

ANNUAL REPORT 2019



www.flower.org.za



FLOWER FOUNDATION
Retirement Homes

Est 1963
NPO 000-836

Mission and Values

OUR MISSION

Flower Foundation exists as a non-profit entity to provide life-time quality care in secure environments for self-reliant individuals who are older than 55 years of age and for those requiring long-term care or specialised Dementia Care.

OUR VALUES

Friendly Staff - Our staff are completely focused on providing friendly service to our residents and their loved ones.

Loyalty - Loyalty and dedication from our staff is imperative to both the Flower Foundation and all our residents.

Outstanding Care - We ensure that our residents receive exceptional care by taking time to listen to them and their loved ones.

Welcoming - Flower Foundation creates a welcoming environment for our residents making them and their visitors feel at home as soon as they arrive.

Engagement - We encourage our residents to partake in all our activities thus increasing their social well-being.

Respect - Our residents, staff and business partners are treated with respect and dignity.

General Information

Management Board Members:

Chairman:

Prof. van de Merwe, IDJ

Chief Executive Officer:

Raubenheimer, JN

Independent Non-Executive Board Members:

Cooke, PR

Long, W

Luüs, CW

Mason, PJG

Ramokgopa, NP

Resident Non-Executive Board Members:

Boulle, K

Bruce-Brand FM

Griffiths, DR

Van der Merwe, NH

Country of incorporation and domicile:

South Africa

Nature of business and principle activities:

Owner of immovable property and facilities for the care and accommodation of older persons and the administration of related services.

Administration Office:

Unit 4, Surrey Square Office Park

330 Surrey Avenue

Ferndale

2194

Postal Address:

P O Box 3442

Randburg

2125

Bankers:

Standard Bank of South Africa Ltd

Auditors:

Wakely-Smith Lattuca Inc.

33 Peter Place

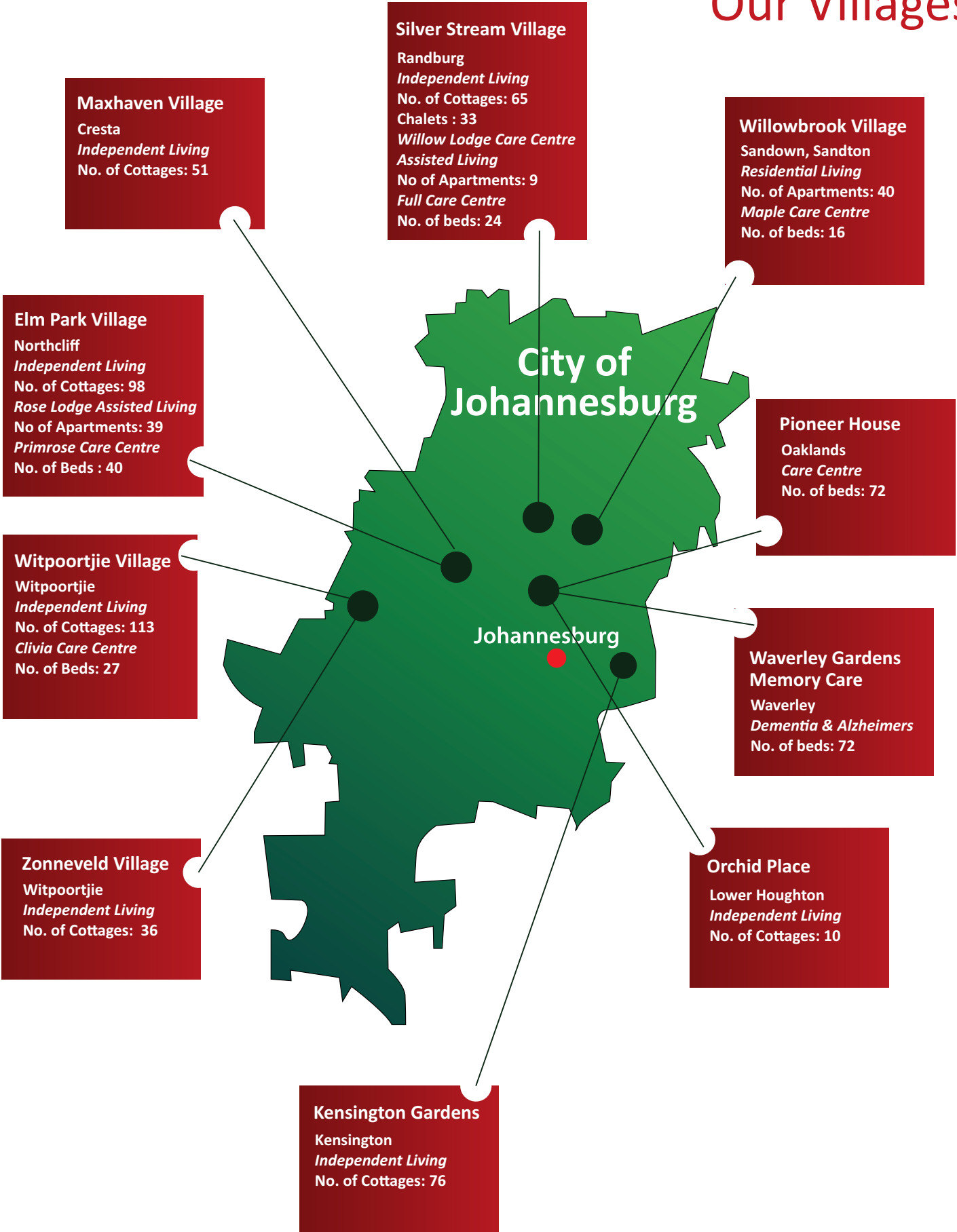
Lyme Park

2191

Association Registration Number:

000-836 NPO

Our Villages



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Highlights

- Upgrade of Clivia Care Centre - rooms, reception area, nurses station and dining room
 - Upgrade of Waverley Gardens Memory Care - Reception, rooms within Phyllis Diamond and TV room
 - Upgrade of Pioneer House - Employee cloakrooms and ablutions, kitchen, interior painting and refurbishment, upgrade of units
 - Upgrade of Willowbrook camera system, fire detection systems and units
 - Continuous infrastructure upgrades
 - Continuous independent cottage upgrades
-
- Audit and Risk Committee - fully operational
 - HR and Ethics Committee - fully operational
 - Continuous compliance to OHSAS (Occupational Health and Safety Act) 85/1993
 - Continuous compliance to SANC (South African Nursing Council)
-
- Flower Foundation is increasingly successful in adhering to employment equity guidelines.
 - 28 graduations of outreach students
 - 2 graduated interns
 - Continuous support at Dewetshof Retirement Village (government village) with weekly clinics
 - Dementia / Alzheimer's training for nurses
 - Continuous employee training and skills enhancement
-
- Upgrade of Close Circuit Television (CCTV) systems at all care centres
 - Maxhaven ground subsidence resolved
 - Continuous health and safety updates to staff and residents
 - Ongoing 24 hour security at all villages
-
- Successful annual golf day - fundraiser for Benevolent Fund and the Mary Patchitt Trust
 - Achieved parity on salary structures and contracts
 - Independent occupancy level - 91%
 - Silver Stream House purchased for community centre
 - Industry co-operation and relevance



Chairman's Review

Prof . Sakkie van de Merwe

Increasing Global Interest in the Retirement Village Market

The retirement village industry is receiving increasing global interest with South Africa following a similar trend. The last few years have seen an increasing number of corporate investors entering and investing in this sector.

A result of such involvement is that the altruistic motive which typified the original focus in retirement housing delivery is gradually being eroded by profit focus resulting in a shrinking of responsibility horizons. Developers will thus develop and establish villages with incentives for prospective residents to enter a village, however they lack commitment in remaining involved with the long-term management of such villages.

This market does however present its own set of challenges and we have witnessed some of our competitors experiencing similar problems regarding capital, funding, infrastructure, governance, maintenance, regulatory affairs and compliance.

