into aged care.

We look forward to the outcome of that review with the Commission due to hand down its report in early 2011.

Construction of the Selbourne Place independent living units commenced in April 2010 and we are hopeful of having these seven units completed by the end of the calendar year ready for occupation in early 2011

In May this year the Home also purchased seven additional 2 bedroom units in Wellington Road Lindisfarne.

These are currently being refurbished and when completed the Home will have a total of 52 one and two bed room units across its three sites.



The Home continues to explore opportunities to grow its business outside its core operations of residential aged care and purpose built independent living units for the over 65 year old.

Areas such as providing laundry services to other aged care facilities, meals for *Meals on Wheels* and delivery of aged care and support services through the provision of Community Aged Care packages to clients in their own homes are all areas being pursued.



Not only are we looking at these business growth opportunities but also at how we can reduce costs and further strengthen the services we provide to our residents by the development of a Strategic Alliance with St Ann's Homes Inc.

Many areas of both organisations operations will be reviewed and refined to reduce duplication and provide benefits to our residents.

The Aged Care Foundation – Freemasons Homes has over the past 12 months enjoyed some success and, in particular attracted funding through the NAB Schools First program.

This enabled a number of secondary students from McKillop College to visit the Home over a five month period and engage with eight residents and record their life stories.

A submission has also been lodged for funding under the *Cars for Communities* grant program seeking funding for the Homes own bus. We await with eagerness a successful outcome from that submission.

Both the Board and the Management group have worked hard throughout the year to ensure the Home improved its financial position and that the well being of the residents remained the number one goal. It is through that shared effort that the Home has come through a difficult period and has prepared a solid foundation for a sustainable future.

I offer my sincere thanks to the Chairman, Keith Graver and all Board members for their contribution and support.

Similarly, my sincere thanks to the Management Team, staff and volunteers for their efforts throughout the year.

Finally, I wish to acknowledge the contribution of the Homes former Director of Nursing, Kathryn Scaife, who during her 18 years of service with Freemasons Homes added greatly to well being, comfort and care of all residents.

Greg Burgess
Chief Executive Officer



CLINICAL CARE SUPERVISOR'S ANNUAL REPORT 2009 /2010

Accreditation

Both the Ballawinne Road facility and the Bowditch Hostel facility remain fully accredited with the next 3 year full accreditation audit due in April 2012.

However in February of this year the Ballawinne Road facility was the subject of an unannounced support visit by the Aged Care Standards and Accreditation Agency (ACSAA)

That support visit resulted in the Home being deemed as non-compliant in outcome 1.8 – Information systems – in the clinical care area.

The Home was required to prepare an action plan to rectify the non- compliance and a time period of three months was allowed to demonstrate to the ACSAA that the non compliance had been rectified and appropriate steps had been implemented to maintain full compliance. In late May, and after considerable effort the Home was able to demonstrate that the non compliance had been remedied and appropriate systems were in place.

The Homes internal audit system has been strengthened in an effort to prevent any reoccurrence.

Aged Care Funding Instrument: (A.C.F.I.)

The new method of classifying residents care need – and corresponding subsidy payments – was introduced by the Federal Government in March 2008.

Like many Aged Care providers, this organisation experienced a reduction in subsidies under the new system.

In an effort to stop the slide, Management engaged accounting firm KPMG to assist in developing a more aggressive and sustainable approach in the use of the ACFI system.

It is pleasing to report that the assistance provided by KPMG and the implementation of an improved resident assessment process throughout the Homes has seen the subsidy payments increase to more realistic level of where we can almost match the cost of care to funding received.

Obviously, the Home must remain vigilant in this area to ensure ongoing viability.

Resident Mix

Over recent years we have found that, in general, residents are entering aged care at a later stage and their care and support needs are at a much higher level.

It is becoming increasingly difficult to find low care residents as more and more emphasis is placed on providing care to the aged within their own home environment.



From 1st January 2010 the high care classification under ACFI changed.

This change made it more difficult for the Home to have residents funded at a high care level. Management and the Board does recognise that in the not to distant future the Home may need to convert portion of its low care residential area into a high care residential area to cater for demand and to ensure the Home does not have empty beds.

Such a conversion will not require any physical alteration to the premises but will require an increase in staff levels and support equipment.



Bowditch Hostel Units

This will be closely monitored over coming months and the Board informed of any changes in trends that it may need to address.

Leisure and Lifestyle Support:

The Leisure and Lifestyle team and the Homes group of dedicated volunteers provide a range of activities and support to our residents.

These include, bus outings, gentle movement and Tia Chi classes, knitting groups, men's club, crib afternoons, film afternoons, indoor bowls, the Homes Choir, "CHATS" cafe , Audrey's bar and spiritual and cultural services and events.

We will continue in our efforts to conduct more social events between Bowditch Hostel residents and Ballawinne Road residents as these have proved to be enjoyed by the participants.

The Residents Committees at both sites provide an informal conduit between residents and management about issues that have arisen and improvements residents may suggest.

The input from both committees is valuable and welcomed by both management and the Board.

I also wish to acknowledge and thank the volunteers from both sites – their efforts and companionship to the residents is greatly appreciated.

Staffing / Structure

Throughout the year we have completed a staff rationalisation program and a restructuring of Clinical Care Management.

Approximately 75% of the Homes operating expenses is consumed by staff cost and the rationalisation program touched on all work areas throughout the Home – not just the care area.

The staff rationalisation program and the flatter Clinical Care management structure has in no way compromised resident care and has contributed to an overall improvement in the Homes financial position.



Resident care and services has been and remains our number one focus and the Home prides itself in delivering that care and service in a dignified and respectful manner.



I wish to thank Greg Burgess and Paul Stevens for their on-going support and assistance, the Clinical Care Management team and all care staff for their commitment to the highest standard of care to our residents.

I also wish to acknowledge the work of Kathryn Scaife, the former Director of Nursing, during her time at Freemasons Homes, and wish her all the best for the future.

Justin Rossiter
Clinical Care Supervisor



THE FOLLOWING BRETHREN ARE LIFE MEMBERS/GOVERNORS OF THE ASSOCIATION

Barnard, E
Brown, L G
Curtain, B W
Davis, M W
Downie, K J

Gardam, B
Mason, H
Munro, P D
Smart, H
Smith, A E

Strickland, LJ
Swinton, A B
Taylor, A D
Voss, A W J

LEGACIES AND BEQUESTS

Ever since its inception, we have been deeply indebted to those many people who have chosen to remember The Homes in their wills. The need today is greater than ever. Might we commend to you the thought of remembering the Homes in your will?

CAN YOU HELP ?

In order to maintain the standard in lifestyle we would all expect for ourselves, the Board is committed to a program of continually upgrading our buildings and equipment.

Your assistance will always be appreciated.

