

Financial Report 2019

CORT Community Housing

(COMMUNITY OF REFUGE TRUST)



Our board



The CORT Community Housing Board of Trustees Left to right: Sue Watson (Chairperson), Zheyne Tahana, Julie Dudfield, John Deyell, William Alexander, Tony McNamara, Alex Duncan, Graham Davison, Peter Jeffries (CEO), Jody Kilpatrick

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Treasurer's report

The financial performance of CORT has again been sound in 2019. The Trustees and management are aware of their stewardship role to prudently expand and maintain the Trust's portfolio in accordance with its purposes. This is evident in further significant growth in the number of dwellings, while also maintaining strong cash flow and a prudent balance sheet.

Total assets of the Trust have now reached \$124 million, up from \$89 million in 2018. This increase of \$35 million is mainly attributable to 43 new properties added to the portfolio during the year and work in progress on projects currently under development.

Mortgages account for most of the Trust's liability, and are around \$29 million. Additional liabilities include \$40 million in conditional grants, repayable only if the Trust no longer keeps the properties for social housing. The strength of the balance sheet will increase as the conditional grants are eventually forgiven. The Trust's equity of \$59 million reflects an increase of just under \$10 million from 2018.

The Trust continues to apply rigorous oversight of its finances, including having regard to risk and its mitigation. The finance and risk sub-committee has continued to monitor financial reporting and oversight of the fiscal risks associated with each development project. The Trust manages these risks through its cash reserve policy, which sets and reports against benchmarks that require adequate cash flow to protect against unforeseen negative events.

With a strong balance sheet, and proven management and governance expertise, CORT has never been in a better position to continue to take up opportunities to prudently grow for the benefit of our clients.

Alex Duncan
Treasurer, CORT Community Housing

Trust directory

For the year ended 31 March 2019

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

Address 68 Grafton Road
Auckland

CEO Peter Jeffries

Trustees Sue Watson (Chairperson)
Alex Duncan (Treasurer)
Graham Davison
Jody Kilpatrick
John Deyell
Julie Dudfield
Tony McNamara
William Alexander
Zheyne Tahana

Bankers ASB Bank Limited, Auckland

Auditors RSM Hayes Audit
Newmarket
Auckland

Independent Auditor's Report

To the Board of Trustees of Community of Refuge Trust

RSM Hayes Audit

PO Box 9588
Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023

T +64 (9) 367 1656
www.rsmnz.co.nz

Opinion

We have audited the consolidated financial statements of Community of Refuge Trust (the Trust) and its share in associated entities (the group), which comprise:

- the consolidated statement of financial position as at 31 March 2019;
- the consolidated statement of comprehensive revenue and expense for the year then ended;
- consolidated statement of changes in net assets/equity for the year then ended;
- consolidated statement of cash flows for the then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 5 to 17 present fairly, in all material respects, the financial position of the group as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have assisted with minor formatting to the group financial statements, with information provided by management.

Other than in our capacity as auditor and above, we have no relationship with, or interests in, the group or any of its associated entities.

Other matters

The consolidated financial statements for the year ended 31 March 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 16th July 2018. The balances included in the financial statements for the year ended have been adjusted for a prior period error as detailed in Note 18.

Other information

The Board of Trustees are responsible for the other information. The other information comprises the Chief Executive Officer's report, Treasurer's Report and the Trust Directory (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Responsibilities of the Board of Trustees for the consolidated financial statements

The Board of Trustees are responsible, on behalf of the group, for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Trustees are responsible, on behalf of the group, for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this consolidated financial statements. A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the XRB's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx

Who we report to

This report is made solely to the Board of Trustees, as a body. Our audit has been undertaken so that we might state to the Board of Trustees of Community of Refuge Trust, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Trustees as a body, for our work, for this report, or for the opinions we have formed.



RSM Hayes Audit
Auckland

18 November 2019



“At CORT, we believe we are making a difference to people’s lives.”

Michael O’Keefe
CORT Property Manager



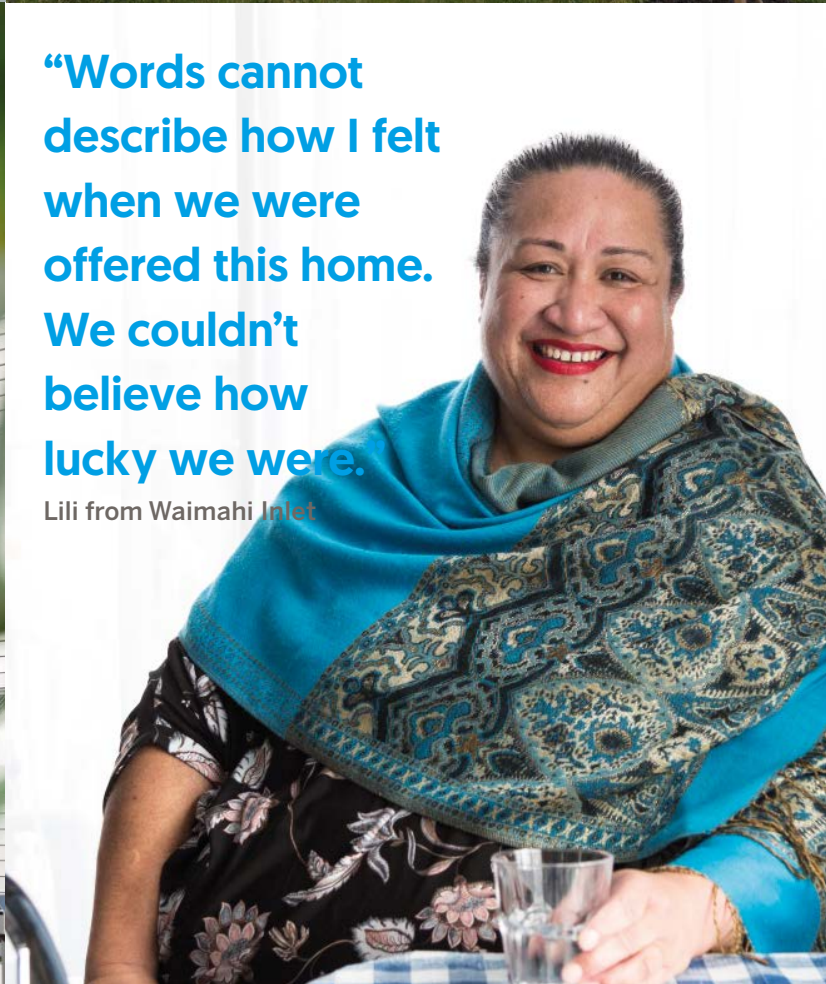
“I love my apartment because it’s warm and safe and I have a home.”

