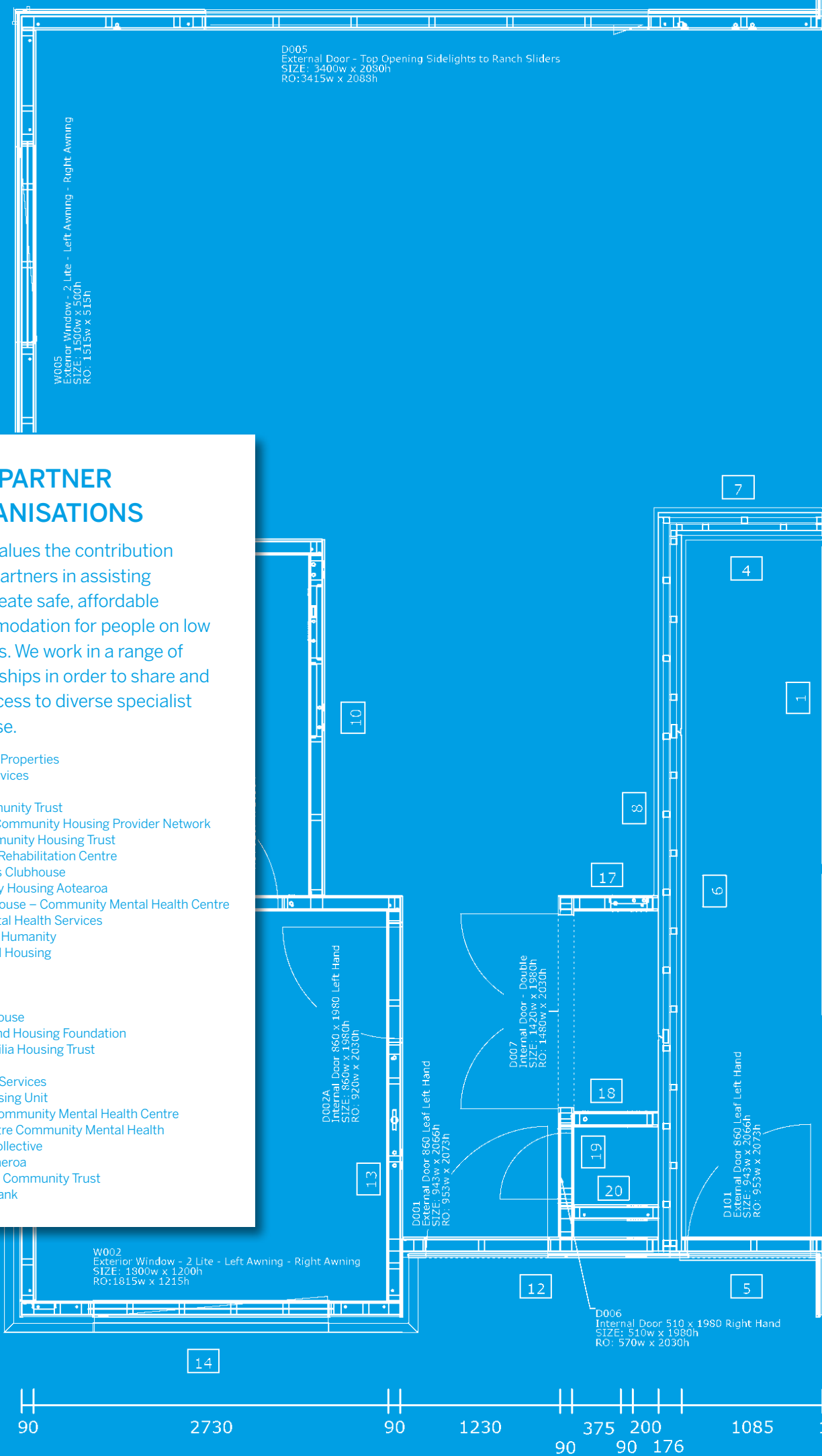




CORT COMMUNITY HOUSING

(COMMUNITY OF REFUGE TRUST)

90 3950 3950 90 90 1930 2650 90 90 630 90 90 630 90 3030 3030 90 90



D005
External Door - Top Opening Sidelights to Ranch Sliders
SIZE: 3400w x 2030h
RO: 3415w x 2083h

W005
Exterior Window - 2 Lite - Left Awning - Right Awning
SIZE: 1500w x 500h
RO: 1515w x 515h

OUR PARTNER ORGANISATIONS

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

W002
Exterior Window - 2 Lite - Left Awning - Right Awning
SIZE: 1800w x 1200h
RO: 1815w x 1215h

D002A
Internal Door 860 x 1980 Left Hand
SIZE: 860w x 1980h
RO: 920w x 2030h

D001
External Door 860 Leaf Left Hand
SIZE: 943w x 2066h
RO: 953w x 2073h

D007
Internal Door - Double
SIZE: 1470w x 1990h
RO: 1480w x 2030h

D101
External Door 860 Leaf Left Hand
SIZE: 943w x 2066h
RO: 953w x 2073h

D006
Internal Door 510 x 1980 Right Hand
SIZE: 510w x 1980h
RO: 570w x 2030h

90 2730 90 1230 90 375 200 1085 17 90 90 176 17

CORT COMMUNITY HOUSING

(COMMUNITY OF REFUGE TRUST)

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COMMUNITY HOUSING CONCEPTS AND DEFINITIONS

Affordable housing

Accommodation in which the total housing costs are affordable for those living in the housing unit. The commonly accepted guideline for housing affordability is a cost that does not exceed 30% of a household's gross income. Affordable housing includes both rental and home ownership.

