

EVOLVE HOUSING 2016-17 ANNUAL REPORT



Sophie, born in Egypt and has been an Evolve resident for 15 years.

About this report

The Evolve Housing (Evolve) annual report is a narrative breakdown of organisational activities over the 2016-17 period. The aim of this report is to communicate the Evolve story to stakeholders, so they may better understand the inner workings and successes of Evolve.

The goal of this report is to:

- Outline Evolve's purpose and objectives, and how we are delivering on these objectives;
- Provide information on our performance;
- Share the stories and accomplishments of our residents and staff; and
- Share our future goals and strategy.

This annual report has been designed and written for stakeholders, including residents, the communities in which we operate, Federal, State and Local Governments, employees, volunteers, our partners, corporate sponsors and media.

Acknowledgement

Evolve Housing would like to acknowledge the traditional custodians of the land on which we work. We pay our respects to elders, past, present and future.



Mel and her Dad I Lip, born in Timor-Leste and Evolve residents in Fairfield since 2010.





George, born in Lebanon and Evolve resident in Greenacre since 2011.

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WHO WE ARE

Evolve Housing (Evolve) is one of the largest not-for-profit housing providers in Australia, with its base in Western Sydney. We provide housing solutions to eligible people on very low to moderate incomes who are unable to access appropriate housing in the private market. This includes social and affordable housing. Evolve also has a presence in Tasmania through its joint venture with Affordable Community Housing Alliance Tasmania trading as Centacare Evolve.

89 percent of our properties are located in the exciting multicultural melting pot of Western Sydney and our resident mix reflects this. Of our residents over 71 per cent identify as coming from a culturally or linguistically diverse background, 50 per cent were born overseas, 4 per cent identify as being of Aboriginal or Torres Strait Island backgrounds and 35

individual languages are spoken. While providing services and support that is culturally appropriate and overcomes language barriers can be a challenge we are proud to embrace and celebrate the vibrant diversity of our Evolve community.

We do more than simply provide accommodation. Evolve Housing delivers support coordination solutions that empower our residents to reach greater independence, and help communities thrive. Evolve Housing recognises its responsibility in supplying fit-for-purpose social and affordable housing, with the aim of increasing housing supply to match the diverse needs of households in housing stress.

What we do

At Evolve Housing, we believe in

everyone's right to a home; somewhere people can feel safe and secure and engage with the community. We seek to reduce homelessness and housing stress and increase the well-being of our residents so they can live better lives, reach their full potential and contribute to and participate in their communities.

We do this by providing:

- Safe and secure housing for people experiencing homelessness or those on lower incomes experiencing housing stress;
- Relevant opportunities to empower individuals, build their capabilities and provide pathways to greater independence; and
- Quality, accessible, affordable housing developments that build strong, integrated and sustainable communities.



Our vision

Thriving communities for all people

Our purpose

To deliver housing solutions and services that empower people on their journey to greater independence.

Our values



Inspiration

We approach opportunities and challenges with creativity and enthusiasm. We encourage those around us to imagine, learn, innovate and to do things better.



Honesty & integrity

We are honest, fair and ethical in all interactions. We do the right things for the right reasons all the time.



Empathy

We are aware of and sensitive to the feelings and perspectives of others and use that understanding to guide our actions.



Accountability

We act with professionalism and take responsibility for our decisions and actions.



Respect

We treat others how we would like to be treated. We value individuality and diversity.



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I APPRECIATE **EVOLVE**
FOR INVOLVING MYSELF
AND **MY FAMILY** IN
EVENTS, KEEPING US
INFORMED OF **STUDY**
COURSES AND
MAKING US FEEL LIKE
PART OF A **COMMUNITY.**

- QUOTE TAKEN FROM 2016/17 ANNUAL RESIDENT
SATISFACTION SURVEY

//

CHAIRMAN'S REPORT



3,001
HOMES



1,444
PROPERTIES IN
PARTNERSHIP
PORTFOLIO



\$8.8m
SURPLUS



INVESTMENT
IN ICT
INFRASTRUCTURE

Evolve Housing (Evolve) has again delivered a strong performance this year, guided by our vision to deliver thriving communities for all people. A key focus has been on delivering programs that enhance the wellbeing of our residents and encourage greater economic participation. In 2016-17 Evolve provided homes to 7,502 people, with our residents actively engaged with our support programs and partners.

This year we have focused on consolidation and investing in our systems and capacity. We delivered a surplus of \$8.766m which is broadly consistent with previous year's operating results. Our Balance Sheet is strong along with our cash reserves and our borrowings are low, positioning Evolve to be able to quickly adapt to opportunities as they present themselves. For the full year Financial Report turn to page 59.

As housing prices across Sydney and NSW continue to soar the impact on very low to moderate income earners cannot be understated. While much of the public commentary focuses on home ownership, increasing prices have a flow-on effect to rental prices pushing many

families, older people, single parents and individuals to the brink of homelessness. The Board is acutely aware that in order to meet the growing demand for our services we need to operate as effectively and efficiently as possible. Our four year strategic plan, rolled out this year by our CEO Andrea Galloway, provides Evolve with a strong basis to meet both the housing and social and economic participation goals of our resident base.

One area of focus and investment in this strategic plan and over the past 12 months has been our ICT infrastructure. A two year program of work began this year to deliver an industry-leading technology position which will drive improvements in customer service and operational efficiencies. The overarching priority for this investment is improving our resident experience.

This program of work will allow us to:

- Automate low value high volume tasks which will free people up to spend time on activities that add value;
- Remove information barriers by providing a simple to use web based portal for residents with

real time processing and tenancy information; and

- Improve our reporting capabilities which allows us to identify trends and issues early.

Our residents are at the heart of everything we do and by presenting this report I am particularly pleased by the positive resident stories we are able to share with you.

On page 41 you can read about Anita a mother who found herself on the brink of homelessness before being offered an Evolve property and finding employment as a direct result of an Evolve training program.

On page 23 you will find Betty's story which details her experience of being homeless while still at school, finding the support she needed from Evolve Housing for Youth and going on to become a youth worker who now supports at risk young.

Positive outcomes happen every day at Evolve and I would like to extend my gratitude to Andrea, her leadership team, the dedicated staff, the Residents Council and our volunteers who work



tirelessly and with great enthusiasm to make an enormous difference every day in the lives of our residents.

I would also like to thank the Board for their passion and commitment and to also acknowledge the efforts of Phillip Frost who moved from the Board into the role of CFO this year. Phil's considerable

experience in banking and finance are an asset to Evolve's Group Executive team.

I believe we are positioned well for the future with a clear strategy based on developing our capability in anticipation of the increasing demand, and creating new growth opportunities by partnering and innovating.

We thank you for your ongoing interest and support.

Paul Howlett
Evolve Housing Chair

MANAGING DIRECTOR & CEO REPORT



7,502
RESIDENTS



378
NEW PROPERTIES
IN DEVELOPMENT



\$271m
TOTAL ASSETS



REGISTERED
SPECIALIST DISABILITY
ACCOMMODATION
PROVIDER

Evolve Housing is committed to creating positive impacts in our residents lives. Our reason for being is to empower our residents on their journey to greater independence. Our purpose underpins our decision making process and all of the activities which we have devoted resources to this year.

This year we rolled out our four year strategic plan which provides a framework for achieving our core goals of growing capacity, enhancing business practices, sustaining tenancies and strengthening the communities in which we operate.

While the strategy may have been renewed, our focus remains on increasing the supply of social and affordable housing, delivering programs and working with partners that deliver services that enhance the social and economic participation of our residents. At the same time we are becoming more innovative, agile and responsive as an organisation.

Declining housing affordability is placing increasing stress on lower income households, but the failure of the housing market is also affecting people

on moderate incomes and posing increasing challenges for young people and older retirees renting privately.

As a Tier 1 Community Housing Provider based in Parramatta we have a long history of providing social and affordable housing to Western and metro Sydney. We know that as housing becomes less affordable we need to be ready to respond to the challenges this presents.

In order to respond to this challenging environment we've focused on improving the way we work, in particular by reviewing and improving our business practices, investing in our ICT infrastructure, formalising the way we deliver support services and looking at individual services to see where we can do things better.

2016-17 has been a momentous year at Evolve. We delivered great achievements against each of our strategic goals.

A key snap shot of our activities includes:

- Providing homes to 7,502 people
- Launching myevolve to create an integrated telephone and digital customer contact centre
- Improving our business process

resulting in a 50% reduction in our vacancy turnaround time

- Successful registration as a Specialist Disability Accommodation Provider under the NDIS
- Successfully partnering with Ability Options to become the accommodation provider for specialist disability accommodation in regional New South Wales
- Reviewing our businesses energy consumption and investing in a more efficient solution, delivering \$200k worth of savings over the next 10 years and minimising our environment impact
- Developing a pipeline of 378 dwellings under construction.

This year we have been especially appreciative of our partners, a number of which we have acknowledged on page 26. At Evolve we firmly believe in the 'collective impact' approach to business, where we seek to achieve large-scale progress by establishing and fostering partnerships with other organisations, including financial institutions, developers, other community based organisations and State and local Government. Collectively we are able



Andrea meeting with staff members.

to deliver greater social outcomes for individuals and the communities in which they live.

I would like to acknowledge the Board of Directors for the expertise and knowledge they bring to Evolve's strategic direction and the support they show our staff. Thank you also to our staff and volunteers who continue to demonstrate unrivalled commitment and dedication to those we serve.

Looking ahead, the Sydney property

market continues to face a number of challenges. There is still a major under-supply of affordable housing, and the impact of rapid advances in technology will continue to broaden the gap in employment, education and social inclusion among the communities we serve.

In summary we know that our operating environment faces many potential challenges in the coming years but there are also many potential opportunities. The process improvement work we

have undertaken in 2016-17 enhances our ability to be agile, ensuring we can match continually changing conditions, appropriately scale our operations to take advantage of the opportunities and enhance the way we deliver services to our residents.

Andrea Galloway
Managing Director and
Evolve Housing CEO

2017 HIGHLIGHTS

Customers , our people and the community all benefit from our performance.

Our residents



3,001
homes



7,502
residents

Our business



40
NEW group homes



2,940
average monthly calls to
new contact centre

Our people



92
dedicated staff members



50%
of management
roles are held by women

Our community



378
homes under
development



29
key support coordination
partners



NEW

contact centre and
online resident centre



16

families supported with
no interest loans



50%

reduction in vacancy
turnaround time



50%

reduction in rent arrears



6,494

completed repairs and
maintenance requests



\$200k

in projected energy
savings for Evolve



22%

staff opted for flexible
working arrangements



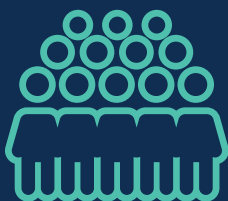
35

NEW field safety devices
to keep our staff safe



92%

of staff took part in
online training



1,500

guests attended 2016
Western Sydney Homeless Connect



53

meetings held
by resident groups

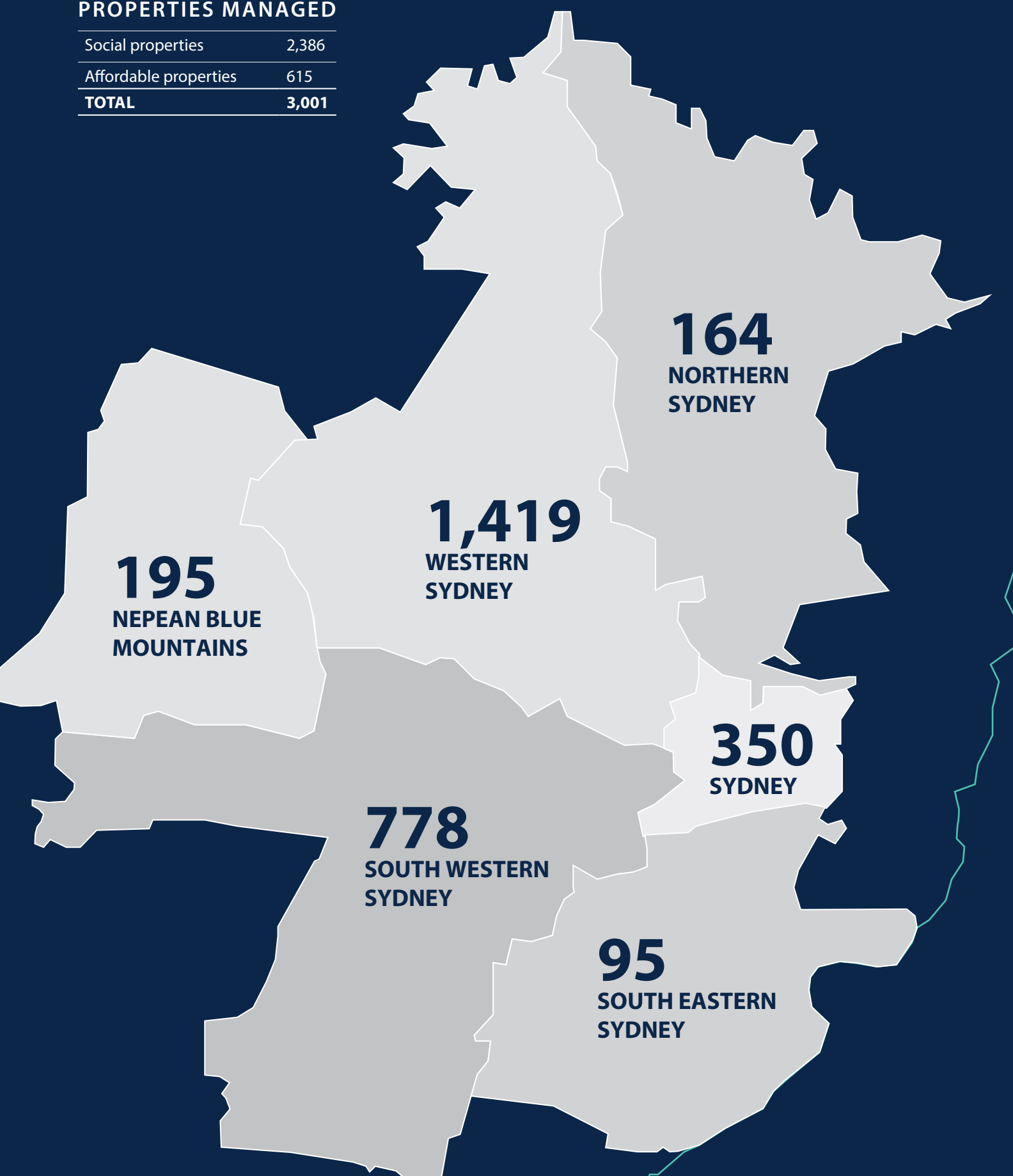


1,251

residents engaged in Evolve
programs

PROPERTIES MANAGED

Social properties	2,386
Affordable properties	615
TOTAL	3,001



PORTFOLIO BY DEPARTMENT OF FAMILY
AND COMMUNITY SERVICES REGIONS

OUR PORTFOLIO

PROPERTIES BY LOCAL GOVERNMENT AREA

Ashfield	19
Auburn	151
Bankstown	685
Blacktown	396
Burwood	14
Campbelltown	2
Canada Bay	23
Canterbury	196
City of Parramatta	540

City of Sydney	60
Fairfield	19
Holroyd	328
Hornsby	8
Hunters Hill	2
Hurstville	17
Leichhardt	3
Liverpool	72
Penrith	195

Rockdale	19
Ryde	86
Strathfield	35
Sutherland	59
The Hills Shire Council	4
Tweed Heads	7
Warringah	38
Willoughby	3
Woy Woy	20

OUR PARTNERSHIP PORTFOLIO

CentaCare Evolve Housing

Portfolio size: 1,360 properties

Location of portfolio: Across Tasmania

Name of partnership: Affordable Community Housing Alliance Tasmania Pty Limited, trading as CentaCare Evolve Housing



Together with CatholicCare Tasmania, Evolve Housing is a member of CentaCare Evolve Housing. CentaCare Evolve Housing manages approximately 1060 dwellings in Bridgewater and Gagebrook in northern Hobart, as part of Housing Tasmania's Better Housing Futures programme. In addition, CentaCare Evolve has also contracted with Housing Tasmania to build approximately 300 dwellings.