"REMEMBER - ALL DONATIONS ARE TAX DEDUCTIBLE"

Enquiries can be made to the Chief Executive Officer
or any Board member



The Freemasons' Homes of Southern Tasmania Inc

Financial Statements

For the Year Ended 30 June 2010

The Freemasons' Homes of Southern Tasmania Inc

For the Year Ended 30 June 2010

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Statement by Members' of the Committee

In the opinion of the committee the financial report:

1. Presents a true and fair view of the financial position of The Freemasons' Homes of Southern Tasmania Inc as at 30 June 2009 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that The Freemasons' Homes of Southern Tasmania Inc will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

Chairman 

Deputy Chairman 

Dated this *8th* day of September 2010.

Statement of Comprehensive Income for the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Revenue			
Commonwealth subsidies – recurrent	1.3 (a), 3.1	5,872	5,528
Capital investment funds	1.3 (b), 3.2	44	109
Grants	1.3 (c), 3.3	19	-
User charges	1.3 (d), 3.4	2,341	2,139
Investment Income	1.3 (f), 3.5	139	(344)
Interest	1.3 (e), 3.7	142	121
Other revenue	1.3 (h), 3.8	129	672
Accommodation bond drawdowns/retentions/charges	1.3 (i), 3.9	647	531
Fair Value of Independent Living Units	1.5 (e), 3.6, 18	710	2,501
Total revenue		10,043	11,257
Expenses			
Employee entitlements	1.4 (a), 4.1	6,838	6,883
Depreciation	1.4 (b), 4.2	773	766
Loss on disposal of non-current assets	1.4 (g), 3.6	-	-
Other expenses	1.4 (d), 4.3	1,938	1,953
Finance Costs	1.4 (e), 4.4	323	487
Independent Living Units Capital Refund Provision	4.5	353	882
Total expense		10,225	10,971
TOTAL OPERATING SURPLUS (DEFICIT)		(182)	286
Transfers from Reserves		(614)	-
Transfers to Accumulated Funds		614	-
		-	-
Net Total Comprehensive Income (deficit)		(182)	286

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2010

Assets	Notes	2010 \$'000	2009 \$'000
Current assets			
Cash and cash equivalents	1.5 (a), 6.1 (a)	489	504
Other Cash Held	1.5 (a), 6.2 (b)	1,076	1,890
Receivables	1.5 (b), 6.2	1,008	411
Inventories	6.6	18	15
Other current assets	1.5 (d), 6.6	17	27
Total current assets		2,608	2,847
Non Current assets			
Property, plant, equipment and vehicles	1.5 (e) 6.4	13,084	13,640
Independent Living Units	1.5 (f) 6.5	11,682	8,428
		24,766	22,068
Total assets		27,374	24,915
Liabilities			
Current liabilities			
Employee entitlements	1.6 (c), 7.1	866	705
Payables	1.6 (a), 7.2	327	578
Interest bearing liabilities	1.6 (b), 7.3	1,000	1,250
Other current liabilities	1.6 (e), 7.4	105	21
Bonds, Leaseholds & ILU's Capital Refund Prov	1.6 (e), 7.5	2,998	2,932
Total current liabilities		5,296	5,486
Non-current liabilities			
Employee entitlements	1.6 (c), 7.1	108	111
Interest bearing liabilities	1.6 (b), 7.3	3,000	3,000
Bonds, Leaseholds & ILU's Capital Refund Prov	1.6 (e), 7.5	15,918	13,084
Total non-current liabilities		19,026	16,195
Total liabilities		24,322	21,681
Net assets		3,052	3,234
Equity			
Accumulated funds		3,052	2,620
Reserves		-	614
Total equity	8.1	3,052	3,234

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2010

	Notes	2010 \$'000 Inflows (Outflows)	2009 \$'000 Inflows (Outflows)
Cash flows from operating activities			
Cash inflows			
Commonwealth subsidies – recurrent		5,567	5,567
Grants		19	-
Receipts from clients		2,343	3,294
Bequests		67	534
Interest received other		127	152
Other cash receipts		246	139
Receipts from investments		44	-
Other cash receipts - Accommodation Charges		350	-
Total cash inflows		8,763	9,686
Cash outflows			
Employee payments		(6,419)	-
Borrowing costs		(323)	-
Other cash payments (Suppliers)		(1,939)	(9,530)
Total cash outflows		(8,681)	(9,530)
Net cash from (used by) operating activities	10.2	82	156
Cash flows from investing activities			
Cash inflows			
Gross proceeds from the disposal of non-current assets		-	-
Total cash inflows		-	-
Cash outflows			
Payments for acquisition of non-current assets		(2,623)	(779)
Decrease /(Increase) in Investments		-	-
Total cash outflows		(2,623)	(779)
Net cash from (used by) investing activities		(2,623)	(779)
Cash flows from financing activities			
Cash inflows			
Entry bonds/Leaseholds received		5,535	524
Total cash inflows		5,535	524
Cash outflows			
Entry bonds/Leaseholds refunded		(3,573)	-
(Decrease) /Increase in commercial bill		(250)	(250)
Total cash outflows		(3,823)	(250)
Net cash from (used by) financing activities		1,712	274
Net increase (decrease) in cash held		(829)	(349)
Cash at the beginning of the reporting period		2,394	2,743
Cash at the end of the reporting period	6.1	1,565	2,394

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

	Accumulated funds	Asset Revaluation Reserve	Total
	\$'000	\$'000	\$'000
2010			
As at 1 July 2009	2,620	614	3,234
Transfer of Reserves	614	(614)	-
Surplus (deficit) for Year	(182)	-	(182)
As at 1 July 2010	3,052	-	3,052
	Accumulated funds	Asset Revaluation Reserve	Total
	\$'000	\$'000	\$'000
2009			
As at 1 July 2008	2,334	614	2,948
Surplus (deficit) for Year	286	-	286
As at 1 July 2009	2,620	614	3,234

The accompanying notes form part of these financial statements.

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Note 1 Significant Accounting Policies

1.1 Objectives and Funding

The Freemasons Homes of Southern Tasmania Inc (The Freemasons Homes). is a body established by the Associations Incorporation Act 1964 (Tas) with the basic objectives to be carried out in accordance with current principles and teachings of:

- (a) - providing knowledge and skilled assistance to those whose ability to perform activities of daily living is diminished, by virtue of age or disability; and
- (b) - promoting the dignity and spiritual, physical and emotional wellbeing of each person giving and receiving care.

The organisation is predominantly funded through Commonwealth Government funding. Together with this funding The Freemasons Homes provides the following services which may include a fee for

Residential Care includes residents personal care, respite care, palliative care, therapy, catering, domestic services, general property, cultural & spiritual support, training and recruitment. This division includes all the structures based at 7 Ballawinne Rd, Lindisfarne

Residential Care includes residents personal care, respite care, palliative care, therapy, catering, domestic services, general property, cultural & spiritual support, training and recruitment. This division includes all the structures based at 3 Wellington Lindisfarne, known as Bowditch Hostel.

Independent Living Units which incorporates all the independent living units, for self supporting residents along with any other home units which may be established and operated by The Freemasons Homes as independent living units.

The financial statement encompasses all funds through which the organisation controls resources to carry on its functions.

