



ANNUAL REPORT 2014

CORT COMMUNITY HOUSING

(COMMUNITY OF REFUGE TRUST)



KEY TO SECTOR-RELATED ORGANISATIONAL ACRONYMS

ACHPN – Auckland Community Housing Provider Network (group representing Auckland's 10 largest community housing organisations)

CHA – Community Housing Aotearoa (NZ's community housing sector's representative body)

CHP – Community Housing Provider (e.g. CORT Community Housing)

CHO – Community Housing Organisation

HNZ – Housing New Zealand (NZ Government)

IRRS – Income related rent subsidy (Government subsidy currently paid to HNZ and extended to community housing providers).

NZHF – NZ Housing Foundation (community housing provider)

SHU – Social Housing Unit (NZ Government funding agency for community housing sector)

TMCHL – Tamaki Makaurau Community Housing Limited (Consortium of organisations partnering in the Weymouth development)

ABOVE: A selection of CORT units located in the Auckland community

COVER IMAGE: Artist impression of Waimahia Inlet, courtesy of Jasmx

CORT COMMUNITY HOUSING

(COMMUNITY OF REFUGE TRUST)

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CORT partners (inside back cover)



Who Are We?

CORT Community Housing (Community of Refuge Trust) is a not-for-profit organisation and is registered as a charitable trust under the Charitable Trust Act 1957. The Trust was founded in 1987 by Auckland's Ponsonby Baptist Church in response to the housing needs of low-income and vulnerable people in its local area. It operates independently of the church and is governed by a board of trustees.

CORT is now well established. It employs seven staff and provides rental accommodation for 216 tenants. It has assets of \$27.2 million and manages 185 properties, half of them owned by the Trust and the other half sub-let from private landlords. Tenancies are well managed, with an emphasis on the wellbeing of tenants, long-term security of tenure and careful maintenance of housing stock.

CORT's focus has traditionally been on people with mental health disabilities, but this is now expanding to other vulnerable groups, such as small families and older people, for whom the one and two-bedroom homes that CORT specialises in are appropriate.

To find out more about CORT and its history visit our website: www.cort.org.nz

WHAT IS OUR VISION, MISSION AND ETHOS?

Vision

Good homes for all.

Mission

Our goal is to provide good-quality, affordable and secure housing for vulnerable people on low incomes.

Ethos

Social justice lies at the heart of CORT's mission. This arises from its founding relationship with Ponsonby Baptist Church and the Christian call to be a good neighbour. Good housing is more than a roof over our heads. It is essential to human dignity.

Chairperson's Review

CORT's goal is to provide good quality, affordable and secure housing for vulnerable people on low incomes who would otherwise struggle to source safe, affordable accommodation. This goal continues to be of pressing importance in Auckland where housing affordability continues to be an almost daily focus in the media. For the Trustees, it underscores the importance of the work of the Trust and creates a sense of urgency as we continue to look for innovative ways to respond to the growing demand for good homes for those on low incomes.

I want to acknowledge the significant contribution that our former Chairperson, Royston Noel, made to the Trust over three years as Chairperson and we are delighted that he has agreed to remain as a Trustee to continue his active involvement. In February 2014 I was asked to take on the responsibility of chairperson. It has been a steep learning curve for me, but I share the motivation of all of the CORT Trustees to make a contribution to an important area of need that strongly aligns with my faith and values. I am grateful to the Trustees for their patience while I have been coming up to speed.



Fast facts

- CORT currently provides housing for 220 tenants – a slight increase on last year.
- CORT manages 185 separate tenancies, of which 95 relate to units owned by CORT.
- CORT currently has 39 units under construction, with the majority expected to be completed by mid-2015.

Strategic priorities

In the second quarter of the past year we set a new strategic plan to guide us through the next five years. The plan is based on three key priorities: to strengthen, to grow and to advocate.

Strengthening is about ensuring our current operations and standards are as strong as they can be. We will also be looking for areas for continual improvement, including protecting our growing asset base and ensuring long-term, stable homes for our tenants.

Jan-Michael Davrd, Mediaweb

A focus on growth relates to our ability to respond effectively to the need to increase the number of homes we make available and also to extend our criteria for tenants beyond our traditional focus on those with long-term mental illness. We are also building and enhancing our partnerships with other community housing providers to enable us to continue our ambitious building programme.