Evolve Pacific Developments

Portfolio size: 84 units currently being developed

Location of portfolio: Woy Woy, Canton Beach and Roselands

Evolve Pacific Developments brings together Evolve Housing and Pacific Link Housing. The Joint Venture was established to develop innovative solutions in the affordable, community, social, and disability housing sectors. By combining our resources and knowledge Evolve Pacific Development is able to complete projects which deliver benefits to communities on the Central Coast and Western Sydney. Evolve Pacific Developments is currently developing three projects which will deliver 84 new social and affordable properties.



TYPES OF HOUSING



Social Housing

Social housing is rental housing provided to assist people on very low and low incomes who are unable to access suitable accommodation in the private rental market. We manage 2,386 number of social housing tenancies. Evolve is a Tier-1 accredited Community Housing Provider. Social Housing tenants pay 25% of income up to market rent.



Affordable Housing

Evolve manages affordable housing properties on behalf of developers, private investors and local councils. Affordable Housing is for low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education. Affordable Housing tenants pay a percentage of market rent usually 74.9% if the property is owned by Evolve or 80% if managed by Evolve on behalf of an owner.



Evolve Housing For Youth (EHY)

EHY provides transitional housing support services for young people. EHY currently manages up to of 95 clients at any given time in transition housing in the Parramatta and Cumberland Local Government Area's for young men, women, couples, siblings, pregnant young women and families aged 16 to 25 and their accompanying children, who are homeless or at risk of homelessness.

EHY specialises in ascertaining the needs of at risk young people and providing expert case management and coordination, advocacy and referral services, brokerage, exit housing support, and living skills development. This is done through a holistic client focused model and well developed network of wrap around partners to access support for a wide range of services to meet the individual needs of each client.



Disability Housing

Disability housing is an important component of our portfolio. Fit for purpose, accessible housing gives people with disability greater freedom and independence, builds personal autonomy and improves wellbeing. Evolve is a registered Specialist Disability Accommodation Provider under the NDIS.



Evolve Housing property developments

Evolve is committed to tackling the shortage of social, affordable and disability housing in Australia. Through collaboration with our partners, Evolve has developed housing that includes the high level Platinum Livable Housing rating and is industry recognised for its high level of innovation.



Supported Housing

Supported Housing is a three-way partnership between Evolve, support providers, and the clients of the support providers. Evolve offers the housing for the clients on a short-term to medium-term basis while the agency working with their client provides for their support needs.



Echo Realty

Echo Realty is a for purpose real estate agency specialising in property management. Echo Realty has over 600 properties under management consisting of mostly affordable housing properties but also including private market properties. Unlike traditional real estate agents whose sole objective is to generate profits, Echo Realty is a profit for purpose real estate agent where all profits are reinvested to grow the supply of affordable and social housing and social inclusion programs.

RESIDENT SUPPORT PROGRAMS



TRAINING AND EMPLOYMENT

Evolve provides free and heavily discounted training programs through our partners to residents to increase employable skills and work opportunities. Certified training opportunities provided to residents include Barista course, Community Services, Individual Support, and Cleaning. Evolve has a dedicated training room which is made available for residents and training partners to utilise.



RESIDENT ENGAGEMENT

The Residents Council is an independent volunteer group of residents who work with Evolve Housing staff to ensure the needs of residents are met. The Residents Council meets monthly in our dedicated resident activity centre. The Residents Council are supported by six Local Residents Groups and a Communications and Policy subcommittee which reviews letters and newsletters going out to residents and new policies and procedures. Evolve works with resident groups to offer social inclusion programs to residents of all ages.



KICK START PROGRAM

Evolve provides Kick Starter packs worth \$268 each of household items and kitchen essentials including toasters, kettles, pots, pans and laundry baskets for residents moving into our properties out of homelessness. In the last year we have given out 25 packs offering vulnerable people a head start when moving into their home.



COMMUNITY GARDENS

The community greening project unites local residents to build functional community gardens which delivers sustainable produce and also provides an avenue for social engagement across neighbourhood networks.

Our resident engagement and support programs serve a number of different purposes, including resident participation in decision making, community connectedness, resident health and wellbeing and improving their standard of living.



EDUCATION SCHOLARSHIPS

Evolve provides funding of up to \$10,000 worth of tutoring costs and school support over 3 years to assist high school children who need assistance with their studies. Evolve also provides funding of up to \$4,500 over 3 years to assist tenants that are undertaking tertiary study to help them cover expenses needed for the course. Both these programs recognise the importance of education to social housing residents in helping break the cycle of disadvantage.



NO INTEREST LOANS

Evo-loans are no interest loans of up to \$1200 to assist residents in buying new household items such as white goods or laptops as well as other items to assist with digital inclusion. The loan involves a repayment plan tailored to suit the individual financial circumstances of our tenants (without the penalty of interest payments). Under the Evo-loans program Evolve works with applicants to make sure they know which appliances are energy efficient in line with Evolve's Energy Strategy.



SPORT AND CULTURE BURSARIES

Residents can apply for grants of up to \$660 for their children (under 18 years) to participate in sport or physical activity including scouts and cultural dance. This program ensures that school aged children in Evolve households are able to participate in programs that contribute to their health and wellbeing and ensure they remain connected to their local community.



FRIENDSHIP AGED NETWORK

Each week tenants participate as Friendship Aged Network volunteers to make calls to senior residents who live alone. This program provides a friendly chat from the comfort of their home as well as various day trips throughout the year. This program recognises the impacts of social isolation on our residents and their ability to stay in their home for as long as possible.



145

RESIDENTS INVOLVED
IN COMMUNITY
GARDENS

COMMUNITY GARDENS

Evolve residents have gone green and are building their own community gardens as part of one of Evolve's social inclusion initiatives in partnership with the Royal Botanic Garden Sydney's (RBGS) Community Greening.

As a community-minded and community-driven organisation, we continue to be actively involved in projects and community initiatives that deliver sustainable designs and provide for long term viability.

Andrea Galloway, CEO Evolve Housing, says that the community gardens are a fantastic initiative for residents to develop new skills in gardening, grow their own food and learn more about sustainable living.

"Evolve's partnership with the Royal Botanic Garden Sydney's Community Greening program has been very effective in encouraging residents to work together and engage with nature, and is also an easy way for residents to improve their own health and wellbeing right in their own backyard," said Ms Galloway.

Evolve provides residents with tools and supplies to support the garden and the plants are provided by RBGS program so there is no cost to the residents at all, further encouraging them to get involved.

Staff from the RBGS Community Greening program visit residents at various stages throughout the process to keep their knowledge up to date, check in on the garden and teach residents new skills to keep their garden healthy.

The program is a community building initiative that encourages residents to develop problem solving skills and build social cohesion.

One of Evolve's resident groups involved is the over 55's complex in Hebersham who came together to create their first garden in early 2017. As the risk of social isolation in older aged residents grows, it is vital for Evolve to provide opportunities such as this community garden program for residents to have meaningful interactions with their neighbours and to develop new skills.

On top of the health benefits of physical activity and providing access to fresh food, the garden is a way for residents to learn about living sustainably including waste minimisation and recycling as well as creating a safe open space where residents are involved in shared decision making and increasing their sense of belonging.

Hebersham residents have also agreed to be a part of a Western Sydney University study looking at the benefits of community gardens. Anecdotally there is a general consensus that being outdoors and being involved in nature is good for you and this study will be collecting data to support this view. University researchers will speak with residents at different points throughout their garden development to understand the positive benefits.

OUR TENANTS

Who they are



7,502
residents¹



1,516
previously homeless¹

Community
connectedness and
empowerment



32
tenants completed
employment training¹



1,120
hours of tutoring provided
to students¹

How they feel
about us



85%
of respondents feel that Evolve
is upholding their rights as a
tenant²



85%
of people that used myevolve
found it helpful²

Since living in an
Evolve Housing
property



30%
have been able to undertake
training²



64%
are now able to better
manage their money²



26%

of our residents are
children under 18²



71%

of households identify as
culturally or linguistically
diverse²



4%

identify as Aboriginal or Torres
Strait Islander²



1,612

hours volunteered by
residents to improve the
Evolve community¹



88%

of neighbours help
each other out²



37%

feel their neighbourhood has
improved in the last 3 years²
(↑5% from 2015-16)



80%

of respondents were satisfied or
very satisfied with the services
provided by Evolve²



75%

of respondents were satisfied or
very satisfied with the condition
of their home²



91%

feel safe when they are
in their Evolve home²



72%

of residents feel their life
has improved²



36%

of residents said their mental
health has improved²



38%

said their personal
relationships had improved²

¹Data sourced from Tenant Database

²Data sourced from 2016 Annual Tenant Satisfaction Survey

BETTY AND EVOLVE HOUSING FOR YOUTH

At just 23 Betty has experienced more ups and downs than any young person should. At 16 she dropped out of high school and with no support network to fall back on she spent the next few years between couch surfing, living in and out of refuges and sometimes in dangerous places.

When she was 18 Betty made the brave decision to go back and finish year 10. When back at school she was connected with Evolve Housing for Youth (EHY). She met with one of the case workers and moved into an EHY property. Having a permanent roof over her head was the stability Betty needed to help her finish school. With no parents or friends to encourage her to keep studying, EHY provided Betty with practical support helping her enrol into senior school and eventually finish her HSC over a three year period.

Inspired by her EHY case worker, Betty completed a Certificate in Community Services at TAFE then her diploma. EHY assisted Betty in getting suitable work experience and work placements. After a lot of hard work and dedication Betty completed her Diploma in Community Services and is now working to help others as a youth worker.

Betty says "Before EHY I had no confidence, always worried because I didn't have somewhere to stay of my own, sometimes staying somewhere dangerous, I don't think I would be where I am today without Evolve."

Betty is now living on her own happy and independent. She is still receiving case management support from EHY.

To other young people in the same situation as she experienced Betty says "Don't give up, keep fighting to be the best person you can be and utilise the

resources available to help you do so. Organisations like Evolve are so important and young people need to be aware that people like the amazing workers at EHY are there to help and that they don't give up on you."

This year Betty became an ambassador for the Western Sydney Homeless Connect and says it was one of her proudest moments. She used the event as an opportunity to advocate for young people like herself with Geoff Lee MP, NSW Member for Parramatta.

Betty said she was nervous to speak in front of a crowd and to politicians but with EHY staff supporting her she discussed how we as a sector can raise the profile of homelessness and housing issues. When speaking to Geoff Lee, Betty explained that when she was young she was unaware of the services available to help her and as a result she ended up in unsafe situations.

"Young people can be so vulnerable but they are the future. If we want a brighter and more rewarding future we need to tackle the issue of youth homelessness seriously," said Betty.

Betty's remarkable story highlights the importance of providing stable, secure and safe accommodation as a starting point for people to rebuild their lives. Secure housing combined with wrap around support and Betty's incredible self-determination has helped her break the cycle of homelessness.

Ph: 02 9637 9511
Fax: 02 9637 9599
Email:
sing.youth@evolvehousing.com.au
Website:
www.evolvehousing.com.au

// I DON'T THINK
I WOULD BE
WHERE I AM
TODAY WITHOUT
EVOLVE. //

180

YOUNG PEOPLE SUPPORTED BY
EVOLVE HOUSING
FOR YOUTH
THIS YEAR

Photo from 2016 School Holiday Fun Day where we partnered with over 20 providers to connect families with sporting and cultural opportunities in their local area.



KEY SUPPORT COORDINATION PARTNERS

We work with a wide range of key stakeholders and partners to deliver our objectives and meet our residents' needs. We take a 'collective impact' approach to business, on the basis that large-scale progress can be achieved through establishing and fostering partnerships with other organisations to meet common objectives. We do this by partnering with government, financiers, developers, councils, support service providers and other community-based organisations. Collectively we are able to deliver greater housing and social outcomes for individuals and their communities.

Ability Options	Marist 180
Barnardo's	Milkcrate Theatre
Catholic Care Social Services	Mission Australia
Cerebral Palsy Alliance	My Foundations
Community Migrant Resource Centre	New Horizons
Cumberland Council	Northcott
Darcy Street Project	NSW Schizophrenia Fellowship
Dooleys Catholic Club	Oz Harvest
DVNSW Service Management	Uniting Hope (Parramatta Mission)
Flourish – HASI	RASAIID
Guildford Leagues	Royal Botanic Gardens
High St Youth Health Centre	Royal Sydney Rehabilitation Centre
Lifetime Care and Support Authority	S4S Training
Mackillop Family Services	Uniting Care Mental Health HASI Services
Living Hearts	West Connect Domestic Violence Services Inc

OUR STRATEGIC GOALS

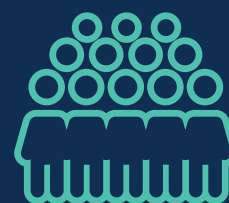
At Evolve, we have a clear purpose for our organisation and an ambitious vision. Our Strategic Plan provides a structure to set our priorities, focus our energy and resources, strengthen our operations, and establish agreement around the intended outcomes and results of our business. It is a tool we will use to assess and adjust the organisation's direction in response to a changing environment and helps to ensure that our employees, stakeholders and partners are working towards common goals. Now at the start of our 2016-2020 four-year strategic plan, we are embarking on new focus areas, including further growth.

