



SouthEast
Housing Co-operative Ltd
Housing Futures

Annual Report
2016-2017





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Mission

Our mission is to provide affordable, secure, financially, and environmentally sustainable housing for people on low incomes, primarily in the South and East of Melbourne, who are committed to cooperative democracy and engagement.



Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.



Principles

Transforming Values
into Practice



- › Voluntary and open membership
- › Democratic member control
- › Member economic participation
- › Autonomy and Independence
- › Education, Training & Information
- › Cooperation Among Cooperatives
- › Concern for Community

Strategic Goals 2017-2020

Continue to provide housing and services to existing co-operative members.

Increase the number of people housed by the co-operative.

Increase the commitment of SouthEast members to co-operative principles and member engagement.

Together the Directors and CEO developed the SouthEast 2017-2020 Strategic Plan to guide the co-operative's actions over the next three years as it strives to achieve its mission.

Affordable Housing and Strategic Growth

With affordable housing being mentioned almost daily in the media, it seems that politicians at all levels of government have finally acknowledged there is a problem – and the problem is the demand for affordable housing far outweighs supply. This acknowledgement should provide opportunities for organisations such as SouthEast to collaborate with government (and others) to play its part in increasing Victoria's affordable housing stock. Exciting times lay ahead – however, along with this excitement comes uncertainty for SouthEast. Will the Victorian government be able to deliver on its proposals for increased funding? Will co-ops such as ours be able to access this funding? What role will local governments play? How and when will initiatives flow from the Federal government, and how will we capitalise on these? In this environment of change and uncertainty it is obvious that developing strategies and making plans is challenging.

Maintaining SouthEast's 'Strategic Agility'

Co-op members and Directors desire growth in both member numbers and the property portfolio. This is also the central tenet of our mission. One way that this growth could quickly be achieved is by borrowing against the equity we currently have in the fourteen properties owned by SouthEast to purchase more properties, and then paying these funds back over time.

Whilst this would most certainly achieve some growth in the short term, it would also prevent the co-op from achieving future growth until the debt incurred had been significantly reduced. In the interim, any number of opportunities to collaborate with government to increase affordable housing stock may have presented themselves, and we would not have been able to leverage these because of a lack of cash. Therefore, Directors have decided not to lock the co-op in to this safe but restrictive growth strategy now. Instead, the Board has opted to maintain the co-op's "strategic agility". This means that current housing stock will remain unencumbered and retained surpluses will stay in the bank until we see what eventuates from the various initiatives being discussed at Federal, State, and local government levels. This strategy will see the co-op maintain its capacity to seize opportunities as and when they arise – as it did in 2016 when the Victorian government's Rapid Housing Assistance Fund (Family Violence) was announced.

Regular Review

This is not a 'do nothing' strategy. Rather, it is a strategy that involves being constantly on the lookout for funding or partnership opportunities, and then acting upon these opportunities. The Board and the CEO will, as part of the Board's Work Plan over the year, regularly review what opportunities exist and what we can do by leveraging equity and accessing cash in the form of retained surpluses. If at any stage it appears that the only viable growth strategy is to borrow against equity then this will go to the top of the list; but at this stage, for all the reasons listed above, it is not the co-op's first strategic option.

Maintaining Visibility and Credibility

The Board and management of SouthEast acknowledge the importance of maintaining the visibility and credibility of the co-op. Most of this work is undertaken by the CEO, whose role is to liaise with government and the community. By developing networks and working with key stakeholders, SouthEast seeks to further establish its credibility as an ethical, well run co-op that is poised for growth.