We are increasingly witnessing villages being offered for sale after having been held by developers or investors for 15 to 25 years. Upon closer inspection, one would often find that such villages become available for sale as a result of financial, operational or other issues.

Quite often a common philosophy has been to only do the minimum maintenance as required at a village. The practice has been one of inadequately providing for future maintenance but instead stripping the bulk of the surplus out of the entity and disposing of villages

when extensive maintenance to units or infrastructure is required.

Another tendency has been to develop lifestyle villages without the integrated care options but ostensibly within close proximity to various lifestyle facilities. As residents age and increasingly require care their migration options are limited, quite often requiring traumatic relocation.

Flower Foundation has had its own set of challenges. During the year under review, a resident lodged a complaint with the Community Schemes Ombud Office (CSOS) with regards to the levy increase calculation used by Flower Foundation. This matter has been addressed in detail in the CEO's Report.

Suffice to say that similar personal agendas will increasingly contribute to inflationary pressures and increased systemic risk for organisations and management.

The South African economy has experienced a recession during the past financial year. This was largely driven by political concerns, declining business confidence, very poor manufacturing output, droughts in food producing areas, diminishing foreign investment, a resultant weakening rand, escalating fuel prices, a VAT increase and bulk infrastructural challenges with electricity and water supply.

The combined impact of these factors creates a weak economic environment for retirees where local authority rates and service levies increase at rates phenomenally higher than that of inflation. This, in combination with food price, healthcare services and travel expenses increasing at higher than inflation, creates an increasingly hostile environment.

CEO's Report

Johan Raubenheimer



Leading Provider in the Retirement Living Sector

Flower Foundation Retirement Homes is a well-entrenched leading provider in the retirement living sector. It has a proud history of caring for retirees over the age of 55 since 1963. Its portfolio of villages is spread over nine locations with twelve facilities. Flower Foundation enjoys a PBO status with SARS, and operates as a Non-Profit Organisation.

As can be expected from a portfolio of properties where the youngest is around thirty years old, some of these are starting to show their age. This aging portfolio therefore requires increased maintenance and refurbishment with a commensurate increase in the maintenance and refurbishment costs.

With the recent upgrades to our villages, the aesthetic appeal has been significantly enhanced, resulting in increased sales across our portfolio. Management is confident that most of the larger projects have been concluded, with only one relatively large refurbishment still to occur.

Ongoing refurbishment of independent cottages through all villages will remain a strong focus over the next few years. The financial impact and resultant cash flow impact will however be less severe than what we experienced with the vast upgrade and refurbishment projects that occurred in the 2019 financial year.

Flower Foundation has benefitted from a number of large donations which contributed to the organisation being better able to effect all the improvements, to the extent that had been intended, lessening the pressure on our own capital outlays. Flower Foundation will thus continue to gratefully welcome donations.

The care that we provide to residents covers a broad spectrum of physical, psychological and counselling support, tailored by trained staff members according to our resident needs. These services have been increasingly extended to our staff as compassion fatigue and the effect of grief remains an ever increasing challenge for management.

Villages

The past year saw a shift in focus at Flower Foundation. In a depressed economy we were properly challenged in increasing the occupancy numbers in our villages. Village Managers and Sales Consultants combined forces to achieve the best sales volume for the last five years. Sales were significantly boosted by the enhanced aesthetics of the new upgrades and refurbished facilities.

An adverse effect of the current economic environment is that incoming residents are finding their property sales and transfer cycles to be prolonged, which cause delays in them being able to pay the outstanding portions of their Flower Foundation tenancy right payments. This detrimentally affects Flower Foundation's cash flow.

Witpoortjie Campus

The major focus at Witpoortjie during the past year was on refurbishing the Clivia Care Centre. Despite challenges with the upgrade which resulted in delays in the completion date, the final product was true to the Flower Foundation standard.

All independent living units are being refurbished and upgraded in line with our new specifications. The upgrades seem to be well received and have facilitated

Chairman's Review

This in turn makes it challenging to dispose of large properties which delays entry into retirement villages. Flower Foundation has not been spared the effects of changing market conditions and we increasingly find that due to the delay in the transfers or sale of their properties incoming residents delay their tenancy right payments for purchases at our villages. This has been addressed in the financial results.

Flower Foundation reflected a total comprehensive surplus of R1,256 million in the past financial year, compared to a surplus of R11,6 million in the 2018 financial year.

The Statement of Financial Position as at 31 March 2019 reflected cash and investments at R17,8 million compared to R27,7 million at the end of the previous financial year.

The Flower Foundation sales team together with management at the villages managed to maintain the momentum with tenancy right sales and again delivered record gross sales of R26,503 million compared to R26,4 million in the previous year.

The past year saw a continued trend of tariff increases for municipal services but our Finance Department managed to successfully negotiate reductions and re-assessments with the various authorities. This enabled us to release certain rebates and to apply rebates to negate some of the increases. This is an ongoing process.

Flower Foundation Benevolent Fund was established to assist Flower Foundation residents and continues to remain a valuable component in our care focus. Judy Hough volunteered to visit villages to inform residents about this worthy endeavour. I would like to thank her for her enthusiasm, commitment and encouragement to those of our residents and other donors who are in a position to do so, to continue donating to the Benevolent Fund so that we can maintain support for the less fortunate.

During the year certain senior members of staff resigned or retired. I would like to thank Ronél De Freitas-Smit, Colleen Winfield, Heather Withers, Annatjie Greef and Hanneljé Nothnagel for their

contributions to Flower Foundation. I also want to wish their successors all the best in their new roles and I look forward to their contributions.

The Management Board is constituted in compliance with the Constitution of Flower Foundation. There are four resident elected members, six independent non-executive members and the executive director / CEO. There were five Management Board meetings and six EXCO meetings held during the year under review. I would like to thank the Management Board members for their time and contributions which assists greatly in consistently improving governance at Flower Foundation.

Mr. Peter Mason recently resigned as a Management Board and EXCO member. I would like to express our sincere appreciation for his considered views and contributions to Flower Foundation. His departure leaves a void that is difficult to fill.

I would like to thank all members and residents who participate in village activities and all Flower Foundation matters in such a committed manner. You really give life to Flower Foundation.

Lastly I would like to express my gratitude towards the CEO, management and all members of staff of Flower Foundation. Thank you for your commitment, dedication and tireless work.

Thank you
Sakkie van de Merwe

CEO's Report

continued sales. Sales at Zonneveld remain a challenge, however we are exploring various options to enhance this situation.

Matron Heather Withers concluded her contract at Witpoortjie Campus. Heather mentored Matron Anna Seabelo who took the position of Matron from March 2019. We wish Heather a peaceful retirement and would like to express our deep appreciation for her dedication and commitment to the residents at Witpoortjie Campus. Matron Anna has already taken a firm grip on the reins at Witpoortjie Campus and I wish her well in her new role.

Silver Stream and Willow Lodge

Silver Stream is our one village that has never had a proper community centre. During the course of the year, one of the houses bordering the village came up for sale, and the Management Board gave approval for the purchase of the property. This property will be converted into a community centre with a guest suite for visiting relatives or friends during the next year.

The village welcomed Matron Amanda Joubert as replacement for Matron Colleen Winfield who retired. Amanda has settled in well.

Elm Park, Rose Lodge and Primrose Place

Elm Park continues to be one of the most popular villages in the Flower Foundation portfolio and the management team at Elm Park is doing excellent work in keeping the village managed to the required standard.

Maxhaven

During the course of the previous year a major problem with ground subsidence was identified at Maxhaven. This was addressed and corrected to engineering specifications during this year. We believe that the measures taken are correct and appropriate in the long term.

We welcomed Lindiwe Tyolo as the new Home Supervisor during the course of the year and she has already had a positive impact in the village.

One of the residents lodged a dispute against Flower Foundation at the Community Schemes Ombud (CSOS).