Social housing

Rental housing provided for people on low incomes (primarily receiving government income support), who also face multiple barriers to accessing accommodation. Social housing has historically been provided by the Government – owned and managed by Housing New Zealand. However, the Government is increasingly looking to the community housing sector to also participate in the provision of social housing.

Community housing – third sector housing

Social and affordable housing provided by non-profit community organisations. Third sector housing refers to housing that is not provided by the private market (first sector) or public/government agencies (second sector). Third sector is housing provided by community not-for-profit and social enterprises, such as CORT Community Housing.

Mixed housing

The creation of a variety of housing types within a development or community. Within a social and community housing concept the term can be used to describe a mixture of housing types and tenant groups, whose occupancy is determined by their level of need and eligibility for affordable housing.

Cover image: Jessie Casson

**FRONT COVER IMAGE: Mt Wellington
Highway property – three generations
of one family living in CORT housing.**

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 eight staff and provides rental accommodation for 234 tenants. It has assets of \$40 million and manages 208 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. This has now expanded to include other vulnerable groups, such as people with disabilities, the elderly and small families on very low incomes, 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

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 Message

Housing affordability is one of the most challenging issues facing Aucklanders. In fact Auckland has the biggest housing shortage in the country. According to the NZ Productivity Commission chair Murray Sherwin in June this year, 'Auckland has a current shortage of 32,000 dwellings, and that number is going to keep growing.' Construction of new housing stock is still well below what's required to accommodate the increased population, let alone address the existing shortage of housing. A reduction in home ownership due to housing unaffordability increases the competition for rental accommodation. Those on the lowest incomes and in greatest need are inevitably the ones who suffer most in such a pressured environment.

Increasingly, the Government is looking to the community housing sector to help address the housing shortage for Auckland's most vulnerable residents. CORT Community Housing is at the forefront of these developments, thanks to the leadership demonstrated by our CEO Peter Jeffries, who is actively contributing to the social housing debate, and to our successful track record of delivering long-term, good quality affordable rental accommodation.

Opening of new developments

The past year was one of significant progress for CORT. Several years of planning and development have come to fruition with the completion of



CORT Chairperson Sue Watson.

PHOTOGRAPHERS: INC PORTRAIT STUDIO

three new development projects. Our 227 Mt Wellington Highway development of 16 x one-bedroom units and three x two-bedroom units was officially opened in January by the Prime Minister John Key, Minister of Housing Paula Bennett and Deputy Mayor Penny Hulse. We were heartened by this demonstration of Government and local government support and acknowledgement.

We are also very appreciative of the funding that made this project possible. First, we thank the Government for the Special Housing Unit funding. Without such capital grants CORT would not be able to develop and provide this type of community housing. We are grateful also to our other funding partners, the ADHB, ASB and the ASB Community Trust.



CORT Chairperson Sue Watson and PM John Key at the opening of the Mt Wellington development.



PM John Key opening Mt Wellington Highway development

We're also indebted to members of the Auckland Community Housing Providers' Network, who provide leadership and advocacy for this work. And, of course, we would not be able to achieve any of this without the staff and trustees of CORT Community Housing and the members of Ponsonby Baptist Church, who continue to support the Trust and its tenants.

The Mt Wellington Highway project that now accommodates 23 tenants in warm, affordable, long-term housing was formerly the site of one three-bedroom house. Our hope is that these new units will be more than simply 'affordable rental units' – they will become home to those who live here. CORT is more than just a landlord. Our emphasis is on the well-being of our tenants to provide long-term security of tenure, enabling our tenants to build connections in the communities where they live.

This project represents a significant development for CORT Community Housing. Twenty-seven years ago the newly formed Trust purchased its first property for \$135,000 with the help of a Government Urban Renewal Grant in what was then considered an affordable housing

area – Herne Bay. It was a villa that was converted into three x one bedroom flats – a property CORT still owns today.

Almost three decades later, the Trust has properties valued at \$40 million and accommodates 234 tenants, many with high and long-term needs. Our focus has traditionally been on people with long-term mental health issues. We are now expanding to accommodate other vulnerable groups, such as low-income single parent families, the disabled and older people.