Performance Snapshot 2016-2017



164 Long Term
Housing Properties



99.8% Occupancy Rate
(Sector average: 97.1%)



0 Evictions
(Sector average: 6.1%)



6
new tenancies



100% New tenancies
eligible for public housing



0
formal tenant complaints



Percentage of new tenancies
sourced from the
Victorian Housing Register

100%



94.9% Non-urgent repairs on time
(Sector average: 91.1%)



90.6% Urgent repairs on time
(Sector average: 94.9%)



Average vacant turnaround
time (tenantable) 10.6 days
(Sector average: 10.6 days)



Average vacancy turnaround
time (untenantable) 7.3 days
(Sector average: 21.7 days)



3

bathroom upgrades



2

kitchen upgrades

Satisfaction Survey Results 2017

Housing Services 93.32%
(Sector average: 90.5%)

**Maintenance & Repairs
Services 91.66%**
(Sector average: 83.5%)

**Consideration of
Views 91.66%**
(Sector average: 84.9%)

Chairperson's Report

It has been another busy year for the Board of SouthEast Housing Co-operative. On top of the day-to-day governance tasks, work continued on the implementation of recommendations from the governance review and the formulation of the strategic plan (2017-2020). The review recommended a restructure of the Board's committees, and this task has now been completed.

The Audit and the Business & Finance Committees have now been amalgamated into the Risk, Audit and Finance Committee, whilst the Governance & Policy Committee is simply the Governance Committee. Both committees have new charters, and convene on an as-needs basis. Whilst the committees do not meet as often as they did in the past, they remain an important resource for the Board and continue to provide welcome guidance to Directors on all manner of topics.

The strategic planning process undertaken late in the 2016/17 financial year identified three broad strategic goals:

1. Continue to provide housing and services to existing co-operative members,
2. Increase the number of people housed by the co-operative, and
3. Increase the commitment of SouthEast members to co-operative principles and member engagement.

In essence these goals involve looking after existing members, increasing the number of people that benefit from being members of SouthEast, and engaging more deeply with our membership. If we can achieve these three goals over the next three years (and I'm sure we can), then our co-operative will be even stronger than it is today.



I would like to close by thanking my fellow directors for their passion and commitment to the governance of SouthEast, and the support they afforded me as Chairperson throughout the year. By contributing to Board and committee meetings they each played a significant part in the success that was achieved. I would also like to acknowledge our terrific staff who are so ably led by our C.E.O. Together they ensure that the day-to-day business of the co-op is undertaken efficiently and in a caring manner. I know that they regularly go well beyond their job descriptions to help our members. Finally, and perhaps most importantly, welcome to our new co-op members. I'm sure you will enjoy the security of tenure provided by your new homes, and appreciate the values and principles that bind us together as a great co-operative.

In co-operation,

Andrea Lee

Chairperson

CEO's Report

The Year past...

By any measure it is fair to say that 2016/17 was a fantastic year for our co-op. In summary, we:

- Acquired four brand-new properties,
- Housed four new families,
- Generated an operating profit of \$153k.
- Achieved an increase in the co-op's Balance Sheet value of almost 25% (or \$1.6M) to \$5.89M, and
- Spent more on recurring maintenance than ever before (\$388k).

The role of the Victorian Department of Health and Human Services (DHHS) in assisting SouthEast to achieve growth in 2016/17 must be acknowledged. Through the DHHS Rapid Housing Assistance Fund (RHAF) we were able to access \$775,000 in assistance, which helped facilitate the purchase of four brand-new apartments in the Dandenong Mosaic complex. These apartments are now home to three new members and their families as well as one existing member and her family who elected to right-size out of their three-bedroom dwelling. In turn, the three-bedroom property has been occupied by a larger family that really needed a three-bedroom home. A great result for all concerned, and a classic example of the positive knock-on effect of right-sizing...

The Year(s) ahead...