Key strategic objectives	By 2020 we want to:
Grow Capacity <ul style="list-style-type: none"> 1.1 Increase and diversify revenue streams 1.2 Build on our partnerships 1.3 Grow balance sheet 1.4 Increase and diversify our housing portfolio 	<ul style="list-style-type: none"> • Grow revenue 10% • Revenue from non-government sources 4% • Strategic partnerships formed in line with framework for investment decisions • Value by 2020 - \$500m • Properties by 2020 - 10,000
Enhance business practice <ul style="list-style-type: none"> 2.1 Invest in our people 2.2 Be a governance leader 2.3 Drive efficiencies 2.4 Be business ready for opportunities 	<ul style="list-style-type: none"> • Implement best practice asset & tenancy management approaches • Increase number of tenancies sustained • Services delivered build resident capacity • Deliver Stakeholder Engagement strategy
Sustain Tenancies <ul style="list-style-type: none"> 3.1 Respond effectively to resident's housing needs 3.2 Ensure housing and support services sustain tenancies 3.3 Support residents on their journey to independence 3.4 Influence housing policy to drive improved outcomes 	<ul style="list-style-type: none"> • Deliver best practice tenancy and asset services • Support our residents to sustain their tenancies • Build resident capacity • Influence housing policy and advocate with all our stakeholders for improved housing outcomes
Strengthen Communities <ul style="list-style-type: none"> 4.1 Measure and maximise positive social outcomes 4.2 Enhance social and economic participation of our residents 4.3 Partner to optimise impact investment 4.4 Develop and participate in programs to deliver integrated communities 	<ul style="list-style-type: none"> • Deliver our social investment framework • Increase number of residents engaged in community activities, study, training or employment • Grow amount of external resources used to deliver programs & projects • Residents report high neighbourhood satisfaction & feel engaged with their community

Evolve Housing 2016-2020 Strategic Summary Table



2020



25,000

Number of peoples lives we're positively impacting by providing 10,000 homes

2016



7,502

Number of peoples lives we're positively impacting by providing 3,001 homes

FOUR YEAR STRATEGY (2016-2020)

GROWING CAPACITY



378

**NEW PROPERTIES
IN DEVELOPMENT**



40

**NEW GROUP
HOMES**



10%

**INCREASE IN
AFFORDABLE HOUSING
PORTFOLIO**



23

**NEW MODULAR
DESIGNED APARTMENTS**

In 2016-17, Evolve made progress in growing our capacity to deliver housing options for people who need safe secure and affordable housing. This was done in line with our four year Strategic Asset Management Plan (SAMP) which guides decisions on investment, divestment, redevelopment, and maintenance of our housing assets. This also includes a focus on developing, owning and managing more disability accommodation on behalf of eligible SDA participants and disability services providers.

Disability Housing

In April Evolve won two tenders to be the accommodation provider for specialist disability accommodation in regional New South Wales.

Partnering with Ability Options, Hunter Valley Disability Services, Mid North Coast Disability Services and their consortia members, Evolve will deliver accommodation services for some 40 group homes for around 200 residents. This has also increased our service delivery footprint and resulted in the establishment of a regional housing management function.

Disability housing is an important component of our portfolio; fit for purpose, accessible housing gives people with disability greater freedom and independence, builds personal autonomy and improves wellbeing.

With the introduction of the National Disability Insurance Scheme (NDIS), all disability services currently operated by the New South Wales government are being transferred to the non-government sector by 30 June 2018.

This promotes a competitive marketplace for disability services. It enables choice, best practice housing solutions and better outcomes for people with disability and their families.

Evolve is currently working with our consortia partners and government to effect the transfer process for Mid North Coast Disability Services, commencing 1 September 2017. This includes signing up residents to accommodation agreements. The Hunter Valley Disability Services transfer process will begin in December 2017.

Successful Registration

Another key success this year is our registration as a Specialist Disability Accommodation (SDA) Provider under the NDIS. This means that in addition to managing group homes transferred from government and the disability properties we already own at North Parramatta, Ermington and Ryde, we can also build and/or manage the housing of people with disability who have been approved for specialist disability housing under their NDIS plan.

Diversifying Income Streams

Over several years we have been gradually building our affordable housing property management portfolio. This year we saw the portfolio grow 615 properties making it one of the largest affordable housing portfolios in Australia. We anticipate this portfolio to grow again in 2017-18 to 900 properties with the launch of Echo Realty.

Echo Realty will be capable of managing both affordable housing and private fee for service general property management. All profits generated

HARTS LANDING



Harts Landing, Penrith

will be reinvested to grow the supply of social and affordable housing stock in NSW and deliver programs that help support our residents to both

sustain their tenancy and improve their wellbeing and economic participation.

Echo Realty has already begun to take

on fee for service general property management. Echo Realty will work with developers, local government and property investors.



Harts Landing, Penrith

This project will deliver 268 social, affordable and private dwellings.

Developed alongside private developer, PAYCE, Harts Landing will also house a social enterprise and our private realty business Echo Realty office to manage our (and other) rental properties.

10 social and 114 affordable housing units will be retained and managed by Evolve, 10 will be sold to the Aboriginal Housing Office and have the affordable tenancies managed by Evolve, and the other 134 apartments have been sold as private dwellings. All apartments are being built to the same quality and standard and all residents will have equal access to shared facilities. The development is expected to be completed by February 2018.

Residential developments

In 2016-17, we continued our efforts with the following residential developments. Here are the highlights:



Stimson Street, Guildford

This project will deliver 23 apartments for social and affordable tenants, including four that are accessible for people with disability. This innovative development will utilise off-site modular construction with completed apartment modules craned into position. It will also integrate transforming furniture, including fold-down beds, to improve spatial amenity for tenants. It is expected to be completed mid- 2018. This project is part of our vesting commitment to the NSW Government.



Talia on Chambers, Woy Woy

Chambers Place is a development of 31 fully furnished apartments for social and affordable tenants, including two that are accessible and eight that are adaptable for people with disability. The project was completed in early 2017 and every apartment is now tenanted. We are particularly proud of this development as it is the first affordable housing development in Woy Woy. The project was developed through Evolve Pacific Developments, a partnership between Evolve and Pacific Link Housing in Gosford. Tenancy management is being undertaken by our partner Pacific Link Housing.



King Georges Road, Roselands

This project will commence on site in late 2017 and is being undertaken in partnership with Pacific Link Housing. It will deliver 26 fully furnished studio apartments for social and affordable tenants including two that are accessible, and eight that can be modified in the future for people with disability. Tenancy management will be undertaken by Evolve.



Kantara Road, Canton Beach

This project will deliver 30 fully furnished studio apartments for social and affordable tenants; five of these will be adaptable for people with disability. This project is our third partnership with Pacific Link Housing and currently awaits development consent. Tenancy management will be undertaken by Pacific Link Housing.

LEADING WESTERN SYDNEY HOMELESS CONNECT

At Evolve we know that by partnering we can achieve far more than we can alone. We work with a wide range of key stakeholders and partners to deliver outcomes which meet the needs of our residents and future residents. Housing affordability is a major issue around our home base of Western Sydney and many people are at risk of or experiencing homelessness.

In 2016, for the second time, Evolve was the lead organizer of the Western Sydney Homeless Connect (WSHC) event taking place on 8th August 2016. This annual event connects vulnerable people throughout Western Sydney with over 50 support service providers in one place, on one day, to achieve real outcomes in breaking the cycle of homelessness and disadvantage. This includes connecting guests with Housing Pathways through Housing NSW, youth services, case management, training and employment services, health services, and family and domestic violence services. In 2016 WSHC was the key event of the Homeless Persons Week agenda for the City of Parramatta.

The event provided a huge amount of value to the 1500 guests who attended. With no address, no connections to services or even knowledge of what support services are available, people will continue to experience homelessness across Western Sydney. Events like WSHC aim to change that.

Through Evolve's leadership, the event was able to provide 2600 meals, 1000 care packs, 1500 cups of barista made coffee, 242 health checks from Western Sydney University, 30 dental checks from Westmead Oral Health, and 110 haircuts from HairAid volunteers, among other services.

As well as the service provided on the day, the event facilitates informal connections with all of the contributing organisations across Western Sydney. Key connections made by Evolve through the leadership role it plays in WSHC including Western Sydney University, Parramatta Mission, St Vincent De Paul Society, Parramatta Council, Granville Multicultural Center and Settlement Service International.

Andrea Galloway, CEO Evolve Housing explained that as a Western Sydney Community Housing Provider Evolve's aim is to support people experiencing disadvantage and homelessness to empower them on their journey to greater independence.

Ms Galloway said, "Evolve has committed to ensuring WSHC continues to provide for vulnerable people living in Western Sydney and connecting them with the right services that can help them break the cycle of homelessness. This includes connecting people experiencing homeless with Housing Pathways".

// **EVOLVE HAS COMMITTED TO
CONNECTING VULNERABLE
PEOPLE LIVING IN WESTERN
SYDNEY WITH THE RIGHT
SERVICES THAT CAN HELP
THEM BREAK THE CYCLE OF
HOMELESSNESS.** //

55

**SERVICE PROVIDERS
PARTNERED WITH US
TO DELIVER THIS
AMAZING EVENT**



ENHANCING BUSINESS PRACTICE



50%

REDUCTION
IN VACANCY TURNAROUND
TIMES

myevolve

NEW

CONTACT CENTRE
AND ONLINE RESIDENT
SERVICE CENTRE



\$200k

PROJECTED
ENERGY SAVING



144

COMMON
AREA UPGRADES

Strengthening our operations and enhancing our business practices go hand in hand at Evolve, where the challenges in our sector require us to be agile, resilient and adaptable to change. There is a very long wait list of people who are in housing crisis and the quicker we can turn around vacancies the sooner we can help these people. Thus, our focus over the past year has been on filling vacancies at a faster rate, in order to avoid properties sitting underutilised. We have also had an active focus on improving business practices that enhance our customer service, using our resources more efficiently and improving our work processes internally and externally.

Reducing Vacancy Turnaround Times

This year a concerted effort from our Resident Services team resulted in a reduction of our vacancy turnaround time. This was achieved by implementing new timeframes for end of tenancy inspections, completing void works and improved allocation processes. We are thrilled to have achieved this goal which has delivered an improved outcome for residents and staff.

Introducing a Single Point of Contact

In 2016-17 we launched **myevolve** combining a new Contact Centre with a web based resident service centre. **myevolve** transformed the way we communicate with residents providing one point of contact, improving call resolution rates and reducing the need for return or repeated calls.

On a daily basis, the **myevolve** team responds to all incoming calls and emails regarding tenancy management, applications, maintenance requests, and general business and invoicing. We previously had several different contact numbers and email addresses for different queries, resulting in confusion for clients and unnecessary delays in response time.

myevolve and the associated technical upgrade of our systems has seen first call resolution improve by 36%; reduced repeat calls dropping by 44%; reduced transfers by 65%; and seen wait times on calls reduced from approximately 96 seconds to an average of 24 seconds. Email response times have also improved.

Common Area Upgrades

Evolve Housing inspects all of its 3,001 properties every three years to monitor the property's condition and to schedule planned maintenance. Currently 91% of properties are meeting or exceeding the state housing authority asset standard. In 2016-17 we undertook a large scale common area upgrade benefiting 144 properties. This included internal and external painting, laying of new turf, laying of bark and mulch in garden beds, fencing, lopping of trees, and beautification of gardens and grounds. We also improved bin areas to create a cleaner and safer environment for our residents.

When common areas are upgraded residents report an increased sense of wellbeing and pride in their community.

Creating Digital Work Flows

The introduction of a key register digital workflow and dashboard, is an update to our internal IT system that streamlines the property vacancy processes and aligns the efforts of housing services, assets, and access and allocations teams, ensuring everyone is accountable for the vacancy process.



myevolve

SINCE LAUNCHING ON
1ST NOVEMBER 2016

23,520
TOTAL
CALLS RECEIVED



36%
INCREASE IN
ENQUIRIES
SOLVED 1ST CALL



81%
CALLS ANSWERED
WITHIN
30 SECONDS



7,866
EMAILS
ACTIONED

Through improvement to this process we are able to keep vacancy days at a minimum and ensure housing is freed up and available for new residents. This process improvement means we are maximising the utilisation rate of our assets and putting people into properties as soon as we can.

A culture of continuous improvement has been established by team members and leaders. This has driven improvement across all areas of Evolve through cascading and monitoring of KPIs and has helped instil a sense of community within our own organisation and nurtured a more productive and engaged culture.

People and Capability

As part of our commitment to investing in our people, we have developed a People & Capability strategy aligned to our Strategic Plan. The strategy is underpinned by our Employer of Choice focus and our need to build our internal capacity and capability for growth and succession.

To ensure the safety and security of our staff, this year we introduced field safety devices for all field staff. Coinciding with this we have enhanced our internal WHS procedures and processes.

We have improved our internal business practices through the automation of HR processes and will continue to increase efficiencies through the use of technology in the coming year. During the year a learning management system called ELMO was introduced to provide online training for staff. Our training suite incorporates a range of courses from IT and compliance, through to leadership and soft skills development. Compulsory units have been identified that all staff must complete which include diversity, discrimination, privacy, work health and safety and Aboriginal and Torres Strait Islander awareness.

Providing flexible working arrangements is integral to our employer of choice aspirations. In line with this we also introduced purchased leave and reviewed our working from home policy.

A NEW ERA OF TECHNOLOGY

In 2016-17, Evolve entered a new technological era, developing a strategy to upgrade our ICT systems and processes to support growth and create efficiencies. This strategy resulted in the development of a three year program of work which will prepare us to be responsive to changing demands, increase our agility and ultimately improve the way we interact with our customers.

The ICT strategy identifies a range of customers both internal and external including our residents, State and Federal Government agencies, financial institutions, developers, Councils, our staff and other community based organisations.

Key improvements include:

- A refresh and upgrade of Evolve's ICT infrastructure as a service cloud including servers, networking, storage and security upgrades delivering scalable and robust infrastructure.
- Implementation of a Disaster Recovery Plan (DRP) as part of our new infrastructure as a Service Technology to support our new Contact Centre, including the introduction of a dedicated 1800 number, dashboards, unified communications, call back facility and post call satisfaction survey capabilities.

Systems automation and business process re-engineering for the processes below:

- Rent review, voids and vacancies, rent statements, support plans, asset and maintenance, and mobility platform (Ci.Anywhere).
- Development of new reports resulting in reduction of manual processes and higher levels of data quality assurance and accuracy.
- Introduction of an employee self-service portal allowing staff to access their records, leave and pay details from anywhere.
- Billing automation achieved by integrating bills from Sydney Water, local councils, electricity companies, strata companies and landlords with

our internal system.

- Development of bulk data upload capabilities which removes manual processing, standardises entries and eliminates errors.
- Development of management dashboards and analytical reports, utilising business intelligence tools (BI)

What this means to our customers

Our ICT improvements have enabled us to communicate more information in different ways to our residents. Residents now receive SMS notifications and reminders about rent and non-rent items which assists them to stay on top of their bills and sustain their tenancies. This along with other process improvements has resulted in a 50% reduction in arrears.

The Contact Centre makes it easier for residents to communicate with us by introducing a 1800 number. Residents now no longer need to worry about the cost of making contact with us. Residents can also utilise our call back feature which enables to keep their place in the queue and have a Customer Contact Centre Officer promptly return their call.

By integrating our systems we have reduced manual data entry which has improved data integrity and created reporting efficiencies. This assists us to be responsive to requests for information, analyse trends and produce timely and accurate reports with minimal manual intervention. By improving transparency there is greater accountability in the information we need to help Evolve continually improve.