Our third focus, on advocacy, reflects the decision of the Trust to support our CEO, Peter Jeffries, to advocate strongly and publicly for the community housing sector and social housing in particular. This has mainly been in response to changes in policies at the central and local government level that have a significant impact on housing affordability and the resources that are available to organisations such as CORT. We acknowledge the significant leadership that Peter has demonstrated in this arena.

Ponsonby Baptist Church (PBC)

The church supports the Trust in very practical ways, including hosting monthly dinners for our tenants and the not-to-be missed annual CORT mid-winter dinner. Thanks to the PBC's community worker and the volunteer efforts of our tenants and other church members, CORT is much more than a landlord to many of our tenants. We continue to look for ways to further strengthen our community relationships.

This year CORT and the church continued the tradition of holding a mid-winter dinner. This involved inviting all CORT tenants and friends of the Trust to a Saturday night of entertainment, music

and a huge roast dinner. Most years around 100 people attend the dinner. Tenants are picked up and delivered back to their homes by volunteers. There are prize raffle draws and an outdoor fire and even karaoke for the very keen. It was a terrific occasion.

Tenant satisfaction survey

There was a 40% response rate to the recent fourth annual CORT tenancy satisfaction survey, which was conducted independently by students from the School of Population Health at the University of Auckland. We undertake these surveys to demonstrate that we take what we do seriously and to monitor the effectiveness of our role as landlords. The majority of our tenants face financial hardship and a high proportion experience mental illness. Because CORT is keen to promote the wellbeing of its tenants it has undertaken this annual survey of tenant satisfaction as part of its ongoing Quality Assurance.

We are particularly pleased with the results. Overall 78% of respondents were satisfied/very satisfied with CORT housing and services and the majority were satisfied/very satisfied with their



Tenant Mihi Anderson serving food at CORT's annual dinner

We all feel a strong responsibility towards the people for whom we provide homes.

house and property (84%). The majority of participants strongly agreed or agreed with CORT Housing contributing to their overall wellbeing, happiness (93%) and increased sense of security (94.3%).

Management and staff

The board has full confidence in CORT's management and staff. Working for CORT is more than just a job. All of our staff share our concern for this work and feel a strong responsibility towards the people for whom we provide homes. Our CEO, Peter Jeffries, has been involved with CORT since it began when he and his wife Penny lived in one of CORT's first group homes. Peter took on the role of CEO and has shown outstanding leadership in navigating CORT through a significant period of growth and development.

Thank you to all CORT staff, Trustees, and partner organisations that CORT works with to ensure a consistent and professional level of service and support.

Conclusion

CORT (Community of Refuge Trust) Community Housing was founded by the Ponsonby Baptist Church 27 years ago. It is a testament to the strong governance and management of the Trust, as well as to the contributions made by our tenants, trustees, staff and friends of the Trust, that the Trust continues to grow from strength to strength and to be recognised



John McDermott

as a leading provider in Auckland's social housing sector. Even more remarkable is the fact that this has occurred at a time when housing affordability in Auckland has declined dramatically to an historic low and where we face considerable headwinds in terms of central and local policy. These adverse conditions have only served to strengthen our resolve to house those who are vulnerable and to learn to live harmoniously and cooperatively within a community of very diverse needs and backgrounds.

Sue Watson
Chairperson, CORT Community Housing

CEO's Report

2014 is shaping up to be a very different year in the housing sector to 2013. The Auckland housing crisis is starting to have a significant impact, which is increasing the pressure on organisations such as CORT to increase the stock of affordable rentals.

Average rents for one and two-bedroom units continue to increase at two to three per cent higher than inflation and government increases in benefits. This is placing increasing pressure on beneficiaries and those on very low incomes, who struggle to find affordable accommodation.

House prices have increased by more than 50% over the past five years and 100% over 10 years. For home owners who are already in the market, rising house prices result in increased equity. However, for the estimated 50% of Aucklanders who rent, increased house prices are reflected in higher rents. Some market commentators have estimated that rents must increase by 20-25% to ensure sufficient property yields to encourage continual investment and supply of new properties into the rental market.



Peter Jeffries – CORT CEO

John McDermott

CORT rents half of the properties it manages from the private market.