The Ombudsman ruled against Flower Foundation but on a subjective view in respect of levy increases. This was not the matter for dispute and the view of the Flower Foundation's legal team and Management Board, is that the finding is flawed in law. Flower Foundation therefore lodged a notice of appeal against the finding.

The legal process is currently being delayed due to the inability of CSOS to supply the required documentation and transcripts of proceedings to the Flower Foundation's legal team. We remain concerned about the risk contained in the process and the seeming disregard for due process by CSOS. The concern is that the disregard for due legal process may impact the ultimate finding, as the finding may potentially not be related to any legal principles as has been the case with the original finding.

As the original finding has potential severe adverse impact on the industry we have no option but to appeal. We have provided for a contingent liability in the Annual Financial Statements (AFS) which is detailed in Note 14 to the AFS.

Willowbrook

The Village Manager has now properly settled in his role and his enthusiasm and empathy has endeared him to residents.

The entrance at Willowbrook was refurbished during the year with significant upgrades happening to newly sold units. The nett result of this has been a substantial enhancement to value and aesthetics of the village.

Willowbrook was especially hard hit by deaths of residents during the past year. This combined by the adverse economic conditions have impacted occupancy. We have, however, experienced a turn in the tide during the last few months.

Orchid Place

During the year two cottages became vacant, when we bid farewell to two dear couples who contributed substantially to the village and to Flower Foundation during their stay. Both cottages have been sold and the new residents are effecting extensive alterations which again enhance the properties considerably.

CEO's Report

Pioneer House

Following completion of the refurbishments that were reported in the previous year, new floor coverings were laid and the whole village has been painted inside. Matron Annatjie Greeff took retirement during the year and following a difficult process of not being able to find a suitable replacement, Matron Colleen Winfield was lured back to Flower Foundation and contracted to the role.

Waverley Gardens Memory Care

Cosmos Care was re-named Waverley Gardens Memory Care (WGMC) during the year. The past year was especially traumatic at WGMC with Matron Cheryl Dudgeon being diagnosed with lung cancer and Mrs. Ronél de Freitas-Smit concluding her contract with us.

This afforded us the opportunity to promote Mr Burt Laas to the Village Manager role and he has had an immediate positive impact with resident's families, reporting positive relationships and improved service delivery.

As was the case at Pioneer, it again proved difficult to find a replacement for Matron Cheryl but we were very fortunate to re-employ a Flower Foundation veteran on her return from Abu Dhabi. We welcomed Matron Trudie van der Merwe at WGMC in February and she also had an immediate impact with providing the necessary care expertise and efficient family interaction.

An extensive refurbishment project kicked off following detection of structural flaws within the village. This was not budgeted for and the Management Board granted special approval for the refurbishment. As a core element of the village is contained in a heritage building, it requires specialist craftsmanship with tight constraints which impact refurbishment costs. The project should be finalised towards the middle of June 2019. The work that has been done to date has substantially enhanced the village with very positive feedback from families and visitors.

Kensington Gardens

Kensington Gardens was also impacted in line with new standards for refurbishment. Some of the upgrades at the village have had a very positive impact but it will

take time to get the village fully on par with some of our other villages.

Following a fire incident when a resident fell asleep with an open flame setting curtains alight, we were all reminded of the importance of being vigilant and alert. Thanks to the quick reactions of neighbours and Burt, a potential catastrophe was averted. The benefit of this was that it created an excellent opportunity to run a workshop on Occupational Health and Safety at the village.

With Burt being promoted to Village Manager at WGMC we were fortunate to employ Dawie Lee as Home Supervisor for the village, a veteran in the retirement sector. We wish him well and look forward to his contribution in managing Kensington Gardens.

Health and Wellness

During the year under review most of our villages ran wellness days. These days were enthusiastically supported by our suppliers and residents benefitted from substantially discounted procedures and supplies. We expect these days to become permanent fixtures on our calendars.

We recently appointed Nanette van der Merwe as a full time Occupational Therapist and have immediately seen the positive impact of Nanette and her therapy dog Bismark. Nanette will be overseeing the Activities Co-ordinators and will assist them in designing appropriate programmes and activities depending on the unique resident mix per village. She will also conduct specialised interventions as and when required.

Benevolent Fund and Other Special Donations

The Annual Financial Report contains a detailed report of the various funds that we currently manage in Flower Foundation. Generous grants from residents, past and current, enable Flower Foundation to address unique needs amongst staff, residents and surrounding communities.

The Benevolent Fund financially assists long standing residents who cannot afford the full cost of caring for themselves any more.

CEO's Report

The Mary Patchitt Fund and other funds within the Foundation provide funding for specialised training for nursing staff, purchasing medical equipment for the care centres and other areas of need identified within the facilities.

Flower Foundation appreciates the assistance from our vast network of volunteers from the community, either serving on committees or working within the residential or care facility. I would like to again honour and thank these volunteers for selflessly and generously giving of their time and means to tirelessly enhance the quality of life of our residents.

With our intimate grasp of care requirements for the aged we continue with our Social Responsibility involvement with DeWetshof Municipal Retirement Village, next to Kensington Gardens, through weekly healthcare visits and other activities.

Training

Flower Foundation continues to remain committed to the training of care workers and this programme remains oversubscribed. We engaged the Department of Health with the view to redesign the current training curriculum and to enhance this with accredited continuous development qualifications in order to create a more professional career for care workers.

Finances

I would like to detail the financial impact of some of the developments that I mentioned under the different villages.

As I mentioned above, one of the effects of the current economic cycle is that incoming residents sometimes wait for transfer of properties that they sold to be concluded. The effect of this is visible in the net tenancy right position which moved from a net paid in advance position to being in a debit as a result of payments by residents moving in at the end of March only reflecting in April. The monetary effect of this was R2.2 million. This position was further compounded by exiting/ deceased residents/ estates requesting earlier pay-outs once their units were sold, but not yet occupied, which amounted to R1.1 million. The total cash impact therefore was R3.3 million.

A detailed review of the debtor's book was done, resulting in an increase for bad debt provision by R1.1 million.

The property that we purchased adjacent to Silver Stream, with the intent to convert it to a community centre cost, R1.8 million.

The monetary impact of the improvements during 2018 and 2019 was as follows: upgrade of WGMC totalled R2.4 million, the Clivia Care upgrade cost R2.8 million and the Pioneer House upgrade cost R650k. These are once off costs that will not be repeated. Some of these costs were capitalised.

Operating Deficit

Flower Foundation implemented a major cost containment programme in respect of operating costs. We are in the process of re-negotiating supplier contracts from a centralised Flower Foundation perspective and not from a village perspective.

in conjunction with managing to keep occupancy in the independent units at 91%, we also succeeded to reduce operating costs and for this reason were able to improve the deficit in independent living units.

In order to minimise the disruption and inconvenience for residents in the care facilities, it was decided to maintain lower occupancies during major refurbishments. This effect was exacerbated by the high number of deaths during the past year. Regardless of these factors we still managed to keep overall occupancy for 2019 at 81%.

Foundation and legal fees incurred. The marketing cost budget was increased from R820k to R1.2 million. Leave pay provision increased by R200k and Legal Fees increased by R100k. The balance of the increase was mainly due to the increase in the salary expense.

In the past it was Flower Foundation practice either to do a big upgrade or a basic upgrade for independent living units. During the current year it was decided that all newly occupied Flower Foundation units will undergo upgrades to ensure that a consistent standard is maintained throughout. This is to ensure that the

CEO's Report

units are not only improved from an aesthetic point of view, but also from a structural point of view. This entails, for instance, re-doing the wiring as well as the plumbing in certain units to ensure that the risk of fire and leaks are contained.

In 2018, 49 units were upgraded of which 27 received a full upgrade. In 2019, 53 units were upgraded and 38 of these units received a full upgrade. In 2019 the upgrade costs also became subject to the VAT increase that came into effect on 1 April 2018.

Resident Survey

Flower Foundation conducted a survey amongst our residents. We received valuable insight to the areas that need improvement. The Village Managers have shared these results with their residents and are now formulating an action plan to address the areas that need improvement.

