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Loddon Mallee Housing Services Ltd

Annual Report



Our Mission

Loddon Mallee Housing Services Ltd will provide shelter and support to people who are homeless or in housing crisis – those most at risk in our community.

Our Vision

We will relentlessly pursue, through our values based on culture, collaborations and community; the achievement of excellence in all things that we do.



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Board of Directors



David Boromeo, John Murphy, Melanie Rogers, Antoinette Danaher, Tony Bridge, Graeme Allan, Larry Roadcap. Absent: Joy Geary.



At this year's Board Retreat we summarised our role in the achievement of LMHS Mission in three parts and I will use them as the basis of this Annual Report:

Chairperson's Report

Antoinette Danaher
Chairperson

To set and review the organisation's strategic directions.

Housing and housing support is our continuing mission and where our hearts are. We know that housing is not the only solution to homelessness, but it is a key element that provides a safe haven in an increasingly uncertain world for the vulnerable and those at risk.

To that end our staff saw over 10,000 people during the year, housing over 500 people in crisis or transitional accommodation. Given the continuing lack of suitable affordable housing we also purchased temporary accommodation for more than 1000 in commercial lodgings such as motels, caravans and boarding houses.

We managed almost 600 tenancies through 200 properties under management in our Transitional Housing program and have nearly 500 long term affordable housing tenancies in place, adding 193 new households to that list in this last year.

In a year of continuing global financial unrest, LMHS' bid for and took a very large share of the capital funding opportunities presented by the Federal Government's Nation Building Economic Stimulus Plan and the State Government's Building a Fairer Victoria strategy and have contracted to build a further 483 new properties, comprised of a mix of single dwellings and multi unit developments to be delivered in the coming 12 months. Our outstanding team have worked tirelessly throughout the year geographically extending our portfolio to address demand and balance investment and future capital growth.

Beyond the direct provision of housing we provided over \$350,000 to other agencies for housing establishment funds for their clients and supported elderly vulnerable Victorians in Supported Residential Service programs with almost \$600,000 as well as the providing flexible care funds for isolated elderly Victorians.

Additionally we supported prisoners returning to the community with almost \$50,000 to establish housing, further developed programs for individuals with Acquired Brain Injuries, supported an increased number of complex needs clients and instituted a research program at the leading edge of investigations into the impact of hoarding behaviour. Importantly through Saver Plus, a matched savings and financial literacy program for people on low incomes, we provided grants of \$115,000 assisting people to develop financial skills, to build assets and to improve their financial wellbeing.

We have strengthened our operations in Mildura and Robinvale and will continue that growth in the Loddon Mallee region to assist community members to stabilise themselves in sustainable accommodation.

Finally after years of planning we can now see our new building in Forest Street, Bendigo reaching completion and will be delighted when we can move out of our current accommodation and give our long suffering staff a suitable place to work. It is a credit to each and every one of them that they have maintained their focus on excellent OH&S outcomes in a challenging physical environment.

In summary, we are satisfied that our strategic directions are correctly targeted and have added significant value to individuals, families and their communities throughout the year.

• To meet the legal obligations associated with the environment in which we operate and effectively manage the risks around the delivery of the objectives balanced against the opportunities that present.

Throughout the year we met all our obligations in Corporate Law and across the many and varied accreditation standards for funded programs. In a year of growth the Board has taken opportunities to extend our reach across the State including significant investment in Melbourne which, over time, will generate significant capital growth.

• To monitor relevant, measurable Board and Operational KPIs and reports to ensure the company's sustainability and continuing achievement in optimising outcomes.

Across the past 12 months we have continued to focus on the continuous improvement of our recording and reporting systems and have commenced a two-year investment program to upgrade and integrate our IT platforms to provide real time information essential in a growing organisation.

An externally conducted Governance Review was very positive and a number of useful recommendations have been adopted by the Board and will be implemented in the coming year to further streamline our processes.

Our Tenant and Finance Reference groups continued to add significant value to decision making and operational activity and I thank the volunteers on those Committees for their important contribution.

Of course some of the most important reports come from our clients and external partners and I am proud to say that once again LMHS staff have acquitted themselves in an exemplary manner.

In summary, in a year of continuing high paced growth the Board and the organisation have been focused on those things that progress our mission and strengthen our organisation and the communities in which we work.

I owe a debt of gratitude to the hardworking members of the Board and to our outstanding CEO and his dedicated team for the efforts they have made throughout an extraordinarily busy and successful year. We end the year with a high level of satisfaction at the company's performance and a continuing commitment to our mission.

Once again, I close by saying that I am confident that wherever possible and in whichever ways it is possible, LMHS will continue to show that we are indeed "...where the heart is".



CEO's Report

Ken Marchingo
Chief Executive Officer

There are not many CEOs who get to pen their 17th consecutive annual report, such is the current general desire and fashion for rapid results and thus rapid turnover of chief execs, so I am indeed fortunate to be in the position of not only being able to look forward with equal measures of trepidation and excitement at the ever present and rapidly changing future, but I am equally fortunate to balance my views taking the lessons of the past in where our venture, indeed our adventure is taking us.

We have been on a journey of sorts at Loddon Mallee Housing Services and we have accomplished much. This time last year Professor Michael Stone, one of the world's most eminent housing academics told us that there was in his view no other organisation with such a depth and breadth of services stitched together to address the causes, and symptoms of homelessness and housing disadvantage.

External validation is always a lovely thing. Really what he was saying was that in each of the matrix-like compartments across the areas of housing and homelessness, whether it be local, regional, state or federal, at LMHS we have developed a mechanism to ensure that the complex service delivery or recommendations or even just messages that need to be delivered to our clients, to our funders, to our partners, to the policy makers and policy enablers, that we have a delivery response to do just that.

So I can look back and see where and how the strategies have arisen and evolved and how, through emergent events, they have also morphed and changed. I see also that with a changing Board that they have, year after year, mostly endorsed and mostly approved my recommendations that have mostly borne the desired fruit, mostly in the desired timelines and manner, and have, positioned us to step change and drive forward for 17 consecutive years of constant growth whilst we endeavour to change the present reality to create that better future.

Our present is however challenging. We are still undergoing what can only be described as a massive, transformational change exercise.

This current transformation is not our first; in fact it is probably our fifth. If you start with a couple of staff and a busted thing and decide to improve it and grow it, then in reality every one of the 5000 days or 60,000 hours is all part of the ongoing transformation, however I will spare you the history lesson and focus on the current reality.

We have restructured an organisation of 60 people 18 months ago to more than 120 staff at the time of writing this. New managers, new roles, new functions, new specialities, most brought on within a period of four months.

We have changed reporting structures, team structures, service delivery methods and models, and will open four new offices, one of them our new headquarters in Forest Street, Bendigo.

We now measure our projects in multi-years and tens of millions of dollars in building and construction, but we haven't forgotten that first and foremost we do this because we want to change the face of and supply issues involved with homelessness.

CEO's Report (cont.)

We are changing the way we communicate as we develop common internal languages across our different programs and entities, and we are also changing our project methodologies to join up our complex and specialised services and supports. With the standard suites of systems and processes we are also transforming our information technology and communications systems. We are developing more complex strategies and approaches to recruiting and retaining staff and our staff turnover, at below 10%, must be close to industry leading practice in a sector renowned for staff departures. Sick leave and other indicators, even our WorkCover premiums are at industry leading, low rates.

The unprecedented challenges we have faced over the past 18 months have been many. Imagine if you will, what happens in a small organisation with many moving parts, in essence a collective of many small funded programs, almost all separate fiefdoms, when great growth is thrust without warning into the structures that are unprepared for the magnitude of that growth, where the staffing, systems, policies, procedures, capability, expertise and industry knowledge is essentially non-existent in the city let alone the regional marketplace, and all of this essentially a new business venture unlike the traditional practices of our core expertise.

In these situations you can expect all sorts of organisation disruption. With changing roles comes role ambiguity and disillusionment, new people and new specialists find it hard to establish their place and to form relationships of meaning and productivity. There is jealous guarding from the established to the implied threats to their power bases of knowledge and connection.

The capacity for changing and new relationships becomes compromised, defensive, and a general rise in passivity and passive aggressive or even petulant behaviour becomes the norm. The 'new kids on the block' are often seen as the interlopers in the new sexier pursuits of change and the old war horses feel like they have been sent to the corporate version of the knacker's.

This is what we might reasonably expect. We expect casualties and collateral damage in such environments, and thus always it appears, is the corporate and modern way.

This is not what we have at LMHS. None of this.

What we have seen is a workplace that has reached out and grabbed the opportunity for growth, has leaned inwards to find the resources to bring new people in and on, to welcome the challenges that this restructure of workplace relations, roles, careers and aspiration has wrought, not all of it positive, not all of it easy, indeed, none of it easy.

What we have seen is a total focus by this workplace and all of the people who make it up, on taking control of each person's roles, responsibilities and a true lifting of performance in essentially every area of our operations and organisation to get on with it.