Thirty per cent of people waiting for social housing require a one-bedroom unit, but these make up only 9% of Housing New Zealand properties. Recognising this need, one-bedroom units make up 75% of CORT's properties. By the end of 2015 we will have completed a further 26 units, 14 of them comprising one-bedroom units.

Strategic priorities

In 2014 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. CORT is now in its second year of

We hope our new rental units will become 'home.'

this strategic focus. We successfully implemented this strategic direction last year and we continue to affirm it.

We are on the way to becoming a significant provider of affordable housing in Auckland and we continue to provide advocacy for all aspects of community housing. This is primarily expressed through our CEO, who continues to advocate for social housing and for the rights of our social housing tenants – their right to have access to long-term, affordable accommodation.

We have also strengthened our policies, processes and governance in



recent years. These robust systems and processes help to ensure that we experience very low levels of tenant turnover. CORT's recent annual evaluation report from the Ministry of Business, Innovation & Employment's Community Housing Regulatory Authority provided further external validation: 'CORT is clearly a very professional community housing provider and has comprehensive and detailed documented policies and procedures in place . . . and can be held up as an example of current best practice in New Zealand in these areas.'

We are looking forward and planning as an organisation for significant growth, strengthening our teams and building additional expertise in the social housing area. We can see the clear need for more social housing. However, CORT has now reached the stage where without significant further investment from Central Government we will be unable to continue to commit to new developments on the scale of our Mt Wellington Highway and Waimahia units. We have proved that we have the capacity and the expertise to undertake such projects and we are poised to raise this capacity to the next level, should this investment be forthcoming.

Sue Watson
Chairperson,
CORT board of trustees

CEO's Report

THE SITUATION – A WORSENING HOUSING MARKET

Auckland's housing crisis continues to dominate the news. Housing prices have increased by over 14% during the past year. Scarcely a day passes without media coverage of the city's increasing rents and house prices, the effect this is having on families and neighbourhoods and what needs to be done to address the problem.

Increasingly desperate people at the lower end of the market

There is a corresponding and significant increase in rents as average house prices continue to increase. When the housing market struggles to build sufficient houses to meet the demand, greater pressure is placed on the rental market, in particular the smaller one-bedroom and two-bedroom market. CORT staff have noticed a significant increase in referrals from social services agencies seeking one and two-bedroom accommodation for their clients. At the same time, sourcing appropriate affordable accommodation to meet this demand is



Peter Jeffries – CORT CEO

PHOTOGRAPHERS: INC PORTRAIT STUDIO

becoming increasingly difficult. Because of the shortage of rental housing stock, landlords are upgrading older properties to attract new higher-paying tenants. Although this is a predictable market reaction to a tight housing market, it has a dramatic effect on people on low and fixed incomes, whose options are dramatically reduced. This can result in them having to move and take up lodging in boarding houses or in sub-standard accommodation.

The *NZ Herald* reported in June this year that the Auckland City Mission had observed a significant increase in the numbers of people sleeping rough or in their vehicles in and around the inner city.

People on low incomes are hit hardest in a housing crisis.

A liveable city is only as healthy and functional as its poorest residents. An increase in the amount of unaffordable housing results in higher levels of poverty, social exclusion and crime.

CORT's solution

CORT continues to lobby the Council and maintain its involvement in the protracted Unitary Plan process, attending workshops and hearings and advocating for an increase in affordable housing spread across the region. Our primary argument is that the Unitary Plan must allow for greater intensification across all areas. The current proposed plan restricts intensification (medium to high-density housing) to just 15% of the current land area. By imposing these restrictions the plan inadvertently increases the value of the land in these areas, adding to the high price of new dwellings. Restricting the minimum development section size to 200-300sqm in 85% of Auckland significantly increases the cost of one bedroom and two-bedroom dwellings in these areas.

CORT has clearly demonstrated through its most recent Princes Street and Lynton Road developments that you can build aesthetically pleasing, medium-density (two-storey) one and two-bedroom

dwellings at around 100sqm per dwelling at a much more affordable price than the market is currently offering through high-rise apartments.

CORT argues that to meet the growing demand for affordable one and two-bedroom dwellings, we need to develop them in a manner that is both sensitive and aesthetically pleasing throughout the suburbs and not solely in areas set aside for high-rise apartments. If this does not happen, suburbs will not develop to reflect the changing nature of our communities.

In association with the Auckland Community Housing Network (ACHN), CORT is also advocating for the inclusion of 'retained affordable housing' within the Unitary Plan. This involves all new developments being required to ensure that a proportion of each development includes a provision for affordable housing.

Income-Related Rent Subsidy (IRRS)

IRRS was introduced by the Government in April 2014. It extended the availability of the income-related rent subsidy to registered community housing providers (CHPs) such as CORT. Previously this subsidy was available only to Housing New Zealand tenants. IRRS is a rent subsidy that allows the tenant to pay rent based on a percentage of their income (normally 25-30%). The landlord is then reimbursed for the shortfall between the amount paid by the tenant and the pre-determined market rent.