Conclusion

In conclusion, I would like to express my sincere thanks and appreciation to all our residents on behalf of myself and the Flower Foundation staff.

I would like to thank my Chairman, Prof. Sakkie van de Merwe for his guidance and for always being available to act as a sounding board.

Thank you to all the Management Board Members for their contributions during the past year.

I would lastly like to thank each and every Flower Foundation member of staff. Your generosity in care and love is a huge inspiration for me. Thank you for everything that you do for our residents and for Flower Foundation. I am indeed privileged to work with you all.

Thank you
Johan Raubenheimer



Audit and Risk Committee Report

The **Audit and Risk Committee** (herein after referred to as the Committee) was established at the Management Board Meeting held on 31 January 2018. The Audit and Risk Committee Charter was approved by the Board on 15 March 2018. The main purpose of this Committee was to assist the members of Flower Foundation Management Board to discharge their duties in ensuring the integrity and effectiveness of the financial reporting process, system of internal controls, management of risks and the assurance process.

Two meetings were held in the 2019 Financial Year and a third meeting post the end of the Financial Year was held.

RESPONSIBILITIES OF THE COMMITTEE

- The appointment, remuneration, verifying the independence and performance of the external auditor, and the integrity of the audit process as a whole, including the approval of non-audit services by the external auditor;
- The quality and integrity within the financial reporting process;

Annual 2019 Audit

- The Committee reviewed the auditor's planning memorandum and agreed materiality levels and identified risk areas.
- An interim audit was performed during February 2019 and a final audit was performed and completed at the end of April 2019.
- The audit process was reviewed. It was confirmed that no unresolved issues of concern exist between management and the auditors.
- The current lead partner, Mr Dario Zuccolotto, will be rotated at the end of the 2019 financial year. The Committee thanked him for his 12 years as audit partner.
- The Committee confirmed the independence of the auditors.
- The Committee was satisfied with the performance of the auditors Wakely-Smith Lattuca.

Review of 2019 Annual Financial Statements

- The Committee reviewed the Annual Financial Statements for completeness, relevance and compliance with the required statutory regulations.

Risk Review

- The management had during the course of the financial year developed a Risk Register which identified and risk rated the significant risks that Flower Foundation is exposed to. Each risk was weighted by applying a formula of the likelihood of the risk's occurrence, and the impact that it would have if it was to occur.
- The Committee reviewed the Risk Register and recommended its approval to the Management Board.
- The Committee and the Management Board review the top 10 risks at each of their respective meetings on an on-going basis.

The Committee is satisfied that it has complied in all material respects with its terms of reference as contained in its Charter. Having regard to the material risk factors that may impact on the integrity of the Annual Financial Statements, and following appropriate review, the Committee recommended the Annual Financial Statements of Flower Foundation Retirement Homes for the year ended 31 March 2019 for approval to the Members of the Management Board.

Mr. Patrick Cooke
Chairman

MEMBERS OF THE COMMITTEE

The members of the Committee are experienced individuals, specifically in the area of finance and risk management.

Independent Non-Executive Board Members:

Mr P Cooke (Chairman)
Mrs W Long
Mr C Luüs

Resident Non-Executive Board Member:

Mr F Bruce Brand

Senior Management – by invitation:

Mr C Botha (Village Manager)
Mrs R Baker (Compliance Nursing Manager)
Mr L Oosthuizen (Financial Manager)

Independent Auditor's Report

To the members of Flower Foundation Retirement Homes

Opinion

We have audited the annual financial statements of Flower Foundation Retirement Homes set out on pages 17 to 28, which comprise the Statement of Financial Position as at 31 March 2019, and the Statement of Comprehensive Income, Statement of Changes in Reserves and Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant Accounting Policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Flower Foundation Retirement Homes as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with Note 1 of the Accounting Policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the Foundation in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Annual Report contains other information including the Chairman's Review and CEO's Report which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management Board's responsibilities for the Annual Financial Statements

The members of the Management Board are responsible for the preparation and fair presentation of the annual financial statements in accordance with Note 1 of the Accounting Policies, and for such internal control as the members of the Management Board determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the members of the Management Board are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of the Management Board either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report


Auditor's responsibilities for the audit of the Annual Financial Statements

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the Management Board.
- Conclude on the appropriateness of the members of the Management Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members of the Management Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Wakely-Smith Lattuca Inc.
Dario Zuccolotto
Partner
Chartered Accountants (SA)
Registered Auditors
23 May 2019

Management Board's Responsibilities and Approval

The Management Board is required to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements satisfy the financial reporting standards as to form and content, and present fairly the Statement of Financial Position, results of the operations of the Organisation, and explain the transactions and financial position of the business of the Organisation at the end of the financial year. The Annual Financial Statements are based upon appropriate accounting policies consistently applied throughout the Organisation and is supported by reasonable and prudent judgements and estimates.

The Management Board acknowledges that it is ultimately responsible for the system of internal financial controls established by the Organisation, and places considerable importance on maintaining a strong controlled environment. To enable the Management Board to meet these responsibilities, the standards are set for internal control aimed at reducing the risk of error or loss in a cost effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Organisation and all employees are required to maintain the highest ethical standards to ensure the Organisation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Organisation is on identifying, assessing, managing and monitoring all known forms of risk across the Organisation. While operating risk cannot be fully mitigated, the Organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Management Board is of the opinion, based on the information and explanations given by management that the system of internal controls provide reasonable assurance that the financial records may be relied upon for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the Annual Financial Statements. Based on forecasts and available cash resources the Management Board has no reason to believe that the Organisation will not be a going concern in the foreseeable future. The Annual Financial Statements support the viability of the Organisation.

The Annual Financial Statements have been audited by the independent auditing firm, Wakely-Smith Lattuca Inc, who have been given unrestricted access to all financial records and related data, including minutes of all meetings held during the year. The Management Board believes that all representations made to the independent auditor during the audit were valid and appropriate. The independent auditors' unqualified audit report is presented on page 14.

The Annual Financial Statements as set out on pages 17 to 29 were approved by the Management Board on 23 May 2019 and were signed on its behalf by:



Johan Raubenheimer
Chief Executive Officer



Prof. Sakkie van de Merwe
Chairman

Statement of Financial Position

as at 31 March 2019

Figures in R `000	Notes	2019	2018
Assets			
Non-current assets			
Investment properties	2	99,480	92,777
Plant and equipment	3	4,264	3,792
Investments	4	8,428	8,087
		<u>112,172</u>	<u>104,656</u>
Current Assets			
Special funds	5	2,509	2,515
Trade and other receivables	6	11,483	8,727
Cash and cash equivalents	7	9,498	18,957
		<u>23,490</u>	<u>30,199</u>
Total Assets		<u>135,662</u>	<u>134,855</u>
Reserves and Liabilities			
Reserves			
Revaluation reserve		2,787	2,664
Accumulated surplus		112,118	111,213
		<u>114,905</u>	<u>113,877</u>
Current Liabilities			
Trade and other payables	8	17,640	17,111
Deferred revenue - specified donations	9	608	1,352
Special funds	5	2,509	2,515
		<u>20,757</u>	<u>20,978</u>
Total Reserves and Liabilities		<u>135,662</u>	<u>134,855</u>

Statement of Comprehensive Income

for the year ended 31 March 2019

Figures in R `000	Notes	2019	2018
Accommodation, boarding, levies and services recovered	10	84,374	79,642
Operating costs		(106,567)	(95,002)
Operating deficit	11	(22,193)	(15,360)
Other income	12	21,903	25,213
Investment income		1,195	1,408
Surplus for the year		905	11,261
Fair value adjustment - Investments	4	351	312
Total other comprehensive income		351	312
Total comprehensive surplus for the year		1,256	11,573