1.2 Basis of Accounting

The financial statements are a general purpose financial report and have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Associations Incorporation Act 1964 (Tas).

The financial statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. It should be noted that the current accounting records do not currently permit an accurate breakdown of segment assets and liabilities and therefore they have not been included.

a) Statement of compliance

The financial report complies with Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

b) First Time Adoption of Investment Properties Standard AASB 140

From 2010 Independent Living Units have been separated from Property, Plant and Equipment to be treated as Investment Properties under AASB 140 "Investment Properties". Each Unit has will be adjusted on a yearly basis. All unrealised gains or losses on on each Villa are recognised in the Statement of Comprehensive Income of the Freemasons Homes of Southern Tasmanian Inc. Due to the classification of the Units as investment properties, they are not depreciated in accordance with the accounting standard.

In doing so the 2008-09 Financials have been adjusted in order that the 2009-10 Financial Statement represents the impact from this change for the current year.

1.3 Revenue

Revenues are recognised in the Statement of Comprehensive Income to the extent that it is probable that the economic benefits will flow to The Freemasons Homes and the revenue can be measured

Note 1 - Significant Accounting Policies (continued)

reliably.

a) Commonwealth Subsidies - recurrent

Commonwealth subsidies are recognised as revenues in the period in which the organisation gains control of the appropriated funds and any conditions of the Aged Care Act 1997, except for any amounts identified as carried forward in Notes 3.1

b) Capital Investment Funds

Interest from Capital Investment Funds is recognised as it accrues.

c) Grants

Grants are recognised as revenue when the organisation gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

d) User Charges

Amounts earned in exchange for the provision of goods and services are recognised when the good or service is provided.

e) Interest

Interest revenue is recognised as it accrues.

f) Fees and Charges

Revenue from Fees and Charges is recognised upon the first occurrence of either:

- receipt by the organisation of self-assessed fees; or
- the time the obligation to pay arises, pursuant to the issue of an account.

Interest may be charged on certain types of outstanding amounts. The collectability of debts is assessed at balance date and specific provision is made for doubtful debts.

g) Gross Proceeds from the Disposal of Assets

Revenue from the sale of non-current assets is recognised when control of the asset has passed to the buyer.

h) Other Revenue

Revenue from sales are recognised when received.

i) Drawdown / Retentions

Amounts received from Accommodation Bond Drawdowns and Retentions are recognised at the time of control being transferred to the organisation.

i) GST on Revenue

All amounts are stated net

1.4 Expenses

Expenses are recognised in the Statement of Comprehensive Income when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

a) Employee Entitlements

Employee entitlements include entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and other post-employment benefits.

These liabilities are expected to be settled within twelve months of the reporting date and are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefits liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

b) Depreciation

All Non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land, being an asset with an unlimited useful life, is not depreciated.

Depreciation is provided for on a straight line basis on all items, using rates which are reviewed annually.

Major depreciation periods are:

Land & Buildings	4 % - 25 %
Plant & Equipment	5 % - 22.5 %
Furn & Fittings	15 % - 20 %
Motor Vehicles	15% - 20 %
IT Equipment	22.5 %

Note 1 - Significant Accounting Policies (continued)

Written down values of disposed assets reflect the carrying value of the asset at the time of disposal. Non - current assets are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. A revaluation decrement is recognised as an expense in the Statement of Comprehensive Income except to the extent that the decrement reverses a revaluation increment previously credited to and still included in the balance of the Asset Revaluation Reserve in respect of the same class of asset. In this case, it is debited direct to the revaluation reserve.

c) Grants and Subsidies

Grants are recognised to the extent that:

- the services required to be performed by the grantee have been performed; or
- the grant eligibility criteria have been satisfied.

A liability is recorded when the organisation has a binding agreement to make the grant but services have not been performed or criteria satisfied. Where grant monies are paid in advance of performance or eligibility, a liability is recognised.

Some Grant terms and conditions create a liability to repay the grant, (or an amount 'equivalent in value') in the event of the organisation ceasing to be an eligible organisation or failing to meet the terms and conditions of the grants. In addition, the written consent of the Minister must be obtained in any dealings with the grant.

d) Other Expenses from Ordinary Activities

Expenses from other activities are recognised when a liability is incurred.

e) Finance Costs Expense

All borrowing costs are expensed as incurred, except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

Finance costs include:

- interest on bank overdrafts and short term and long term borrowings;
- amortisation of discounts or premiums related to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance lease charges.

1.5 Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits embodied in the asset will eventuate and the asset possesses a cost or other value that can be measured reliably.

a) Cash and Cash equivalents

Cash means notes, coins, any deposits held at call with a bank or financial institution, short term deposits with an original maturity date of three months or less, as well as funds held in the Special Accounts.

b) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

c) Accrued Income

An asset is recognised when The Freemasons Homes has a right to receive the funds.

d) Other Assets

Other assets are recognised when the right to receive a benefit is certain and can be reliably measured.

Note 1 - Significant Accounting Policies (continued)

e) Property, Plant, Equipment and Vehicles

(i) Valuation basis

Apart from the investment properties all other non-current physical assets have been recorded at historic cost.

(ii) Asset recognition threshold

The asset capitalisation threshold adopted by the organisation is \$ 500. Assets valued at less than \$ 500 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

f) Investment Properties

Investment Properties are recorded at independent valuation. The valuation was undertaken by Peter Brownrigg & Associates an Independent Valuer. Peter Brownrigg is a Certified Practising Valuer No. 91 with the post numerals of Asst Dip AG Bus Man. DIP VAL, AAPI, CPV. Valuations were assessed as at June 2009 and June 2010. Investment properties separated from property plant and equipment as at 30 June 2009, were transferred at their fair value on that date.

From 2010 Independent Living Units have been separated from Property, Plant and Equipment to be treated as Investment Properties under AASB 140 "Investment Properties". Each Unit has will be adjusted on a yearly basis. All unrealised gains or losses on each Villa are recognised in the Statement of Comprehensive Income of the Freemasons Homes of Southern Tasmanian Inc. Due to the classification of the Units as investment properties, they are not depreciated in accordance with the accounting standard. The 2009 comparative figures have been restated, as required under the accounting standards, the effect of the change in accounting policy is outlined at Note 18, where the 2009 financial figures as reported in at the 2009 Annual General Meeting, have been reconciled to those which appear in these financial statements.

g) Impairment of Assets

At each reporting date, the organisation assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the organisation makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

1.6 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that the future sacrifice of economic benefits will be required and the amount of the liability can be measured reliably.

a) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised when the organisation becomes obliged to make future payments as a result of a purchase of assets or services.

b) Interest Bearing Liabilities

Bank loans and other loans are recorded at current cost.

Discounts and premiums are amortised over the life of the related financial instrument on the basis of yield at purchase, with the amortisation being taken to the Statement of Comprehensive Income as part of borrowing costs.

Note 1 - Significant Accounting Policies (continued)

c) Provisions for Employee Entitlements

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date.

These liabilities are expected to be settled within twelve months of the reporting date and are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefits liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

d) Financial Instruments

All investments are initially recognised at cost, being the fair value of the consideration given and the costs of acquisition.