The average market price for a one-bedroom flat or apartment is now around \$350 per week. A single person on a job seeker's benefit (which includes those on the old sickness benefit), even with accommodation supplement, can no longer afford to live independently. Those who are reliant on the supported living benefit with a maximised accommodation allowance are finding it progressively challenging to manage. An increasing number of CORT tenants are living on less than \$100 per week after they've paid their rent. This situation is simply not sustainable.

The Auckland housing crisis is starting to have a significant impact.

The shortage has been further exacerbated by the Auckland Council's current zoning restrictions with associated compliance costs that make it virtually impossible to build one and two-bedroom units anywhere other than in high-rise developments in the inner city.

Currently there is no evidence that the Auckland Council's 2012 Housing Action Plan, the Auckland Housing Accord or the proposed Unitary Plan will do anything to lower the city's median house price. In fact, all evidence to date suggests the opposite. There are major concerns from many within the housing development sector as to whether the Housing Accord will meet its housing targets. With the exception of the very small number of community housing projects under development there is no evidence that newly supplied housing will be any more affordable than current housing being supplied.

Auckland continues to grow by an estimated 25,000 people per year – 1.6% a year, 16% every 10 years – yet the city is building only half of the estimated 10,000 new homes required to accommodate this increased population. The newly proposed Unitary Plan restricts the development of affordable



medium-density housing to just two zones (mixed-housing urban, terrace/high rise), consisting of only 15% of Auckland's current residential land. Limiting medium density to such a degree will certainly result in prices of land in these areas continuing to increase, due to the restrictions incurred.

CORT's solution to the housing crisis

Although CORT supports Auckland Council's plans for housing intensification, we do not believe it goes nearly far enough to ensure the supply of sufficient affordable housing within the city. Restricting the minimum development section size to 200-300 sq m in 85% of Auckland significantly increases the cost of one and two-bedroom dwellings in these areas.

One of the key problems with the current and proposed zoning plans is that they do not make any distinctions between a one-bedroom unit (50 sq m dwelling) and a five-bedroom (200 sq m dwelling).

CORT has clearly proved that good design makes it possible to significantly increase density and reduce costs by building aesthetically pleasing two-storey apartment blocks that contain four units and which will fit comfortably into any existing neighbourhood.

Princes Street example

CORT built eight x one-bedroom units on a 1000 sq m residential site in Otahuhu. The site's original zoning permitted only one other dwelling in addition to the existing three-bedroom house located on the site.

After much lobbying by CORT on the need for more affordable housing, we were allowed to build two x two-storey, four-unit buildings consisting of eight x one-bedroom units. The building's footprint was still only 200 sq m of the 1000 sq m site. The final cost of the units was \$240,000 per unit – considerably cheaper than the current market price for similar one-bedroom units, which range between \$350-\$400,000.

Conservative predictions indicate that Auckland will be a third larger by 2031, with a population of two million people. The city's demographics are also changing. By 2031 the average household will be smaller, with 55% of new dwellings being needed for single people and couples without children, compared to 44% today.



Princes Street, Otahuhu



Courtesy of Jasmax

HIGHLIGHTS AND ACHIEVEMENTS OVER THE PAST YEAR

In a very challenging housing environment we have succeeded in making progress on three notable community developments over the past year. Three out of the four projects begun by CORT in 2012/13 are still under construction. A fourth project in Arawa Road, New Lynn, is currently in the planning stage.

Waimahia Inlet is an example of an exciting new model of housing development.

Waimahia Inlet project

The Waimahia Inlet project goes from strength to strength. Roads and infrastructure are complete for stage one and building is well under way for the first 90 houses. CORT is scheduled to take ownership of nine units in this first stage of development. They include eight x two-bedroom units and one x three-bedroom house.

Waimahia Inlet is an example of an exciting new model of housing development that combines private, community and government involvement in the provision of affordable housing. There are 283 houses being built, of which 40% will be sold privately and 60% will be allocated to various community housing groups. Of the 60% allocated to community groups, the majority will be offered under affordable homeownership schemes including rent to buy and



shared equity. The goal is for 75% of the houses to be tenanted by owner-occupiers and 25% by rentals from community housing organisations at the end of 10 years.

This project will provide a means of assisting people on low incomes and with low equity into home ownership. The brief was to maximise the use of this 16-hectare area of Crown land to address the need for affordable housing in South Auckland, taking into account the requirements of the predominantly urban Pacific and Maori populations within Weymouth.