Government is currently looking at ways in which it can increase the number of IRRS placements in Auckland by an additional 1800 before 2018. To achieve this target Government will need to assist the community housing sector to develop additional housing stock.

A potential Government solution

The solution is to build more affordable houses to supply the rental market. More Government-owned land needs to be given to community housing providers for the Government's social housing reform programme to achieve its goal of improving the diversity of social housing in New Zealand, making it more accessible for the people in greatest need.

HIGHLIGHTS AND ACHIEVEMENTS OVER THE PAST YEAR

2014/2015 has been another busy development year for CORT. In a very challenging housing environment we have succeeded in completing three notable community developments over the past year and a fourth has begun.

227 Mt Wellington Highway

In January this year our new 227 Mt Wellington Highway development of 16 x one-bedroom units and three two-bedroom units was officially opened. The property was quickly tenanted with a mix of older people and those with disabilities or low incomes. The site is well located next to a park, shopping centre and public transport (including a rail link at Sylvia Park).





CORT homes at Waimahia Inlet.

First completed CORT dwelling in the Waimahia Inlet development

Waimahia Inlet is a residential subdivision on a greenfields site of 16 hectares, of which four hectares have been set aside for reserves and stormwater catchment. This is the first Special Housing Area (SHA) developed in response to the council and Government fast-track building scheme. Waimahia Inlet is an example of an exciting new model of integrated housing development that combines private, community and Government involvement in the provision of affordable housing.

Waimahia Inlet development is already a success story.



12 Tonuitanga St, Waimahia Inlet, Weymouth.

Waimahia is being developed by a partnership of not-for-profit community housing organisations. The NZ Housing Foundation manages and delivers the project on behalf of the partners that include: Te Tumu Kainga (Maori Trustee), CORT Community Housing and the NZ Housing Foundation. The general partnership is being led by Ngā Mana Whenua o Tāmaki Makaurau. About 80% of the households in the development will eventually own their



own home. The remaining homes will be operated through community housing providers. Significant progress has been made with the development. CORT has now taken delivery of the first of its planned eight two-bedroom and one three-bedroom units of stage one.

The Waimahia development has already been a huge success. Stage one sold out (95 homes) in December 2014. By January 2015 there were 23 families living in residence. In March 2015 stage two sold out (58 homes). Stage three of the houses will be placed on the market in September 2015. The target completion date for the whole development is March 2017. A further 11 rental units developed by CORT will come on stream in July this year.

Over the past 12 months CORT has hosted the Prime Minister, the Mayor of Auckland and other dignitaries at Waimahia, all of whom have been very

impressed with the design layout and community atmosphere we have been able to provide in the new neighbourhood.

Opening of the Lynton Road, Mt Wellington development

This project includes eight x one-bedroom and three x two-bedroom units and will be opened in September this year. Originally the Lynton Road site consisted of two stand-alone three-bedroom houses purchased by CORT from Housing New Zealand. CORT is keen to demonstrate how by providing good design that is aesthetically in keeping with the construction style of other residential dwellings within the surrounding neighbourhood it is possible to increase the density from one dwelling per 600sqm to one dwelling per 109sqm. This also provides greater options for tenure in a neighbourhood lacking sufficient supply of one bedroom and two-bedroom dwellings.



Recently completed Lynton Road development.

Jessie Casson

Arawa Road, New Lynn development

This project is now underway and the site is being prepared for construction. The Arawa Road project includes six x one-bedroom units. It is being built for CORT by the New Zealand Housing Foundation, with whom we are also working closely on the Waimahia Inlet development. This development is scheduled for completion in March 2016. The completed site will contain 10 x two bedroom units for Housing New Zealand and six x one-bedroom units for CORT.



Recently commenced Arawa Street development in New Lynn.

Professional property maintenance and tenancy management

CORT currently manages 225 properties. However, we expect this to increase to over 250 properties by the end of 2015. CORT owns over half of these properties and manages the other half 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 and to enhance the comfort and wellbeing of our tenants.

CORT property insulation upgrades

CORT continues the insulation upgrade programme of its existing older housing stock. In recent years CORT has taken advantage of Government-subsidised insulation programmes to install additional insulation wherever it is possible to make its properties warmer and drier for its tenants.

New CORT offices

CORT is gearing up for the projected growth in social and community housing promised in the Government's Social Housing Reform Programme. We have added further expertise to our team and expanded our centre of operations. After much consideration we moved in June this year from the offices provided by



New CORT offices at 68 Grafton Road, Grafton.

CORT annual tenant dinner

This dinner has become a highly anticipated annual event. It is attended by many of CORT's tenants, as well as CORT staff and supporters from the Ponsonby Baptist Church.



the Ponsonby Baptist Church to relocate to 68 Grafton Road. CORT has operated from the Ponsonby premises since it was established in 1987.