Subsequent to initial recognition:

Investments are classified as fair value through the profit and loss and recorded at fair value, except where a fair value cannot be reliably measured, in which case the investment is carried at cost. Gains or losses on investments are recognised through the Statement of Comprehensive Income to avoid an accounting mismatch to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis, in accordance with the documented investment and liquidity management strategies.

Fair values of quoted investments are determined by reference to current bid prices on recognised stock exchanges.

(ii) Subject to fluctuations in interest rates

The financial risk is the risk to the association's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The association does not use derivative instruments to reduce its exposure to interest rate fluctuations.

Financial instruments that potentially subject the association to concentrations of credit risk consist principally of trade accounts receivable and are limited due to the large number of customers comprising the association's customer base.

(iii) Limited due to large customer base

Financial instruments that potentially subject the association to concentrations of credit risk consist principally of trade accounts receivable and are limited due to the large number of customers comprising the association's customer base

(iv) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. To manage this risk, the association maintains a portion of its invested assets in liquid securities

Investments include an amount equivalent to 10% of the total Accommodation Bond balances as required under Commonwealth Prudential Requirements and as determined by the Homes' Liquidity Management Strategy in relation to Accommodation Bonds.

(v) Commodity price risk

The association's operations results are not exposed to fluctuations in commodity prices

Note 1 - Significant Accounting Policies (continued)

e) Leasehold Deposits/Accommodation Bonds

Accommodation bonds are non interest bearing deposits made by aged care facility residents to the association upon their admission to low care and extra service accommodation. The liability for accommodation is carried at the amount that would be payable on departure or transfer of the resident. This is the amount received on entry of the resident less deductions for fees and retentions pursuant to the Aged Care Act 1997. Once a refunding event occurs the receivable becomes interest bearing. The interest rate varies according to the agreement and is recognised on an accrual basis over the period it is earned.

These funds are guaranteed under the Accommodation Bond (Guarantee Scheme) which came into operation on the 31st May 2006. The Guarantee Scheme enables the Commonwealth to step in and refund accommodation bond or entry contribution balances to residents if the approved provider has defaulted on its financial obligations due to bankruptcy or insolvency. After the refunds have been made, the Commonwealth becomes the creditor (unsecured) for those amounts. The Commonwealth then pursues the defaulting approved provider for recovery of funds through normal insolvency procedures. The Guarantee Scheme is established under the Aged Care (Bond Security) Act 2006 (Bonds Security Act).

Leasehold deposit liabilities represent the amount payable to a resident on the termination of the resident's occupation rights to an independent living unit in a retirement village. The liability is measured as the principal amount less accrued retention amounts.

Leasehold deposits and accommodation bonds are classified as current and non liabilities despite the association not having an unconditional right to defer settlement for greater than 12 months. The reason for this is that history shows that, on average, a resident in a retirement village or aged care facility will stay for a period longer than 12 months. Based on the immediate past payment history the Homes' expect to pay \$2,337,000 of accommodation bonds and \$485,000 of leasehold deposits in the next 12 months, which will be largely funded by contributions from incoming residents. The estimate basis used in determining the split between current and non-current liabilities has been outlined in Note 7.6.

Deferred management fees are not settled in cash until such time as the resident departs, accordingly a deferred management fee receivable is recognised on the Statement of Financial Position. In accordance with the retirement village residency agreement, the Homes' has a legally enforceable right to set off the deferred management fee receivable with the resident leasehold deposit. In practice the settlement of the asset and liability occur simultaneously. Accordingly, the asset and liability are offset and the net amount presented in the Statement of Financial Position as a (net) resident leasehold deposit liability. There is no credit risk because there is a legal right to set off against the resident leasehold deposit owing. No impairment is recognised for these amounts.

f) Superannuation

The organisation does not recognise a superannuation liability for the accruing superannuation benefits of organisational employees. This liability is held centrally and is recognised within the Complying Superannuation Funds.

The organisation paid the appropriate Superannuation Guarantee Charge into the nominated superannuation funds in respect of all employees.

Note 1 - Significant Accounting Policies (continued)

1.7 Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

1.8 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements, where available. Reference should also be made to Note 1.2.

Management has made changes to the format of the financials statements in 2010 to reflect current contemporary practices and to assist in the overall preparation of the statements.

1.9 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar. The rounding of amounts represents a change in the preparation of the financial statements, following managements decision to do so.

1.10 Organisational Taxation

No provision for income tax has been raised as the Association is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. Fringe Benefits Tax (FBT), Goods & Services Tax (GST) and Pay as You Go Tax (PAYG) has been applied where required and included within the statement where applicable.

In the Statement of Cash Flows, the GST component of cash flows arising from investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office is, in accordance with the Australian Accounting Standards, classified as operating cashflows.

Note 2 Events Occurring After Balance Date

The Freemasons Homes is negotiating a \$ 2,000,000 loan for the construction of additional units, this loan will be fully repaid within the 2010-11 year by Leasehold Deposits from residents.

Note 3 Revenue

	2010	2009
	Actual \$'000	Actual \$'000
3.1 Commonwealth Subsidies - recurrent		
Government Subsidies	5,287	5,427
Government Supplements	291	101
Other Subsidies	294	-
Total Revenue from Government	5,872	5,528
3.2 Capital Investment Funds		
Dividend Income	44	109
3.3 Grants		
Grants	19	-
3.4 User Charges		
Residential Fees	2,138	1,960
ILU Body Corporate Fees	203	179
Total	2,341	2,139
3.5 Investment Income		
Fair Value Adjustment	139	(344)
3.6 Independent Living Units Re-valuation		
Increase in asset revaluation (refer Note 18)		
Increase in ILU's Values	710	2,501
3.7 Interest		
Interest Deferred on Bonds	93	83
Interest Other	49	38
Total	142	121
3.8 Other Revenues		
Discounts/Reimbursements	9	29
Donations & Bequests	67	567
Sundry Income	53	76
Total	129	672

	2010 \$'000	2009 \$'000
3.9 Accommodation Bond Drawdown / Retentions / Charges		
Accommodation ILU Bond Drawdown	146	132
Accommodation Charges	350	254
Accommodation Bond Retentions	151	145
Total	647	531

Note 4 Expenses

4.1 Employee Entitlements

Wages and salaries	5,545	5,568
Annual leave	539	505
Long service leave	47	71
Sick leave	140	159
Superannuation	511	546
Other employee expenses - <i>Uniforms, etc.</i>	56	34
Total	6,838	6,883

4.2 Depreciation Expense

Buildings	591	592
Plant & equipment	94	97
Furniture & fitting	34	31
Motor Vehicles	26	18
Computers	28	28
Total	773	766

4.3 Other Expenses

Workers Compensation Premiums	144	146
Recruitment & Agency Costs	72	165
Personal Care	177	184
Catering	457	426
Domestic Services	87	95
General Property	342	324
Utilities	369	341
IT	51	48
Administration	222	209
Auditors Remuneration	17	15
Total	1,938	1,953