Statement of Changes in Reserves

for the year ended 31 March 2019

Figures in R `000	Benevolent Fund	Revaluation Reserve	Accumulated Surplus	Total
Balance at 1 April 2017	1,500	3,203	99,101	103,804
Surplus for the year			11,261	11,261
Total other comprehensive income	-	-	312	312
Total comprehensive income for the year	-	-	11,573	11,573
Transfer of Benevolent Fund to Special Funds	(1,500)			(1,500)
Transfer		(539)	539	-
Balance at 31 March 2018	-	2,664	111,213	113,877
Balance at 1 April 2018	-	2,664	111,213	113,877
Surplus for the year			905	905
Total other comprehensive income	-	351	-	351
Total comprehensive income for the year	-	351	905	1,256
Reversal of Revaluation Reserve on sold investments		(228)	-	(228)
Balance at 31 March 2019	-	2,787	112,118	114,905

Statement of Cash Flows

for the year ended 31 March 2019

Figures in R `000	Notes	2019	2018
Cash flows from operating activities			
Surplus for the year		905	11,261
<i>Adjustments for:</i>			
Depreciation of plant and equipment		1,331	1,429
Investment income		(1,195)	(1,408)
Loss on disposal of investments		13	128
Operating cash flow before working capital changes		1,054	11,410
<i>Working capital changes</i>			
Decrease/(increase) in financial assets		6	(1,577)
Increase in trade and other receivables		(2,756)	(470)
Decrease in deferred revenue - specified donations		(744)	(1,771)
Increase in trade and other payables		523	6,770
Net cash from operating activities		(1,917)	14,362
Improving and acquiring of investment property	2	(6,703)	(7,914)
Plant and equipment acquired	3	(1,803)	(982)
Net cash movements on investments		(231)	(161)
Dividends received		207	164
Investment income		988	1,244
Net cash utilised in investing activities		(7,542)	(7,649)
(Decrease)/increase in cash and cash equivalents		(9,459)	6,713
Cash and cash equivalents at beginning of the year		18,957	12,244
Cash and cash equivalents at end of the year	7	9,498	18,957

Accounting Policies

for the year ended 31 March 2019

1. Summary of significant accounting policies

The Annual Financial Statements are prepared on a going concern with guidance and reference to International Financial Reporting Standards (IFRS) for small and medium-sized entities. The Annual Financial Statements are prepared using a combination of the historical cost and fair value basis of accounting. Those categories to which the fair value basis of accounting have been applied are disclosed in the individual accounting policies below. These accounting policies are consistent with the previous reporting period, unless otherwise stated. The Annual Financial Statements are expressed in South African Rand ('000).

Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Flower Foundation reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets is inherently uncertain and could materially change over time. Estimates are significantly affected by a number of factors including supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

Provisions

Provisions are raised and management determines an estimate based on the information available. Additional disclosures of these estimates of provisions are included in the notes to these Annual Financial Statements.

1.1 Investment property

Investment property is property held to earn rent and for capital appreciation, rather than for use in the production or supply of goods or services or sale in the ordinary course of business.

The cost of purchase and self constructed investment property comprises of its purchase price and other directly attributable expenditure incurred. If payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

Investment property is initially recognised at cost. Costs include costs incurred initially to acquire or construct an investment and costs incurred subsequently to add to, replace part of, or service it. If replacement cost is recognised in the carrying amount of an item of investment property, the carrying amount of the replaced item is derecognised. This includes costs incurred to bring the asset to the location and condition necessary for it to be suitable for operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of investment property.

Investment property whose fair value cannot be measured reliably is measured at cost.

1.2 Plant and equipment

Plant and equipment are tangible items that:

- Are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- Are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised.

Accounting Policies

for the year ended 31 March 2019

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment. This includes costs incurred to bring the asset to the location and condition necessary for it to be suitable for operating in the manner intended by management.

Plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the plant and equipment, which is as follows:

Item	Average useful life
Plant and machinery	5 years
Plant and machinery - Lifts	10 years
Motor vehicles	5 years
Furniture and fixtures	5 years
Equipment	5 years
Computer equipment	3 years
Computer software	2 years

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period to determine if there are indications of a material change from the previous estimate. Each part of an item of plant and equipment, with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits, is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in surplus or deficit in the period.

1.3 Financial instruments

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through other comprehensive income.

Financial instruments at amortised cost

Debt instruments, as defined in IFRS, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction. At the end of each reporting date, the carrying amounts of assets held in this category are reviewed to determine where there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at fair value

All other financial instruments are measured at fair value through other comprehensive income.

1.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not calculated on this basis, or where the payments are structured to increase in line with expected general inflation.

Accounting Policies

for the year ended 31 March 2019

1.6 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Contingent assets and contingent liabilities are not recognised. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

1.7 Revenue recognition

Revenue from conditional and specific bequests and donations are generally initially recognised as deferred income in the statement of financial position, when received. The deferred income is recognised in other income on a systematic basis by matching, over agreed periods, the costs relating to the bequests and donations with the income received.

When the outcome of a transaction involving the negotiation or renegotiation of tenancy rights, or rendering of services associated thereto, can be estimated reliably and the incoming resident has taken occupation, revenue associated with the transaction is recognised through surplus and deficit. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to Flower Foundation;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from the sales of goods and services is recognised when all the following conditions have been satisfied:

- Flower Foundation has transferred to the buyer the significant risks and rewards of ownership of the goods or services.
- Flower Foundation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods transfer;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to Flower Foundation; and
- the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent that expenses are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and Value Added Tax.

Rental and associated income is accounted for as invoiced over the lease term on running leases.

Interest is recognised in surplus or deficit, using the effective interest rate method.

Dividends are recognised, in invest income, when Flower Foundation's right to receive payment has been established.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in R `000	2019	2018
2. Investment properties		
Opening balances	92,777	84,863
Capitalised expenditure	4,987	4,928
Additions	1,716	2,986
	<u>99,480</u>	<u>92,777</u>

Land and buildings classified as investment property consist of independent, semi-independent, assisted living and full care villages. Details of the investment properties are available for inspection by members or their duly authorised agents at the registered office of Flower Foundation.

The municipal valuation of all Flower Foundation land and buildings amount to R360 million (FY 2018: R310,5 million).

3. Plant and equipment

	Cost	Accumulated depreciation	2019 Carrying value	Cost	Accumulated depreciation	2018 Carrying value
Owned assets						
Plant and machinery	1,570	1,079	491	1,570	793	777
Plant and machinery - Lifts	1,339	511	828	1,339	377	962
Motor vehicles	1,899	1,522	377	1,899	1,356	543
Furniture and fixtures	1,083	872	211	1,045	750	295
Equipment	5,527	3,431	2,096	3,871	3,016	855
Computer equipment	1,068	908	160	1,049	738	311
Computer software	328	227	101	241	192	49
	<u>12,814</u>	<u>8,550</u>	<u>4,264</u>	<u>11,014</u>	<u>7,222</u>	<u>3,792</u>

The carrying amounts of plant and equipment can be reconciled as follows:

	Carrying value at beginning of 2019	Additions	Depreciation	2019 Carrying value
Owned assets				
Plant and machinery	777	-	(286)	491
Plant and machinery - Lifts	962	-	(134)	828
Motor vehicles	543	-	(166)	377
Furniture and fixtures	295	38	(122)	211
Equipment	855	1,658	(417)	2,096
Computer equipment	311	20	(171)	160
Computer software	49	87	(35)	101
	<u>3,792</u>	<u>1,803</u>	<u>(1,331)</u>	<u>4,264</u>

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in R `000				2019	2018
	Carrying value at beginning of 2018	Additions	Depreciation	2018 Carrying value	
Owned assets					
Plant and machinery	555	508	(286)		777
Plant and machinery - Lifts	1,096	-	(134)		962
Motor vehicles	727	-	(184)		543
Furniture and fixtures	416	6	(127)		295
Equipment	977	343	(465)		855
Computer equipment	433	86	(208)		311
Computer software	35	39	(25)		49
	4,239	982	(1,429)		3,792

4. Investments

Listed shares and investments at fair value including investment portfolio cash

8,428	8,087
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Fair value information

Opening balance	8,087	7,742
Net fair value adjustments	125	312
Dividends	207	164
Interest received	100	76
Loss on disposal of investments	(13)	(128)
Expenses	(78)	(79)
	8,428	8,087

Details of the investment portfolio are available for inspection by members or their duly authorised agents at the registered office of Flower Foundation.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in R `000	2019	2018
5. Special funds		
Flower Foundation Benevolent Fund	1,500	1,507
The Mary Patchitt Training Fund	237	221
The Foyn and Bruton Fund	115	143
The Pat Comins Kindness Fund	277	267
Residents' Funds	380	377
	<u>2,509</u>	<u>2,515</u>

Flower Foundation Benevolent Fund

This Fund was initiated by Flower Foundation to assist residents that require financial aid. The Fund is replenished by various initiatives that generate additional cash to assist residents in need. Flower Foundation annually contributes to this fund. External donations to this Fund are most welcome. All applications made by residents follow a strict approval process by a selected panel. This fund was transferred from Reserves to Special Funds during 2018.