Weymouth is an area of high deprivation in which benefit income is the sole income source for 27% of households. Maori make up 33% of the population and Pacific people 28%. There is a high level of unemployment (approximately 9%) including, in particular, high youth unemployment. In the 2000s, the area experienced some of the fastest rates of population growth in the Auckland region, but there has been little new housing stock available to match this growth.

CORT is one of four key partners in

this unique development south of Clendon, one of the first of its kind in New Zealand. In early 2013 the partners formed a company – Tamaki Makaurau Community Housing Limited (TMCHL). The consortium is made up of the Tamaki Collective, NZ Housing Foundation (NZHF), CORT and the Auckland and Onehunga Hostel Endowment Trust.

We are hopeful that the Government will see the potential of replicating this type of development in other locations.

Maria and Yates Streets, Onehunga

Unfortunately, after a considerable investment of time by CORT in this project, at the last minute we had to withdraw our commitment. Housing New Zealand revalued the land and demanded that CORT pay an additional 50% above the previously agreed sale price. This would have made it impossible for CORT to deliver rent at an affordable price to its tenants. We were left with no choice but to withdraw from the project. It is extremely disappointing, because Maria Yates would have been one of the first joint-mixed housing developments involving



Highway project, Mt Wellington

Courtesy of Jasmax



Mt Wellington Highway project under construction

BELOW: Unitec landscape design students and staff in front of CORT's Mt Wellington Highway project. The students will be developing a landscape plan for the project as part of their course work



private, community and state housing in one development of 23 units.

Mt Wellington Highway

This housing development is proceeding well and is currently on target to be completed (weather permitting) just prior to Christmas this year. The development will provide 16 x one-bedroom units and three x two-bedroom units in Mt Wellington, close to the Sylvia Park mall and railway station.

Lynton Road, Mt Wellington

This project includes eight x one bedroom and three x two-bedroom units. We have received resource consent to proceed with the development and expect to begin construction in August 2014, with a forecast completion date of May 2015.



Recently proposed Arawa Street, New Lynn, development

New project – Arawa Street development

This project includes six x one-bedroom units in New Lynn. This is being built for CORT by the Housing Foundation, with whom we are also working closely on the Waimahia Inlet development. We are currently seeking resource consent and hope to start construction in October this year, with a forecast completion date of May 2015.

INCOME RELATED RENT SUBSIDIES (IRRS)

In April this year the Government extended the availability of Income Related Rent Subsidies to community housing providers. Previously IRRS were provided only to Housing New Zealand tenants. The modified scheme allows community housing providers (CHP) to charge tenants a substantially reduced rent (as low as 25% of the market rent). However, in order for tenants to become eligible, they must be sourced from the Ministry of Social Development's 'A' waiting list and cannot be an existing community

housing tenant. This last requirement severely limits the benefit of IRRS to CHPs and has the potential to create significant inequality issues between neighbouring tenants depending on whether or not they are on the IRRS scheme.

PROFESSIONAL PROPERTY MAINTENANCE AND TENANCY MANAGEMENT

CORT manages 186 properties and by April 2015 this is projected to increase to over 225 properties. CORT owns over half the properties and manages the rest on behalf of other property owners. Entrusted with a property portfolio of over \$55 million, we cannot afford to be complacent about its upkeep and maintenance. We take great pride in maintaining our properties in excellent condition to retain their commercial value, as well as to enhance the comfort and wellbeing of our tenants. Our properties are inspected at a minimum of twice annually. Over the years we have built a team of reliable and efficient tradespeople who are on call.

We have instigated a long-term maintenance plan for all of our properties. Over 2013/14 we have committed to spend \$100,000 on additional insulation and double glazing as part of CORT's ongoing property insulation programme.

Thanks

I welcome CORT's new Trustee and board Chairperson Sue Watson. She is an experienced CEO, director and educator who has had extensive experience in working with both government and private sector stakeholders and in managing staff and limited financial resources. Sue has consulted on policy, research and education for a wide range of New Zealand and international organisations.

I also want to extend our thanks and best wishes to former chairperson Royston Noel (chairperson October 2010 – February 2014), who has remained a board member. CORT has benefited tremendously from the time and expertise he has generously provided over the years.