4.4 Finance Costs

Better Business Bill Facility Interest	323	487
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4.5 Independent Living Units Capital Increase Provision

ILU's Capital Increase Provision	353	882
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The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

Ballawinnie	OPERATING REVENUE		
Residential Aged Care	Revenue from Government	4,921	6,795
	User Charges	1,771	-
	Corp Capital	467	-
	TOTAL	7,159	6,795
	OPERATING EXPENSES		
	Staff costs	5,425	-
	Other expenses	1,909	7,942
	TOTAL	7,334	7,942
	NET OPERATING RESULT	(175)	(1,147)
Bowditch	OPERATING REVENUE		
Residential Aged Care	Revenue from Government	657	1,699
	User Charges	444	-
	Corp Capital	97	-
	Other revenue	21	-
	TOTAL	1,219	1,699
	OPERATING EXPENSES		
	Staff costs	1,290	-
	Other expenses	393	1,986
	TOTAL	1,683	1,986
	NET OPERATING RESULT	(464)	(287)
Independent Living Units	OPERATING REVENUE		
	User Charges	201	-
	Corp Capital	236	-
	Other revenue	27	331
	TOTAL	465	331
	OPERATING EXPENSES		
	Staff costs	274	-
	Other expenses	184	451
	TOTAL	458	451
	NET OPERATING RESULT	6	(120)
Corporate Capital	OPERATING REVENUE		
	Corp Capital/Reval	1,199	3,158
	TOTAL	1,199	3,158
	OPERATING EXPENSES		
	Financing Activities	748	1,348
	TOTAL	748	1,348
	NET OPERATING RESULT	451	1,810
	TOTAL COMBINED OPERATING RESULT	(182)	256

b) **Assets/Liabilities**

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

b) Assets/Liabilities

	Residential		Independent Living Units	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Organisational Assets	15,692	16,487	11,682	8,428
Organistaion liabilities	17,084	15,809	7,238	5,872

(c) Business and Geographic Segments

Organisational segments

The Freemasons' Homes Of Southern Tasmania Inc has the following 4 organisational segments:

- Residential Aged Care Services - Ballawinne & Bowditch
- Independent Living Units

Residential Services are split in accordance with requirements due to having 2 provider numbers

- Corporate Capital

Geographic segments

The Freemasons' Homes Of Southern Tasmania Inc's business segments are located in Hobart, Tasmania.

Note 6 Assets

6.1 Cash and Cash Equivalentents

a) Cash and Cash at Bank

This represents the balance of Accounts held on hand and in Bank accounts, excluding those Accounts which are administered or held in a trustee capacity or agency arrangement.

	2010	2009
	\$'000	\$'000
Cash on Hand	2	2
Cash at Bank	487	502
Total	489	504

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

b) Other Cash Held	2010	2009
	\$'000	\$'000
This represents the balance of cash accounts held in investments, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.		
Perpetual	58	56
Equity Managed Fund	255	235
PERLS III	306	319
Property Managed Funds	57	49
Westpac WBCPA	111	108
Investments - Sinking Fund	-	819
Westpac TPS	289	304
Total	1,076	1,890
Total Cash & Deposits	1,565	2,394

6.2 Receivables

User charges	48	411
Other receivables (unpaid Bonds)	960	-
Total	1,008	411

6.3 Aged Analysis

The ageing analysis of receivables is as follows

0-30 days	487	65
31-60 days	16	6
61-90 days (past due not impaired)	4	314
91+ days (past due not impaired)	501	26
	1,008	411

Based on past experience, the Homes' believe that no impairment of receivables which are not past due and not past impaired is necessary.

Accommodation bonds, as stated in the individual resident agreements and as prescribed by the Aged Care Act 1997 are due within six months of entry to the residential facility. Terms on accommodation bonds have been renegotiated and interest entitled to

6.4 Other Assets

GST assets	17	27
Inventory	18	15
Total	35	42

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

6.5 Property, Plant, Equipment and Vehicles	2010	2009
	\$'000	\$'000
Land at cost refer note 1.5 (e)		
Includes all land associated with the operations of The Freemasons Homes	1,150	1,150
Total	1,150	1,150
Buildings, improvements & additions at deemed cost		
Residential Care	16,321	17,898
Less: Accumulated amortisation	(5,088)	(6,152)
Total	11,233	11,746
Plant, furniture, fittings & equipment at cost		
Residential Care	3,563	3,429
Less: Accumulated depreciation	(2,862)	(2,685)
Total	701	744
Total Property, Plant and Equipment	13,084	13,640

(a) The Commonwealth Bank of Australia hold an interest in the Certificate of Title Volume 248223 Folio 1 (Ballawinnie Road) as security against Mortgage No. C367256 and a registered Bill of Sale over The Freemasons Homes 's assets and undertakings.

6.6 Movements of Property, Plant Equipment and vehicles

Reconciliations of the carrying amounts of each class of Property, Plant and Equipment, and Vehicles at the beginning and end of the current and previous financial year are set out below.

2010	Freehold land	Buildings, improvements & additions at deemed cost	Plant, furniture, fittings & equipment at cost	Total
	\$'000	\$'000	\$'000	\$'000
At 1st July 2009				
Net of Accumulated depreciation	1,150	11,746	744	13,640
Additions	-	78	139	217
Depreciation expense	-	(591)	(182)	(773)
Accumulated Depn	-	-	-	-
Sales/Consideration/Reval	-	-	-	-
Surplus or loss on Disposals	-	-	-	-
At 30th June 2010 - Net of Accumulated depreciation	1,150	11,233	701	13,084

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

2009	Freehold land	Buildings, improvements & additions at deemed cost	Plant, furniture, fittings & equipment at cost	Total
	\$'000	\$'000	\$'000	\$'000
At 1st July 2008				
Net of Accumulated depreciation	1,150	17,805	691	19,646
Additions	-	469	227	696
Depreciation expense	-	(592)	(174)	(766)
Accumulated Depn	-	1,657	-	1,657
Sales/Consideration/Reval	-	7,091	-	7,091
Surplus or loss on Disposals	-	(6,339)	-	(6,339)
Transferred for new Section	-	(8,345)	-	(8,345)
At 30th June 2009 - Net of Accumulated depreciation	1,150	11,746	744	13,640

6.7 Independent Living Units

	2010	2009
	\$'000	\$'000
Investmetn Properties at independent valuation		
Independent Living Units	11,080	8,345
Total	11,080	8,345
Work in Progress		
Independent Living Units	602	83
Total	602	83
Total Independant Living Units	11,682	8,428

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

6.8 Movements of Independent Living Units

Reconciliations of the carrying amounts of Independent Living Units at the beginning and end of the current and previous financial year are set out below.