50%

REDUCTION IN
RENT ARREARS DUE
TO ICT SYSTEM
ENHANCEMENTS



SUSTAINING TENANCIES



50%
REDUCTION IN
APPEALS



50%
REDUCTION IN
RENT ARREARS



IMPLEMENTED
SOCIAL OUTCOMES
FRAMEWORK



85%
OF RESIDENTS
VISITED AT HOME

Safe, secure, affordable housing plays a critical role in improving the lives and wellbeing of our residents. For some, the provision of stable, and affordable housing improves their ability to engage with education, participate in training and employment opportunities and transition to a greater level of financial independence.

An essential element of our role is support coordination which links residents with appropriate support services before issues escalate. This year we successfully engaged with tenants to help build their capacity as residents and to assist them to sustain their tenancies.

Improving Financial Independence By Reducing Arrears

Evolve introduced several initiatives to improve our arrears management. Effective arrears management is a key function of housing management, and early intervention and consistent focus is essential to reduce the risk of tenants entering serious rental debt and being unable to sustain their tenancy. By supporting our residents to stay out of

arrears we are developing their financial independence and literacy.

In 2016/17 we saw a 50% reduction in arrears from the previous year. This exceptional result was due to the effective use of technology, the introduction of rent arrears recovery specialists and an enhanced focus on this area. Maintaining arrears below industry benchmarks highlights our position as a well governed community housing provider and improves our cash flow, ensuring sustainability.

One successful strategy we undertook to reduce rental arrears was to increase resident visits, allowing us to better understand the needs of residents while also monitoring the condition of the property. Our housing managers visited 85% of all tenants in their homes, building positive relationships with tenants and supporting the reduction of rental arrears through early intervention. During these visits we were able to discuss maintenance issues, confirm who is living at the property, update our maintenance records and provide support to residents where required.

Reducing Appeals

It is important that tenants have the ability to have their voices heard about the services we provide and for feedback to be received. An appeal can be made when a decision about a resident's tenancy is in disagreement. At Evolve, we have made a commitment to provide open and transparent management of appeals.

One of the biggest triggers for an appeal is a lack of communication or not being able to understand the nature of the issue as it is seen by the tenant. Creating a shared understanding is a process which takes time and includes identifying the issue and then deciding how best to communicate it to everyone involved.

In 2016-17, Evolve achieved an overall reduction in the number of appeals thanks to better communication with clients, ongoing staff training and the establishment of a dedicated complaints resource.

We also identified a skill gap in dispute resolution, mediation and complaint



Donna and her daughter, born in Sydney and Evolve resident in Chester Hill since 2014.

management and took the opportunity to create a new role to fill that gap. Thanks to additional resourcing and establishing new resident focused approaches to managing appeals we have been able to make significant improvements and help our residents better understand why decisions have been made.

Personal Support Plans

During 2016-17 we implemented a social outcomes framework. This

included a model for tenancy support plans to ensure residents get the service they need and to capture outcomes for residents. This framework will ensure we are taking a proactive approach to understanding tenants needs rather than addressing issues as they arise.

In 2017-18 our newly established Support Coordination Unit will make use of the support plans. Initially a consultation will take place between the resident and the support worker the outcomes of which will feed into

the development of the support plan. The resident will then receive referrals to specialised support services tailored to meet their specific needs, including training and employment service providers. Residents will also provide feedback of outcomes through regular follow ups and surveys.

CONNECTING RESIDENTS TO EMPLOYMENT

Anita returned to Sydney after a relationship breakdown and wasn't able to find a stable place to call home. She suffered from acute anxiety and struggled to even go outside.

For a long period of time Anita was couch surfing and moving around each day to find a bed for the night. Thankfully that all changed when she was linked with Evolve and allocated an apartment of her own.

"I got the call from Evolve and I was so glad to have my own little place. With the security of my own home, I couldn't be happier."

After settling into her home in Western Sydney, Anita received her first Evolve resident newsletter and saw information on the barista training course run in partnership between Evolve and Darcy St Project.

While she had a few initial hurdles battling her anxiety to make it to the start of the course, once she was there Anita said she was hooked.

Anita completed the four week Certificate 1 Barista training course which included a mixture of theory and practical work experience in the Darcy St Project café.

Anita said "I absolutely love it. I took advantage of all the work experience that was on offer which was important for me, I asked a lot of questions, and really enjoyed the learning experience."

Anita passed through the Barista course with flying

colours and developed a passion for her work. Due to her skills and dedication Anita was offered a paid position as a barista by Darcy St Project and has been employed there since December 2016.


John Cafferatta, owner of Darcy St Project, said that he has loved partnering with Evolve and having the opportunity to connect with our residents and teach them new skills which can lead to sustainable employment pathways.

Speaking about Anita's success story John said she has fit right in with the team and is an asset to Darcy St Project.

"She has fit into our culture and values brilliantly. Everyone brings their own type of swag and personality to the table which has been a great value add for us at Darcy St Project," said John.

Now in a stable position with a permanent roof over her head Anita is able to start moving her life forward. After completing her training and now that she is permanently employed, Anita's life has changed for the better.

Talking about her new job, Anita said "I love being here, I've really found what I love and what I want to do forever. I would like to teach eventually. I would really enjoy that as I want to give back everything I got out of this course."



// THERE IS SO MUCH TO LEARN AND I KEEP LEARNING EVERY DAY, WHICH I LOVE. //

32

**RESIDENTS RECEIVED
TRAINING THROUGH
EVOLVE**

STRENGTHEN COMMUNITIES



21

FAMILIES RECEIVED
SCHOLARSHIPS



53

RESIDENT
MEETINGS



1,120

FAMILIES
ENGAGED IN EVOLVE
PROGRAMS



32

RESIDENTS
COMPLETED TRAINING

Strengthening communities means developing both formal and informal social support structures. We know that people do better when they feel like they are part of a community. This aligns to our vision of thriving communities for all people.

Strong communities comprise of people who participate and contribute, who have valuable life skills and a better understanding of their role in society. At Evolve we assist our residents in a range of ways, through the programs we deliver to support residents to sustain their tenancies, to access training and employment opportunities where appropriate, and through relationships with private sector partners to assist with client engagement and help create a sense of community purpose.

What We Focus On

- Enhancing life skills with the long term goal of improving residents health and wellbeing;
- Creating opportunities for social interaction within the community;
- Fostering a sense of belonging;
- Working with private sector partners to create additional

opportunities for education and employment;

- Supporting residents' access to training, education and employment programs; and
- Measuring outcomes to determine which programs have the greatest impact and response, to better understand residents needs and make better use of our resources.

Community Connectedness

In 2016-17 we supported our residents with opportunities to participate in training, employment and social inclusion programs by:

- Expanding our no interest loans program called EvoLoans to include IT products to residents such as tablets, computers, laptops and smart devices. This supports our residents to stay connected with their community digitally, study and access online services such as myevolve, Centrelink, MyGov;
- Providing 16 Evo-loans for the purchase of essential household good such as fridges or washing machines;
- Distributing 21 grants to residents studying at high school, TAFE or

university. These grants support young people to receive tutoring in secondary school and funds to purchase books or other study needs at a tertiary level;

- Coordinating the delivery of four courses with up to 21 residents participating in each course, focusing on high needs areas of employment. This included a 16-week Community Services course with Astute Training, for support workers to work in residential or community settings (one student is completing her 100 hours of work experience with Evolve); and
- Running a number of community events aimed at enhancing social inclusion. These included a school holiday fun day attended by over 300 children, local residents meetings, outings aimed at older people, health and lifestyle programs and family friendly activities.

Partnering For Better Outcomes

Part of building robust communities is identifying and forging strong community partnerships. In 2016-17 Evolve once again partnered with



Ahmad, born in Sydney and Evolve resident of Bankstown since 2014.

Mission Australia Housing to deliver a School Holiday Fun Day for residents which focused on promoting healthy lifestyles to families and connecting young people to local community sports clubs.

We commenced working with Western Sydney Area Health Service to design and implement the Stepping on Program for our older residents, to promote independence in the home, including health and wellbeing.

As part of an ongoing partnership with the Royal Botanic Gardens Sydney, we supported residents through the Community Greening program, with two new community gardens established in

residential complexes this year bringing the total to four community gardens.

Our partnership with Parramatta College on the 'Smart and Skilled' accredited subsidised training courses saw residents wishing to complete a Certificate III in Individual Support or Certificate IV in Community Services have their 16-week courses funded, at no cost to Evolve or the students. This partnership has contributed to increased engagement among residents, a greater sense of purpose and improved self-esteem, helping in turn to break social isolation. Evolve coordinated an information session for residents with Career Pathways, a government funded program which resulted in Evolve

supporting two residents to undertake a Certificate III in Cleaning.

In 2017-18 Evolve will deliver improved outcomes for our residents and strengthen the communities in which they live through:

- Embedding our Social Outcomes Framework and tenancy support plans;
- Establishment of our new Support Coordination Unit; and
- Focus on measuring individual wellbeing.

STRONGER COMMUNITIES

In March 2017 Evolve Housing for Youth was successfully awarded a grant from the Cumberland Council Stronger Communities Fund for a 12 month project to build additional capability to support Evolve Housing for Youth clients in need of mental health services.

The Mental Health Education, Pathways and Partnerships Project will employ a Mental Health Professional and will focus on further developing referral pathways, networks and partnerships to ensure mental health services are delivered to clients in a streamlined, timely and effective way.

Evolve Housing for Youth, a division of Evolve Housing, provides supported transitional accommodation for young people from 16 to 25 years of age and their accompanying children. In addition to housing services Evolve Housing for Youth provide case management and coordination addressing client's needs, including mental health, Domestic and Family Violence, alcohol and other drugs and abuse.

The client intake numbers show that over 25% of Evolve Housing for Youth clients have indications of mental health needs. However as staff get to know their clients better and establish a trusting relationship, often additional mental health needs are uncovered during case support sessions. With the security of a safe home, it is possible for Evolve Housing for Youth staff to assess and appropriately refer young people to mental health services and provide follow up support which will have profound and sustainable impacts on their lives. It has been shown that by providing access to safe, affordable and appropriate housing it can

greatly improve health, mental health and well-being, however just providing housing alone is not the complete solution.

The young people Evolve Housing for Youth support often come from very challenging circumstances in life and have a range of complex needs including mental health issues. This project will build our capacity to provide targeted mental health referrals to appropriate services along with the ongoing support these young people need to reach their full potential.

The mental health project and the linkages that will be created will become an important resource for Evolve Housing for Youth staff and clients. Staff have indicated that in the past, the young age of their clients and the complex nature of the support required by the young people has presented a barrier to effectively connecting them with Mental Health services, as many are targeted for older adults and not specifically for young people.

The resources, partnerships and referral pathways developed by the project will be able to be leveraged by other services in the local area within the Mental Health space and will improve Mental Health outcomes for vulnerable young people across the Cumberland region.

// THIS PROJECT WILL
BUILD OUR CAPACITY
TO SUPPORT YOUNG
PEOPLE TO REACH THEIR
FULL POTENTIAL. //



OUR PEOPLE



92

**DEDICATED
STAFF MEMBERS**



92%

**OF STAFF COMPLETED
ONLINE LEARNING**



22%

**STAFF OPTED FOR
FLEXIBLE WORKING
ARRANGEMENTS**



50%

**OF MANAGEMENT
ROLES ARE HELD BY
WOMEN**



88%

**TERTIARY EDUCATED
AND ABOVE**



4%

**OF OUR STAFF IDENTIFY AS
ABORIGINAL OR TORRES
STRAIT ISLANDER**



35

**NEW FIELD SAFETY
DEVICES TO KEEP
OUR STAFF SAFE**

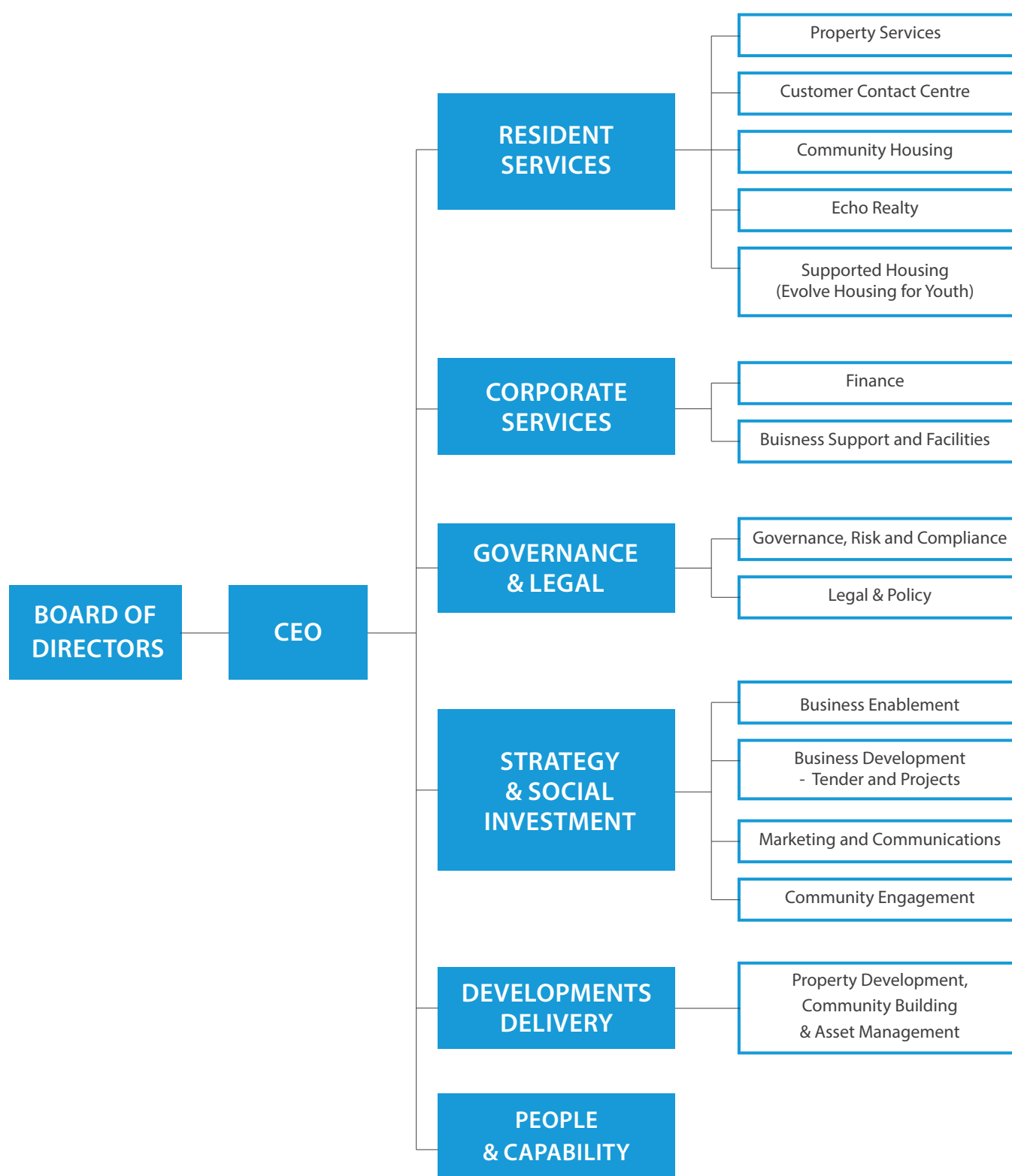


16

**LANGUAGES
SPOKEN BY STAFF**



ORGANISATION CHART



OUR RISING STAR

Evolve Housing is committed to providing a supportive and rewarding working environment for our workforce and recognises that the quality, responsiveness and professionalism of its workforce is directly linked to the achievement of our strategic goals.