This really is an inspirational workplace.

Yet without the tools, systems, and investment in back room infrastructure for which the private sector takes for granted, and that the public sector at least gets funded, we again and again produce these outstanding results, not only in client service terms working for those for whom the market fails, but also in organisational terms. In terms that stack against any business, anywhere.

We do this without investment in systems or infrastructure and whilst we may get specialised people in place, as functions are easily understood and justified, the real architecture of management information systems across complex businesses and other infrastructure remains inordinately problematic for us and our colleagues.

Why is it that the smallest coffee shop can have the choice of many affordable point-of-sale computerised systems that provides all sorts of management reports, monitoring of activity and business intelligence yet we, working with flesh and blood, thinking, feeling, hurt and damaged people cannot get a single system unless we custom build it for someone else's staggering profit margins at a price we cannot afford? It is simple; there is no profit to be made from the not-for-profit sector as there is no standardisation and thus no common replicable market.



Having rented for much of my life...
our home has exceeded all my expectations.
We feel secure, happy and settled,"

Maree Carter, 53, and Tenant Reference Group member.

Well at least not apart from anything other than our standard purchase as it were, when we buy cars and computers. We trade in the general economies of scale that apply to all, and with some other tax benefits on top. But, that is just the standard purchase, where our businesses differ is the human service side, and in that, this is where our background infrastructure and architecture are so many generations behind. While the world moves to cloud computing and real time informatics, we are essentially in a carbon copy paper paradigm.

How is it that we can produce such cutting edge results in all of our business indicators, many of which are comparable directly with the private and public sector, when we lack the infrastructure, the organisational architectural resources to actually manage, monitor and report, let alone analyse the work, how is that? And the abundantly obvious answer, it is our people.

So, with 16 prior annual CEO reports where I have railed, King Canute like, about the impending tide from a client services and needs perspective, railed and predicted the affordable housing issues and the changing face of homelessness and generally done what we always do here at LMHS, put the client front and centre in everything we do, let me once depart, just for a moment, and note that the foregoing is about the enormous commitment, passion and quite inspiring talent of the staff of LMHS. They don't do it for LMHS, I am sure they don't do it for me or the Board, they do it, and I guess this closes the loop I started to depart from for a moment, they do it for the clients, the tenants, all the people who make up LMHS, because it's not what we are as an organisation, nor how we are made up, it is, always, about what we do as people, in the organisation.

And as far as people go, we have had a tough year, we lost one of our own to cancer, saw others dealing with partners and children's illnesses, saw people dealing with the multiplicity of demons that come to afflict so many of us in our lives, and have seen one of ours lose their most precious child. But all the time, these things that are part of life that surround workplaces, I see something different; I see care and comfort, real caring real support, day after day, month after month, and that is also something that defines us. This I know is different from other workplaces. I know this, I have also experienced it. And, to those among the management and staff who stood by me in the personal challenges that I have faced over the past six years, and specifically the last 18 months, I thank you for that as well.

So in particular with the madness of the last 18 months, and perhaps as mad and trying a time in the next 18 months, at least we can reward our people with a proper place to work, with some proper work on back room systems and infrastructure, and as ever a total commitment to, if not changing the whole world, changing our part of it!

It is indeed, as it says on the back of my business card, 'all of us, all of us together'. I remain as ever, so proud to be among you all.

It is with pleasure that I present my first Treasurer's Report and the annual financial statements of Loddon Mallee Housing Services Ltd. for the year ended 30 June 2010.

Treasurer's Report

Larry Roadcap
Treasurer



I would like to acknowledge and thank David Boromeo who has been Treasurer up until the date of his resignation as a Director on 2nd July 2010. Our auditor Peter J Mulqueen of MGR Accountants has provided an unqualified audit opinion on the financial statements.

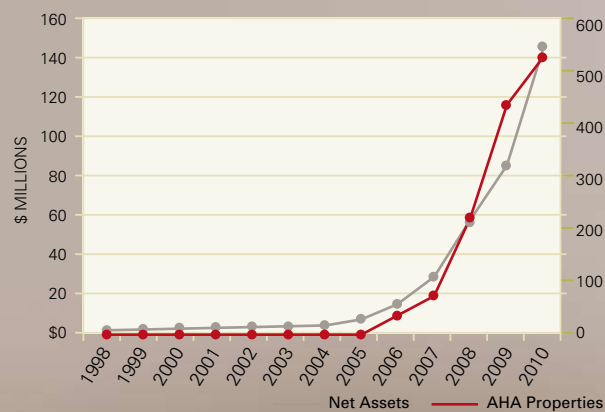
Financial Results

Total income for 2009/10 was \$65,336,255 inclusive of capital funding earned to acquire and construct affordable housing.

The net result for the year is \$53,654,309 which includes affordable housing capital grants revenue. When the effect of these grants is removed along with the impact of the application of AASB 1004, the operating result is a loss of \$270,108.

Net assets of the company have increased by 70% to \$143,895,221 reflecting the increase in property assets of our Affordable Housing Association and the above trading result.

LMHS Net Assets



Financial Statements

A set of financial statements is included in this annual report. Please refer to them for further information.

Finance Reference Committee

The Finance Reference Committee continues to be an effective part of the Boards overall governance structure. Specific achievements during the year include.

- Improvements to board financial reports
- Review and adoption of 2010 revised and initial budgets.

Finance department

Thank you to Paul and the Finance team for their continued efforts in managing financial risk through what has been an extraordinary time of growth for the company. Your efforts in not only reporting on the financial results of what has been but in more importantly in forecasting where we are going, has been appreciated.



You are absolutely terrific. You treat us like a person, not like a number or a statistic. And, I really enjoy being on the TRG and having some input into the organisation,”

Neil Arnott, 61,
and Tenant Reference Group member





Property & Project Development

Mario Roccisano
Chief Development Officer



The mission of the Property and Project Development team, through the development stream, is to deliver Affordable Housing projects to a tenant base who maybe struggling with the challenge of finding a place to call home or struggling to sustain a tenancy in a highly competitive and increasingly unaffordable private rental market. Our role does not stop at the delivery of Affordable Housing, but flows through to ensuring that these structures serve their purpose for many years to come, through the Asset Management activity stream.

The “screaming” headline for the year is undoubtedly Nation Building; the component of the Federal Government’s Nation Building Economic Stimulus Plan that is delivering social housing across the nation in significant volume. This once-in-a-generation level of investment in social housing is the avenue of the most significant direct action opportunity presented to Affordable Housing Associations and housing bureaucracies throughout Australia. Clearly, with housing and rental affordability as one of the issues at the forefront of community concern for some time now, the objectives and timing of the stimulus could not be more appropriate. Federal and State Governments should rightly be applauded for their respective roles in the facilitation of this program. The accolade should also continue for the other funding assistance programs such as National Affordable Housing Agreement and the National Rental Affordability Scheme.

The Property Team currently has more than 500 units under construction in major regional cities and towns across the state and a spread of significant developments across metropolitan locations. The format represents a diversity of house and land packages, multi-unit sites and apartment buildings.

Projects will or have been delivered into the regional communities of Bendigo, Ballarat, Echuca, Geelong, Horsham, Mildura, Shepparton and Warrnambool and the Metropolitan communities of Boronia, Doncaster, Frankston, Essendon and South Morang/ Officer. The bulk of the remaining developments are due for delivery by December 2010 or June 2011.

As welcome as the investment through Nation Building has been to the industry, it has not come without the generation of significant challenges, present and future.

Capacity

The project delivery team consists of two Senior Project Managers recruited for their skills and expertise and introduced to support and develop the capacity of three existing Project Officers. This team is in the middle of a huge, diverse and complex program. The basic systems utilised pre Nation Building have proven to be unsatisfactory in dealing with the significant volume and complexity and introducing new systems with projects in transit has been a predicament of its own. Finally, the level and complexity of information dissemination and reporting certainly commands its share of resources.

Volume

The challenge to internal capacity has been one aspect of dealing with significant volumes in compressed timeframes. However, the construction industry itself has a set level of capacity and we have had to deal with the convergence of the pre stimulus impact of the Global Financial Crisis and its impact on the business sector, a significantly active private housing market that directly competes with the affordable housing market, and further competition for construction industry resources created by the significant Education Revolution and Social Housing stimulus.

Pre-Construction / Construction

Actually getting to site has surprisingly been one of the biggest challenges to confront the delivery program, with resultant pressure on delivery schedules. Universal design standards and 6-star energy ratings while highly commendable objectives of the Nation Building Program (and consistent with LMHS generic construction standards) have created planning issues on planned and permitted sites that were acquired to meet the Nation Building timelines. Despite the best intentions behind attempts to facilitate planning and authority approvals our experience indicates that it has not necessarily advanced the cause. Apart from matters of

complexity and due process, dealing with significant volumes has also proven to be a challenge in this environment. The services of planning consultants, drafting services, civil design consultants, civil contractors and even securing trades at the right time in the right place all presented as challenges at times in the highly competitive environment.