If SouthEast is to play its part in addressing the current and desperate shortage in affordable housing (and it will), growth must be central to our strategy. Growth is necessary to secure the future economic security of the co-operative, and is an expectation of our major stakeholders. Therefore, the Board and I will be seeking every opportunity to grow our housing portfolio in order to increase the number of people that benefit from being members of SouthEast. Given the initiatives on the horizon these opportunities should (hopefully!) be numerous. They include:

Victorian government

- Establishment of the \$1 billion Victorian Social Housing Growth Fund (over 4 years)
- Planned development of 6,000 social housing dwellings
- \$100M in low-cost loans
- \$1 billion in government guarantees to housing associations



Federal government:

- Establishment of the National Housing Finance and Investment Corporation (NHFIC)
- NHFIC to make it easier for NFP community housing providers to access low-interest long-term loans for housing (mid-2018)

Like all planned initiatives it is difficult to say exactly when these growth opportunities will present themselves; but when they do SouthEast will be ready. We have a strong balance sheet; the administration is streamlined and efficient; and most importantly we have proven (through the DHHS RHAF) that we have the 'strategic agility' to make things happen – quickly! I feel extremely confident about the future of our co-operative and its capacity to achieve its mission (and more)...

In closing, I would like to say how much I have enjoyed working with our fantastic staff and dedicated Directors throughout 2016/17. Their collective enthusiasm and commitment to work for the membership of the co-operative is first-class, and I feel extremely fortunate to be part of this team as we head into an exciting phase for SouthEast and its members.

In co-operation,

Steven Morrissey MBUSMGT, GAICD, AFIML.
Chief Executive Officer

Directors' Performance

SouthEast Directors Board and Committee Attendance

Financial Year 2016-2017

Board Meetings (11 meetings)

NAME	ATTENDED	APOLOGY
Andrea Lee	9	2
Debbie Dioguardi	8	3
Gayle Koubwere	11	
Greg Nolan	10	1
Jan Dickson	11	
Shirley Faram	11	
Steve Kropf	8	3
Steven Grange	10	1
Tracey Hall	0	4
Natalie Leddick	3	4

Note: Natalie Leddick was elected at the 2016 AGM replacing Tracey Hall.

Total ordinary meetings were 11 as the Board does not meet in January. There were no extraordinary meetings.

Committees

As a result of the Governance Review, and in order to improve efficiency, the Board Committees were restructured during 2016-17:

The Audit Committee was amalgamated with the Business & Finance Committee, with the new committee known as the Risk, Audit and Finance Committee. The Governance & Policy Committee became simply the Governance Committee. Both committees meet on an as-needs basis.

Governance (6 meetings)

NAME	ATTENDED	APOLOGY
Andrea Lee	6	
Debbie Dioguardi	4	
Gayle Koubwere	3	1
Greg Nolan	6	
Jan Dickson	6	
Shirley Faram	6	

Notes: Debbie Dioguardi and Gayle Koubwere memberships ceased in March 2017.

Finance Audit and Risk (1 meeting)

NAME	ATTENDED	APOLOGY
Andrea Lee	1	
Debbie Dioguardi	1	
Gayle Koubwere	1	
Steven Grange	1	

Directors' Profiles

Committee membership and roles are current at the date of publishing the 2017 Annual Report.



Gayle Koubwere



Andrea Lee



Shirley Faram



Natalie Leddick



Debbie Dioguardi



Tracey Hall



Jan Dickson



Steven Grange



Steve Kropf



Greg Nolan

Andrea Lee

Member Director and Chairperson.
Governance Chairperson

Cooperative member since 8/7/2001. Board member 2005/6 and since 2010. Bachelor of Business Accounting and Management. Accountant. Seven years in Business Services.

Debbie Dioguardi

Member Director and Deputy Chairperson. Member of the Risk, Audit, and Finance Committee

Previous member Ringwood/Croydon coop for three years and participated in the policy committee.

Previous banking experience for total of six years. Certificate in book keeping to trial balance.

Cooperative member since December 2004. Managed a team for a party planning company. Active member of SouthEast Housing for over ten years. Home Schooling Supervisor

Greg Nolan

Member Director and Member of the Governance Committee.