The Mary Patchitt Training Fund

This Fund was established from a bequest that was left by the late Mary Patchitt. The Fund is to assist Flower Foundation in training care workers with the intention to enhance the overall skill levels of the workforce of Flower Foundation.

The Foyn and Bruton Fund

This bequest was left by the late Mr Foyn and Mr Bruton to be utilised for the purchase of additional medical equipment at the villages. The Nursing Services Managers at the villages annually submit applications to the Group Compliance Manager (Nursing Services) who assesses these with the Executive Director for approval.

The Pat Comins Kindness Fund

Pat Comins, an ex resident at Kensington Gardens left a bequest to assist Kensington Gardens residents with the affordability of a temporary care levy at Pioneer House. Applications are submitted to the Nursing Services Manager for recommendation to the Executive Director for approval.

Residents' Funds

Residents' Funds arise from fund-raising activities by residents. The other funds represented are donations and bequests received to be used for specific purposes. These funds are controlled by the various resident committees at the villages.

6. Cash and cash equivalents

Cash on hand	11	10
Bank balances	9,487	18,947
	<u>9,498</u>	<u>18,957</u>

7. Trade and other receivables

Trade receivables	7,525	7,593
Tenancy right receivables	3,234	-
Prepaid expenses	239	310
Deposits	392	383
Value Added Taxation	136	235
Other receivables	(43)	206
	<u>11,483</u>	<u>8,727</u>

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in R `000	2019	2018
8. Trade and other payables		
Accrued liabilities	4,792	5,619
Trade payables	5,702	3,780
Deposits received	310	304
Amounts billed in advance	6,407	6,757
Tenancy rights in advance	-	363
Other payables	429	288
	<u>17,640</u>	<u>17,111</u>
9. Deferred revenue - Specified donations		
AH Dryburgh Will Trust donation to Flower Foundation	-	716
Schaffner training donation to Waverley Gardens Memory Care	41	41
Smoreburg and Comins donation to Kensington Gardens	192	192
Resident donations to Pioneer House	58	59
Bowman and Welstead donation to Pioneer House	227	291
Mr. Finsen donation to Maxhaven	53	53
Mr. Dickinson donation to Elm Park	37	-
	<u>608</u>	<u>1,352</u>

AH Dryburgh Will Trust donation to Flower Foundation

This was a donation made by the above trust towards infrastructural upgrades to Flower Foundation villages. During 2018, R935k was applied to the upgrades at Rose Lodge Care Centre and R661k went towards the Willow Lodge Care Centre. In 2019, R716k was used on the upgrade at Clivia Care.

Schaffner training donation to Waverley Gardens Memory Care

This donation was made by Mrs. Schaffner specifically for the training of nurses at Waverley Gardens Memory Care in the area of Dementia and Alzheimer's.

Smoreburg and Comins donation to Kensington Gardens

J Smoreburg and P Comins made a donation to the Flower Haven Fund. This is to aid Kensington Gardens with the upkeep of the care facility which has now been converted to a training centre. This donation will be moved to the Pat Comins Kindness Fund in 2020.

Various resident donations made to Pioneer House

These are donations made by various families of residents at Pioneer House. These donations are utilised for the needs of residents and to replace smaller items that will result in an improvement in the quality of service.

Bowman and Welstead donation to Pioneer House

This donation was made by Mr. Bowman and Mr. Welstead to aid Pioneer House in the upkeep and maintenance of Pioneer House. In 2018 Flower Foundation extended the sun room at Pioneer House for all residents to enjoy a more spacious lounge area with more natural light which improves the ambiance in the room. R160k was applied to this upgrade. In 2019 R64k was applied towards the upgrade of floors and the painting of Pioneer House.

Mr. Finsen donation to Maxhaven

This donation made by the late Mr. Finsen for the benefit of the residents at Maxhaven. The donation is being utilised for the residents needs and to improve smaller items that result in an improvement in the quality of living.

Mr. Dickinson donation to Elm Park

The architect of Elm Park who was also a long time resident, Mr Dickinson, made a donation to be used for the upliftment of Elm Park.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in R `000	2019	2018
10. Accommodation, boarding, levies and services recovered		
Accommodation, boarding, levies and services recovered	57,982	55,275
Cottage levy	17,741	16,189
Nursing costs recovered	1,390	1,971
Services recovered	2,256	2,215
Medical costs recovered	1,182	1,195
Rental income	1,463	1,465
HWSETA funding	745	30
Other	1,615	1,302
	<u>84,374</u>	<u>79,642</u>
11. Analysis of operating deficit		
Independent units - net deficit	(444)	(1,121)
Assisted and Full care units - net deficit	(3,920)	(878)
Net deficit on all accommodation	<u>(4,364)</u>	<u>(1,999)</u>
Head Office expenses not recovered from units	(8,650)	(7,450)
Building maintenance not recovered from units	(9,179)	(5,911)
	<u>(22,193)</u>	<u>(15,360)</u>
12. Other income		
Benevolent Fund	(374)	(295)
Donations received	1,383	1,870
Entrance fees and subscriptions	737	824
Interest paid	(6)	(16)
Resale of tenancy rights	26,503	26,355
Upgrade of independent units	(6,340)	(3,525)
	<u>21,903</u>	<u>25,213</u>
13. Related parties		
Remuneration		
Board Members	<u>2,079</u>	<u>1,736</u>

Historically a fee was paid only to the Chairman and the Vice Chairman of the Management Board. From March 2018 a fee is paid to all Non-Executive Management Board members for attending board meetings. The Executive Board member earns a salary including employment benefits.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in R `000	2019	2018
14. Contingent liabilities		
A resident at Maxhaven Village, lodged a dispute at the Community Schemes Ombud Service (CSOS) in 2018, alleging the use of a “vacancy rate” by Flower Foundation as part of its process to determine the annual levy increase.		
Following a mediation meeting as well as an adjudication meeting, the adjudicator found in favour of the complainant.		
Flower Foundation disputes that vacancy rates are being used to determine levy increases and has lodged an appeal against the adjudicator's finding. Levy increases are determined through market comparatives along with measurement against various economical factors influencing operations. This appeal will be heard in the High Court on a date post the signing of the Annual Financial Statements.		
A contingent liability has consequently arisen as a result of legal fees that will be incurred, as well as a possible refund that will need to be made should the appeal be unsuccessful.		
Potential financial impact	608	-

15. Income tax exemption

Flower Foundation is an approved Public Benefit Organisation in terms of Section 30 of the Income Tax Act and is thus exempt from income tax.