	ILU's	Work in Progress	Total
	\$'000	\$'000	\$'000
2010			
At 1st July 2009			
Net of Accumulated depreciation	8,345	83	8,428
Additions	2,025	519	2,544
Sales/Consideration/Reval	710		710
Surplus or loss on Disposals	-	-	-
- Net of Accumulated depreciation	11,080	602	11,682

	ILU's	Work in Progress	Total
	\$'000	\$'000	\$'000
2009			
At 1st July 2008			
Additions		83	83
Sales/Consideration/Reval			-
Surplus or loss on Disposals			-
Transferred from Property Plant & Equipment	8,345		8,345
- Net of Accumulated depreciation	8,345	83	8,428

Note 7 Liabilities

	2010	2009
	\$'000	\$'000
7.1 Employee Entitlements		
Accrued salaries	183	164
Annual leave	496	369
Long service leave	295	283
Total	974	816
Current	866	705
Non-current	108	111
Total	974	816

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

7.2 Payables	2010	2009
	\$'000	\$'000
Accrued expenses	78	79
Creditors	249	499
Total	327	578

7.3 Interest Bearing Liabilities

Better Business Bill Facility	4,000	4,250
Total	4,000	4,250

Maturity schedule

Interest bearing liabilities

One year or less	1,000	1,250
From one to five years	3,000	3,000
Total interest bearing liabilities	4,000	4,250
Current	1,000	1,250
Non-current	3,000	3,000
Total	4,000	4,250

refer Note 6.4 (a)

7.4 Other Liabilities

Revenue received in advance

Commonwealth	13	21
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Other liabilities

PAYG Tax liabilities	61	-
Other Accounts	31	-
Total	105	21

7.5 Bonds, Leasehold & ILU's Capital Refund Prov.

	2010	2009
	\$'000	\$'000
Refundable Entry Bonds	11,678	10,144
Independent Living Units Entry Bonds	6,003	4,944
ILU's Capital Provision	1,235	928
	<u>18,916</u>	<u>16,016</u>
Current	2,998	2,932
Non-current	<u>15,918</u>	<u>13,084</u>
Total	18,916	16,016

7.6 Schedule of Unquantifiable Contingencies

At the date of signing these financial statements, the organisation is not aware of any possible claim or contingency.

Note 8 Equity and Movements in Equity

8.1 Reconciliation of Equity

2010	Accumulat ed funds	Reserves	Total Equity
Balance at 1 July 2009	<u>2,620</u>	614	<u>3,234</u>
Net surplus/deficit	(182)	-	(182)
Transfer of reserves	614	(614)	-
Balance at 30 June 2010	<u>3,052</u>	-	<u>3,052</u>
2009	Accumulat ed funds	Reserves	Total Equity
Balance at 1 July 2008	<u>2,334</u>	614	<u>2,948</u>
Net surplus/deficit	286	-	286
Balance at 30 June 2009	<u>2,620</u>	614	<u>3,234</u>

Note 9 Related Party Disclosures

- a) **The members of The Freemasons Homes of Southern Tasmania Inc. Board during the financial year were:**

Mr. Keith Graver	Chairman
Mr Terry Dann	Vice-Chairman
Mr John Woods	Treasurer
Mr Norm Cooper	
Mr Robert Clarke	
Mr Harold James	
Mr Horrie Hollick	
Mr Robert Dick	
Mr David Macrow	
Mr Michael O'Farrell	since September 2009

- b) **The following related party transactions occurred during the financial year:**

- (i) Consultants are used as required subject to an analysis being undertaken to determine best available supplier to suit the organisations requirements.

There are no loans owed by members of the Board to the organisation.

	2010	2009
	\$'000	\$'000

Note 10 Cash Flow Reconciliation

10.1 Cash and Cash Equivalents

Cash and deposits	6.1	1,565	2,395
Total Cash Equivalents	6.1	1,565	2,395

The definition of cash can be found at Note 1.6 (a)

10.2 Reconciliation of Operating Surplus to Net Cash Provided

	2010	2009
	\$'000	\$'000
Net operating surplus (deficit)	(182)	286
Non-Cash Items		
Depreciation (including Loss on Sales)	773	766
Fair value (increase)/decrease on independent living units	(710)	(2,501)
Movement in provision for independent living units capital refund	353	882
Changes in assets and liabilities		
Decrease (increase) in receivables	(134)	561
Decrease (increase) in other assets	9	102
Increase (decrease) in employee entitlements	29	(57)
Increase (decrease) in payables/creditors	(71)	108
Increase (decrease) in other liabilities	15	9
Net cash from (used by) operating activities	82	156

Note 11 Average Staffing Levels 2010 2009

	FTE	FTE
The number of employees of the organisation as at 30 June	106	116

Note 12 Specific Discussion around Liquidity Risk

Financial Instrument	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
----------------------	--	---

Financial Assets

Cash	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	The agency operates a bank account for receipt and payment of accounts. Interest is received in the account at the current rate.
Receivables	Receivables are recognised at the nominal amounts due. Collectability of debts is reviewed at quarterly and balance date. Provisions are made when collection of the full debt is deemed to be unlikely.	A review is conducted each month whereby small amounts are written back with large amounts, documented for further investigation.
Other financial assets	Investment Accounts	A number of accounts are held by the Perpetual Trustess of Tasmania whereby the organisation receives interest. Insurance and prudential compliance are in place.

Financial Liabilities

Borrowings	Loans are carried at book value. Interest is charged as an expense as it accrues.	The Freemasons Homes currently holds a loan for Capital works which has an option of quarterly repayments including interest.
Payables	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having being invoiced)	Settlement is usually made within 15 days.

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

a) Credit risk exposures

The credit risk on financial assets of the organisation which have been recognised in the Statement of Financial Position is generally the carrying amount, net of any provision for doubtful debts.

b) Interest rate exposures

The organisation's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the f

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the organisation intends to hold fixed rate assets and liabilities to maturity.

12.1 Financial Instruments

a) Interest Rate Risk

2010	Weighted	Fixed Interest Maturing In:				Total
		Floating Interest Rate	1 Year or Less	Over 1 Year to 5 Years	Non-Interest Bearing	
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash	2.88%	487	-	-	2	489
Investments	7.41%	-	1,076	-	-	1,076
Total Financial Assets		487	1,076	-	2	1,565
Financial Liabilities						
Interest Bearing Liabilities	7.41%	-	1,000	3,000	-	4,000
Total financial liabilities		-	1,000	3,000	-	4,000

The Freemasons' Homes of Southern Tasmania Inc – year ended 30/6/2010

2009	Weighted	Fixed Interest Maturing In:				Total
		Floating Interest Rate	1 Year or Less	Over 1 Year to 5 Years	Non-Interest Bearing	
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash	10.00%	502	-	-	2	504
Investments	8.0%	-	1,890	-	-	1,890
Total Financial Assets		502	1,890	-	2	2,394
Financial Liabilities						
Interest Bearing Liabilities	8.51%	-	1,250	3,000	-	4,250
Total financial liabilities		-	1,250	3,000	-	4,250

12.2 Net Fair Values of Financial Assets and Liabilities

All financial instruments recorded in the Statement of Financial Position, including cash, short-term deposits, trade receivables and payables are recorded at fair value, being their nominal amount.