Despite the challenges, it is important to acknowledge a host of extremely dedicated people who are all pulling together to deliver these vital community assets. The project team have performed above and beyond the call of duty and their efforts cannot possibly be adequately acknowledged through words alone. There is a wide range of consultants, contractors and construction partners who have bought into the mission and their “above and beyond” efforts will also be telling in the end, and are above any appreciation that can be adequately conveyed here.

After every construction program, the baton is passed to Asset and Maintenance Management. The significant increase in stock over a short period of time will generate challenges for this operational arm of the group and appropriate resources and systems will need to be introduced in a carefully measured manner to ensure the long term planning for maintenance and management of the stock is in place. We should also acknowledge the maintenance and upgrade program for existing aged stock, also part of the stimulus package that was delivered by the asset team. Again, significant volume and complexity under compressed timeframes.

Finally, it is an appropriate time to look forward to the near future and enjoy our reward that is just around the corner. In the next 12 months there will be significant numbers of Victorian households formed in these structures. Safe, stable, affordable, attractive, contemporary and efficient houses people can call home.



The 2009–2010 year has been characterised by significant change and growth for Loddon Mallee Housing Services, a year marked by the implementation of the federal government's Nation Building Economic Stimulus Plan, which will grow our affordable housing portfolio, currently at around 500 to more than 1000 properties.

Operations Group

Niall Hensey
Chief Operations Officer

The agency has restructured to accommodate its growth, and I was pleased to be appointed to the newly created position of Chief Operations Officer in February 2010.

The Operations Group has been formed in the organisational restructure. This term Group is symbolic but represents genuine commitment to an integrated approach to service delivery; to bring all programs together in tackling the key strategic challenges that face LMHS.

The Operations Group restructure began with the appointment of three General Managers responsible for Affordable Housing, Homeless Services, and Aged Care and Disability Support. An Area Manager has been appointed for LMHS operations in the Mallee and an Operations Manager appointed in Loddon.

In total, 83 staff form the Operations Group, working across 19 programs, and based in nine offices; View Street Bendigo, Lyttleton Terrace Bendigo, Mildura, Robinvale, Swan Hill, Echuca, Kyabram, Geelong and Carrum Downs.

New offices have been established in Geelong and Echuca. New premises are being established in Robinvale, and staff in Mildura and Bendigo look forward to moving into their new premises during 2010-2011. With the development of no less than six multi-unit housing projects in Melbourne, the need for further expansion in the coming year is highly likely.

I commend all staff in the Operations Group for their hard work and commitment, providing important services to the community, while undergoing significant organisational change. Examples of their activities are given below.

Homeless Services

Client Centres in Bendigo, Swan Hill, Mildura, Robinvale and Kyabram are dealing with more than a 1000 clients a month, providing financial support, and referral to housing and support services throughout the Loddon Mallee Region.

LMHS has entered partnerships with other homeless services throughout the region to integrate and co-operate in the delivery of homeless services as part of the Opening Doors initiative. This project went live in August 2010.

With a focus on quality and excellence in service delivery, our Homeless Services have reoriented the provision of support to homeless people through a range of targeted case management services. LMHS has provided direct case management to over 450 clients all experiencing different levels of required support. With the introduction of funding by Government to support intensive case management for three to 12 months, major shifts are occurring for many of our clients in breaking the cycle of homelessness. New programs include the *Intensive Case Management Service (ICMI)* and *Supporting Families at Risk*.

These new programs will allow time for engagement and capacity to address issues such as mental health, addiction, disability supports, complex family issues, inter-generational effects of poverty, and the lack of decent and affordable housing.

Innovation and success have been keywords in the partnership between LMHS and the Department of Justice with the implementation and on-going work with the Corrections Victoria Housing Project. This initiative is targeted at those prisoners with a history of homelessness prior to incarceration, and at high risk of homelessness upon their exit from the prison environment. The success to date of this program has exceeded expectations with 80% of housed offenders establishing ongoing tenancies and successfully re-integrating back in to the community.

The Psychiatric Disability Rehabilitation and Support Services (PDRSS) team received new funding this year to support those dealing with mental health and homelessness, through case management and much needed social activities assisting clients to reconnect with their local communities.

Victorian Bushfire Case Management Services program funding is due to end in February 2011. It has been a massive undertaking supporting many of the 54 families who lost their homes. In total we have worked with over 100 clients from Bendigo and from areas such as Kinglake and Toolangi. We have provided thousands of hours of assistance. LMHS was formally presented with an award for service excellence by the Police and Emergency Services Minister and local Member Bob Cameron on behalf of the State Government.

LMHS is undertaking service development in Robinvale and is currently establishing a new office. Partnering with key indigenous services and community to provide support services to address homelessness has boosted the opportunity for innovation and much needed support to a growing isolated community.

In the Mallee, LMHS is launching into a partnership with the indigenous communities and services, to provide innovative outreach case management support, working with communities in addressing family violence.

After 10 years of committed work the Indigenous Regional Action Group has achieved funding for an innovative approach to support women and children in the provision of a refuge and support service – recently named Meminar Ngang Gimba.

Affordable Housing

While housing development through the Nation Building Economic Stimulus Plan has continued apace, the affordable housing program has been busy preparing for the expansion of housing, working with the Property & Project Development team on handover procedures, advertising for new tenants, working with the Office of Housing on waiting list referrals, and managing the already established portfolio of 453 properties.

The portfolio grew from 263 to 453 over 2009-2010, and continues to grow, spreading across Victoria from Warrnambool to Traralgon, Mildura to Geelong. The purchase of the Tucker Estate in Carrum Downs, with its 100 independent living units, and 29 Glenlyon Road elderly persons units in Brunswick has provided a different kind of challenge to the AHA program, as has the transfer of 74 older houses from the Shire of Campaspe.

The Affordable Housing Tenants Reference Group has again played a valuable role in informing the operations of the Affordable Housing program, by providing input into policy and processes that effect the experience for our tenants. We look forward to continuing this important relationship into 2010-11. The Affordable Housing Tenancy Management team is committed to providing quality, responsive services for our tenants and as our portfolio grows we continue to pursue innovative ways to find out what our tenants want and to receive feedback on our service.

LMHS continues to play a key role in the development of affordable housing in Victoria and looks forward to another year of considerable growth, matched with the need to develop its skills in the co-ordination of housing support, and the place management of urban multi-unit developments.

Transitional Housing Management

The provision of emergency and transitional housing continues to be in huge demand across the Loddon Mallee Region with a lack of exits to long-term housing the greatest challenge.

The LMHS Transitional Housing team manages 192 properties overall, with 124 in Loddon-Campaspe and 68 in the Mallee. The provision of temporary and transitional rental accommodation for homeless

people provides a vital opportunity to establish a tenancy, and provides stability during the process of establishing long-term accommodation. It enables the provision of other homeless support services, and provides transition through to public housing or private rental housing. A key challenge for LMHS is to develop pathways for THM tenants into long-term sustainable affordable housing.

Aged Care and Disability Support Services

LMHS recognises the particular challenges for the elderly and disabled who may face homelessness, and has created the Aged Care and Disability Support Services team within the Operations Group, specifically to target their needs. The overall objective is to grow service capacity, and to develop affordable housing solutions linked to support.

In 2009-2010, the Community Connections Program (CCP) supported 107 clients, and the Housing Support for the Aged Program (HSA) supported a further 29.

The Community Connections program played a significant role in the relocation of 11 long-term residents of the Kyneton caravan park due to closure. CCP and HSA are currently providing direct support to 10 older people in exploring alternative housing solutions due to the imminent closure of another local independent living facility.

This year the CCP and HSA teams organised the "Dare to Dream" event enabling clients past and present to share their personal experiences and journeys in the form of painting, poetry, song writing and storytelling in celebrating 10 years of the Low Cost Accommodation Support Programs

In the Mallee, CCP continues to focus on program promotion and outreach within the small rural communities who lack services, service access and information. The program continues to support new arrivals and secondary settlement of migrants and refugees from Sudan and Afghanistan.

The Community Connections Program has established a Hoarding Working Group, funded as a pilot by the Department of Human Services, working with clients exhibiting hoarding behaviours. As just reward for their innovation and learning, two CCP staff will deliver Making Home a Safer Place, a presentation at the National Squalor Conference.

The Supporting Aged and Vulnerable Victorians Initiative (SAVVI) has continued its support of five Supported Residential Services throughout northern Victoria, for the benefit of 131 clients in 2009-2010. Through brokerage support, and a range of activities this program adds significantly to the quality of life for elderly Victorians living in supported residential accommodation. For example, the team has facilitated a pilot program whereby a dietician visits proprietors of Supported Residential Services to assist with meal planning and addressing dietary needs of clients.