SouthEast cooperative member since 2004, and previously a Moorabbin Rental Housing (RHC) Cooperative tenant-member since October 1989. Had two previous terms on Moorabbin RHC Steering Committee (Board) in late 1990's and early 2000's including once as a Vice-Chair. In the mid-90's, Greg was on a founding committee which had the task of setting up the constitutional foundations of the Joint Housing Collective (JHC), which was the initial state-wide peak body for RHC's in Victoria. Served for several years as Moorabbin delegate on the former JHC. The equivalent and expanded forum today is the Community Housing Industry Association (Vic), formerly the Community Housing Federation of Victoria (CHFV). Life and work experiences have been in music education, public transport, horticulture and aged and disability care as both a part-time worker and volunteer.

Gayle Koubwere

Member Director and Cooperative Deputy Secretary. Member of the Governance Committee and the Risk, Audit, and Finance Committee.

A SouthEast Housing Co-operative member for five years and Board member since November 2013. Previously a member of the Oakleigh Rental Housing Cooperative contributing to the Policy and Finance task groups. An experienced administrator for over 20 years and has volunteered in Emergency Resources for 6 years as well as in Animal protection and Welfare..

Tracey Hall

Member Director and was Convenor of the Risk, Audit, and Finance Committee until 21 November 2016.

Since 2002 director on the SouthEast Board including: Chairperson for one year, secretary for one year, policy committee member for two years and the balance as a business and finance committee member. Certificate 4 in Small Business Management. Certificate 4 in Business (Governance). School committee Publicity Officer. Village committee member for two years for the City of Kingston.

Shirley Faram

Member Director and member of the Governance Committee.

Over 14 years on Board. Over twelve years as SouthEast Chairperson. Four years Secretary of Frankston Council's Good Neighbour program. Four years volunteering with the Bayside Shared Accommodation Register. Four years as Board member and worker with the Bayside Youth Housing Project. Six years as a Director for the then Cooperative Federation of Victoria (now the Community Housing Industry Association (Vic).

Jan Dickson

Member Director and a member of the Governance Committee.

Previous director and chairperson one year. Cooperative director four years. Cooperative member since 4/5/2001. Home Duties. Participated in a cooperative Office Support Group and was a Policy Group participant and a committee member of the Clayton Junior Football Club for ten years.

Steve Kropf

Non Member Director.

MBA, BBus BA, FCPA, over twenty years' experience in senior commercial management roles including CFO, GM Finance and planning roles through a range of companies covering transport and logistics, tourism, government privatisations and pharmaceuticals.

Currently owner and manager of two companies both in the service sector.

Steven Grange

Non Member Director and Convenor of the Risk, Audit and Finance Committee.

Steven worked for, First Option Credit Union, a \$160M credit union with 10,000 members across Australia and his role was a Business Development Manager.

Steven has spent thirty-five years in working for industry based credit unions. Other roles Steven has filled include: Director: Kyneton Community Cooperative from 1983 to 1987, Director/Chairman: Reservoir Fawknor Credit Cooperative from 1990 to 1997.

Industry Training: Director training via the Australian Institute Credit Union Directors. Qualifications: Diploma in Marketing: Hawthorn Institute of Technology, 1990.

Natalie Leddick

Member Director

• Co-operative member since 21/1/2001. Joined tenant selection task group at Ringwood/Croydon Member Director 2002 - 2006, 2010 - Current Work as Finance Director, Policy Director and Secretary within SouthEast. Worked in the Not for Profit sector for many years. Bapcare, Eastern Access Community Health. Employed in Staff Development and Training, Accounting, Project Management, Public Relations, Administration, and Management. Advanced Diploma of Business (HRM). Further study Occupational Health and Safety, Strategic Planning, Governance, Commercial Law, Organisational Change and Behaviour.

