

Discussions with Evergreen management regarding the surplus for 2021 financial year.

On Friday of last week I, together with the finance sub-committee of Rescom (comprising John Bester, Colin Levine and David Walker) met with James Wilson, Garry Reed and Dylan Pienaar in an attempt to resolve differences of opinion relating to the treatment of the surplus of R1.24 million reflected in the financial report presented at the AGM earlier this year. I must mention that, despite several requests from our sub-committee to be provided with information on what Evergreen would be presenting at the meeting, nothing was given to us and we were consequently unable to prepare ourselves for meaningful discussions.

Following our request for a portion of the surplus to be returned to residents to be used against future levies, which request was based on the fact that levies had been paid for services which had not been provided during Covid, the Evergreen executives pointed out that the information in that report was based on how they view village results at an individual operating level. Various costs had been incurred or provided for but which, for management reporting purposes, had not been allocated down to individual villages and thus not reflected in financial report.

They acknowledged that their management reporting basis was not appropriate for reporting to residents as the exclusion of the unallocated costs resulted in the misleading impression that a large surplus had been earned. James Wilson insisted that, in terms of the Life Right agreements, Evergreen were entitled to charge our village with the unallocated costs in question and, furthermore, they had incurred costs such as the catering contract which they were not obliged to finance.

We (Rescom) said that we could only draw conclusions from information submitted to us. Moreover, at the AGM, residents had been led to believe that this information had been audited. The discomfort of residents arose from the perception, based on the information in the financial report, that Evergreen was “pocketing” the entire surplus, some of which arose because of savings on services which had been discontinued during lockdown.

It was agreed that Evergreen would restate the numbers for the 2021 year to take into account those costs which they believe could justifiably have been charged or allocated at an individual level and which, sadly, would have resulted in our village showing a loss for 2021.

Please note that in Colin Levine’s letter to residents of 19 July 2021, on which many of the residents based their approval to approach CSOS to assist with resolving the surplus matter, all of the information contained in Colin’s letter is 100% correct and is factually what happened based on information provided by Evergreen to Rescom. However, what Rescom was not prepared for, and which came about at the recent meeting with James, was the allocation of head office and other central costs being attributed to our village, in particular as such costs had never previously been allocated in any of the prior years’ reported accounts.

This restatement exercise has been given top priority by Evergreen and our finance sub-committee will review the revised numbers as soon as they are available and determine if any further action is required.

Joan Misplon

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