In other activities, the SRS Mental Health Program recently arranged for nine residents from Kyneton Lodge to participate in three-day holiday to Portarlington. Many of these residents have never seen the beach and none of them had ever been on a holiday. They also helped facilitate the All Abilities Basketball Team, with eight clients from Kyneton Lodge. The competition is made of individuals with disabilities and helps promote social inclusion and participation.

While continuing to provide rostered care to two clients with significant and complex needs, the Complex Care Needs Program has been expanded to include the Home based Disability Support program and the Acquired Brain Injury Program. This has enabled the program to grow and develop a suite of specialised and flexible service delivery options, offering a holistic, client centred service that assists people with a disability to develop the skills they need to work towards their goals, increase their independence and participate as valued and active members of the community.





Organisational Support Services provides ongoing support to the organisation to meet strategic directions and day-to-day operations and to support Loddon Mallee Housing Services to deliver on its mission and vision and to provide a quality service to all of its stakeholders.

Organisational Support Services

Trudi McClure
Executive Director

Having now been established for over 12 months, this division is continuing to expand and flourish to ensure LMHS's ongoing delivery of quality services whilst also ably managing the organisation's growth.

The Human Resource team has done an outstanding job leading the recruitment and selection drive. They have worked tirelessly over many months to assist with a major restructure of the organisation which involved the recruitment of 23 additional staff, including several specialist positions. In addition to this, the team was also charged with the task of embedding the new Modern Awards under the Fair Work Act Legislation.

As part of the organisation's restructure and subsequent recruitment drive, three new roles were created in the Division: General Manager Information Technology, People Engagement & Development Officer and a Board Support Project Officer.

We were delighted to learn that one of our current employees, Graeme Henderson had an enormous amount of experience within the IT environment and now heads up a small team to plan, co-ordinate, direct and review all activities in the IT department as well as providing direction and support for IT solutions that enhance mission critical business operations.

The introduction of a People Engagement and Development Officer role has been of strategic importance to the organisation. Elisa McKnight, who was appointed to this role, will work with senior management to understand the organisation's strategic human resource needs, to manage learning and professional development of LMHS employees and to assist managers in developing staff to their full potential in a planned manner that is consistent with the growth objectives and strategic directions.

In the coming 12 months we will work towards the implementation of a workforce management and staff engagement strategy to assist in the retention of staff, lower turnover, and improve ongoing learning and development.

Lynne Browning commenced with LMHS in November as the Board Support Project Officer and works closely with the CEO, Senior Management and the Board to ensure that all Board related activities have specific administration support.

On a sadder note, our Housing Analyst, Barbara Boden lost her long fight with cancer in June, her laughter and tenacity will be sadly missed.

Highlights:

- 09/10 over \$200K was spent on training and development (total of 356 training sessions)
- As of 30th June 2010 – LMHS has a total of 118 staff, last year there were 90
- 26 staff attended UIC training
- As officially announced at the Annual Stakeholders Meeting in November last year, LMHS will be moving to a new home in Forest street in 2011. A Project Control group has been meeting on a monthly basis moving towards the transition
- 46 staff participated in Workplace Health Assessments
- 2 Senior Managers are undertaking a Masters Degree

In late 2009, LMHS updated its four practice anchors through our internal publication titled "Pathway to Quality" The four practice anchors are, The Californian Psychological Inventory, the Myers Briggs Type Indicator, Choice Theory, and Uimprove 'The Concepts Guide to Improvement'. The Uimprove model was seen as advantageous because of its proven record internationally as a framework that promotes organisational improvement.

These elements have been adopted primarily because they provide a means of having clearly articulated platforms that provide a shared language and shared processes that ensure rapid communication and effective action. These four practice anchors provide a clear pathway for staff development, leadership development, continuous quality improvement in the organisation and maintaining the integrity of the organisational culture.

Another major focus in 2009-10 was to develop and implement an OHS Contractors Management System to ensure that we continue to take reasonable care in the employment of independent contractors and that they are competently controlling health and safety risks in their own systems of work.

In March 2010, we ran a Workplace Health Promotion program with 46 staff undertaking voluntary Health Assessments. The aim of health assessments in the workplace was to encourage individual employees to take action to improve their general health and wellbeing. This type of program ultimately results in enhancing quality of life, workplace performance and a decrease in absenteeism and can result in greater productivity. Due to the success and staff participation we hope to run more programs in the next year.

With many major projects successfully completed in 2009-10, our Division's attention will turn to the Marketing and Communications rebranding project in early 2010-11.

The Identity Project, as it is now called, will realign the "personality" of our expanded organisation to better reflect stakeholder expectations of our current and future service delivery models and product offerings beyond the relatively unknown geographic region of Loddon Mallee.

One of the challenges for this organisation moving forward has been to develop and adopt a new brand identity and brand positioning that is "not just housing, not just shelter".

Our new brand identity will acknowledge that we are more than shelter; we are about home and we are also about support. We are about the old the young, the disadvantaged and the needy.

And whilst the company will be known via this new name, we will remain Loddon Mallee Housing Services trading as the new brand from February 2011.

In closing, I would like to thank the CEO, Executive Management Team and staff, in particular the members of Organisation Support who constantly amaze me by going that extra mile in a year of continued growth and expansion.



The key theme for me reflecting upon the year just ended is one of *transformation*.

Finance

Paul Somerville
Chief Financial Officer

LMHS is transforming from a small to medium size organisation with more than 100 staff and transforming from a homelessness service provider to an organisation providing a diverse range of integrated homelessness services and affordable housing options.

Our financial statements are also transforming. Our balance sheet has net assets of \$144 million at June 30 2010. This is expected to grow to over \$200 million by June 30 next year. Borrowings are expected to grow from \$5 million to \$50 million over the same period. Our income statement for the coming year 2010-11 will show a 50% increase in rental income on the year just past, and for the first time, be equivalent to the homelessness services operating grants. And, in 2011-12, rent revenue is expected to be at least 50% higher than these operating grants.

We are also transforming the public face of LMHS in Bendigo through the construction of a new office building. This office will be welcoming for clients and offer staff a modern environment in which to work. The LMHS investment in these facilities will exceed \$5 million and the Finance team has played a key role in developing and managing this project.

The key objective of the Finance Department is to manage financial risk such that LMHS can continue to deliver housing and homelessness services to our customers in accordance with our Mission Statement, that is, in a financially sustainable and viable manner.

The key strategies and activities we have implemented this year are as follows:

Strategies	Activities
Build and develop the Finance team	Finance Manager appointed, training and development plans implemented, replacement staff recruited in Payroll and Accounts payable.
Improve systems, processes and reporting	New project reporting and new cash flow forecasting introduced, new accounting system selected and implemented.
Establish a finance facility for completion of affordable housing projects	Completed debt sizing and market sounding exercises with all major lenders. Developed an Information Memorandum for finance and conducted a contestable process for selection of a financing partner (to be finalised December quarter 2010).
Create a better office environment	Negotiated and documented an acquisition strategy to acquire a new office and contributed to the team project managing this development.

The net result for this year is a surplus of 53,654,309 which is 98% higher than last year and reflective of the continued growth in affordable housing development and associated capital grants. When this result is adjusted for these capital grants along with the impact of the application of Accounting Standard AASB 118 – Revenue, our underlying net operating result is a loss of \$270,108. This loss is primarily attributable to a significant reduction in project management fees related to delivery of affordable housing projects. This was a result of the Office of Housing's decision to reduce the number of LMHS projects and the quantum of such fees. There has also been a deferral of some fees into 2010-11 in line with revised construction timelines. The net operating result before depreciation expenses (including that on affordable housing properties) is a surplus of \$937,639.

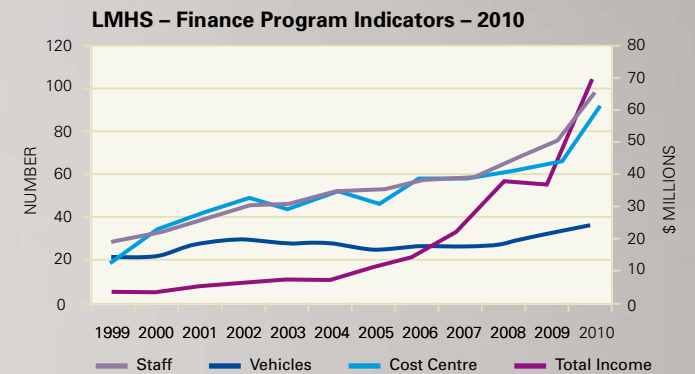
One significant indicator of the value of the benefit that LMHS provides into the communities that we operate, is the discount off market rent that we provide to tenants who rent LMHS properties (both short-term transitional and long-term affordable housing properties).

During the 2009-10 financial year, the value of this subsidy was \$1,020,753.