The new premises in Grafton will provide much-needed extra office space, as well as additional carparking. The new offices are centrally located, with excellent motorway access.

Thanks

I thank CORT board chair **Sue Watson** for her outstanding work in guiding the Trust. Her extensive experience working on corporate and non-profit boards has been invaluable to the Trust in ensuring that the organisation is aligned with its agreed strategic direction.

I would also like to offer heartfelt thanks for the time and expertise provided by our board of trustees and 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 and thank the Ponsonby Baptist Church, which provided the premises for CORT's offices

'Thank you for everything you do – your vision, your mission and your efforts. There is no tenure (long-term accommodation) in the current competitive, overpriced rental market, and little support or compassion from private landlords. Community housing is essential for those of us who are working hard towards independence and dealing with issues.' CORT tenant

until mid-June 2015. I'd particularly like to thank Jodi Kilpatrick, Minister of the church, who has been ex-officio member of the Trust for the past decade. The church's congregation takes an active interest in the support and wellbeing of a number of CORT's tenants. This valuable physical and moral support underpins our work providing safe and affordable accommodation for those most in need in our Auckland community.

Peter Jeffries
CEO, CORT Community Housing

Board of trustees' profiles



Sue Watson

PhD, MEd, BA, Dip Tchng

Chairperson

Trustee since 2014

Chair since 2014

Skills: *Leadership and strategic development, government relations, developing and maintaining relationships with key stakeholders*

Sue Watson is Chief Executive of At Summit Asia Pacific Ltd, an enterprise of the London-based Commonwealth Education Trust. She is an experienced CEO and has been a director on a number of not-for-profit boards. Sue is skilled at working with both government and private-sector stakeholders and in creating strong teams to drive growth and effectiveness. She has travelled widely in her professional roles and consulted on policy, research and education for a broad range of New Zealand and international organisations. Sue also brings a strong personal commitment to the work of CORT Community Housing and a desire to contribute to the growing social housing sector in New Zealand.



Peter Jeffries

BBS

CEO CORT since 2008

Skills: *Strategic and operational management*

Peter has been involved with CORT Community Housing since its inception and was chairperson from 1998 to 2006. He has experience in the export sector and in the management of private sector business. Peter brings extensive knowledge and understanding of the community housing sector. He is also chair of the Auckland Community Housing Providers Network and is a director in Tāmaki Makaurau Community Housing.



Bill Alexander

BE (Hons) Agric

Treasurer, Trustee since 2003

Skills: *Management, research & development, operations, marketing*

Bill is a company director and manager. He has a background in engineering, research, product development, operations, marketing and company management. Bill was involved in the original group which set up CORT Community Housing in 1987. He has maintained a close interest and

involvement in the Trust over the years. In addition to his strong business background, Bill brings to the board personal hands-on experience in property maintenance and construction, as well as a strong interest in green building and energy management.



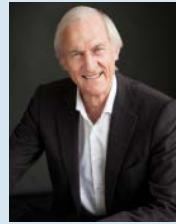
John Deyell BCom
(taxation & accounting)
Trustee since 2014
Skills: *Finance, charitable trust management*

John has a background in accounting and charitable trust management, having worked initially as the finance administrator and then as coordinator for a trust in Christchurch operating in the youth sector. John works within the finance team of a large NGO operating in the mental health recovery sector. He brings with him his passion for finance, community development and trust governance.



Tony McNamara
BSc, MBA, IITP
Trustee since 2013
Skills: *Strategy, IT management*

Tony is a partner in Proforma Group, specialising in the alignment of ICT strategy with business strategy, with a focus on small to medium-sized law firms. Tony has held senior IT management positions in the health, local government and finance sectors. He has extensive experience of working with a diverse range of community groups.



Graham Davison
MB, ChB, FRACP
Co-op Trustee since 2005
Skills: *Health and knowledge of the Trust*

Graham is a retired geriatrician who worked for 35 years for the Auckland District Health Board (ADHB). He was the first chairperson of the Trust (1988-1998). He brings knowledge of the history of the Trust and a health perspective.



Jody Fitzpatrick
BTheol, MTheol
Ex-officio Trustee since 2005
Skills: *Pastoral leadership*

Jody is the Minister of Ponsonby Baptist Church. She brings skills and experience in guidance and pastoral care. Jody also brings an invaluable senior leadership church perspective to the board.



Zheyne Tahana
Tenant advisor since 2013

Zheyne offers the invaluable perspective of being a long-term tenant of CORT Community Housing. His insider perspective offers a unique personal knowledge and understanding to the Trust's decision-making processes. He finds it fascinating and empowering to be involved in the decision-making and strategic direction of CORT Community Housing.

Treasurer's Report

The accompanying audited accounts demonstrate that CORT has had another successful financial year in both our rental operations and property development activities.

Our operations have remained stable and within budget, showing a cash surplus of nearly \$454,000. In addition, we show an unrealised gain in the value of our properties of \$2.15 million.