12.3 Credit Risk Exposures

The organisation's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

13 Key Management Personnel Compensation

	2010 \$'000	2009 \$'000
Short term benefits	700	550
Post employment benefit	45	43
Total Compensation	<u>745</u>	<u>593</u>

Compensation Practices

The Board's policy for determining the nature and amount of compensation of key management for The Freemasons' Homes of Southern Tasmania Inc is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the association. The contracts for service between the association and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

14 Commitments

Freemasons has capital contract with Bennett Construction for construction of 7 new units in Selbourne Place to a total of \$ 1,978,047. This total sum will be covered by a loan from the Commonwealth Bank and will recouped under the Leasehold arrangements.

15 Member Guarantee

Member's liability is limited and each member is liable to contribute a sum of \$20 on winding up should here be a short fall.

16 Economic Dependence

The ongoing viability of the association is dependent upon the ongoing support of financiers and funding providers.

17 Going Concern

During the 2009-10 Financial Year the Freemasons Homes of Southern Tasmania Inc. has made a substantial effect to address the Going Concern note from last years report. Results can be seen in the following areas:

Note 3.1 Increase in Commonwealth Subsidies

Note 3.5 Increase in Investment Income

Note 4.1 Decrease in Employee Entitlements

Note 4.3 Decrease in Other expenses

Note 4.4 Decrease in Finance Costs

Reduction of 10 FTE in staffing levels

Furthermore the Freemasons Homes of Southern Tasmania Inc. purchased an additional 7 Units in Wellington Street and commenced construction of 7 new units (effectively 3 additional Units) which will have a significant positive impact on the operations of t

Further actions will be undertaken during the coming year as a number of other changes are implemented.

18 Effect of Change in Fair Value of Independent Living Units

Due to the initial adoption of AASB 140: Investment Properties, the accounting standards require that the comparative financial information be restated to reflect the adoption of the accounting policy change. The below table, reconciles the financial statements, between the figures previously reported the members and audited in 2009 to those figures which are contained within these financial statements.

The change in accounting policy and adoption of AASB 140: Investment properties has been ratified by the Board of Directors in 2010, as the application of this standard best reflects the actual transactions which occur in respect of the Independent Living Units, and is also consistent the accounting treatment used by the vast majority of Aged Care Providers in their reporting of Independent Living Units.

2009	Previous	Adjustment	Restated
	\$'000	\$'000	\$'000
Effect on Statement of Financial Position			
Assets			
Buildngs at Cost	23,834	(5,936)	17,898
Accumulated Depreciation on Buildings	<u>(6,442)</u>	290	<u>(6,152)</u>
Buildings - Carrying Value	17,392		11,746
Investment Properties at Valuation	<u>-</u>	8,428	<u>8,428</u>
Carrying value of assets	<u>17,392</u>		<u>20,174</u>
Liabilities			
Provision for Resident Capital Refund	<u>-</u>	(928)	<u>(928)</u>
Carrying value of liabilities	<u>-</u>		<u>(928)</u>
Total Change in Net Assets		<u>1,854</u>	
Effect on Statement of Comprehensive Income			
Revenue			
Fair Value of Independent Living Units	-	2,501	2,501 *
Revenue	<u>-</u>		<u>2,501</u>
Expenses			
Depreciation Expense	(1,056)	290	(766)
Capital Refund Provision	46	(928)	(882) *
Sundry	<u>-</u>	(9)	<u>(9)</u>
Expenditure	<u>(1,010)</u>		<u>(1,657)</u>
Total Change in Comprehensive Income		<u>1,854</u>	

* The restated amounts represent the accumulated fair value movement from the original cost of the Independent Living Units and the associated capital refund provision.

The Freemasons' Homes of Southern Tasmania Inc

Auditors Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Professional Ethical Standards in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK



Alison Flakemore
Audit Partner

Dated this 10th day of September 2010.

Accountants & Auditors

WHK Denison Audit Partnership

Level 1, 142-146 Elizabeth Street Hobart Tasmania 7000
GPO Box 392 Hobart Tasmania 7001
Telephone 03 6210 2525 Facsimile 03 6210 2524
Email hobart@whk.com.au Web www.whk.com.au
WHK Denison Audit Partnership ABN 55 418 676 841

The Freemasons' Homes of Southern Tasmania Inc

Independent Audit Report to the members of The Freemasons' Homes of Southern Tasmania Inc

Report on the Financial Statements

We have audited the accompanying financial statements of The Freemasons' Homes of Southern Tasmania Inc, which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended that date, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

Committee Responsibility for the Financial statements

The Committee of the association are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporations Act of Tasmania 1964*. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committees, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian Professional Ethical Pronouncements.

Accountants & Auditors

WHK Denison Audit Partnership

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The Freemasons' Homes of Southern Tasmania Inc

Independent Audit Report to the members of The Freemasons' Homes of Southern Tasmania Inc

Auditor's Opinion

In our opinion:

The financial statements of The Freemasons' Homes of Southern Tasmania Inc is in accordance with the *Associations Incorporations Act of Tasmania 1964*, including:

- (i) giving a true and fair view of the association's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporations Act of Tasmania 1964*; and

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 17 in the financial report which indicates that The Freemasons' Homes of Southern Tasmania Inc incurred a net deficit of \$182,000 during the year ended 30 June 2010. This condition along with other matters set forth in Note 17, indicate the existence of a material uncertainty which may cast doubt about The Freemasons' Homes of Southern Tasmania Inc's ability to continue as a going concern.

WHK



Alison Flakemore
Audit Partner

Audit Qualifications

Bachelor of Commerce with Honors
Registered Company Auditor No. 241220
Institute of Chartered Accountants Australia No. 96387

Dated this 10th day of September 2010.

Accountants & Auditors

WHK Denison Audit Partnership

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The Freemasons' Homes of Southern Tasmania Inc.

Office Bearers For the year ended 30th June 2010

Chairman Most Wor Bro E K (Keith) Graver
6 Pindos Drive
TRANMERE POINT 7018

Deputy Chairman Rt Wor Bro Terrence D Dann
34 The Esplanade
LINDISFARNE TAS 7015

Treasurer Wor Bro John W Woods
PO Box 529
SANDY BAY TAS 7005

Committee Members Wor Bro Harold James
56 Hill Street
BELLERIVE 7018

Rt Wor Bro Horace (Horrie) Hollick
48 Carella Street
HOWRAH 7018

Rt Wor Bro Robert Dick
4 Clark Avenue
BATTERY POINT 7004

Most Wor Bro Robert Clarke
210 Carella Street
HOWRAH 7018

Rt. Wor Bro Norman Cooper
10 Monique Street
HOWRAH 7018

Wor Bro David Macrow
38 Kellatie Road
ROSNY TAS 7018

Mr. M. O'Farrell Sept 2009
141B Gordon's Hill Road
LINDISFARNE 7015

The Freemasons' Homes of Southern
Tasmania Inc.