CORT Tenancy Manager
Keni Lesatele and tenant Harold Henare

We also welcome Tony McNamara as a new board Trustee. Tony has held senior IT management positions in the health, local government and finance sectors.

On staff we welcome Diane Gillard as CORT Housing Service Manager. Diane replaces Peter Dobson, who retired at the beginning of the year. CORT extends a big thank you to Peter, who worked for CORT for six years and was a hugely influential and valued member of the staff team.

I would also like to offer heartfelt thanks to all of the friends of the Trust who provide hours of volunteer support – we simply could not manage without them.

Finally, I would also like to acknowledge the Ponsonby Baptist Church, which provides the premises for CORT's offices. The church's community worker Jim Pearson and the congregation take an active interest in the support and wellbeing of a number of CORT's tenants. In summer months the church hosts a monthly barbeque and in winter movie, soup and toast nights, as well as the annual mid-winter dinner for tenants. This valuable physical and moral support underpins our activities.

Peter Jeffries
CEO, CORT Community Housing

Strategic Plan 2014-2017

We have committed to three strategic priorities for the next three years.

1 TO ENHANCE OUR CORE STRENGTHS



We aim to strengthen the areas in which CORT has already proved itself:

- Governance and organisational management.
- Tenancy management and support of tenants.
- Asset and property management, including our planned maintenance programme.
- Governance and management skills.
- Managing and maintaining our relationship with our key government and community stakeholders.

WE WILL DO THIS BY:

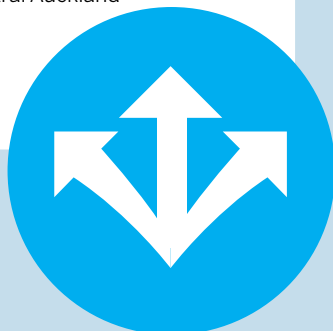
- Providing excellent care of our tenants and their homes.
- Regularly reviewing staff training.
- Reviewing our processes for tenancy selection.
- Bolstering governance with new trustee skills as required.
- Continuing our annual audit of tenant satisfaction through the University of Auckland.
- Regular accreditation of the organisation.
- Supporting our relationship with Ponsonby Baptist Church through good communication and affirmation of the support it gives our tenants.
- Exploring new community networks for our tenants, particularly those who are unable to participate in activities organised around the Trust's Ponsonby location.
- Maintaining an open and cooperative relationship with our tenants, and making provision for tenants' views and wishes to be considered at both staff and board levels.

2 TO EXPAND OUR REACH

We aim to become a significant provider of affordable housing in Auckland.

OUR GOALS FOR GROWTH INCLUDE:

- Addressing the urgent need to build more houses for low-income households.
- Continuing to design and build one and two-bedroom houses in medium and high-density formats.
- Increasing the number of houses owned (and tenants housed) by 50 per year, as finance and availability of land allows.
- Continuing to seek finance for building, through philanthropic and government funding and leveraging of current assets.
- Extending our focus to a wider group of low-income people, including single people, couples, small families and older people.
- Continuing to give priority to people with mental health issues where appropriate.
- Being open to Government initiatives to transfer land to community housing organisations, recognising that this brings challenges associated with state regulation.
- Forming partnerships with other housing providers where the opportunity arises.
- Expanding our geographic area to the whole of metropolitan Auckland, but with a primary focus on the central Auckland suburbs.



3 TO PLAY A STRONG ADVOCACY ROLE



We will continue to provide advocacy for all aspects of community housing.

THIS INCLUDES:

- Speaking out on behalf of our tenants and about housing affordability for low-income people.
- Working closely with the national (Community Housing Aotearoa) and regional (Auckland Community Housing Providers Network) community housing bodies.
- Working in a collaborative role with other community housing organisations.
- Seeking every opportunity to enhance the education of the wider public about the nature and challenges of community housing.
- Engaging with Central Government for the provision and funding of social housing and rent subsidies.
- Challenging Auckland Council to produce a Unitary Plan that enables low-income people to live and flourish in all areas of Auckland.
- Keeping abreast of social housing developments in Australasia.

Treasurer's Report

The accompanying audited accounts of CORT show that we have had another successful financial year and that all aspects of our accounts are positive.