Detailed Income Statement

for the year ended 31 March 2019

Figures in R `000	Notes	2019	2018
Operating income			
Accommodation, boarding, levies and services recovered	10	84,374	79,642
Operating expenditure		106,567	95,002
Auditors remuneration		275	236
Bank charges		224	251
Computer expenses		903	609
Depreciation		1,331	1,429
Food, catering and cleaning		12,345	12,089
Insurance		746	576
Loss on sale of investments		13	128
Maintenance expenses		10,279	7,096
Municipal charges		10,924	11,055
Other administration and operating costs		6,749	5,399
Outreach expenses		790	679
Outside services		1,155	1,360
Professional and legal fees		573	464
Security		2,214	2,278
Staff remuneration and benefits		58,046	51,353
Operating (deficit)/Surplus	11	(22,193)	(15,360)
Other Income	12	21,903	25,213
Investment income		1,195	1,408
Dividends received		207	164
Interest received		988	1,244
Surplus for the year		905	11,261
Other comprehensive income		351	312
Fair value adjustment - Investments	4	351	312
Total comprehensive surplus for the year		1,256	11,573

Golf Day - Fundraiser

Flower Foundation hosted its first Golf Day at Ruimsig Country Club in May 2018. The aim of the Golf Day was to raise much needed funds for the Mary Patchitt and Benevolent Funds, to build community spirit and create awareness for Flower Foundation. The course was buzzing with activity as many Flower Foundation suppliers sponsored holes and provided an abundance of refreshments, entertainment and give-aways. Golfers could even have their blood pressure checked just in case it had gone erratic due to their game not being up to scratch.

Leo Oosthuizen, Flower Foundation's Financial Manager, assumed the role of master of ceremonies and kicked off prize giving with a head and tails game. First prize was a meat voucher, and the second prize a bottle of Macallan Whiskey, which was kindly donated by our CEO Johan Raubenheimer. We continued with the fun of handing out prizes which were donated by suppliers and guests. R80 000 was raised for the Mary Patchitt Trust and the Benevolent Fund.

The day was a huge success. A big thank you to our suppliers, donors and participants. This will become an annual event and we are hard at work to make the next golf day bigger and better.



Outreach Programme

CARE WORKER TRAINING

The training programme for 2019 commenced on the 25th February 2019 and will take twelve months for completion. HWSETA approved training for 5 students on the Health Promotion Officer programme. Carma Training Academy has once again been contracted to carry out the training. Students were excited about the opportunity.



Students with facilitator and moderator of Carma Training Academy at Yusuf Dadoo Hospital

DEWETSHOF RETIREMENT VILLAGE

Dewetshof Village has been without a care taker for some time, the City of Johannesburg housing was approached regarding this matter but no feedback has been received from them as yet, however, we will continue to manage the situation. The regular clinics held at Dewetshof have been well attended, residents have the basic checks done such as blood pressure etc.

We have partnered with Busi Nkosi, a social worker from Social Development to plan events for the village. Busi has facilitated in assisting the residents coordinate food distribution for the vegetables that Elaine Mouton, Village Manager from Pioneer House, regularly donates to the village .

A knitting group was formed at the village and the residents have been busily knitting away.



The Dewetshof Village knitting club

Village Activities

Flower Foundation thrives on resident engagement. Throughout the year, staff at the various villages arrange activities, entertainment and outings for the residents. These social gatherings are important and assist in creating relationships, friendships and building communities. Arts and crafts are arranged for the residents in the assisted and full care, and is thoroughly enjoyed by all.

Willowbrook

Willowbrook Village has seen an array of activities happening over the past year.

Willowbrooks gardens lend themselves to special outdoor themed events. A lovely St Patrick's lunch and Oktoberfest was held outside. Willowbrook residents enjoyed watching and listening to various piano players, a violinist, a bagpipe player and Spanish Dancers.

The residents were delighted with a demonstration by a guest who paints vinyl dolls to make them look real and the residents enjoyed cradling these dolls. A Willowbrook resident received a 25 year Long Service award from the NSRI and a special tea was held to celebrate her achievement.



Spiritual wellbeing has been high on the agenda over the past year. Our residents have enjoyed numerous visits by local Rabbi's and monthly communion services. A visit to the Holocaust Museum was also well attended by the residents. Willowbrook residents had the pleasure of receiving two visits from the SA Guide Dogs.

Orchid Place

The Gold Reef Rose Society held its annual road show in 2018 at the Morningside Shopping Centre in Sandton. There were various categories, one being roses from a retirement village. Mrs Rhona McLoughlin, who recently moved into Orchid Place, picked the roses from Graham and Rea Collins' garden (former residents of Orchid Place) and exhibited them in the retirement village category. They were awarded first prize.



The prize was a planted up bowl of pot plants which Rhona presented to Graham and Rea Collins, who placed it outside their new residence at Pioneer House.

Elm Park

Over the year Elm Park has enjoyed many successful events and entertainment. Some highlights of the year include a wellness day where residents could get their eyes tested, blood pressure and glucose testing done and could engage with other service providers like Unique Health Care, El Corro Pharmacy and Hartmans.

RealNet hosted an elegant High Tea for our residents who enjoyed the array of décor and pastries and sang along with the elegant singer to famous golden oldie songs.

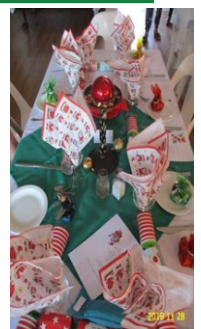


The Japanese school entertained the residents with singing and origami paperwork gifts, as well as some games and a hand massage.

Maxhaven Village

2019 was a standout year for Maxhaven with a number of firsts in its history. Not only has it seen the birth of Maximeyes, the monthly newsletter, but for the first time the Residents Council has more female than male members. Great things are expected from them.

Residents seldom allow an opportunity for a social get together to pass. Valentine's day, Mother's Day and especially St. Patrick's Day get celebrated with enthusiasm and the verve they deserve. The standout party of every year however is the Christmas party. Seating arrangements and menus are planned in detail in the months leading up to the function that crowns the hard work and effort residents put in through the year.



Village Activities

Silver Stream Village

Silver Stream had an exciting year in terms of entertainment and activities. It started with the residents being treated to a Valentines day lunch. St Patrick's day started off with a fun walk followed by a healthy breakfast. Christmas Eve dinner was arranged by the Village Manager and the residents welcomed the delicious food and the treats throughout the night. Residents love the spirit created at these events.



Witpoortjie Village

Clivia Care received a magnificent new jacket! On the 8th of March our Chairman, Sakkie van de Merwe cut the ribbon to reveal the wonderful changes to Clivia Care Centre. Visitors and residents were pleasantly surprised when they walked through the newly revamped rooms and passages.



The staff and residents of Witpoortjie Village were very patient throughout the approximate eight months of building, bashing and reshaping. With careful planning the residents were moved within Clivia whilst the renovations were happening to ensure residents were kept safe and experienced as little disruption as possible. Witpoortjie Village has had a major boost in the sale of life rights after the upgrade and the residents are extremely happy and proud of their newly upgraded village. In amongst all of the hustle and bustle social life at Witpoortjie continued with residents being treated to Valentines day lunch and other activities.

Waverley Gardens Memory Care

Waverley Gardens Memory Care is undergoing some extensive renovations at the moment. The first phase, which involved the renovation of Phyllis Diamond Wing, saw the conversion of some of the rooms into a main Nurses Station, inviting reception area and admin section. A small extension to the building created a cosy new lounge for the residents.



The next phase includes enlarging and renovating the main community centre where various functions and family events can be hosted, and a coffee bar area where families can relax and engage with loved ones and other families. The kitchens and staff quarters will be upgraded in the new financial year, as well as the rooms in Phyllis Diamond and the dining room in Page House.

Pioneer House

Pioneer House warmly welcomed some significant upgrades during the year. Adding a bathroom and patio facility to five rooms created a tremendous improvement in marketing the village. Other improvements included painting of the passage walls, new treatment rooms and revamped floorings. We also pride ourselves with the attention we give to our beautiful gardens as our residents warmly appreciate the scenery.



As always, the one day on the calendar that we go above and beyond to make residents feel special and celebrated, is on Christmas Day. Our last event was no exception, we reeled in our catering partner, FEEDEM, and staff members turned the dining room into one big festive occasion. The joy and appreciation of our residents make this an immense pleasure and it is a huge blessing to share this event with them.