LMHS Finance team have continued to work shoulder to shoulder with the rest of LMHS staff on new opportunities to provide an improved and more comprehensive range of homelessness and housing services to the communities in which we operate.

This has included financial feasibility modelling for new affordable housing projects, developing budgets and service delivery models for new homelessness programs (Families at Risk, Indigenous Case Management and Bushfire Case Management Programs), and finalising the transfer of over 30 units of housing from the Shire of Campaspe to LMHS.

The coming year will be even more challenging as LMHS delivers upon the multiple affordable housing projects under way and continues to transform.



In particular, Finance is undertaking major projects in finalising new debt facilities, completing the deployment of new accounting systems, implementing a Risk Management Framework, applying business continuity plans, rent policy review and enhancing purchasing controls.

I would like to thank the Finance team for their ideas and hard work in supporting the broader mission of LMHS. In particular, thank you to Astrid Boyd, Amelia Bourke, Cliff Breed, Andrew Chittenden, Shirley Conforti, Sarah Farrell, Michael French, Tim Murphy, Monica O'Shannessy, Julie Salt and Kate Scarce.

Director's Report

The directors submit the financial accounts of the company for the year ended 30 June 2010.

DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

Antoinette Danaher	Tony Bridge
John Murphy	Joy Geary (resigned 27/9/10)
Graeme Allan	Larry Roadcap
David Boromeo (resigned 2/7/10)	Melanie Rogers (resigned 30/10/09)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES & OBJECTIVES

The principal activities of the company in the course of the year were to provide assistance to those who are homeless or at risk of becoming homeless; providing direct relief to those in poverty. This support was provided in the form of: –

- (i) Short-term housing through our Transitional Housing Program,
- (ii) Direct client support through a range of support programs including Supported Accommodation Assistance, Home Based Psychiatric Programs, Community Connections, Housing Support for the Aged, Complex Care Needs Programs, Bushfire Case Management, Intensive Case Management, Saverplus & Supported Residential Services Programs.
- (iii) Direct financial assistance through our Housing Establishment Fund, Emergency Relief grants and Flexible Care Funds,
- (iv) Provision of affordable housing to low and moderate-income families in Victoria.

No significant change in the nature of these activities occurred during the year.

REVIEW OF OPERATIONS

A review of the operations of the company during the financial year and the results of those operations is as follows:

The operating profit for the company for the year ended 30 June 2010 was \$53,654,309. This result has been determined after application of Accounting Standard AASB 118 – Revenue.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the year.

AFTER BALANCE DATE EVENTS

There have been no significant after balance date events requiring disclosure.

LIKELY DEVELOPMENTS

The company expects to increase the present status and level of operations through the expansion of our affordable housing association during 2010/11. During this year LMHS expect further projects to be developed and approved.

ENVIRONMENTAL ISSUES

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

MEMBER'S GUARANTEE

The company is limited by guarantee. If the company is wound up, the Memorandum and Articles of Association states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. As at 30/6/10 there were seven full members to which the above provision applies. The total amount the members of the company are required to contribute is \$70.00.

DIRECTOR'S PARTICULARS

(a) Qualifications, experience, and other information.

ANTOINETTE DANAHER	Chairperson
Qualifications	Nil formal, Completed AICD Directors Course 2010
Experience	Director since 2002, Chair since 2007 Managing Director Uncommon Solutions Pty. Ltd. 22 years experience in Marketing, PR, Strategic Planning & Facilitation Co Chair Bendigo NAIDOC Committee 2004 President, International Women's Group of Saudi Arabia 1985, 1986
JOHN MURPHY	Ordinary Director
Qualifications	BA, Completed AICD Course 2010
Experience	Director since 2001, Army Officer, 35 years experience in personnel project and resource management, workforce planning, organisational design and senior leadership within the public sector.
GRAEME ALLAN	Ordinary Director
Qualifications	B.App.Sci.O.T.; Dip. Mgt; Cert. Health Admin.; GAICD
Experience	Director since 1985, Manager Community Dental Program, Bendigo Health Care Group. 30 years experience working in health and related fields, development and governance of services.
DAVID BOROMEO	Ordinary Director, Treasurer
Qualifications	Grad Dip. BA
Experience	Director since 2005 and Treasurer since 2000. Senior Manager Bendigo and Adelaide Bank with over 20 years experience in strategic leadership, banking & finance.
TONY BRIDGE	Ordinary Director
Qualifications	B. Bus. (Econ), MBA (Monash), FAICD
Experience	Director since 2007, Founding Partner – BurnsBridge Sweett Pty Ltd, strategic advisory and project management business in 1986; 25 years involvement in strategic advisory in various sectors, but with specific interest in affordable housing, retirement/aged care, health, church/not for profits, and others.
JOY GEARY	Ordinary Director
Qualifications	LL.B B.Comm (Melb)(1980)
Experience	Director since 2008, resides in Bendigo, lawyer for 27 years, worked in private practice and in-house for major corporations, consultant in financial services for 12 years and specialises in anti money laundering advice for financial institutions. Acted as director and chair of small theatre companies, the Women's Circus and a not for profit computer training business.
LARRY ROADCAP	Ordinary Director
Qualifications	B.A. Economics (Georgetown University), M.B.A. (Columbia Business School), M.B.A (University of California, Berkeley)
Experience	Governance, risk management and technology executive with 15 years experience in the financial services industry.
MELANIE ROGERS	Ordinary Director, Deputy Chairperson
Qualifications	B.Sc. Dip.Bus. Grad Cert. H.I.
Experience	Director since 2001, Human Resources Manager – Mount Alexander Shire Council, 25 years experience in public administration.

**Director membership of Board
Sub-committees**

	Antoinette Danaher	Graeme Allan	John Murphy	David Boromeo	Tony Bridge	Joy Geary	Larry Roadcap	Melanie Rogers
Tenant Reference Group	X	X						
CEO Employment & Remuneration Committee	X		X		X			X
Finance Reference Group	X			X			X	

Director's meetings

During the financial year meetings of directors were held. Attendances were:

Director Meetings

Directors' Name	Number attended	Number eligible to attend
Antoinette Danaher	20	20
Graeme Allan	18	20
John Murphy	17	20
David Boromeo (iii)	16	20
Tony Bridge	14	20
Joy Geary (ii)	18	20
Larry Roadcap	17	20
Melanie Rogers (i)	5	7

(i) Resigned 30th October 2009

(ii) Resigned 27th September 2010

(iii) Resigned 2nd July 2010

CORPORATE GOVERNANCE

All directors are non-executive and provide their services to Loddon Mallee Housing Services Ltd. on a voluntary basis.

The Board facilitates the identification of significant areas of business risk, implements procedures to manage such risks and develops policies regarding the establishment and maintenance of appropriate ethical standards. The Board develops the overall strategic direction of the company and monitors the achievement of this, and the management of the company, using a policy governance framework. Their specific role is to ensure compliance in legal, statutory, and ethical matters; monitor the business environment; identify business risk areas; identify business opportunities and monitor systems established to ensure prompt and appropriate responses to customer complaints and enquiries.

AUDIT INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under the Corporations Act 2001 is set out on pages 24 and 25.

BENEFITS UNDER CONTRACTS WITH DIRECTORS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. During the year, project governance and other consultancy services totalling \$206,416 were provided by BurnsBridge Sweett Pty Ltd. Mr Tony Bridge, a director, has a significant influence over BurnsBridge Sweett Pty Ltd.

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

Antoinette Danaher – Chairperson
Dated this 21 October 2010

LODDON MALLEE HOUSING SERVICES LTD.

A.B.N. 28 081 883 623

DIRECTORS' DECLARATION

The directors of the company declare that:

- The financial statements and notes, as set out on pages 26 to 39 are in accordance with the Corporations Act 2001 and:
 - comply with Accounting Standards being the Australian equivalent to International Financial Reporting Standards (A-IFRS) and the Corporations Regulations 2001; and
 - give a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Antoinette Danaher – Chairperson
Dated this 21 October 2010

Independent Auditor's Report

**TO THE MEMBERS OF
LODDON MALLEE HOUSING SERVICES LTD**



Report on the Financial Report

We have audited the accompanying financial report of Loddon Mallee Housing Services Ltd, which comprises the Balance Sheet as at 30 June 2010 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes complies with IFRS.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Loddon Mallee Housing Services Ltd on 13 October 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Audit Opinion

In our opinion, the financial report of Loddon Mallee Housing Services Ltd, is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- c. the financial report also complies with International Financial Reporting Standards (IFRS) as disclosed in Note 1.

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Loddon Mallee Housing Services Ltd

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

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit of Loddon Mallee Housing Services Ltd.