The Trust has operated within the budget set by Trustees and continues to be financially successful. Rental and contract service incomes have adequately funded all of our operational costs, including staffing, property maintenance, loan repayments, etc. This has resulted in a surplus of nearly \$430,000 for the year. A further \$2.36M has been added to our balance sheet from capital gain, across our property portfolio. Along with property purchased over the year of approximately \$2M, total property valuation is now \$28.6M. With our borrowing (excluding conditional grants) of \$6.9M, our equity is now over \$21M. The resulting Debt/Equity ratio of 33% places us in a very good position for our continued growth.

CORT remains committed to building new properties and currently has work in progress on four development projects. We expect these will add \$10-12M to our balance sheet over the coming eighteen months.

I am very pleased to report that the Trust is well positioned to continue operating as we have been and to pursue our various property development projects.



William Alexander
Treasurer
CORT Community Housing

Financial Statements

DIRECTORY

Nature of Business

To obtain and maintain affordable accommodation for disadvantaged people with social needs within Auckland

Charities Register Number

CC36795

Trustees Sue Watson

(Chairperson, appointed on 04/09/2013)

Peter Jeffries (CEO)

William Alexander

(Treasurer)

Jody Kilpatrick

Royston Noel

Zheyne Tahana

Tony McNamara

(appointed on 04/09/2013)

Jeffery Tallon

(retired on 04/09/2013)

Sue Parsons

(retired on 04/09/2013)

Auditors Jolly Duncan and Wells
127 Main Highway
Ellerslie
Auckland

Bankers ASB Bank
Auckland

Independent Auditors' Report

To the Beneficiaries of Community of Refuge Trust

We have audited the financial statements of Community of Refuge Trust on pages 18 to 24, which comprise the statement of financial position as at 31 March 2014, and the statement of financial performance and statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation of financial statements that give a true and fair view of the matters to which they relate and in accordance with generally accepted accounting practice in New Zealand and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, Community of Refuge Trust.

Opinion

In our opinion, the financial statements on pages 18 to 24 present fairly, in all material respects, the financial position of Community of Refuge Trust as at 31 March 2014, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

JOLLY DUNCAN & WELLS

04 August 2014
Ellerslie, Auckland



FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2014

		2014	2013
	Notes	\$	\$
INCOME			
Property Rent		1,330,307	1,207,698
Gain on Sale of Properties		-	984,387
Bank Interest		7,013	34,242
Dividend		-	1,280
Sundry Income		-	50,164
Conditional Grant Forgiveness		-	1,500,000
ADHB Contract		532,170	545,958
Balance at beginning of the year		-	
Add: Received during the year		532,170	545,958
		532,170	545,958
		1,869,490	4,323,728
EXPENSES			
Property Expenses	9	608,118	579,549
Administration Expenses	9	151,301	146,392
Development Expenses	9	135,676	-
ADHB Contract		543,989	650,115
		1,439,084	1,376,056
Operating Surplus before taxation	2	430,405	2,947,672
Taxation		-	-
Operating surplus		430,405	2,947,672
Unrealised net change in the value of investment properties		2,356,291	1,365,835
NET SURPLUS FOR THE YEAR		2,786,696	4,313,507

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	2014			2013		
	\$			\$		
	Trust Funds	Revaluation Reserve	Total Equity	Trust Funds	Revaluation Reserve	Total Equity
Net surplus for the year	2,786,696	-	2,786,696	4,313,507		4,313,507
Total recognised revenues and expenses for the year	2,786,696	-	2,786,696	4,313,507	-	4,313,507
OTHER MOVEMENTS						
Transfer	2,356,291	2,356,291	-	(1,365,835)	1,365,835	-
Equity at beginning of the year	8,772,918	9,703,577	18,476,495	5,825,246	8,337,742	14,162,988
EQUITY AT END OF THE YEAR	9,203,324	12,059,868	21,263,192	8,772,918	9,703,577	18,476,495