Learning and development opportunities extend and broaden the scope of professional capabilities of our workforce and also provides opportunities to acquire, practice and adopt new knowledge, thereby enhancing individual, group and organisational learning and capabilities.

Mat Toailoa, joined Evolve in 2013 as a Housing Manager and manages 170 social and affordable housing tenancies, successfully negotiating the complexities and interconnections between the two.

With the support of the leadership team Mat rose through the ranks, winning PowerHousing Australia's Rising Star Award in 2017, awarded to a young up and coming team member who demonstrates leadership qualities, enhances tenant outcomes and has developed positive relationships within the workplace.

Speaking about his nomination and experience Mat said it was a great privilege and exciting opportunity to be named as Rising Star.

"Since working at Evolve I have aspired to become a leader and thanks to the support of my colleagues and managers they have supported my progress. I have had the opportunity to attend training days, complete courses, and step up into leadership positions to upskill my capabilities which I hope will achieve better outcomes for our tenants," said Mat.

Joy Sneesby, Operations Manager has directly

managed Mat since 2013 and said he has contributed a great deal to the organisation and can be relied on for his dedication to get the job done with the best outcomes for tenants and Evolve.

"We are proud to see how Mat has developed as an employee and a leader. Mat has held several portfolios during his time at Evolve demonstrating his agility and capacity. Mat's colleagues, including his leaders, look to him for guidance around issues, particularly in but not limited to the areas where Mat has developed expertise," said Joy.

Danielle Wilcock, Senior Manager, People and Capability said building our internal capacity and capability is integral to the realisation of our strategy and we are always looking for training and development opportunities for staff.

"Mat has participated in an array of training courses during his time at Evolve, including units from the Certificate in Social Housing. These courses have developed and enhanced his interpersonal and leadership abilities. Mat has been given a challenging portfolio and received mentoring from more senior staff which has assisted him to act as a Team Leader during periods of leave," said Danielle.

Evolve is proud to support our staff as they grow and develop and we look forward to supporting Mat to continue to achieve every professional success.



**EVOLVE IS PROUD TO SUPPORT OUR STAFF
AS THEY GROW AND DEVELOP AND WE LOOK
FORWARD TO SUPPORTING MAT TO CONTINUE
TO ACHIEVE EVERY PROFESSIONAL SUCCESS.**

GOVERNANCE

Evolve has a skills-based Board of Directors with diverse experience across a broad range of industries and sectors. The Board is actively involved in and committed to overseeing the performance of the organisation and contributing to the development of strategic objectives.

As a Tier 1 nationally registered community housing provider, Evolve strives to meet and exceed the highest standards of sector governance. Our Board of Directors and the Evolve team are committed to sound corporate governance as the foundation for achieving the company's vision, mission and strategy and remaining accountable and transparent in our dealings.

There were 10 Board meetings in 2016-2017 (excluding Board subcommittee meetings). There was no Board meeting in January and June 2017. The Evolve Board has established various committee comprising members of the Board with the relevant specialist expertise to focus on specific issues and make recommendations to the Board. Terms of reference for each Committee set out the scope of the Committee's remit. Committee meetings are scheduled in advance for the year, with flexibility for additional meetings to be called if circumstances require.

Finance, Risk And Audit Committee

The Finance, Risk and Audit Committee is responsible for overseeing risk management and controls and for ensuring the integrity of financial reporting. Its members are:

- Philip Frost (Chair until 31 May 2017, resigned 31 May 2017)
- Robert Lang (Chair from 31 May 2017)
- Paul Howlett
- Natalie Walker (appointed 31 May 2017)

Strategic Projects Assessment Committee

The Strategic Projects Assessment Committee is responsible for considering investment decisions, conducting risk assessments and making recommendations to the Board around strategic projects, including potential development acquisition and

partnership opportunities. Its members are:

- Robert Lang (Chair)
- Paul Howlett
- Alan Zammit
- David Borger
- Philip Frost (resigned 31 May 2017)

Governance Nomination and People Committee

The Governance, Nomination and People Committee is responsible for overseeing the organisation's governance framework and practices. It is also responsible for recommendations to the Board on the selection, appointment, remuneration and retention policies for the Board and CEO, succession planning and Board review. Its members are:

- Rhonda Hawkins (Chair)
- Paul Howlett
- Kay Veitch
- Natalie Walker



Director	Board Meetings		Finance, Risk & Audit Committee		Strategic Projects Assessment Committee		Governance, Nomination & People Committee	
	E	A	H	A	H	A	H	A
Paul Frederick Howlett	10	9	5	5	2	2	3	2
Rhonda Clare Hawkins AM	10	9	-	-	-	-	3	3
Alan Joseph Zammit AM	10	9	-	-	2	1	-	-
David Lawrence Borger	10	7	-	-	2	2	-	-
Kay Marilyn Weitch	10	9	-	-	-	-	3	3
Robert David Lang	10	9	5	5	2	2	-	-
Natalie Marie Walker	10	8	1	1	-	-	3	2
Philip John Frost (resigned 31 May 2017)	10	10	4	4	1	1	-	-
Andrea Mary Galloway (started 17 May 2017)	-	-	-	-	-	-	-	-

E – Number of meetings Director eligible to attend, H – Number of meetings held during the year, A – Number of meetings attended by the respective Director

Note: There were no Board meetings in January or June 2017.

OUR BOARD OF DIRECTORS



Paul Howlett

Chair

Paul has an engineering and construction background and over 40 years' experience in executive management positions, advising governments and the private sector, and not-for-profit organisations. Paul brings a wealth of experience to the Board, particularly in the areas of developing and advising on strategy, procurement and governance.



Rhonda Hawkins AM

Deputy Chair

Rhonda brings to the Board over three decades of experience working to create better academic opportunities for youth in Western Sydney. She is a strong advocate for social justice and gender equity and in 2015 was awarded the Order of Australia (AM) for her significant service to higher education. She held the position of Deputy Vice-Chancellor (Corporate Strategy and Services) and University Provost at Western Sydney University from 1991 until her recent retirement. Rhonda is also a Council Member of Victoria University, Director Fitzgerald Aged Care, Director Wentworth Institute, Chair Greater Western Sydney Advisory Board, Salvation Army, Board Member Riverside Theatres Advisory Board.



Dr Robert Lang

Robert brings to the Board a deep knowledge of and passion for Western Sydney, having previously held the roles of CEO of Parramatta City Council and Adjunct Professor at the University of Western Sydney School of Business. He is a former CEO of Pacific Power and the Sydney Harbour Foreshore Authority and holds a number of Board positions in the private industry, not for profits and government authorities. His expertise includes urban planning & placemaking, transformational change, strategic repositioning, restructuring, corporate governance, strategy, finance, technology, risk management, operations and human resources. Robert is also Chair Urban Theatre Projects, Chair, Regional Development Australia – Sydney, Chair, Olympus Solutions, Deputy Chair, Asia Pacific International College, Director, Place Leaders Asia Pacific.



David Borger

David is director of the Western Sydney Business Chamber and has served as Minister for Western Sydney, Minister for Housing and Minister for Roads, as well as Assistant Minister for Transport in the NSW government. At 30, he became the youngest person to hold the office of Lord Mayor of Parramatta, where he served for three terms. As Housing Minister, he oversaw the construction of approximately 9,000 new social housing dwellings and championed major reforms to expand the community housing sector in NSW. David is also a Board Member of Westmead Medical Research Foundation, Sydney Festival, Think Planners,



Andrea Galloway

Andrea Galloway has been the CEO of Evolve Housing since September 2011 and in that time has overseen considerable growth of the organisation, professionalised the image and introduced a range of new services to residents and stakeholders. In 2014 Andrea was awarded the NSW State and National winner of the Telstra Business Women's Award for Innovation. She has over 25 years of executive management experience gained in strategic planning, business development and quality customer service delivery in both national and multinational commercial organisations.

For full biography see page 57.



Natalie Walker

Natalie has more than 15 years experience across the government, not for profit, corporate and small business sectors in management and non executive director roles. Natalie brings deep knowledge and expertise in social enterprise governance, leadership and operations, social policy design, impact investment and social impact creation. In 2012, Natalie was named as one of Australia's 100 Women of Influence. Natalie is the co-chair of the National Australia Bank's Indigenous Advisory Board. Natalie is also Chair Cape York Girl Academy, Co-Chair, National Australia Bank's Indigenous Advisory Group, Member of Indigenous Business Australia's Investment Committee for its Real Estate Investment Trust.



Kay Veitch

Kay brings more than 25 years of experience in executive leadership at Qantas Airways, Virgin Australia Airlines, and GWA Group Limited and she is presently principal at VeMo Consulting. Kay is a director of Keep NSW Beautiful and ASPECT Studios and a former director of CARE Australia. Kay's key areas of expertise are organisational transformation, change leadership, commercial distribution and revenue management. Kay is also the Chair of Keep Australia Beautiful, NSW and a Director of Aspect Studios Pty Ltd.



Alan Zammit AM

Alan has a proven capacity to increase stakeholder value based on an executive career spanning 48 years in urban, regional and community development, with functional expertise in general management, finance, infrastructure delivery, property development, marketing and sales. Alan also has extensive experience as a professional non-executive director, Board Chair and Chair of Finance, Audit and Risk Management Committees spanning multiple sectors including property, funds management, education, health, government and not-for profit. Alan is also a Director of Affordable Community Housing Alliance Tasmania, Board Chair of Norwest Association Limited, Director of Wentwest Limited, Director of Edmund Rice Foundation (Australia), Board Member Western Sydney Parklands Trust, Chair, National Awards for Excellence Judging Panel of Urban Development Institute of Australia.

OUR EXECUTIVE TEAM

Our Group Executive Team (GET) encompasses a team of highly qualified professionals responsible for strategic leadership, contributing to strategy development, ensuring operational plan execution and the high level management of people and performance.



Andrea Galloway

Chief Executive Officer (CEO)

Andrea Galloway has been the CEO of Evolve Housing since September 2011 and in that time has overseen considerable growth of the organisation, professionalised the image and introduced a range of new services to residents and stakeholders. In 2014 Andrea was awarded the NSW State and National winner of the Telstra Business Women's Award for Innovation. She has over 25 years of executive management experience gained in strategic planning, business development and quality customer service delivery in both national and multinational commercial organisations. Andrea has held positions such as Asia-Pacific President of Spherion, Asia-Pacific CEO of Dutch ICT services and education firm Pink Roccade, Vice-President of Lucent Technologies Switching Solutions Group, CEO of AT&T Australia, Managing Director of AT&T's carrier services and General Manager of AT&T Easylink Services in the South Pacific.

Andrea has a Bachelor Degree in Business Administration from National University in San Diego and is a graduate of the Executive Program from the University of Michigan. She is a Member of the Australian Institute of Company Directors (MAICD), a Justice of the Peace and holds a Property Development and Real Estate License.

Andrea is also a member of the Board of Directors of Powerhousing Australia, Vice President of the Board of NSW Business Chamber – Western Sydney First and Member of the Advisory Board for The Salvation Army Australia – NSW, QLD & ACT. Andrea was appointed as a Commercial Member of the Board of Defence Housing Australia in November 2016 for a three year term.



Leonie King

Chief Strategy Officer, Deputy CEO

Leonie brings extensive executive level experience across the housing, community care and disability sectors and has a passion and commitment to delivering affordable housing outcomes. Leonie has held senior positions across a number of roles including strategy, business and industry development, corporate services and Commonwealth-State relations. Leonie has a Bachelor of Business, Masters of Public Administration, is a Certified Practising Accountant and member of the AICD.



Philip Frost

Chief Financial Officer, General Manager- Corporate Services

Philip brings over 30 years' experience to Evolve in finance as an investment banker and chartered accountant. He has worked in corporate finance, project and structured finance and infrastructure. He has extensive experience in the financing of social and affordable housing projects and in the development of institutional financing solutions via the Bond Aggregator model. Prior to joining the executive as CFO, Philip was a member of the Evolve Board, stepping down in May 2017.



David Risbey

General Manager, Developments Delivery

David is a highly motivated forward thinking construction delivery executive with qualifications including a Bachelor of Building Degree with Honours, Certificate IV in Work Health and Safety, and is a Graduate Member of the Australian Institute of Company Directors. David has over 20 years professional experience having previously worked for Grocon, Walker and Coleman & Fairburn in a range of roles. David brings strategic and cultural leadership, innovative and pragmatic analytical approach, logistic / operational planning and buildability analysis, as well as a professional approach to building strong stakeholder relationships.



Hanna Myllyoja

General Manager, Governance and Legal

Hanna is an experienced General Counsel and Company Secretary, having a total of over 25 years of professional experience including as a solicitor in private practice, to in-house counsel and company secretary roles in NFP and ASX listed environments, covering a range of industries across multiple jurisdictions, including risk, compliance and governance consulting services and solutions, electronic publishing and property information. Hanna has a Bachelor of Arts / Bachelor of Laws and Graduate Diploma in Legal Practice and is a member of the Law Society of New South Wales



Mark Lenic

General Manager, Resident Services

Mark brings over 23 years of experience from the NSW housing sector, including a great deal of operational management experience of Housing and Property Services inclusive of contract management, resident management and asset planning. Previously, Mark was the General Manager of the Housing NSW Contact Centre in which he led a team of 230 staff, managing 125,000 properties and 1.5 million interactions through telephone, email and other communication channels, as well as handling over 350,000 work orders per year.



Danielle Wilcock

Senior Manager, People and Capability

Danielle Wilcock is responsible for overseeing the People and Capability function incorporating human resources, employees relations, learning and development and work health and safety. Danielle is a senior HR Professional who has over 25 years' experience in HR/IR gained across a wide range of industries in both the private and NFP sector. This experience is complemented by tertiary qualifications including a Masters of Management from Macquarie Graduate School of Management and a Bachelor of Commerce (HR & IR) from the University of Western Sydney.