Kensington Gardens

The residents of Kensington Gardens anxiously welcome public holidays as it becomes a reason to have a braai. The residents supply their speciality foods which include salads, deserts and other delicious surprises. The days are full of laughter and the residents enjoy the blessing of being part of the community at Kensington Gardens.

A spectacular Christmas lunch was held for residents and guests from Head Office. The afternoon once again was filled with community spirit, laughter and entertainment. It was just what everyone needed to get into a festive mood for the season ahead.



Human Resources

The Human Resources Department at Flower Foundation aims to recruit candidates who will take the Foundation to new heights, and who share the vision of the organisation. It is for this reason that this department is delighted when candidates from within our organisation are promoted into positions that they have worked hard at proving themselves worthy for. In the last year, we are proud to say that three internal candidates have been promoted within Flower Foundation. We would hereby like to congratulate them.

Name of employee	Promotion date	New job title	Unit
Anna Seabelo	01 March 2019	Nursing Services Manager	Witpoortjie Village
Burt Laas	01 March 2019	Village Manager	Waverley Gardens Memory Care
Emily Zulu	01 May 2018	Home Supervisor	Elm Park Village

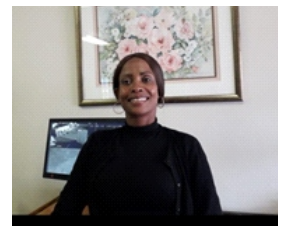
Anna Seabelo commenced her employment as “Sr. Anna” at Witpoortjie Village on 01 May 2015 in the capacity of Professional Nurse. Anna demonstrated her leadership abilities over the years and residents and staff all love her. With the retirement of Matron Heather Withers earlier in 2019, Anna applied for the position of **Nursing Services Manager** and after a rigorous recruitment process, was found suitable for the position. We are pleased to have a matron of such caliber at the Flower Foundation Retirement Homes, and wish her all the best in her new role.



Burt Laas joined Flower Foundation from Pembury Lifestyle Group Retirement Villages in May 2018. His role was that of Home Supervisor at our Independent living unit, Kensington Gardens. Burt brought his energy, great administrative skills and genuine interest in the well-being of the residents to us and from day one was well-loved. Having demonstrated his leadership and strong interpersonal skills Burt was promoted to the role of **Village Manager at Waverley Gardens Memory Care** from 01 March 2019. We wish him the very best at Waverley Gardens Memory Care.



Emily Zulu began her employment with Flower Foundation as a General Assistant in April 2014 at Elm Park Village. In four years, Emily has progressed in her career not just once, but twice. She was promoted from a General Assistant to Receptionist and more recently, from Receptionist to **Home Supervisor**. She is currently completing an Office Management course through UNISA and we can't wait to see what she does next. Well done on your promotion, Emily.



Training – HWSETA Training

The Flower Foundation undertook the task in 2018 to apply for funding through the Health & Welfare SETA (HWSETA) in order to upskill our nursing staff. We were lucky enough to be granted funding to send some of our nurses on a Palliative Care Nursing and they focused on four modules, namely:

- Principles and practice of palliative care
- Theory and practice of symptom control
- Communication skills in palliative care
- Theory and practice of psychosocial, spiritual and supportive care

We were able to send fourteen employees on the course across the Foundation, and they were made up as follows:

- Waverley Gardens Memory Care: 6 Professional Nurses
- Elm Park Village: 2 Professional Nurses
- Pioneer House: 2 Enrolled Nurses
- Silver Stream Village: 2 Professional Nurses, 2 Enrolled Nurses

We are confident that our nursing staff will implement what they have learnt in their units to ensure that we provide the best care to our residents.

Human Resources

Long Service Awards, 2018 September

The Foundation celebrated the hard work and loyalty of fifty six staff members at our Long Service Awards ceremony in September 2018. There were six recipients who received their five years' long service awards, thirty nine received their 10 years' long service awards, four received 15 years' long service awards while four staff members celebrated 20 and 25 years' service. Special congratulations to Mable Mashigo, Florence Moraladi and Isaac Sibanda who received their 30 years' long service awards. The Elm Park and Witpoortjie villages' choirs entertained the recipients and their guests with songs of celebration and praise.

Addressing our staff was Nombuso Ramokgopa, a Flower Foundation board member, who holds a master's degree in health, among other expertise.

She congratulated every recipient and gave these inspiring words:

“When you care for someone, you invest your time and yourself in the welfare of others. Because we are in the space of caring, we enjoy being of service to others, and this is what we need in our communities today, people who can give of themselves. Being of service to others, making people smile. Keep up the good work, the Foundation appreciates people of your calibre and your good work. Teach others about being of service to others. So wherever you and others go, you can be of service to others. South Africa needs this attitude to make it work. Remember you are important, valued and an important part of the Foundation. We appreciate you and your dedication and loyalty to the Foundation.”

The recipients sang a song of praise “Count your blessings” before ending the proceedings.

An added blessing to the day was the beautiful rain that let up just in time for lunch to be enjoyed in the beautiful Elm Park Gardens.

All employees are on a “Cost to company” remuneration structure

An exercise was undertaken by the HR Department and other stakeholders of Flower Foundation to compare various aspects of the staff remuneration structure. Prior to 2019, the Flower Foundation paid salaries according to different structures (some staff were on total cost to company packages, and others on a basic package). In order to ensure consistency from a payroll/finance point of view and to comply with “equal pay for work of equal value” in terms of section 6(1) of the Employment Equity Act, 1998 a restructure was required.

A project to evaluate what it would cost the Flower Foundation to move everyone to a total cost to company package was done, and with the approval of the Managerial Board the changes were implemented in January of 2019.

This was a challenging exercise in that the HR Department had to consult with 225 employees before the revised pay restructure was implemented on the 1st January 2019.

In addition:

- All contracts had to be re-done and signed.
- All employees were consulted with on a one-to-one basis during the months of October and November 2018.
- All employees' packages had to be amended on the payroll to allow for the new pay structure to be implemented.

Employees are now:

- Able to choose their provident fund contributions as their needs change. This can be done annually.
- Able to structure their pay to include or exclude medical aid/travel/13th cheque provision etc.

Employees also get an entry-level medical aid, better funeral policy cover which is cost effective and a better death and disability. The response from employees has been positive as they are able to structure their salary and have more flexibility in determining what goes in their pockets, and what they are saving for retirement.

Contact Details

INDEPENDENT LIVING

Elm Park Village
1 Suzanne Crescent
Northcliff

Kensington Gardens
75, 11th Avenue
Kensington

Maxhaven Village
Cnr. Danie/Acacia Streets
Cresta

Orchid Place
43, 7th Street
Lower Houghton

Silver Stream Village & Chalets
9 Heather Street
Malanshof

Witpoortjie Village
69 Dromedaris Road
Witpoortjie

Zonneveld Village
38 Reyger Street
Witpoortjie

RESIDENTIAL LIVING

Willowbrook Retirement Village
134 Willowbrook Place
Sandown

ASSISTED LIVING

Clivia Care Centre
Witpoortjie Village
69 Dromedaris Road
Witpoortjie

Maple Wing
Willowbrook Retirement Village
134 Willowbrook Place
Sandown

Rose Lodge
Elm Park Village
1 Suzanne Crescent
Northcliff

Willow Lodge
Silver Stream Village
9 Heather Street
Malanshof

FULL CARE

Clivia Care Centre
Witpoortjie Village
69 Dromedaris Road
Witpoortjie

Willow Lodge
Silver Stream Village
9 Heather Street
Malanshof

Pioneer House
15 Trilby Street
Oaklands

Primrose Place
Elm Park Village
1 Suzanne Crescent
Northcliff

DEMENTIA AND ALZHEIMERS CARE

Waverley Gardens Memory Care
Waverley Gardens
5 Murray Street
Waverley