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

		2014	2013
	Notes	\$	\$
EQUITY			
Trust Funds		9,203,324	8,772,918
Revaluation Reserve		12,059,868	9,703,577
TOTAL EQUITY		21,263,192	\$18,476,495
Represented by:			
CURRENT ASSETS			
Bank Accounts		6,190	305,351
Short Term Deposits		-	300,000
Sundry Debtors		50,207	94,838
GST Refundable		-	2,921
		56,397	703,111
NON-CURRENT ASSETS			
Development - WIP		1,693,667	2,237,860
Fixed Assets	6	24,010	30,013
Investment in associate	10	-	-
Investment Properties	5	28,610,000	24,266,000
		30,327,677	26,533,873
TOTAL ASSETS		30,384,075	27,236,984
CURRENT LIABILITIES			
Cash & Cash Equivalent		212,566	-
Sundry Creditors		30,482	193,850
GST Payable		3,925	-
Income received in advance		9,359	34,308
Tenant funds		7,406	12,108
Loans - Current portion	3	380,929	370,962
		644,668	611,227
TERM LIABILITIES			
ASB Credit Facility	3	629,189	629,114
Conditional Grants	4	1,588,500	1,089,786
Loans - Term portion	3	6,258,525	6,430,361
		8,476,214	8,149,261
Total Liabilities		9,120,883	8,760,488
NET ASSETS		21,263,192	\$18,476,495

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Community of Refuge Trust, is a charitable trust incorporated under the Charitable Trusts Act 1957 and subsequently registered with the Charities Commission under the Charities Act 2005 on 14 January 2009. The financial statements have been prepared according to generally accepted accounting practice.

MEASUREMENT BASE

The accounting policies recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Trust.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied:

- (a) **Fixed Assets**
Fixed assets are stated at cost less aggregate depreciation.
- (b) **Depreciation**
Depreciation is provided on a straight line basis on fixed assets, at rates calculated to allocate the cost less estimated residual value, over their estimated useful lives at the following rates: Motor vehicles, 5 years
- (c) **Investment Properties**
Investment property has been valued at market value. Unrealised gains/(loss) have been recognised in the statement of financial performance. No depreciation is charged on investment properties.
- (d) **Borrowing Cost**
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of Investment Properties are capitalised.

- (e) **Taxation**
The Trust is a registered charity with the Charities Commission and is exempt from Income Tax

- (f) **Revenue**
Rental income and ADHB revenue are generally recognised on an accrual basis as it is earned after deducting the uncollected rent.
Donations are recorded as revenue at the point when their receipt is acknowledged by the Trust formally.

- (g) **Goods and Service Tax**
The financial statements have been prepared on a GST exclusive basis.

- (h) **Income Received in Advance**
Income received in advance related to income received where there are unfulfilled obligations for the Trust to provide services in the future. The income are recorded as revenue as the obligations are fulfilled and the income earned.

- (i) **Accounts Payable and Accounts Receivable**
Accounts Payable and Accounts Receivable are those amounts expected to be collected and or discharged by the Trust within 12 months from the date of these statements. Accounts receivable are stated at the estimated realisable value.

- (j) **Differential reporting**
The Trust qualifies for differential reporting as it is not publicly accountable and it is not large as defined in the framework for differential reporting. The Trust has taken advantage of all available differential reporting exemptions.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year. All accounting policies are consistent with those used in the previous year.

NOTES TO THE FINANCIAL STATEMENTS

2. OPERATING SURPLUS BEFORE TAX

	2014	2013
	\$	\$
The surplus of income over expenditure was arrived after:		
CHARGING		
Interest - Mortgage	105,858	103,741
Office Rent	21,071	24,170
Audit Fees	8,000	7,000
Depreciation	6,003	8,594
Loss on disposal of assets	-	-
CREDITING		
Interest Income	7,013	34,242
Dividend Income	-	1,280

3. LOANS

NZ Baptist Savings & Development Society (BSDS)	1,348,220	1,441,823
Housing New Zealand Corporation (HNZC)	5,082,238	5,359,500
KiwiBank	208,996	-
	6,639,454	6,801,323
Current Portion – payable within 12 months	380,929	370,962
Term Portion – payable after 12 months	6,258,525	6,430,361

The BSDS, HNZC and ASB mortgages are secured by registered first mortgages over the Trust's investment properties. The Loan from HNZC is interest free for 10 years and thereafter interest is payable at market rates.

The BSDS mortgages bear interest at the rate of 6.20% per annum.

ASB Credit Facility	629,189	629,114
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ASB Credit Facility interest rate is 6.1% per annum to \$625,860. The overdraft interest rate on amount from \$625,860 is 22.50% per annum.