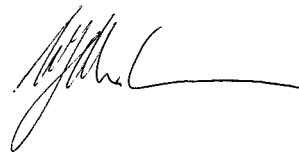
Our property development activities continued as planned and approximately \$6.8 million in property purchases and construction was added over the year, giving a total property valuation in the order of \$39.3 million. This was funded through \$3.67 million in conditional grants from the Social Housing Unit and \$3.2 million in other borrowing.

CORT currently has work in progress on three development projects. The funding of these properties is all in place and the work has progressed sufficiently for us to be confident

of their budgets, so no significant financial risk is perceived in bringing these developments to completion.

CORT's balance sheet has continued to benefit from the ongoing surge in Auckland property prices, which supports some further borrowing. We remain committed to acquiring and developing additional properties for affordable housing. However, our analysis shows that rental incomes, even at market rates, are not sufficient to fully fund the development costs. Funding from outside sources will therefore be required to enable CORT to proceed further with a sustainable property development programme.

I am very pleased to report that the Trust is well positioned to continue to pursue our mission.



William Alexander
Treasurer, CORT Community Housing

Financial Statements

TRUST DIRECTORY

Purpose of Trust

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

Incorporation Date

October 1987

Charities Register Number

CC36795

Trustees

Sue Watson

(Chairperson, appointed on 04/09/2013)

Peter Jeffries (CEO)

William Alexander (Treasurer)

Jody Kilpatrick

Zheyne Tahana

Royston Noel (resigned 17/09/2014)

Tony McNamara

John Deyell (appointed 17/09/2014)

Auditors

Jolly Duncan and

Wells

127 Main Highway

Ellerslie

Auckland

Bankers

ASB Bank

Auckland

Independent Auditors' Report

To the Trustees of Community of Refuge Trust

We have audited the accompanying financial statements of Community of Refuge Trust and its subsidiaries, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated 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 the consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 or any of its subsidiaries.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Community of Refuge Trust and its subsidiaries as at 31 March 2015, and their financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Other Matter

We did not audit the financial statements of the subsidiary, Lynton Housing Limited, whose financial statements have been included in these consolidated financial statements of Community of Refuge Trust and its subsidiaries. The financial statements of the subsidiary are unaudited.

JOLLY DUNCAN & WELLS

23 July 2015
Ellerslie, Auckland


JOLLY DUNCAN & WELLS
CHARTERED ACCOUNTANTS | BUSINESS ADVISORS

FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2015

		2015	2014	2015	2014
	Note	\$	\$	\$	\$
INCOME					
Rent received		2,980,738	2,789,554	2,980,738	2,789,554
ADHB contract income		534,330	532,170	534,330	532,170
Interest received		1,110	7,013	1,110	7,013
		3,516,178	3,328,737	3,516,178	3,328,737
LESS: EXPENSES					
Property expenses		2,285,407	2,127,377	2,284,771	2,127,377
Administration expenses		148,702	151,301	148,696	151,301
Development expenses		117,987	135,676	117,987	135,676
ADHB contract expenses		510,239	483,977	510,239	483,977
		3,062,335	2,898,331	3,061,693	2,898,331
Operating surplus before taxation	2	453,842	430,406	454,485	430,406
Taxation		-	-	-	-
Operating surplus		453,842	430,406	454,485	430,406
Unrealised net change in the value of investment properties		2,155,176	2,356,291	2,155,176	2,356,291
NET SURPLUS FOR THE YEAR		2,609,018	2,786,697	2,609,661	2,786,697

STATEMENT OF MOVEMENTS IN TRUST FUNDS FOR THE YEAR ENDED 31 MARCH 2015

GROUP	Retained Earnings	Property Revaluation Reserve	Trust Funds
Balance at 1 April 2013	8,772,918	9,703,577	18,476,495
Net surplus for the year	2,786,697	-	2,786,697
Transfer unrealised net change in the value of investment properties	(2,356,291)	2,356,291	-
Balance at 31 March 2014	9,203,324	12,059,868	21,263,192
Net surplus for the year	2,609,018	-	2,609,018
Transfer unrealised net change in the value of investment properties	(2,155,176)	2,155,176	-
Balance at 31 March 2015	9,657,167	14,215,044	23,872,211

TRUST	Retained Earnings	Property Revaluation Reserve	Trust Funds
Balance at 1 April 2013	8,772,918	9,703,577	18,476,495
Net surplus for the year	2,786,697	-	2,786,697
Transfer unrealised net change in the value of investment properties	(2,356,291)	2,356,291	-
Balance at 31 March 2014	9,203,324	12,059,868	21,263,192
Net surplus for the year	2,609,661	-	2,609,661
Transfer unrealised net change in the value of investment properties	(2,155,176)	2,155,176	-
Balance at 31 March 2015	9,657,809	14,215,044	23,872,853