BUSINESS PERFORMANCE

\$247.6m

TOTAL EQUITY

1.3%

RENT ARREARS

3,001

PROPERTIES UNDER MANAGEMENT

\$245.2m

VALUE OF PROPERTY OWNED

80%

TOTAL RESIDENT SATISFACTION

\$29.2 m

RENTAL REVENUE

FINANCIAL REPORT

The 2016-17 financial year has been a year of consolidation and investment in our systems and capacity. Our current year surplus of \$8.766m is broadly consistent with our previous year's operating result after adjusting for property revaluations, non-recurrent grant income and increased staff costs resulting from investment in increased capacity.

Our investment in IT systems has streamlined our operating, management and financial systems and improved productivity and reliability. It has also built scalability into our operations with the ability to substantially increase our capacity without the need for significant systems upgrade. Our Balance Sheet is strong, with low borrowings and strong cash reserves, allowing Evolve the flexibility to quickly adapt to opportunities as they present themselves, to provide better outcomes for our residents, and increase the number of properties we can provide to those in housing stress.

Revenue

Our total revenues for the year were \$47.5m, a reduction of \$37.7m compared to the previous year. This is primarily due to a reduction in property valuation gains of \$33.8m, and a reduction in grant income of \$2.7m. Rental revenue increased by \$0.6m.

Expenses

Total expenses for the years increased by \$1.0m, or 2.6 %, to \$38.7m. This was principally reflected in increased employee expenses (\$1.5m) and property expenses (\$0.8m), with small reductions reflected across a range of other expenses.

Assets

During the year total assets have increased to \$271.7m, or by \$14.9m, and largely reflects a recognition of Work in Progress on new property under construction (\$16.46m), and a reduction in accounts receivable and other debtors (\$3.6m), and an increase in cash holdings (\$2.2m).

Liabilities

An increase in total liabilities to \$24.1m, (up \$6.06m) is largely represented by increased borrowings to fund construction projects (\$5.3m), and changes in accounts payable and provisions.

Equity

Evolve has total equity of \$247.6m, reflecting the accumulated surpluses and reserves, and underlying property assets of the group.

Financial Summary Report

	2013	2014	2015	2016	2017
Tenant Satisfaction					
Overall satisfaction with the organisation (%)	83	85	80	83	80%
Service Development					
Total housing properties	2,276	2,285	2,751	3,020	3,001
Finance Management					
Staff costs as % of total revenue (%)	13%	14%	14%	8%	19%
Property costs as % of total revenue (%)	67%	61%	53%	29%	53%
Administration costs as % of total revenue (%)	5%	7%	6%	5%	7%
Profitability Ratio – EBITDA/Operating Revenue (%)	14%	17%	27%	110%	12%
Liquidity Ratio – Current Assets/Current Liabilities	3.3	1.5	2.7	4	2.6
Cash at end of year (\$m)	\$10.16	\$21.7	\$17.19	\$13.40	\$15.6
Net profit (\$m)	\$16.72	106.42	\$10.96	\$48.78	\$8.8
Operating Net profit (\$m)	\$3.75	\$4.41	\$9.9	\$10.40	\$4.2
Retained profit (\$m)	\$18.51	\$22.92	\$33.88	\$237.41	\$246.2
Total Equity	\$72.59	\$179.01	\$189.97	\$238.75	\$247.6
Housing Management					
Arrears (%) (BM 4%)***	2	1.9	1.69	1.94	1.3
Income loss Due to Void and Vacancy as a % of Total Rental Income (BM 1%)	0.7	0.7	0.65	0.3	0.2
Void days (BM 28 days)**	N/A	11	20	27	28
Vacant days (BM 14 days)**	10	14	11	13	9
Number of tenants exiting the service because of Possession Order enforcement	N/A	14	8	10	14
Human Resources					
Ratio of staff to lettable properties	1:37	1:32	1:32	1.38	1.33
Number of full-time equivalent staff*	61	72	74	73	92

Consolidated statement of profit and loss and other comprehensive income

	2017	2016
Revenue	41,322,401	43,436,377
Other income	6,143,489	41,705,348
Employee benefits expense	(8,722,270)	(7,179,285)
Depreciation and amortisation expense	(341,793)	(234,408)
Bd and doubtful debts expense	(384,475)	(315,426)
Property expenses	(25,369,800)	(24,574,634)
Finance costs	(781,153)	(756,093)
Other expenses	(3,099,656)	(4,640,684)
Net current year surplus	8,766,253	47,441,195
Other comprehensive income		
Revaluation of property	48,341	1,338,117
Total comprehensive income for the year	8,814,594	48,779,312
Total comprehensive income attributable to members of the entity	8,814,594	48,779,312

Consolidated statement of financial position

	2017	2016
Assets		
Cash and cash equivalents	15,550,724	13,396,359
Accounts receivable and other debtors	3,000,699	6,572,717
Other current assets	864,069	3,3863,036
Total current assets	19,415,492	23,832,112
Non-current assets		
Property, plant and equipment	5,918,537	5,458,893
Intangibles	-	4,657
Other non-current assets	1,100,016	1,040,211
Investment property	11,136,118	10,565,625
Investment property restricted	234,108,028	215,894,764
Total non-current assets	252,262,699	232,964,150
Total assets	271,678,191	256,796,262
Liabilities		
Accounts payable and other payables	3,594,616	2,988,449
Provisions	1,350,435	1,237,519
Borrowings	2,436,067	1,730,352
Total current liabilities	7,381,118	5,956,320
Non-current liabilities		
Borrowings	16,388,035	11,798,266
Provisions	343,668	290,900
Total non-current liabilities	16,731,703	12,089,166
Total liabilities	24,112,821	18,045,486
Net assets	247,565,370	238,750,776
Equity		
Reserves	1,386,458	1,338,117
Accumulated surplus	43,975,204	39,253,874
Accumulated surplus-restricted	202,203,708	198,158,785
Total equity	247,565,370	238,750,776

Consolidated statement of cash flows

	2017	2016
Cash flows from operating activities		
Receipts from customers and grants received from the government	47,165,321	44,502,998
Payments to suppliers and employees	(34,668,44)	(38,538,935)
Interest received	108,278	131,905
Interest paid	(781,153)	(756,093)
Net cash from operating activities	11,824,002	5,339,875
Cash flows from investing activities		
Payment from property, plant and equipment	(748,439)	(157,218)
Payment for investment properties	(14,216,682)	(6,422,339)
Net cash used in investing activities	(14,965,121)	(6,579,557)
Cash flows from financing activities		
Repayments/proceeds from borrowings	5,295,484	(1,730,340)
Net cash from/(used in) financing activities	5,295,484	(1,730,340)
Net decrease in cash and cash equivalents	2,154,365	(2,970,022)
Cash and cash equivalents at beginning of year	15,550,724	16,366,381
Cash and cash equivalents at end of year	15,550,724	13,396,359

Consolidated statement of changes in equity

	<i>Reserves</i>	<i>Retained Surplus</i>	<i>Retained surplus restricted</i>	<i>Total accumulated funds</i>
Balance at 1 July 2015	-	29,325,413	160,646,051	189,971,464
Comprehensive income for the year				
Surplus for the year attributable to the entity	-	9,928,461	37,512,734	47,441,195
Other comprehensive income	1,338,117	-	-	1,338,117
Balance at 30 June 2016	1,338,117	39,353,874	198,158,785	238,750,776
Balance at 1 July 2016	1,338,117	39,253,874	198,158,785	238,750,776
Comprehensive income for the year				
Surplus for the year attributable to the entity	-	4,721,330	4,044,923	8,766,253
Other comprehensive income	48,341	-	-	48,341
Balance at 30 June 2017	1,386,458	43,975,204	202,203,708	247,565,370

“

I AM TRULY **GRATEFUL**
AND KNOW SUPPORT
IS JUST A PHONE CALL
AWAY. I FEEL **BLESSED**
TO HAVE MY HOME
AND THE **SECURITY** IT
PROVIDES MYSELF AND
MY **FAMILY**.
THANK YOU SO VERY
MUCH EVOLVE!

”

- QUOTE TAKEN FROM 2016/17 ANNUAL RESIDENT
SATISFACTION SURVEY



Dina, born in El Salvador and Evolve resident in Fairfield since 2011.

GLOSSARY

Accessible	The design of products, devices, services, or environments for people with disability.
Adaptable	Developments and housing products that can be easily adapted at any point for people with disability or people without.
Affordable housing	Housing that is affordable for households on low to moderate incomes, when housing costs are low enough to enable the household to meet other basic long-term living costs.
Appeal	An appeal is a formal review process that checks if Evolve Housing's decision was right or wrong
Arrears	The debt of rent and non-rent bills that are not paid on time.
Housing Pathways	Housing Pathways is the way applications for housing assistance are managed in NSW. It is a partnership between the Department of Family and Community Services, including the Aboriginal Housing Office and the Housing Contact Centre, and 25 participating community housing providers. All new applications are logged on the NSW Housing Register (www.housingpathways.nsw.gov.au).
No interest loans	Loans provided to Evolve residents up to \$1000 for white goods which residents pay back with no interest.
Modular construction	The use of factory-produced pre-engineered building units that are delivered to site and assembled as large components of a development.
Social enterprise	Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to employment and training, or help the environment.
Social housing	Rental housing that is provided and/or managed by government or non-government organisations, including public and community housing.

ABBREVIATIONS

BM Benchmark

CALD Cultural and Linguistic Diverse

CFO Chief Financial Officer

CHP Community Housing Provider

DV Domestic Violence

EHY Evolve Housing for Youth

ELMO Online learning management system used for staff

FAN Friendship Aged Network

GET Group Executive Team

HSC Higher School Certificate

ICT Information Communication Technology

KPI Key Performance Indicator

LGA Local Government Area

LRG Local Resident Group

NCAT NSW Civil and Administrative Tribunal

NDIS National Disability Insurance Scheme

NRAS National Rental Affordability Scheme

NRAS National Rental Affordability Scheme

NSW New South Wales

RGBS Royal Botanic Gardens Sydney

WHS Work Health and Safety

WSHC Western Sydney Homeless Connect

Environment

Evolve Housing cares about the environment. This Annual Report is Printed on FSR® certified paper traceable to certified sources.

Copyright

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Evolve Housing

Street Address 9-13 Argyle Street, Parramatta NSW 2150

Postal Address PO BOX W124 Parramatta Westfield, Parramatta NSW 2150

Telephone: 1800 myevolve (1800 693 865)

Website: www.evolvehousing.com.au

Email: myevolve@evolvehousing.com.au

ABN: 16 127 713 731

ACN: 127 713 731

Follow us @evolvehousing





**THANK YOU TO ALL OF OUR STAFF,
VOLUNTEERS AND PARTNERS
FOR SUPPORTING OUR EVOLVE
FAMILIES IN 2016-17.**



Muhammad, born in Sydney and Evolve resident since 2013.

Our 7,502 residents come from 99 countries and they all call Evolve home.

Afghanistan • Algeria • Argentina • Armenia • Australia • Austria
Azerbaijan • Bahrain • Bangladesh • Bosnia and Herzegovina • Brazil
Bulgaria • Burundi • Cambodia • Cayman Islands • Chile • China • Congo
Croatia • Czech Republic • Egypt • El Salvador • Ethiopia • Fiji • France
Germany • Ghana • Greece • Guinea • Hong Kong • Hungary • India
Indonesia • Iran • Iraq • Ireland • Israel • Italy • Japan • Jordan • Kenya
Korea • Kuwait • Kyrgyzstan • Laos • Lebanon • Lesotho • Liberia
Macedonia • Malta • Mauritania • Mexico • Montenegro • Morocco
Myanmar • Netherlands Antilles • New Zealand • Nicaragua • Nigeria
North Sudan • Pakistan • Palestinian Territory • Papua New Guinea
Peru • Philippines • Poland • Portugal • Romania • Russian Federation
Samoa • Saudi Arabia • Serbia • Sierra Leone • Somalia • South Africa
South Sudan • Spain • Sri Lanka • Switzerland • Syrian Arab Republic
Taiwan • Thailand • Timor-leste • Tonga • Turkey • Turks and Caicos
Islands • Ukraine • United Arab Emirates • United Kingdom • United
States • Uruguay • Uzbekistan • Vietnam • Yemen • Zimbabwe

EVOLVE HOUSING 2017 AUDITED FINANCIALS



**Affordable Community Housing Limited and
its controlled entities (trading as 'Evolve
Housing')**

ACN: 127 713 731

General Purpose Tier 2 Financial Report
(Reduced Disclosure Requirements)

For the year ended 30 June 2017

Affordable Community Housing Limited and its controlled entities

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Affordable Community Housing Limited and its controlled entities

Directors' report

For the year ended 30 June 2017

The Directors present their report together with the financial report of Affordable Community Housing Limited (the Company) for the financial year ended 30 June 2017 and the auditor's report

1 Directors

The Directors of the Company at any time during or since the end of the financial year are:

	Appointed	Ceased
Paul Frederick Howlett (Chair)	27/04/2009	
Rhonda Clare Hawkins AM (Deputy Chair)	17/07/2012	
Alan Joseph Zammit AM	12/11/2009	
Philip John Frost	13/04/2013	31/05/2017
David Lawrence Borger	26/08/2013	
Kaylee Marilyn Veitch	19/11/2013	
Robert David Lang	19/11/2013	
Natalie Marie Walker	13/08/2015	
Andrea Mary Galloway	16/05/2017	

2 Principal Activities

The principal activity of the company during the financial year was providing subsidised housing and support services in New South Wales.

3 Objectives and performance

The Company's vision and purpose is to be a major contributor to the relief of housing stress and a leader in the development and delivery of effective housing and support solutions. The Company's Strategic Plan sets four objectives to achieve this: (i) grow the business; (ii) enhance business practice; (iii) sustain tenancies; and (iv) strengthen communities.

The Company's performance is reviewed regularly by the Board against the Strategic Plan and budget. This includes KPIs in relation to tenancy management and property maintenance.

4 Subsequent events

There have been no events subsequent to balance date which would have a material effect on the Company's financial statements at 30 June 2017.

5 Likely developments

In the opinion of the directors there are no likely developments that will change the nature of the operations of the Group.

6 Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

7 Review of operations

The total comprehensive income for the year ended 30 June 2017 amounted to \$8,814,594 (2016: \$48,779,312).

8 Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Evolve Housing paid a premium to insurance for the directors who provide services to the company.

9 Member's guarantee

Evolve Housing is a company limited by guarantee. In the event of the company being wound up each member is liable to contribute to the debts of the company incurred whilst they were a member or within one year from the ceasing to be a member, or for the purpose of adjusting the rights of the contributors amongst themselves, such amount as may be required not exceeding \$2.

Affordable Community Housing Limited and its controlled entities

Directors' report

For the year ended 30 June 2017

10 Information on Directors

Paul Frederick Howlett (Chair)

Qualifications

Experience

Special responsibilities

Special responsibilities

- Chair
- Bachelor Engineering (Mining)
- Paul has an engineering and construction background and over 40 years experience in executive management positions, advising governments and the private sector, and not-for-profit organisations. Paul brings a wealth of experience to the Board, particularly in the areas of developing and advising on strategy, procurement and governance.
- Chair, Member of Governance, Nomination and People Committee, Member of Finance, Risk and Audit Committee, Member of Strategic Projects Assessment Committee.