NOTES TO THE FINANCIAL STATEMENTS

4. CONDITIONAL GRANTS

- (i) The grant from ASB Community Trust is received towards HIF Funding and if within the period of 10 years after the grant is made, the Trust sells the properties or alters their use so that they no longer provide affordable rental accommodation to persons with social needs, then the Trust will repay the conditional grants to ASB Community Trust.
- (ii) The grant from Social Housing Unit is received towards Social Housing Project Funding and if the Trust sells the properties or alters its social housing purpose in accordance with the Relationship and Grant Agreement, then the funds must be re-invested in Social Housing or the Social Housing Unit may require the funds to be repaid.

5. INVESTMENT PROPERTIES

	2014	2013
	\$	\$
Investment Properties - at market value	28,610,000	24,266,000

Investment properties comprise 94 residential units located across 12 suburbs of Auckland. The properties were valued at market value at 31 March 2014 by M McNamara, independent registered valuer of the firm Property Sphere Consultancy. M McNamara is a member of the New Zealand Institute of Valuers Inc.

6. FIXED ASSETS

2014	Cost	Depreciation for the year	Accumulated Depreciation	Book Value
Motor Vehicles	51,911	6,003	27,901	24,010

2013	Cost	Depreciation for the year	Accumulated Depreciation	Book Value
Motor Vehicles	51,911	8,594	21,898	30,013

7. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2014 (2013: \$Nil).

8. COMMITMENTS

(a) Capital Commitments

The trust has entered into contract with Waller Projects Ltd to construct all facets of the proposed development located at 227 Mt Wellington Highway, Mt Wellington. As at 31 March 2014, the balance of the contract to complete is \$ 3,918,412. Capital commitments as at 31 March 2013: \$796,000

(b) There are no operating commitments as at 31 March 2014 (2013: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

9. DETAILED EXPENSES

	2014	2013
PROPERTY EXPENSES		
Interest	105,858	103,741
Body Corporate Levies	109,696	115,686
Insurance	38,003	14,202
Repairs and Maintenance	188,251	181,738
Rates	118,798	117,314
Tenant Power	46,405	45,864
Other	1,107	1,004
	608,118	579,549
ADMIN EXPENSES		
Wages	91,346	101,086
Consultancy/Valuers	2,123	2,468
Depreciation	6,003	8,594
Rent	2,830	4,265
Travel	6,432	5,866
Tenant Expenses and Employment	4,439	–
Legal Fee	8,245	4,494
Network Contribution	10,000	–
Other	19,884	19,618
	151,301	146,392
DEVELOPMENT EXPENSES		
Wages	128,713	–
Rent	6,760	–
Other	203	–
	135,676	–

10. INVESTMENT IN ASSOCIATE

	2014	2013
Investment in Tamaki Makaurau Community Housing Limited -25 ordinary shares at cost	–	–
Share of earnings	–	–

11. RELATED PARTY TRANSACTIONS

Ponsonby Baptist Church is a related party as it has the right to appoint four members of the Trust Board of Trustees. During the year, the trust paid Ponsonby Baptist Church for office rent of \$37,085 and community worker of \$29,000. At the year-end the balance owing to Ponsonby Baptist Church was \$109.96.



OUR PARTNER ORGANISATIONS

A selection of
CORT units located
in the Auckland community

CORT values the contribution of our partners in assisting us to create safe, affordable accommodation for people on low incomes. We work in a range of partnerships in order to share and gain access to diverse specialist expertise.

Accessible Properties
Affinity Services
ASB Bank
ASB Community Trust
Auckland Community Housing Provider Network
Bays Community Housing Trust
Buchanan Rehabilitation Centre
Crossroads Clubhouse
Community Housing Aotearoa
Cornwall House – Community Mental Health Centre
Equip Mental Health Services
Habitat for Humanity
Keys Social Housing
Kiwi Bank

Lifemark
Lifewise
Manaaki House
New Zealand Housing Foundation
Monte Cecilia Housing Trust
Pathways
Richmond Services
Social Housing Unit
St Lukes Community Mental Health Centre
Taylor Centre Community Mental Health
Tamakai Collective
Te Tumu Paeroa
VisionWest Community Trust
Westpac Bank



 **CORT**
community housing

THE CHAPEL, 43 Jervis Road, Ponsonby, Auckland 1011, New Zealand
+64 9 376 3049 +64 9 376 3019 info@cort.org.nz