Staff Profiles



Steven Morrissey

MBUSMGT, GAICD, AFIML.
Master of Business Management
(Monash, 2009)
Graduate of the Australian Institute
of Company Directors (2017)
Associate Fellow of the Institute of
Management and Leadership
Certificate IV Workplace Trainer &
Assessor Certificate III Investigative
Services
Registered Electrical Contractor
(Vic) No. 12109 A Grade Electrician
(Vic) No. A27739
Chief Executive Officer

Appointed in December 2015



Dale Carroll

Bachelor Business Local
Government (RMIT) Bachelor Social
Science (Swinburne) Graduate
Diploma Psychology (Swinburne)
Parent Education Leadership
Certificate (Box Hill Tafe)

Compliance and Development
Officer. Joined SouthEast
December 2008



Joy Haines

Advanced Certificate in Estate
Agency (Frankston College of TAFE
1994) Tenancy Officer

Joined SouthEast October 2001



Jim Kokoras

Domestic Builders Registration
Course (Holmesglen Institute of
TAFE, 2001) Asset Coordinator

Joined SouthEast August 2004



Michelle D'Rozario

Certificate IV Business
Administration. Administration
Officer and Assistant Asset
Coordinator

Joined SouthEast April 2008



Financials

The Audited Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2017

	2017 \$	2016 \$
Continuing Operations		
Operating Revenue	1,772,637	1,775,644
Other Revenue	805,805	218,443
Employee benefits expense	(567,663)	(558,820)
Depreciation and amortisation expense	(73,939)	(64,628)
Occupancy expense	(69,131)	(63,901)
Property expense	(704,666)	(732,051)
Administration expense	(235,202)	(286,750)
Bad Debts	(4)	(161)
Profit before income tax	927,838	287,778
Income tax expense	-	-
Profit for the year	927,838	287,778
Other comprehensive income:		
Net gain on revaluation of land and buildings	230,633	-
Total other comprehensive income for the year	230,633	-
Total comprehensive income for the year	1,158,471	287,778
Profit attributable to: Members of the Cooperative		
Profit for the year	927,838	287,778
Total comprehensive income attributable to: Members of the Cooperative		
Total comprehensive income for the year	1,158,471	287,778

Statement of Financial Position

at 30 June 2017

	2017 \$	2016 \$
CURRENT ASSETS		
Cash and Cash Equivalents	1,471,710	1,969,325
Trade and other receivables	8,485	23,904
Other Current assets	36,357	44,121
TOTAL CURRENT ASSETS	1,516,552	2,037,350
NON-CURRENT ASSETS		
Property, plant, and equipment	4,586,118	2,882,852
TOTAL NON-CURRENT ASSETS	4,586,118	2,882,852
TOTAL ASSETS	6,102,670	4,920,203
CURRENT LIABILITIES		
Trade and Other Payables	137,185	105,341
Provisions	74,504	82,782
TOTAL CURRENT LIABILITIES	211,689	188,123
NON-CURRENT LIABILITIES		
Provisions	467	36
TOTAL NON-CURRENT LIABILITIES	467	36
TOTAL LIABILITIES	212,156	188,159
NET ASSETS	5,890,515	4,732,044
EQUITY		
Members Funds	4,459,908	3,198,231
Reserves	1,430,606	1,533,813
TOTAL EQUITY	5,890,515	4,732,044

Statement of Changes in Equity

Year ended 30 June 2017

	Retained Earnings	Cyclical Maintenance Reserve	Revaluation Reserve	Property Development Reserve	Total Attributable to Members of the Cooperative
Balance at	\$	\$	\$	\$	\$
1 July 2015	3,244,292	145,000	1,054,973	-	4,444,265
Profit for the year	287,778		-	-	287,778
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	287,778	-	-	-	287,778
Transfers	(333,840)			333,840	
Balance at 30 June 2016	3,198,230	145,000	1,054,973	333,840	4,732,043
Balance at					
1 July 2016	3,198,230	145,000	1,054,973	333,840	4,732,043
Profit for the year	927,838	-	-	-	927,838
Other comprehensive income	-	-	230,633	-	230,633
Total comprehensive income for the year	927,838	-	230,633	-	1,158,471
Transfers	333,840	-	-	(333,840)	-
Balance at 30 June 2017	4,459,908	145,000	1,285,606	-	5,890,514