Rhonda Clare Hawkins AM (Deputy Chair)

Qualifications

Experience

Special responsibilities

- Deputy Chair
- BSc, Master of Public Policy, Diploma and Advanced Diploma AICD, FAICD and AFAIM.
- Rhonda brings to the Board over three decades of experience working to create better academic opportunities for youth in Western Sydney. She is a strong advocate for social justice and gender equity and in 2015 was awarded the Order of Australia (AM) for her significant service to higher education. She held the position of Deputy Vice-Chancellor (Corporate Strategy and Services) and University Provost at Western Sydney University from 1991 until her recent retirement.
- Chair of Governance, Nomination and People Committee.

Alan Joseph Zammit AM

Qualifications

Experience

Special responsibilities

- Director
- B Bus, ALGA, FCPA, FAICD, FWSU
- Alan has a proven capacity to increase stakeholder value based on an executive career spanning 48 years in urban, regional and community development, with functional expertise in general management, finance, infrastructure delivery, property development, marketing and sales. Alan also has extensive experience as a professional non-executive director, Board Chair and Chair of Finance, Audit and Risk Management Committees spanning multiple sectors including property, fund management, education, health, government and not-for profit.

Presently managing director of UPDM Pty Limited, chairs the boards of Norwest Association Limited, and serves on the Board of Affordable Community Housing Alliance Tasmania Ltd ("Centacare Evolve Housing"), and the Edmund Rice Foundation Association.

- Member of Strategic Projects Assessment Committee.

Affordable Community Housing Limited and its controlled entities

Directors' report

For the year ended 30 June 2017

10 Information on Directors (continued)

Philip John Frost

Qualifications

Experience

Special responsibilities

Special responsibilities

- Director
- B Economics, Institute of Company Directors and former member of Institute of Chartered Accountants
- Philip brings to the Board over 30 years experience in finance as an investment banker, and a Chartered Accountant. He has worked in corporate finance, project and structured finance and infrastructure. He has extensive experience in the financing of social and affordable housing projects. Philip stepped down from the Board in May 2017 to join Evolve Housing's Group Executive Team as Chief Financial Officer.
- Chair of Finance, Risk and Audit Committee (resigned 31 May 2016), Member of Strategic Projects Assessment Committee (resigned 31 May 2016).

David Lawrence Borger

Qualifications

Experience

Special responsibilities

- Director
- B Economics.
- David is director of the Western Sydney Business Chamber and has served as Minister for Western Sydney, Minister for Housing and Minister for Roads, as well as Assistant Minister for Transport in the NSW government. At 30, he became the youngest person to hold the office of Lord Mayor of Parramatta, where he served for three terms. As Housing Minister, he oversaw the construction of approximately 9,000 new social housing dwellings and championed major reforms to expand the community housing sector in NSW.
- Member of Strategic Projects Assessment Committee.

Kaylee Merrilyn Veitch

Qualifications

Experience

Special responsibilities

- Director
- CAHRI, FAIM, GAICD
- Kay brings more than 25 years of experience in executive leadership at Qantas Airways, Virgin Australia Airlines, and GWA Group Limited and she is presently principal at VeMo Consulting. Kay is a director of Keep NSW Beautiful and ASPECT Studios and a former director of CARE Australia. Kay's key areas of expertise are organisational transformation, change leadership, commercial distribution and revenue management.
- Member of Governance, Nomination & People Committee.

Robert David Lang

Qualifications

Experience

Special responsibilities

- Director
- Ph.D., B Engineering, B Science
- Robert brings to the Board a deep knowledge of and passion for Western Sydney, having previously held the roles of CEO of Parramatta City Council and Adjunct Professor at the University of Western Sydney School of Business. He is a former CEO of Pacific Power and the Sydney Harbour Foreshore Authority and holds a number of Board positions in the private industry, not for profits and government authorities. His expertise includes urban planning & placemaking, transformational change, strategic repositioning, restructuring, corporate governance, strategy, finance, technology, risk management, operations and human resources.
- Chair of Strategic Projects Assessment Committee, Chair of Finance Risk and Audit Committee (appointed 31 May 2017).

Affordable Community Housing Limited and its controlled entities

Directors' report

For the year ended 30 June 2017

10 Information on Directors (continued)

Natalie Marie Walker

Qualifications

Special responsibilities

- Director
- Masters Degree in Economics, BA Psychology.
- Natalie has more than 15 years' experience across the government, not for profit, corporate and small business sectors in management and nonexecutive director roles. Natalie brings deep knowledge and expertise in social enterprise governance, leadership and operations, social policy design, impact investment and social impact creation. In 2012, Natalie was named as one of Australia's 100 Women of Influence. Natalie is the director of the Australian Indigenous Leadership Centre and is on the National Australia Bank's Indigenous Advisory Board.
- Member of Governance, Nomination & People Committee, Member of Finance, Risk & Audit Committee (appointed 31 May 2015).

Experience

Special responsibilities

Andrea Mary Galloway

Qualifications

- Director
- Bachelor Degree in Business Administration, Fellow of the Australian Institute of Company Directors (FAICD), a Justice of the Peace and holds a Property Development and Real Estate
- Andrea has over 25 years of executive leadership experience in both national and multinational commercial organisations. Andrea has also been Evolve Housing's CEO since 2011. Since then, Andrea has overseen considerable change and growth within the organization, recognising and creating innovative ways to partnership and fund housing growth in Western Sydney. Andrea was awarded National Winner of the Telstra Business Women's Award in Business Innovation in 2015. This award recognises women whose leadership has changed industry and communities around them. Andrea is also a director of Defence Housing Australia, Vice President of the Board at Sydney Business Chamber, and Advisory Board Member for The Salvation Army and Committee for Sydney.

Experience

11 Company Secretary

Hanna Mylloja - Appointed June 2017

Hanna is a highly experienced General Counsel and Company Secretary, having a total of over 25 years of professional experience including as a solicitor in private practice, to in-house counsel and company secretary roles in NFP and ASX listed environments, covering a range of industries across multiple jurisdictions, including risk, compliance and governance consulting services and solutions, electronic publishing and property information.

As a former Group General Counsel of as an ASX listed entity for over 14 years, including over 10 years as the entity's Company Secretary, Hanna brings with her a wealth of expertise gained from years of regulator and key stakeholder engagement, a broad range of legal matters, commercial transactions as well as corporate governance and compliance management.

Hanna has a Bachelor of Arts / Bachelor of Laws, a Graduate Diploma in Legal Practice and is a member of the Law Society of New South Wales.

Affordable Community Housing Limited and its controlled entities

Directors' report

For the year ended 30 June 2017

12 Meetings of Directors

During the financial year, 10 meetings of directors were held (excluding subcommittee meetings).

Attendances by each director were as follows:

Director	Directors' Meetings	
	Entitled	Attended
Paul Frederick Howlett (Chair)	10	9
Rhonda Clare Hawkins AM (Deputy Chair)	10	9
Alan Joseph Zammit AM	10	9
Philip John Frost (ceased 31/05/17)	10	10
David Lawrence Borger	10	7
Kaylee Marilyn Veitch	10	9
Robert David Lang	10	9
Natalie Marie Walker	10	8
Andrea Mary Galloway (appointed 16/05/17)	-	-

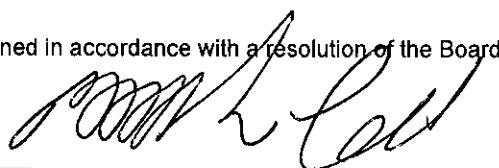
Committee meetings 16/17

	FRAC		GNPC		SPAC	
	Entitled	Attended	Entitled	Attended	Entitled	Attended
Paul Frederick Howlett (Chair)	5	5	3	2	2	2
Rhonda Clare Hawkins AM (Deputy Chair)	-	-	3	3	-	-
Alan Joseph Zammit AM	-	-	-	-	2	1
Philip John Frost (ceased 31/05/17)	4	4	-	-	1	1
David Lawrence Borger	-	-	-	-	2	2
Kaylee Marilyn Veitch	-	-	3	3	-	-
Robert David Lang	5	5	-	-	2	2
Natalie Marie Walker	1	1	3	2	-	-
Andrea Mary Galloway (appointed 16/05/17)	-	-	-	-	-	-

13 Lead auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 7 of the financial report.

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



Paul Frederick Howlett (Chair)

Director

Dated 17 October 2017.



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of Affordable Community Housing Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017 there have been:

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

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'David Willcocks'.

David Willcocks
Partner

Parramatta, 17 October 2017

Affordable Community Housing Limited and its controlled entities

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2017

	<i>Note</i>	2017	2016
Revenue	3	41,322,401	43,436,377
Other income	3	6,143,489	41,705,348
Employee benefits expense	4	(8,722,760)	(7,179,285)
Depreciation and amortisation expense	4	(341,793)	(234,408)
Bad and doubtful debts expense	4	(384,475)	(315,426)
Property expenses		(25,369,800)	(24,574,634)
Finance costs		(781,153)	(756,093)
Other expenses		(3,099,656)	(4,640,684)
Net current year surplus		8,766,253	47,441,195
Other comprehensive income			
Revaluation of property		48,341	1,338,117
Total comprehensive income for the year		8,814,594	48,779,312
Total comprehensive income attributable to members of the entity		8,814,594	48,779,312

The accompanying notes form part of these financial statements.

Affordable Community Housing Limited and its controlled entities

Consolidated statement of financial position

As at 30 June 2017

	Note	2017	2016
Assets			
Cash and cash equivalents	5	15,550,724	13,396,359
Accounts receivable and other debtors	6	3,000,699	6,572,717
Other current assets	7	864,069	3,863,036
Total current assets		<u>19,415,492</u>	<u>23,832,112</u>
Non-current assets			
Property, plant and equipment	8	5,918,537	5,458,893
Intangibles	9	-	4,657
Other non-current assets	7	1,100,016	1,040,211
Investment property	10	11,136,118	10,565,625
Investment property- restricted	10	234,108,028	215,894,764
Total non-current assets		<u>252,262,699</u>	<u>232,964,150</u>
Total assets		<u>271,678,191</u>	<u>256,796,262</u>
Liabilities			
Accounts payable and other payables	11	3,594,616	2,988,449
Provisions	13	1,350,435	1,237,519
Borrowings	12	2,436,067	1,730,352
Total current liabilities		<u>7,381,118</u>	<u>5,956,320</u>
Non-current liabilities			
Borrowings	12	16,388,035	11,798,266
Provisions	13	343,668	290,900
Total non-current liabilities		<u>16,731,703</u>	<u>12,089,166</u>
Total liabilities		<u>24,112,821</u>	<u>18,045,486</u>
Net assets		<u>247,565,370</u>	<u>238,750,776</u>
Equity			
Reserves		1,386,458	1,338,117
Accumulated surplus		43,975,204	39,253,874
Accumulated surplus-restricted		202,203,708	198,158,785
Total equity		<u>247,565,370</u>	<u>238,750,776</u>

The accompanying notes form part of these financial statements.

Affordable Community Housing Limited and its controlled entities

Consolidated statement of changes in equity

For the year ended 30 June 2017

	Reserves	Retained surplus	Retained surplus restricted	Total accumulated funds
Balance at 1 July 2015	-	29,325,413	160,646,051	189,971,464
Comprehensive income for the year				
Surplus for the year attributable to the entity	-	9,928,461	37,512,734	47,441,195
Other comprehensive income	1,338,117	-	-	1,338,117
Balance at 30 June 2016	<u>1,338,117</u>	<u>39,253,874</u>	<u>198,158,785</u>	<u>238,750,776</u>
Balance at 1 July 2016	1,338,117	39,253,874	198,158,785	238,750,776
Comprehensive income for the year				
Surplus for the year attributable to the entity	-	4,721,330	4,044,923	8,766,253
Other comprehensive income	48,341	-	-	48,341
Balance at 30 June 2017	<u>1,386,458</u>	<u>43,975,204</u>	<u>202,203,708</u>	<u>247,565,370</u>

The accompanying notes form part of these financial statements.

Affordable Community Housing Limited and its controlled entities

Consolidated statement of cash flows

For the year ended 30 June 2017

	Note	2017	2016
Cash flows from operating activities			
Receipts from customers and grants received from government		47,165,321	44,502,998
Payments to suppliers and employees		(34,668,444)	(38,538,935)
Interest received		108,278	131,905
Interest paid		(781,153)	(756,093)
Net cash from operating activities		<u>11,824,002</u>	<u>5,339,875</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(748,439)	(157,218)
Payment for investment properties		(14,216,682)	(6,422,339)
Net cash used in investing activities		<u>(14,965,121)</u>	<u>(6,579,557)</u>
Cash flows from financing activities			
Repayments/proceeds from borrowings		5,295,484	(1,730,340)
Net cash from/(used in) financing activities		<u>5,295,484</u>	<u>(1,730,340)</u>
Net decrease in cash and cash equivalents		2,154,365	(2,970,022)
Cash and cash equivalents at beginning of year		13,396,359	16,366,381
Cash and cash equivalents at end of year	5	<u>15,550,724</u>	<u>13,396,359</u>

The accompanying notes form part of these financial statements.

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 30 June 2017

Reporting entity

Affordable Community Housing Limited (the 'Company') is a public company limited by guarantee and is domiciled in Australia.

The consolidated financial statements of the Company as at and for the year ended 30 June 2017 comprise the Company and its subsidiary (together referred to as the 'Group' and individually as 'Group entities'). The Company is a not-for-profit entity.

1 Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the company is not publicly accountable. The consolidated financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

The financial statements were authorised for issue by the Board of Directors on 17 October 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment properties, which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Joint arrangements

A joint arrangement is an entity in which the Group holds an interest which is jointly controlled by the Group and one or more other venturers under a contractual arrangement. A joint arrangement can either be a joint venture where the Group and the other partners have rights to the net assets of the arrangement or a joint operation where the Group and the partners have rights to the assets, and obligations for the liabilities to the arrangement. For joint ventures the investment in the net assets is recognised in accordance with the equity method. For a joint operation, assets, liabilities, revenues and expenses are recognised in the financial statements of the Group in accordance with the contractual entitlement obligations of the Group.

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 30 June 2017

2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue

Rental revenue

Rental income is recognised on a straight line basis over the term of the lease, except when an alternative basis is more representative of the pattern of services rendered through the provision of the leased premises.

Grant revenue

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Affordable Community Housing Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position with a corresponding amount of income recognised in the statement of comprehensive income.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Fee for service revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

All revenue is stated net of the amount of goods and services tax (GST).

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 30 June 2017

2 Significant accounting policies (continued)

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2(f) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

Buildings

Buildings are measured using the revaluation model at fair value. Revaluation increases are credited to other comprehensive income and accumulated in equity under reserves. Revalued assets are depreciated the same way as the policy described below.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

The estimated useful lives for the current and comparative years are as follows:

- | | |
|-----------------------|----------|
| • Plant and equipment | 7.5%-50% |
| • Buildings | 2.50% |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised as income in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(c) Investment property

Investment property is held to generate long term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined by independent valuers. Changes to fair value are recorded in the income statement as other income.