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Note	GROUP		TRUST	
		2015 \$	2014 \$	2015 \$	2014 \$
TRUST FUNDS					
Retained earnings		9,657,167	9,203,324	9,657,809	9,203,324
Property revaluation reserve		14,215,044	12,059,868	14,215,044	12,059,868
		23,872,211	21,263,192	23,872,853	21,263,192
CURRENT LIABILITIES					
Bank balances		-	2 12,567	-	2 12,567
Sundry creditors		55,586	30,482	55,586	30,482
GST payable		4,626	3,925	4,626	3,925
Income received in advance		-	9 359	-	9 359
Tenant funds		9,706	7,406	9,706	7,406
Related party loan	3	-	-	180,000	-
Loans - current portion	4	372,671	380,929	372,671	380,929
		442,589	644,668	622,589	644,668
NON-CURRENT LIABILITIES					
Loans - term portion	4	10,086,710	6,887,714	9,756,074	6 887,714
Conditional grants	5	5 265,075	1,588,500	5,265,075	1,588,500
		15,351,785	8 476,214	15,021,149	8 476,214
Total funds employed		39,666,585	30,384,074	39,516,591	30,384,074
NON-CURRENT ASSETS					
Fixed assets	6	24,318	24,010	24,318	24,010
Investment properties	7	37,273,000	28,610,000	37,273,000	28,610,000
Development work in progress	8	2 063,195	1 693,667	2,063,195	1,693,667
Other investments	9	-	-	-	-
		39,360,513	30,327,677	39,360,513	30,327,677
CURRENT ASSETS					
Bank		255,600	6,190	105,605	6,190
Bank - short term deposits		25	-	25	-
Accounts receivable		50,447	50,207	50,447	50,207
		306,072	56,397	156,078	56,397
TOTAL ASSETS		39,666,585	30,384,074	39,516,591	30,384,074

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. STATEMENT OF ACCOUNTING POLICIES

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 13 January 2009. These financial statements have been prepared in accordance with generally accepted accounting practice as determined by the External Reporting Board. The consolidated financial statements for the Trust comprise Community of Refuge Trust and its controlled entities, Lynton Housing Limited, Jervois Developments Limited and Mt Wellington Developments Limited, together the "Group", and are presented for the year ended 31 March 2015.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Trust and group, with the exception that investment properties have been revalued. The information is presented in New Zealand dollars.

Specific accounting policies

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

a) Basis of consolidation

The Group financial statements consolidate those of the Trust and all of its subsidiaries as of 31 March 2015. The Trust controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 March.

All transactions and balances between Group entities are eliminated on consolidation, including unrealised gains and losses on transactions between Group entities. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b) Revenue

Property rental, ADHB contract and interest income is recognised as it is earned.

Donations are recorded as revenue at the point when their receipt is formally acknowledged by the Trust.

Grants received are recognised in operating revenue, unless specific conditions attach to a grant and repayment of the grant is required where these conditions are not met. In these cases, the grant is treated as a liability until the conditions are met.

c) Fixed assets

Fixed assets are recorded at cost less accumulated depreciation.

d) 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
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e) Investment properties

Investment property has been valued at market value. Unrealised gains and losses have been recognised in the statement of financial performance. No depreciation is charged on investment properties.

f) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised and form part of the cost of Investment Properties.

g) Income tax

The Trust has charitable status and is exempt from income tax.

h) Goods and services tax (GST)

These financial statements have been prepared on a GST exclusive basis.

i) Accounts payable

Accounts Payable represents liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities.

j) Income received in advance

Income received in advance relates to income received where there are unfulfilled obligations for the Trust to provide services in the future. Income is recognised as revenue as the obligations are fulfilled and the income is earned.

k) Differential reporting

The Trust qualifies for differential reporting as it is not publicly accountable and it is not large. The Trust has taken advantage of all available differential reporting exemptions except for SSAP-17 Accounting for Investment Properties and Properties Intended for sale.

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

	GROUP		TRUST	
	2015	2014	2015	2014
	\$	\$	\$	\$

2. OPERATING EXPENSES

The surplus of income over expenditure was arrived:

after crediting: Interest received	1,110	7,013	1,110	7,013
and after charging: Auditors remuneration	9,494	8,000	9,494	8,000
Depreciation	4,351	6,003	4,351	6,003
Interest expense	202,358	105,858	202,358	105,858
Lease expense - office rent	33,940	37,085	33,940	37,085
Salaries and wages	567,180	544,383	567,180	544,383

3. RELATED PARTY LOAN

Lynton Housing Limited	-	-	180,000	-
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Lynton Housing Limited is wholly owned by the Trust. This unsecured loan bears interest at 6% p.a. and has no fixed terms of repayment.