MGR ACCOUNTANTS PTY LTD

Peter Mulqueen
1 Somerville Street Bendigo VIC 3550
13 October 2010

MGR ACCOUNTANTS PTY LTD

Peter Mulqueen
1 Somerville Street Bendigo VIC 3550
13 October 2010

LODDON MALLEE HOUSING SERVICES LTD.
A.B.N. 28 081 883 623

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
<i>Revenues from operating activities</i>			
Operating grants	1(f)	6,554,243	6,086,512
Capital grants	3	54,093,373	27,190,812
Rent		4,096,834	3,100,538
Other income		591,805	599,235
TOTAL REVENUES FROM OPERATING ACTIVITIES		65,336,255	36,977,097
<i>Expenses from operating activities</i>			
Employee salaries, benefits & on-costs		4,550,377	4,069,788
Travel & training		266,498	262,839
Office costs		123,287	103,048
Vehicle costs		168,162	149,919
Communication costs		55,002	54,580
Administration		723,541	704,227
Insurance		86,281	78,558
Client costs		1,499,744	1,272,042
Property costs		1,824,011	1,183,534
Rent to owners		718,489	653,280
Depreciation		1,207,747	946,401
Interest		458,807	382,735
TOTAL EXPENSES FROM OPERATING ACTIVITIES		11,681,946	9,860,951
NET RESULT FOR THE YEAR	2	53,654,309	27,116,146
<i>Other comprehensive income</i>			
Net gain on the revaluation of land and buildings		5,763,563	-
Other comprehensive income for the year		5,763,563	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		59,417,872	27,116,146

The above income statement should be read in conjunction with the accompanying notes.

LODDON MALLEE HOUSING SERVICES LTD.
A.B.N. 28 081 883 623

BALANCE SHEET
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
<i>Current assets</i>			
Cash and cash equivalents	5	7,029,792	6,271,508
Receivables	6	4,904,322	2,538,890
Inventories	7	-	2,339
Tax liabilities	10	505,557	-
TOTAL CURRENT ASSETS		12,439,671	8,812,737
<i>Non-current assets</i>			
Property, plant and equipment	8	142,843,746	83,044,334
TOTAL NON-CURRENT ASSETS		142,843,746	83,044,334
TOTAL ASSETS		155,283,417	91,857,071
<i>Current liabilities</i>			
Accounts payable	9	4,745,101	866,516
Tax liabilities	10	-	322,821
Employee benefits	11	516,570	348,732
Interest Bearing Liabilities	13	30,466	30,466
Other	12	785,019	559,841
TOTAL CURRENT LIABILITIES		6,077,156	2,128,376
<i>Non-current liabilities</i>			
Employee benefits	11	311,040	251,346
Interest Bearing Liabilities	13	5,000,000	5,000,000
TOTAL NON-CURRENT LIABILITIES		5,311,040	5,251,346
TOTAL LIABILITIES		11,388,196	7,379,722
NET ASSETS		143,895,221	84,477,349
<i>Equity</i>			
Accumulated surplus		138,010,427	84,356,118
Asset revaluation reserve	24	5,884,794	121,231
TOTAL EQUITY		143,895,221	84,477,349

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Accumulated Surplus \$	Asset Revaluation Reserve \$	Total \$
Total Equity at 1st July 2008	57,239,972	121,231	57,361,203
Total comprehensive income for the year	27,116,146	—	27,116,146
Total Equity at 30th June 2009	<u>84,356,118</u>	<u>121,231</u>	<u>84,477,349</u>
Total comprehensive income for the year	53,654,309	5,763,563	59,417,872
TOTAL EQUITY AT 30TH JUNE 2010	<u>138,010,427</u>	<u>5,884,794</u>	<u>143,895,221</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		68,595,595	37,447,345
Payments to suppliers and employees		(10,741,738)	(10,570,174)
Payments to Australian Tax Office – GST		(1,698,904)	(785,513)
Interest received		309,148	379,841
Interest paid		(458,807)	(382,735)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	14	<u>56,005,294</u>	<u>26,088,764</u>
<i>Cash flows from investing activities</i>			
Proceeds from sale of property, plant and equipment		30,727	77,653
Purchase of property, plant and equipment		(55,277,737)	(29,991,013)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		<u>(55,247,010)</u>	<u>(29,913,360)</u>
<i>Cash flows from financing activities</i>			
Proceeds from borrowings		—	1,000,000
Net cash provided by (used in) financing activities		<u>—</u>	<u>1,000,000</u>
Net increase in cash held		758,284	(2,824,596)
Cash and cash equivalents at beginning of financial year		6,271,508	9,096,104
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5	<u>7,029,792</u>	<u>6,271,508</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Report is a general purpose financial prepared in accordance with Australian Accounting Standards, the Corporations Act 2001, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and AASB Interpretations. The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated.

The following is a summary of the material accounting policies adopted by Loddon Mallee Housing Services Ltd. (LMHS) in the preparation of the financial statements.

New, revised or amending Standards and Interpretations.

The company has adopted all of the new, revised or amending standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant and effective for the current reporting period. Any significant impact on the accounting policies of the company from the adoption of these accounting standards and interpretations are disclosed in the relevant accounting policy. The adoption of these Standards and Interpretations did not have any impact on the financial performance or position of the company.

Accounting Standards and Interpretations most relevant to the company :

AASB 101 Presentation of Financial Statements (AASB101)

The company has applied the revised AASB101 from 1 July 2009 and now presents a Statement of Comprehensive Income, which incorporates the Income Statement and all non-owner changes in equity. As a result, the company now presents all owner changes in the statement of changes in equity. There is a requirement to present a third statement of financial position if there is a restatement of comparatives through either a correction of error, change in accounting policy or a reclassification. The cash flow statement is now referred to as the statement of cash flows.

AASB 7 Financial Instruments Disclosure (AASB7)

This amended standard is applicable from 1 July 2009 and requires additional disclosure about fair value measurement of financial instruments, using a three level fair value hierarchy. The amendments also clarify the disclosure requirements about liquidity risks for derivative transactions and assets used for liquidity management.

(a) Basis of preparation

The financial statements have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards (A-IFRS).

(b) Property, plant and equipment

Plant and equipment are brought to account at cost or fair value less any accumulated depreciation. The carrying amount of plant and equipment is not reviewed annually by directors to ensure it doesn't exceed the recoverable amount from these assets as the recoverable amount test is not relevant for not for profit entities.

Land and Buildings are valued at Directors' Valuation. This is the first year that this method has been used. Refer to Note 8. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

The depreciable amount of all property, plant and equipment is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Motor Vehicles	20%
Furniture	10%
Computer Equipment	33%
Other Office Equipment	20%
Buildings – Affordable Housing Association properties	2%
Leasehold Improvements	10%
Land and Buildings at Valuation	3%

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. The provision also includes an amount equal to the expected workcover insurance premium and superannuation payments payable when the obligation is settled. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Annual Leave

Liabilities for Annual Leave expected to be settled within 12 months of the reporting date are recognised in employee benefit liabilities in respect of employee's service up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, at their nominal value. Regardless of the expected timing of settlement provisions made for annual leave are classified as a current liability.

Long Service Leave

The liability for Long Service Leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Provisions made for unconditional long service leave are classified as a current liability, where the employee has a present entitlement to the benefit.

The non-current liability represents long service leave entitlements accrued for employees with less than 7 years of continuous service.

(d) Cash and cash equivalents

For the purpose of the Statement Of Cash Flows, cash includes cash on hand and at call deposits with banks, but excludes cash investments with more than 90 days to maturity.

(e) Comparative figures

Comparative figures for the previous year have been included as required.

(f) Income recognition

Grant income is recognised on an accrual basis in accordance with Accounting Standard AASB 118 - Revenue. LMHS recognised all unspent property grants as committed income.

Rental income derived from properties managed by but not owned by LMHS has been recognised on a cash basis. Rental income derived from properties managed and owned by LMHS has been recognised on an accrual basis.

(g) Inventories

Stock on hand at 30th June 2010 relates to supplies of unused stationery which have been valued at prices estimated from our most recent purchases.

(h) Interest Bearing Liabilities

Interest bearing liabilities are recognised at the face value payable at the expiration of the agreed term. Interest expense is recognised when payable.

(i) 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 (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification And Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. 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:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

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 in profit or loss.

- i. Financial assets at fair value through profit or loss
Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.
- ii. 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.
- iii. Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.
- iv. Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.
- v. Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 where the related obligations are either discharged, cancelled or expired. The difference between the carrying value 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.