Statement of Cash Flows

Year ended 30 June 2017

	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tenants and government agencies	2,574,163	1,790,124
Payments to suppliers and employees	(1,554,553)	(1,641,074)
Interest received	29,348	37,498
Cash receipts from other operating activities	-	-
Total Cash flows from Operating Activities	1,048,957	186,548
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property, plant, and equipment	-	20,315
Payment for property, plant, and equipment	(1,546,572)	(78,760)
Total Cash flows from Investing Activities	(1,546,572)	(58,445)
Net increase/(decrease) in cash held	(497,615)	128,103
Cash Balances		
Opening cash balance	1,969,325	1,841,222
Closing cash balance	1,471,711	1,969,325
Movement in cash	(497,614)	128,103

Please Note:

The financial information contained herein has been extracted from SouthEast Housing Cooperative's 2016/17 Financial Report, and therefore does not represent a full financial report. Any member who wishes to review the full audited financial report can request a copy by contacting Compliance and Development Officer, Dale Carroll at the SouthEast office (phone 9706 8005, Dale.Carroll@sehc.org.au)

Directors' Declaration

The directors have determined that the Co-operative is not a reporting entity, and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Co-operative declare that:

1. The accompanying financial statements and notes for the financial year ended 30 June 2017 are prepared in accordance with the requirements of the Co-operatives National Law and:

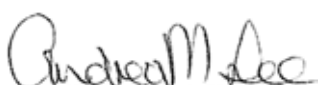
Give a true and fair view of the financial position and performance of the Co-operative at the end of the financial year; and

Comply with applicable accounting standards.

At the date of this declaration, there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they become due and payable.

The Co-operative has kept such accounting records that correctly records and explain the transactions and financial position of the Co-operative.

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



Andrea Lee Director/Chairperson



Debbie Dioguardi Director/Secretary

Dated at Dandenong this 25th day of August 2017

Advantage Advisors Audit Pty Ltd

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHEAST HOUSING CO-OPERATIVE LTD

Opinion

We have audited the accompanying financial report of South East Housing Co-operative Ltd, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Co-Operatives National Law. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTH EAST HOUSING CO-OPERATIVE LTD (Continued)

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members. Management's responsibility also includes such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTH EAST HOUSING CO-OPERATIVE LTD (Continued)

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ADVANTAGE ADVISORS AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS



BEN BESTER
PARTNER

Dated in Melbourne on this 25 day of August 2017



SouthEast
Housing Co-operative Ltd
Housing Futures

Contact Details and Feedback

Maintenance

Phone: 03 9706 8005

Email: jim@sehc.org.au

Facsimile: 03 9706 8558

<http://www.sehc.org.au/index.php/services/maintenance-form>

<http://www.sehc.org.au/index.php/services/maintenance>

Tenancy

Phone: 03 9706 8005

Email: joy@sehc.org.au

Facsimile: 03 9706 8558

<http://www.sehc.org.au/index.php/services/tenancy-form>

<http://www.sehc.org.au/index.php/services/tenancy>

Management

03 9706 8005

Steven Morrissey

Chief Executive Officer

Email: steven@sehc.org.au

Facsimile: 03 9706 8558

<http://www.sehc.org.au/index.php/contact/general-enquiry>

Legal Information

SouthEast is incorporated under the Cooperative Act 1996 and operates under the Cooperatives National Law Application Act 2013 and its companion acts. The cooperative is a member of the Community Housing Industry Association and the Community Housing Federation of Victoria.

Disclaimer

This report is provided for information only. Although every effort is made to ensure accuracy of information, it is presented without warranty of any kind, either express or implied. The user assumes the entire risk as to the use of the report and the material.

Privacy

SouthEast is committed to protecting your privacy and complying with all applicable privacy laws. If you have any questions or comments about our privacy practices, we can be contacted at PO Box 7141, Dandenong 3175.

Phone: 03 9706 8005 Fax 03 9706 8558