4. LOANS

NZ Baptist Savings & Development Society (BSDS) - mortgage loans	1,255,712	1,348,220	1,255,712	1,348,220
Housing New Zealand Corporation (HNZC) - mortgage loans	4,815,832	5,082,238	4,815,832	5,082,238
KiwiBank - mortgage loan	205,003	208,996	205,003	208,996
ASB - mortgage loan	3,055,000	-	3,055,000	-
ASB Credit Facility	1,127,834	629,189	797,198	629,189
	10,459,381	7,268,643	10,128,745	7,268,643
Current Portion - payable within 12 months	372,671	380,929	372,671	380,929
Term Portion - payable after 12 months	10,086,710	6,887,714	9,756,074	6,887,714

The BSDS, HNZC, Kiwibank and ASB mortgages are secured by registered first mortgages over the Trust's investment properties.

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

HNZC loans are interest free for 10 years and thereafter interest is payable at market rates.

The ASB Credit Facility and mortgage loan bears interest at rates between 6.1-7.1% per annum.

The Kiwibank mortgage loan bears interest at 5.65% p.a. and is repayable in fixed monthly instalments of \$1,308.

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		TRUST	
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5. CONDITIONAL GRANTS

ASB Community Trust	900,000	900,000	900,000	900,000
Social Housing Unit	4,365,075	688,500	4,365,075	688,500
	5,265,075	1,588,500	5,265,075	1,588,500

- (i) The grant from ASB Community Trust is received towards Housing Innovation Fund projects 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 the 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.

6. PROPERTY, PLANT AND EQUIPMENT

Group and Trust	Cost	Depreciation	Accumulated Depreciation	2015 Book Value
Motor Vehicles	43,759	4,351	19,441	24,318
	Cost	Depreciation	Accumulated Depreciation	2014 Book Value
Motor Vehicles	51,911	6,003	27,901	24,010

	GROUP		TRUST	
	2015	2014	2015	2014
	\$	\$	\$	\$

7. INVESTMENT PROPERTIES

Investment properties – at market value	37,273,000	28,610,000	37,273,000	28,610,000
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Investment properties comprise 113 residential units located across 12 suburbs of Auckland (2014: 94). The properties were valued at market value at 31 March 2015 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.

8. DEVELOPMENT WORK IN PROGRESS

Investment properties – in development	2,063,195	1,693,667	2,063,195	1,693,667
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Comprises residential units under construction at 10-12 Lynton Road (2014: 227 Mt Wellington Highway).

NOTES TO THE FINANCIAL STATEMENTS

9. OTHER INVESTMENTS

The trust has an interest in the following entities:

- a.) Waimahia Inlet Neighbourhood Limited Partnership Limited partnership - 25% share
- b.) Tamaki Makaurau Community Housing Limited Associate company - 25% shareholding
- c.) Jervois Developments Ltd Subsidiary company - 100% shareholding
- d.) Lynton Housing Ltd Subsidiary company - 100% shareholding
- e.) Mt Wellington Developments Ltd Subsidiary company - 100% shareholding

All investments have a cost of \$-.

The Trust is a limited partner in the Waimahia Inlet Neighbourhood Limited Partnership which is involved in the development of social housing in Waimahia.

In 2014 the Trust acquired 25 ordinary shares (25% of shareholding) in Tamaki Makaurau Community Housing Limited. This company is a general partner in the Waimahia Inlet Neighbourhood Limited Partnership.

Mt Wellington Developments Ltd and Jervois Developments Ltd are both dormant companies that have not traded.

Lynton Housing Ltd was set up to head the development of 10-12 Lynton Rd.

10. RELATED PARTY TRANSACTIONS

Ponsonby Baptist Church is a related party as it has the right to appoint four members of the Board of Trustees. During the year, the trust paid Ponsonby Baptist Church \$33,940 for office rent and \$33,078 for a grant towards community worker costs (2014: 37,085 and \$29,000 respectively). At year-end the balance owing to Ponsonby Baptist Church was \$-.

The Trust has received a loan from its wholly owned company, Lynton Housing Limited. This loan is unsecured and has no fixed terms of repayment. At year-end the balance owing was \$180,000. The trust has provided an unlimited all obligations joint and several guarantee and indemnity to ASB Bank Limited in support of the facilities provided by the bank to the trust and Lynton Housing Limited.

No related party debts have been written off or forgiven during the year (2014: nil).

11. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2015 (2014: nil).

12. CAPITAL AND OPERATING COMMITMENTS

(a) Capital commitments

The group has entered into a \$1,515,600 contract with eHomes Global (NZ) Ltd to construct residential units at the trust's Lynton Road property.

The trust has entered into a \$2,924,100 contract with Waimahia Inlet Neighbourhood Limited Partnership to purchase 9 residential property units in a development under construction by the limited partnership.

(2014: The trust has entered into contract with Waller Projects Ltd to construct a social housing project at 227 Mt Wellington Highway. As at 31 March 2014, the balance of the contract to complete is \$ 3,918,412.)

(b) Operating commitments

There are no operating commitments at balance date (2014: nil).

13. COMPARATIVES

Comparative figures have been regrouped where necessary.



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