NOTE 2: COMPREHENSIVE INCOME

	2010 \$	2009 \$
(a) Comprehensive Income has been determined after:		
i. Charging as expenses:		
<i>Movements in provisions</i>		
Depreciation of property, plant & equipment	1,187,166	927,465
Amortisation of property, plant & equipment	20,582	18,936
Annual leave expense	150,367	97,614
Long service leave expense	77,165	117,796
ii. Crediting as income:		
Interest revenue from other persons	320,068	395,479
Net gain / (loss) on disposal of property, plant and equipment	(3,414)	(6,801)
(b) Operating revenue:		
Grants revenue	60,647,616	33,277,324
Interest received	309,148	379,841
Proceeds on disposal of property, plant and equipment	30,727	77,653

NOTE 3: CAPITAL GRANTS

During the year specific purpose capital grants were received and either expended on non-current assets or unspent at year end. In accordance with Accounting Standard AASB 118 - Revenue, these grants have been treated as operating income and the assets, where purchased, have been capitalised and depreciated. The amount for this year is as follows:-

Grants to acquire affordable housing properties	49,009,280
Other capital grants received during the year	5,084,093
	<u><u>54,093,373</u></u>

NOTE 4: REMUNERATION AND RETIREMENT BENEFITS

No director received any remuneration or retirement benefit from LMHS or any related parties. Directors provide their expertise on a voluntary basis.

NOTE 5: CASH AND CASH EQUIVALENTS

	2010 \$	2009 \$
Cash at bank	6,579,381	5,980,716
Money held in trust	95,299	37
Term deposit	355,112	290,755
	<u>7,029,792</u>	<u>6,271,508</u>

Money held in trust represents funds held on behalf of the Bendigo Bank Community Foundation that are being applied to a Tsunami reconstruction project in Sri Lanka.

NOTE 6: RECEIVABLES

	2010 \$	2009 \$
Accrued income	4,771,801	2,444,771
Other	138,393	94,119
Less Provision for Impairment of Receivables	(5,872)	-
	<u>4,904,322</u>	<u>2,538,890</u>
Impairment of Receivables		
The ageing of the impaired receivables recognised above are as follows:		
1 to 3 months	3,892	-
3 to 6 months	1,980	-
over 6 months overdue	-	-
	<u>5,872</u>	<u>-</u>
Movements in the provision for impairment of receivables are as follows :		
Opening Balance	-	-
Additional provisions recognised	5,872	-
Receivables written off during the year as uncollectable	5,872	-
	<u>-</u>	<u>-</u>
Past due but not impaired		
Customers with balances past due but without provision for impairment of receivables amount to \$16,143 at 30 June 2010 (\$19,135 at 30 June 2009). Management did not consider a credit risk on the aggregate balances after reviewing agency credit information and credit terms of customers based on recent collection practices. The ageing of the past due but not impaired receivables are as follows :		
1 to 3 months	2,814	-
3 to 6 months	1,980	-
over 6 months overdue	-	-
	<u>4,794</u>	<u>-</u>
Stationery on hand at cost	<u>-</u>	<u>2,339</u>

NOTE 7: INVENTORIES

Stationery on hand at cost	<u>-</u>	<u>2,339</u>
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NOTE 8: PROPERTY PLANT AND EQUIPMENT

	Note	2010 \$	2009 \$
<i>Land and Buildings</i>			
Land and Buildings at Independent Valuation			
At independent valuation 30/6/04	8(a)	-	194,591
Less accumulated depreciation		-	27,301
	8(b)	-	167,290
Land and Buildings at Directors' Valuation			
Land at cost		-	37,322,708
Land at Directors' Valuation	8(a)	52,732,401	-
Buildings at cost		-	42,958,958
Buildings at Directors' Valuation	8(a)	59,049,997	-
Less accumulated depreciation		-	1,265,360
		59,049,997	41,693,598
Work in progress at cost		30,043,731	3,014,429
	8(b), 8(c)	141,826,129	82,030,735
Leasehold Improvements			
Leasehold improvements at cost		218,986	193,074
Less accumulated depreciation		92,536	71,955
	8(b)	126,450	121,119
Total Land and Buildings		141,952,579	82,319,144
<i>Plant and Equipment</i>			
At cost		1,535,355	1,157,046
Less accumulated depreciation		644,188	431,856
	8(b)	891,167	725,190
Total Property, Plant and Equipment		142,843,746	83,044,334

(a) Land and buildings (except leasehold improvements) have been valued at Directors' Valuation.

The Directors have based their valuations predominantly on Council Rates Notices where Council has used an independent valuation as at January 2010. Land and Buildings were revalued in the financial statements as at 30/6/2010. Some Properties received independent valuations where Rates Notices or Rates Values have not been available.

94% of properties have been valued at Directors' Valuation and 6% of properties have been valued using independent valuations. This is the first year that Directors' valuation method has been used for land and buildings and has resulted in an increase in land value of \$1,034,297 and an increase in building value of \$4,729,266, a total increase of \$5,763,563. This total increment has been credited to the revaluation surplus reserve and included in the equity section of the Balance Sheet.

(b) Reconciliation of the carrying amounts of each class of assets

	Land & buildings at independent valuation	Leasehold improvements	Plant & equipment at cost	Land at directors' valuation	Buildings at directors' valuation	WIP	Total
Carrying value 1st July 2009	167,290	121,119	725,190	37,322,708	41,693,598	3,014,429	83,044,334
Plus additions	-	25,913	452,379	14,375,396	13,394,645	55,891,668	84,140,001
Less disposals	-	-	(34,141)	-	-	(28,862,366)	(28,896,507)
Less depreciation/amortisation	(5,838)	(20,582)	(252,364)	-	(928,964)	-	(1,207,748)
Asset revaluation	(161,452)	-	-	1,034,297	4,890,718	-	5,763,563
CARRYING VALUE 30 JUNE 2010	-	126,450	891,064	52,732,401	59,049,997	30,043,731	142,843,643

(c) The Director of Housing has registered his interest on the title of the company's affordable housing association properties. A registration of the Director's interest under the provisions of the Housing Act 1983 has the effect of preventing dealings in the title without the consent of the Director of Housing.

It is intended that the company will still be able to borrow against the asset and secure borrowing by mortgage.

NOTE 9. ACCOUNTS PAYABLE

	Note	2010 \$	2009 \$
<i>Unsecured Liabilities</i>			
Creditors		767,524	598,694
Accrued expenses		3,977,577	267,822
		4,745,101	866,516

Refer to Note 20 for detailed information on financial instruments.

NOTE 10. TAX LIABILITIES

Goods & Services Tax payable		(505,557)	322,821
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NOTE 11. EMPLOYEE BENEFITS

<i>Current</i>			
Provision for annual leave		447,911	297,544
Provision for long service leave		68,659	51,188
		516,570	348,732
<i>Non-current</i>			
Provision for long service leave		311,040	251,346

NOTE 12. OTHER CURRENT LIABILITIES

Rents owing to owners		58,070	53,573
Money held in trust	5	95,299	-
Committed income		631,650	506,268
		785,019	559,841

NOTE 13. INTEREST BEARING LIABILITIES

Current		30,466	30,466
Non Current		5,000,000	5,000,000
		5,030,466	5,030,466
Loans to be paid as follows :			
Within One year		30,466	30,466
One to five years		5,000,000	5,000,000
Over five years		-	-
		5,030,466	5,030,466

NOTE 14: CASH FLOW INFORMATION

Reconciliation of net cash provided by (used in) operating activities with net result for the year		
Net result for the year	53,654,309	27,116,146
<i>Non-cash flows net result for the year</i>		
Amortisation	20,582	18,936
Depreciation	1,187,166	927,465
(Profit) / Loss on sale of property plant & equipment	3,414	6,801
Charges to provisions	227,532	215,410
<i>Changes in assets & liabilities</i>		
Decrease (Increase) in receivables	(2,365,432)	(2,179,783)
Increase in accounts payable	3,878,585	280,342
Decrease in inventories	2,339	23
Increase (Decrease) in tax liabilities	(828,378)	(275,598)
Increase (Decrease) in other liabilities	225,178	(20,978)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	56,005,294	26,088,764

NOTE 15. MEMBERS GUARANTEE

The company is limited by guarantee. If the company is wound up, the Memorandum and Articles of Association states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company.

As at 30/6/10 there were seven full members to which the above provision applies. The total amount the members of the company are required to contribute is \$70.00.

NOTE 16. STATEMENT OF OPERATIONS BY SEGMENTS

LMHS operates in the industry segment that is Non - Profit Community Housing and Support Services and the geographical segment that is the Loddon Mallee Region, other Regional Victoria and Outer Metropolitan Melbourne. LMHS provides housing and support services to those who are homeless or at risk of becoming homeless.

NOTE 17: RELATED PARTY DISCLOSURES

(a) Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year, project governance & other consultancy services totalling \$206,416 were provided by Burns Bridge Sweett Pty Ltd.

Mr Tony Bridge, a director, has a significant influence over Burns Bridge Sweett Pty Ltd.

(b) The names of those who held a position as director of the company at any time during the year are as follows:-

Antoinette Danaher	Tony Bridge
Melanie Rogers (Resigned 30/10/2009)	David Boromeo (Resigned 2/7/2010)
Graeme Allan	Joy Geary (Resigned 27/9/2010)
John Murphy	Larry Roadcap

NOTE 18: AUDITOR'S REMUNERATION

	2010 \$	2009 \$
Remuneration of the auditor of LMHS		
(i) for audit of the accounts	14,500	9,500
(ii) for other services provided	-	-
	<u>14,500</u>	<u>9,500</u>

NOTE 19: COMMITMENTS

At the reporting date, LMHS had a commitment of \$42,380,154 being the balance of amounts payable on building and land contracts that were signed as at this date.