Some investment properties are under construction. The costs of construction is capitalised on the balance sheet as and when they are incurred and paid.

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 30 June 2017

2 Significant accounting policies (continued)

(d) Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 30 June 2017

2 Significant accounting policies (continued)

(e) Financial instruments (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Impairment of assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(g) Employee benefits

Short-term employee provisions

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 30 June 2017

2 Significant accounting policies (continued)

(g) Employee benefits (continued)

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the service is provided.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Cash and cash equivalents

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Accounts receivable and other debtors

Accounts receivable and other debtors primarily include amounts due from tenants in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 30 June 2017

2 Significant accounting policies (continued)

(k) Income tax

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

(l) Intangibles

Software

Software is initially recognised at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between two and three years. It is assessed annually for impairment.

(m) Provisions

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

(n) Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

Investment properties and impairment

Existing freehold land and buildings were independently valued on purchase. The valuation was based on the fair value. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar

At 30 June 2017 all investment properties were subject to an independent valuation by way of a full valuation or desktop review.

The directors have concluded that the independent valuations are reasonable and that the carrying value does not exceed the recoverable amount at 30 June 2017.

Employee benefits provision

Employee benefit provision are expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 30 June 2017

2 Significant accounting policies (continued)

(p) Economic dependence

Australian Indigenous Minority Supplier Office Limited Trading As Evolve Housing is dependent on the NSW Government Department of Family and Community Services.

At the date of this report the Board of Directors has no reason to believe the Department will not continue to support Australian Indigenous Minority Supplier Office Limited.

(q) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published by the AASB that are not mandatory for 30 June 2017 reporting period and have not been adopted early by the Group.

The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments

AASB 9, published in July 2014, replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has commenced its assessment of the impact of this new standard but is yet to formally quantify the effect.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance including AASB 118 *Revenue*. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has commenced its assessment of the impact of AASB 15 but is yet to formally quantify the effect.

AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption

The Group has commenced its assessment of the impact of AASB 16 but is yet to formally quantify the effect from either a lessee or lessor perspective.

(r) Note on comparatives

The company has consistently applied its accounting policies to all periods presented in this financial report. Certain comparative amounts in the statement of profit or loss and other comprehensive income and the statement of financial position have been reclassified or re-presented to confirm to changes in current period

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

3 Revenue and other income

	2017	2016
Rental revenue	29,189,389	28,622,376
Revenue from government and other grants		
— Leased Property Grants	9,398,139	8,776,319
— National Rental Affordability Scheme	2,022,838	2,553,711
— Grant - Department of Family Community Services NSW	-	2,800,000
— Grant - EHY	698,897	683,971
— Grant - other	13,138	-
Total government and other grants	12,133,012	14,814,001
	41,322,401	43,436,377
Other income		
— Change in fair value of investment property	4,567,075	38,384,287
— Interest	108,278	131,905
— Other	1,468,136	3,189,156
Total other income	6,143,489	41,705,348
Total revenues	47,465,890	85,141,725

Where the company received grants to purchase properties and conditions are attached to the use of those properties, the income is recognised as restricted accumulated surplus in the Statement of financial Position. Such properties are classified as restricted assets. From \$4,567,075 change in fair value of investment property, \$4,044,923 is restricted while \$522,151 is non restricted surplus.

4 Expenses

	2017	2016
Employee benefits expense	8,722,760	7,179,285
Depreciation and amortisation:		
— Intangibles Depreciation	4,657	5,783
— Plant and equipment Depreciation	337,136	228,625
Total depreciation and amortisation	341,793	234,408
Bad and doubtful debts:		
— trade and other receivables - bad debts	384,475	315,426
Rental expense on operating leases:		
— minimum lease payments	113,031	110,143
Total rental expense	113,031	110,143

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

5 Cash and cash equivalents

	2017	2016
Cash at bank	15,548,624	13,393,670
Cash on hand	2,100	2,689
Total cash and cash equivalents	<u>15,550,724</u>	<u>13,396,359</u>

6 Accounts receivable and other debtors

	2017	2016
Current		
Accounts receivable	3,587,162	6,912,079
Provision for doubtful debts	(586,463)	(339,362)
	<u>3,000,699</u>	<u>6,572,717</u>
Other debtors	-	-
Total current accounts receivable and other debtors	<u>3,000,699</u>	<u>6,572,717</u>

(a) Provision for doubtful debts

Movement in the provision for doubtful debts is as follows:

Provision for doubtful debts as at 1 July 2015	(546,294)
— Charge for year	(315,426)
— Written off	<u>522,358</u>
Provision for doubtful debts as at 30 June 2016	(339,362)
— Charge for year	(386,109)
— Written off	<u>139,008</u>
Provision for doubtful debts as at 30 June 2017	<u>(586,463)</u>

7 Other current assets

	2017	2016
Current		
Prepayments	757,144	788,864
Term deposits	<u>106,925</u>	<u>3,074,172</u>
	<u>864,069</u>	<u>3,863,036</u>
Non-current		
Security deposit	<u>1,100,016</u>	<u>1,040,211</u>
	<u>1,100,016</u>	<u>1,040,211</u>
Total other assets	<u>1,964,085</u>	<u>4,903,247</u>

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

8 Property, plant and equipment

	2017	2016
<i>Buildings</i>		
At fair value Buildings	5,302,839	5,254,499
(Accumulated depreciation) Buildings	(195,819)	(97,910)
	<u>5,107,020</u>	<u>5,156,589</u>
<i>Computer equipment</i>		
At cost Computer equipment	916,605	662,088
(Accumulated depreciation) Computer equipment	(670,130)	(524,237)
	<u>246,475</u>	<u>137,851</u>
<i>Office equipment</i>		
At cost Office equipment	881,661	387,739
(Accumulated depreciation) Office equipment	(329,994)	(252,543)
	<u>551,667</u>	<u>135,196</u>
<i>Motor vehicles</i>		
At cost Motor Vehicle	27,428	27,428
(Accumulated depreciation) Motor Vehicle	(17,678)	(10,821)
	<u>9,750</u>	<u>16,607</u>
<i>Security systems</i>		
At cost Security systems	103,120	103,120
(Accumulated depreciation) Security Systems	(99,495)	(90,470)
	<u>3,625</u>	<u>12,650</u>
Total property, plant and equipment	<u>5,918,537</u>	<u>5,458,893</u>

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Motor vehicles	Furniture and equipment	Total
2016				
Balance at the beginning of the year	3,916,382	23,464	252,335	4,192,181
Additions	-	-	157,220	157,220
Depreciation expense	(97,910)	(6,857)	(123,858)	(228,625)
Revaluation of property, plant and equipment	1,338,117	-	-	1,338,117
Carrying amount at end of year	<u>5,156,589</u>	<u>16,607</u>	<u>285,697</u>	<u>5,458,893</u>
2017				
Balance at the beginning of the year	5,156,589	16,607	285,697	5,458,893
Additions	-	-	748,439	748,439
Depreciation expense	(97,910)	(6,857)	(232,369)	(337,136)
Revaluation of property, plant and equipment	48,341	-	-	48,341
Carrying amount at the end of the year	<u>5,107,020</u>	<u>9,750</u>	<u>801,767</u>	<u>5,918,537</u>

As at 30 June 2016, Property plant and equipment in relation to office premises were independently valued as part of independent valuation described in note 10. The valuation was based on the fair value and the critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a total valuation uplift of \$1,338,117 for the year ended 30 June 2016.

In the current year, a desktop valuation has resulted in an uplift of \$48,341 for the year ended 30 June 2017.

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

9 Intangibles

	2017	2016
Computer software - at cost	269,534	269,534
Accumulated amortisation Computer software	(269,534)	(264,877)
Net carrying amount	-	4,657

10 Investment property

	2017	2016
Investment property		
Investment property	11,136,118	10,565,625
	<u>11,136,118</u>	<u>10,565,625</u>
Investment property - restricted		
Investment property - restricted JV	3,136,790	1,200,000
Investment property - restricted	211,425,843	207,429,261
Investment property under construction - restricted	19,545,395	7,265,503
	<u>234,108,028</u>	<u>215,894,764</u>
Total investment property	<u>245,244,146</u>	<u>226,460,389</u>

Existing freehold land and buildings were independently valued during 2016 and 2017. The valuation was based on the fair value. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a total valuation of \$4,567,075 for the year ended 30 June 2017.

At 30 June 2017 the directors have reviewed the key assumptions adopted by the valuers and believe the carrying value of the land correctly reflects the fair value less cost to sell at 30 June 2017. The fair value increase of these properties are recognised in other income in note 3.

Properties received under the National Building Economics Stimulus Plan or funded by grants are classified as restricted because of the conditions provided in the funding agreements. These conditions restrict the sale of the assets or use of the proceeds. This is effected by facility and call offer priority deed or loan agreements.

During the year, \$6,151,000 of WIP was transferred to Evolve Journey Limited making a gain on transfer of \$116,491 which is 100% eliminated on consolidation.

A further \$10,309,737 was transferred to Payce and recognised as WIP in the current year.

During the year, the Joint Venture recognised prior year expense as WIP in the current year, resulting in \$558,208 being capitalised in the current year on consolidation of 30 June 2017.

11 Accounts payable and other payables

	2017	2016
Current		
Accounts payable	3,532,634	2,925,103
Grants in advance	61,982	63,346
Total accounts payable and other payables	<u>3,594,616</u>	<u>2,988,449</u>

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

12 Borrowings

	2017	2016
Current		
Bank loans current	2,436,067	1,730,352
	<u>2,436,067</u>	<u>1,730,352</u>
Non-current		
Bank loans non-current	16,388,035	11,798,266
	<u>16,388,035</u>	<u>11,798,266</u>
Total borrowings	<u>18,824,102</u>	<u>13,528,618</u>

13 Provisions

	2017	2016
Current		
Provision for annual leave	572,435	487,519
Planned maintenance	400,000	400,000
Legal costs	378,000	350,000
	<u>1,350,435</u>	<u>1,237,519</u>
Non-current		
Provision for long service leave	343,668	290,900
	<u>343,668</u>	<u>290,900</u>
Total provisions	<u>1,694,103</u>	<u>1,528,419</u>

14 Capital and leasing commitments

	2017	2016
(a) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments		
— not later than 12 months	125,967	80,623
— later than 12 months but not later than five years	20,967	29,520
	<u>146,934</u>	<u>110,143</u>
(b) Capital Commitments		
Capital expenditure commitments contracted for:	51,589,736	51,897,834
	<u>51,589,736</u>	<u>51,897,834</u>

15 Contingent liabilities and contingent assets

	2017	2016
Estimates of the potential financial effect of contingent liabilities that may become payable:		
Claims:		
Contract performance guarantee	-	-
Security deposit guarantee	-	-
Encashment authority	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

16 Related party transactions

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as

	2017	2016
Key management personnel compensation:		
— short-term benefits	2,008,752	1,523,240
— other long-term benefits	146,401	105,719
	<u>2,155,153</u>	<u>1,628,959</u>

17 Entity details

The registered office of the entity is:

Affordable Community Housing Limited trading as Evolve Housing
9 Argyle Street Parramatta NSW 2150

The principal place of business is:

Affordable Community Housing Limited trading as Evolve Housing
9 Argyle Street Parramatta NSW 2150

18 Group entities

	Country	Ownership interest (%)	
Parent entity		2017	2016
Affordable Community Housing Limited	Australia		
Other entities			
Evolve Journey Limited	Australia	100%	100%
Affordable Community Housing Limited & Pacific Link Housing Limited	Australia	50%	50%

Affordable Community Housing Limited has a 15% interest in Affordable Community Housing Alliance Tasmania ("CentaCare Evolve Housing") with CatholicCare Tasmania holding the majority 85% interest. At the date of this report there is no amount outstanding, or any cash contribution due by ACHL to CentaCare Evolve Housing. The principal business of CentaCare Evolve Housing is providing housing relief to social and affordable housing tenants.

19 Events after the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company.

Affordable Community Housing Limited and its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

20 Parent entity disclosures

As at and throughout the financial year ended 30 June 2017 the parent entity of the Group was Affordable Community Housing Limited.

Result of parent entity

	2017	2016
Profit for the year	8,346,666	48,050,116
Other comprehensive income	48,341	-
Total comprehensive income for the year	<u>8,395,007</u>	<u>48,050,116</u>

Financial position of parent entity at year end

Current assets	36,559,193	21,663,955
Non-current assets	231,076,579	232,014,149
Total assets	<u>267,635,772</u>	<u>253,678,104</u>

Current liabilities	4,933,600	3,963,326
Non-current liabilities	18,501,999	13,819,518
Total liabilities	<u>23,435,598</u>	<u>17,782,844</u>

Total equity of parent entity comprising of:

Retained earnings	235,853,508	234,557,144
Reserves	8,346,666	1,338,117
Total equity	<u>244,200,174</u>	<u>235,895,260</u>

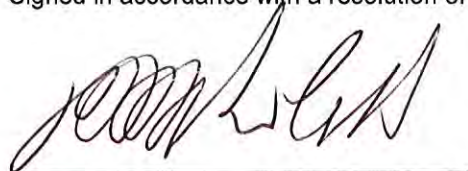
Affordable Community Housing Limited

Directors' declaration

In the opinion of the directors of Affordable Community Housing Limited ('the Company'):

- (a) the Company is not publically accountable
- (b) the consolidated financial statements and notes that are set out on pages 8 to 26 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Paul Howlett', written over a horizontal line.

Paul Frederick Howlett (Chair)
Director

Dated 17 October 2017.



Independent Auditor's Report

To the members of Affordable Community Housing Limited

Opinion

We have audited the **Financial Report**, of Affordable Community Housing Limited (the Company).

In our opinion, the accompanying **Financial Report** of the Company is in accordance with the *Division 60 of Australian Charities and Not-for-profits Commission (ACNC) Act 2012* including:

- (i) giving a true and fair view of the **Group's** financial position as at 30 June 2017, and of its financial performance and its cash flows for the year ended on that date; and
- (ii) complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- (i) Consolidated statement of financial position as at 30 June 2017.
- (ii) Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended.
- (iii) Notes including a summary of significant accounting policies.
- (iv) Directors' declaration of the Company.

The **Group** consists of the Company and the entity it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in Affordable Community Housing Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors report.



Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- (i) Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosures Requirements* and the ACNC.
- (ii) Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- (iii) Assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- (i) to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- (ii) 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional skepticism.

Our responsibilities include:

- (i) Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- (ii) Designing and performing audit procedures responsive to those risks, and obtaining 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. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (iii) Obtaining an understanding of internal control relevant to the Audit in order to design



audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.

- (iv) Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (v) Concluding on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.
- (vi) Evaluating 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.

A handwritten signature in black ink, appearing to read 'D Willcocks'.

KPMG

A handwritten signature in black ink, appearing to read 'D Willcocks'.

David Willcocks
Partner

Parramatta, 17 October 2017