WHK Denison

.....
Most Wor Bro Keith Graver
Chairman
Dated day of 2010

.....
Alison Flakemore
Audit Partner **WHK**
Dated day of 2010



THE FREEMASONS HOMES OF SOUTHERN TASMANIA INCORPORATED
ANNUAL GENERAL MEETING
23RD SEPTEMBER 2010

SPECIAL RESOLUTION
AMENDMENT TO CONSTITUTION and RULES

AGENDA ITEM 7(a)

Notice is hereby given that the following *Special Resolution* to amend the Constitution and Rules will be presented to the Annual General Meeting of the Association on Thursday 23rd September 2010.

Moved

Seconded.....

That the Constitution and Rules of the Freemasons Homes of Southern Tasmania Incorporated be amended by:
Adding Rule 6 (c)

6(c) Membership of Association will automatically lapse if a member's annual subscription remains unpaid for two consecutive years.

Deleting Rule 8 (a), which currently provides:

An annual general meeting of the Association shall be held sometime during the period from the 30th June to 30th September in every year

And substituting a new Rule 8 (a) as follows:

8(a) An annual general meeting of the Association shall be held not later than the 30th November in every year.

Deleting Rule 52, which currently provides:

A copy of every statement of income and expenditure and balance sheet shall not less than fourteen days before the annual general meeting be served on all members and may be served in manner hereinafter provided for service of notices

And substituting a new Rule 52 as follows:

52 (1) Not less than fourteen days before an annual general meeting the Association shall make available at its offices a copy of the statement of income and expenditure and balance sheet for the preceding financial year.

(2) A member of the Association who has paid all subscriptions and contributions due by them to the Association is entitled to obtain from the offices of the Association a copy of the statement of income and expenditure and balance sheet made available under sub-rule (1)



**MINUTES OF THE ANNUAL GENERAL MEETING
OF THE FREEMASONS' HOMES OF SOUTHERN TASMANIA INC
HELD AT 7 BALLAWINNE ROAD, LINDISFARNE
AT 13.00HRS, THURSDAY 17 SEPTEMBER 2009**

The A.G.M. commenced 13.05hrs

1. **PRESENT:** K Graver (Chairman), T Dann, N Cooper, H Hollick, R Dick, H James, D Macrow
B Chandler (Acting Chief Executive Officer), J Merrifield (Minute Secretary)
- A Swinton, A Swinton, S Graver, A Voss, K Scaife, (Director of Nursing – D.O.N.), A Hollick, B James, M Chant, G Chant, G Jackson, G Upchurch, R Vietz, L Kaye-Hall, P Coetzee, N Barwick, M Oddie, A Peart, F Masterton, C Cooper, P Calvert, P Munro, D Oliver, J Clear, J Rossiter, S Seinor, N Round, B Curtain, M O'Farrell, T Flett, R Hill, C Scholes, H Copeman

2. **APOLOGIES:** J Woods, R Clarke, G Burgess (C.E.O), P Stevens (D.C.E.O.)

The Chairman, Keith Graver, declared the meeting open and welcomed all those present.

3. **CONFIRMATION OF MINUTES – 18 September 2008**

Moved: T Dann Seconded: N Cooper

That the minutes of the A.G.M. held on 18 September 2008 be taken as read and confirmed.

CARRIED

4. **ANNUAL REPORT**

The Annual Report, Balance Sheet and Statement of Income and Expenditure together with the Auditors report were tabled.

Moved: R Dick Seconded: H Hollick

That the Annual Report, Balance Sheet, Statement of Income and Expenditure and the Auditors Report for the financial year ending 30 June 2009 be received.

CARRIED

The Chairman spoke to the report for 2008 / 2009

- The Chairman thanked his fellow Board members, Senior Management team, Care, Administration, Maintenance, Domestic, Catering, Leisure and Lifestyle staff, and Volunteers for their support and contribution throughout the year.

- The Chairman conveyed special appreciation to the C.E.O. and D.O.N. and all those staff responsible to them for the on-going excellent care provided to the residents.
- The Chairman provided a summary about the Governor's two visits to the Homes. The first visit in October 2008 was to get an appreciation of our facilities and the second, as patron to the Homes, was to launch the FMH Foundation in March 2009.

The Chairman spoke on the Balance Sheet and Statement of Income and Expenditure. Matters discussed included:

- The Chairman provided an overview of the Homes' current financial standing.
- At the August 2009 Board meeting, WHK Denison, the Homes' auditors, expressed strong reservations about the on-going viability of the organisation. However they did qualify this statement in Note 20 on page 41
- ACFI has placed a tremendous impact on the Homes' financial situation.
- A recent review conducted by KPMG assessors identified a number of areas that can be adjusted to increase ACFI funding. A formal report will be provided to the Homes shortly. The Chairman also stated that the Homes had been looking at ACFI as an assessment tool rather than a funding instrument, and KPMG's advice has helped refocus the Homes' ACFI reviews.
- The Homes' should have a cash neutral operation by 31/3/2010.
- The Chairman asked if there were any questions. No questions were forthcoming.

Moved: T Dann

Seconded: H James

That the Annual Report, Balance Sheet, Statement of Income and Expenditure and Auditors Report for the financial year ending 30 June 2009 be adopted.

CARRIED

5. ELECTION OF DIRECTORS

The Chairman announced the commencement of election process for Directors.

At the close of nominations, the following nomination for Directors of the Freemasons Homes of Southern Tasmania Inc. had been received.

- Robert Clarke
 - Robert Dick
 - Michael O'Farrell
 - Regina Vietz
 - John Woods
- As the number of nominations received did exceed the number of vacancies, in accordance with rule 26(a) of the Constitution, an election must be conducted.
 - Barry Chandler and Joanne Merrifield were appointed the scrutineers in order to conduct the ballot and certify those candidates who have been elected as Directors.
 - The Chairman outlined the method of voting stating one of the five candidates who members do not wish to vote for must be crossed out on the ballot paper.

At 13.15hrs, the Chairman declared the ballot closed. The scrutineers conducted the vote counting process.

- In the interim, the Chairman formally presented Mrs Margaret Chant with a Certificate of Appreciation and Flowers to acknowledge her many years of voluntary service to the Homes.
- In turn, Mrs Chant conveyed her appreciation and gratitude to the Homes' staff, residents, families and volunteers.

At 13.20hrs, the Chairman presented the results of election.

- The Chairman announced that Robert Clarke, Robert Dick, Michael O'Farrell and John Wood were elected for a two year term. Congratulations to the four Board directors were given.
- The Chairman thanked Regina Vietz for standing as a nominee.
- It was also noted that the Grand Lodge had nominated Horrie Hollick as their representative on the Board for a twelve month term.

6. APPOINTMENT OF AUDITORS

Moved: R Dick

Seconded: S Graver

That, on the recommendation of the Board, WHK Denison be appointed as Auditors for the next twelve months.

CARRIED

7. GENERAL BUSINESS

8. CLOSURE

The Chairman asked if there were any questions from the floor. No questions were asked.

There being no further business, the Chairman declared the meeting closed at 13.25hrs and invited those present to join the Board for afternoon tea.

E.K. Graver
CHAIRMAN

/ /