The building contracts relate to the construction of affordable housing properties.

This amount is expected to be paid during 2010/2011 as each property reaches agreed upon stages of completion.

NOTE 20: FINANCIAL RISK MANAGEMENT

(a) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:-

Effective weighted average interest rates on classes of financial assets and liabilities :

Financial Assets:	Weighted Average Effective Interest Rate		Floating Interest Rate		Within Year		Fixed Interest Rate Maturing		Non-interest Bearing		Total	
	2010 %	2009 %	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Cash and cash equivalents	2.29	2.97	6,674,680	5,980,753	355,112	290,755	-	-	-	-	7,029,792	6,271,508
Receivables	-	-	-	-	-	-	-	-	4,904,322	2,538,890	4,904,322	2,538,890
TOTAL FINANCIAL ASSETS			6,674,680	5,980,753	355,112	290,755	-	-	4,904,322	2,538,890	11,934,114	8,810,398

Financial Liabilities:												
Accounts payable	-	-	-	-	-	-	-	-	4,745,101	866,516	4,745,101	866,516
Interest bearing liabilities	8.44	8.44	1,000,000	1,000,000	30,466	30,466	4,000,000	4,000,000	-	-	5,030,466	5,030,466
TOTAL FINANCIAL LIABILITIES			1,000,000	1,000,000	30,466	30,466	4,000,000	4,000,000	4,745,101	586,174	9,775,567	5,896,982

Trade and other payables are expected to be paid as follows:

	2010 \$	2009 \$
Less than 6 months	4,745,101	866,516
6 months to 1 year	-	-
1 to 5 years	-	-

Sensitivity Analysis

LMHS has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

Financial Assets:	Carrying Amount	-1%	-1%	+1%	+1%
	2010	Profit \$	Equity \$	Profit \$	Equity \$
Cash and cash equivalents	7,029,792	(70,298)	(70,298)	70,298	70,298
Receivables	4,904,322	(49,043)	(49,043)	49,043	49,043
TOTAL FINANCIAL ASSETS	11,934,114	(119,341)	(119,341)	119,341	119,341

Financial Liabilities:					
Accounts payable	4,745,101	47,451	47,451	(47,451)	(47,451)
Interest bearing liabilities – Floating Rate	1,000,000	10,000	10,000	(10,000)	(10,000)
Interest bearing liabilities – Fixed Rate	4,030,466	-	-	-	-
TOTAL FINANCIAL LIABILITIES	9,775,567	57,451	57,451	(57,451)	(57,451)

** Note: Interest rate fluctuations are calculated for the floating rate facility only as all other interest bearing liabilities are locked in at a fixed interest rate for the life of the agreed term.

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2010 80% of LMHS debt is fixed. In the long term, it is the policy of LMHS to maintain a balance between fixed interest rates and debt on variable interest rates.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT.)**(b) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of receivables, as disclosed in the Balance Sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(c) Net Fair Values

Methods and assumptions used in determining net fair value.

For assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet and in the notes to and forming part of the accounts.

Financial Assets:	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	2010 \$	2010 \$	2009 \$	2009 \$
Cash and cash equivalents	7,029,792	7,029,792	6,271,508	6,271,508
Receivables	4,904,322	4,904,322	2,538,890	2,538,890
TOTAL FINANCIAL ASSETS	11,934,114	11,934,114	8,810,398	8,810,398

Financial Liabilities:	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	2010 \$	2010 \$	2009 \$	2009 \$
Accounts payable	4,745,101	4,745,101	866,516	866,516
Interest bearing liabilities	5,030,466	5,030,466	5,030,466	5,030,466
TOTAL FINANCIAL LIABILITIES	9,775,567	9,775,567	5,896,982	5,896,982

(d) Financial Instruments Measured At Fair Value

The financial instruments measured at fair value in the balance sheet have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Unless otherwise stated the carrying amounts of financial instruments reflect their fair value.

2010 Financial Assets	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Available for sale financial assets	–	–	–	–
Held for trading financial assets	–	–	–	–
Held to maturity financial assets	–	–	–	–
	–	–	–	–

2009 Financial Assets	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Available for sale financial assets	–	–	–	–
Held for trading financial assets	–	–	–	–
Held to maturity financial assets	–	–	–	–
	–	–	–	–

(e) Financial Risk Management

LMHS' financial instruments consist mainly of deposits with banks, receivables and investments.

The main purpose of non-derivative financial instruments is to finance LMHS' operations.

LMHS does not have any derivative instruments at 30 June 2010.

i. Treasury Risk Management

A Finance Reference Group consisting of senior executives and directors of the organisation meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The group's overall risk management strategy seeks to assist LMHS in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance reference group operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis.

ii. Financial Risk Exposures and Management

The main risks LMHS is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk Refer to Note 20(a).

Liquidity Risk

The organisation manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit Risk

Refer to Note 20(b).

Foreign Currency Risk

As at 30 June LMHS has deposits denominated in \$US for the purposes of a Tsunami Reconstruction Project in Sri Lanka.

LMHS is not exposed to fluctuations in foreign currencies as our commitments to this project are also denominated in \$US.

Price Risk

LMHS is not exposed to any material commodity price risk.

NOTE 21: DOMICILE AND LEGAL FORM

LMHS is a company limited by guarantee that is incorporated in Australia. Our registered office is located at 1/1-3 Somerville Street Bendigo and our principal place of business (Head Office) is located at 24-30 View Street Bendigo.

NOTE 22: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent assets or liabilities. (2009 : NIL)

NOTE 23: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the company, the results of these operations, or the state of affairs of the company in future financial years.

NOTE 24: REVALUATION SURPLUS RESERVE

	Land \$	Buildings \$	Total \$
Opening Balance @ 1/7/2009	36,369	84,862	121,231
Revaluation	1,034,297	4,729,266	5,763,563
Closing Balance @ 30/6/2010	1,070,666	4,814,128	5,884,794

Thank you

Staff

Steve Aitkenhead
Kim Allen
Kerry Ashley
Sandra Attwell
Sarah Attwell
Karen Bailes
Steven Baker
Fred Beach
Jodie Beevers
Paul Bett
Barbara Boden
Kylie Borgelt
Amelia Bourke
Astrid Boyd
Cliff Breed
Jamie Brew
Peter Briggs
Lolita Brook
Lynne Browning
Belinda Caracatsanoudis
Judy Carter
Andrew Chittenden
Richard Christie
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Paul Clark
Vella Cochrane
Wendy Comer
Shirley Conforti
Susan Devaney
Barb Devcic
Karly Dickson
Rebecca Dix
Sonja Dolan
Georgia Evans
Sarah Farrell
Erica Fitzgerald
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Mike Fitzpatrick
Peter Fox
Michael French
Kent Fury
Rachel Gellatly
Donna Gillard
Kelli Gordon
Debbie Green

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Scott Harrison
Graeme Henderson
Niall Hensey
Chantel Hogan
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Leonie Ireland
Robert Jamieson
Scott Jelbart
Amy Johnson
Bianca Jones
Ellen Kelly
Tamara Kerkvliet
Simon Layley
Melissa Lenten
Jelly Magarizi
Anne Mangan
Ken Marchingo
Margaret Markovic
Sue Masters
Megan Matthews
Glen McCarten
Jenny McCaw
Trudi McClure
Andrea McCubbin
Francis McGowan
Elisa McKnight
Tracey McQualter
Kristina Mearns
Ian Miller
Kelli Molloy
Claire Mortimer
Penelope Mullins
Tim Murphy
Janelle Nancarrow
Fiona Napier
Elena Nemtsas
Gerald Nester
Lilian Nieves-Caligdong
Lynne Noske
Sally O'Bree
Larry O'Brien

Brendan O'Brien
Deanne O'Donaghue
Monica O'Shannessy
Deanne Pain
Neil Patten
Janice Peake
Trevor Perri
Jenny Pettit
Sheilagh Pobjie
Brad Quinn
Georgia Rasmussen
Fabian Reid
Paul Reid
Peter Richardson
Megan Richardson
Jenny Richardson
Robyn Robertson
Mario Roccisano
Nick Roden
Ted Ryan
Julie Salt
Oystein Sandvick
Sue Sargent
Annette Sayle
Kate Scarce
Paula Shay
Paul Somerville
Robert Spry
Rochelle Stanton
Roger Steele
Rowan Sweeney
Akosita Tamanisau
Jordon Tamblyn
Samual Taylor
Helen Thompson Boyd
Carol Tranter
Kerrie Treacy
Gary Vandermaat
Debbie Wade
Shannon Wakefield
Erin Wall
Jason Waters
as at June 2010

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