CORT tenant from Hokonui



“I really love and enjoy living in my house, it is comfortable, safe and quiet. The people at CORT are amazing and very nice.”

CORT tenant from Scott Point



“Words cannot describe how I felt when we were offered this home. We couldn’t believe how lucky we were.”

Lili from Waimahi Inlet

Consolidated statement of comprehensive revenue and expenses

for the year ended 31 March 2019

	2019	2018 (re-stated)
	\$	\$
Revenue from exchange transactions		
Rent received	2,906,998	2,947,676
Interest received	8,125	7,490
Directors' fees	–	–
Dividends received	40,521	20,000
Revenue from non-exchange transactions		
ADHB contract income	546,607	554,027
Grant income	5,472,558	1,107,500
Rental subsidies	2,374,024	1,481,232
Total revenue	11,348,833	6,117,924
Expenses		
Property expenses	2,946,085	2,509,230
Administration expenses	344,659	330,407
Personnel expenses	1,130,364	871,521
Finance costs	852,068	702,983
Depreciation	26,513	16,138
Loss on disposal of assets	384,236	41,241
Total expenses	5,683,926	4,471,519
Income distribution from limited partnership	252,000	–
Urealised net change in the fair value of investment properties	8,688,956	8,823,060
Total surplus for the period	14,605,863	10,469,466
Other comprehensive revenue and expense	–	–
Total comprehensive revenue and expenses	14,605,863	10,469,466

Consolidated statement of changes in net assets

for the year ended 31 March 2019

	Retained Earnings	Property Reserve	Trust Funds
Group and Trust			
Balance at 1 April 2017 (previously reported)	11,194,798	28,186,702	39,381,500
<i>Correction of an error</i>	8,483,474	-	8,483,474
Balance at 1 April 2017 (re-stated)	19,678,272	28,186,702	47,864,974
<i>Net surplus for the year (previously reported)</i>	9,794,465	-	-
Correction of an error	675,000		
<i>Net surplus for the year (re-stated)</i>	10,469,465	-	10,469,465
Transfer unrealised net change in the value of investment properties	(8,823,060)	8,823,060	-
Balance at 31 March 2018 (re-stated)	21,324,677	37,009,762	58,334,441
Net surplus for the year	14,605,863	-	14,605,863
Transfer unrealised net change in the value of investment properties	(8,688,956)	8,688,956	-
Balance at 31 March 2019	27,241,584	45,698,718	72,940,304

Consolidated statement of financial position

as at 31 March 2019

	2019	2018
	\$	\$
Current assets		
Bank	2,170,822	2,337,861
Accounts receivable	1,317,037	848,059
Prepayments	29,073	68,354
	3,516,932	3,254,273
Non-current assets		
Investment properties	99,392,506	72,047,000
Development work in progress	20,584,931	14,370,056
Plant and equipment	71,164	49,320
Investments	396,000	-
	120,444,601	86,466,376
Total assets	123,961,533	89,720,650
Current liabilities		
Sundry creditors	2,867,824	1,285,283
GST payable	2,541	5,591
Tenant funds	3,127	7,568
Loans - current portion	1,773,923	1,053,142
	4,647,415	2,351,583
Non-current liabilities		
Loans - term portion	29,148,471	19,490,888
Conditional grants	17,225,343	9,543,738
	46,373,814	29,034,625
Total liabilities	51,021,229	31,386,209
Net assets	72,940,304	58,334,441
Trust funds		
Retained earnings	27,241,586	21,324,679
Property reserve	45,698,718	37,009,762
	72,940,304	58,334,441

For and on behalf of the Executive Committee:

S. Watson

Chairperson

14th November 2019

Date

P. Jeffries

CEO

14th November 2019

Date



Consolidated statement of cash flows

for the year ended 31 March 2019

	Group	
	2019	2018
	\$	\$
Cash flows from operating activities		
Receipts		
Rent (non-subsidised)	2,906,998	2,947,695
Rent subsidies	2,374,024	1,481,232
Conditional Grants	13,154,164	8,068,343
	18,435,186	12,497,270
Payments		
Suppliers and employees	(2,806,779)	(2,777,646)
Interest	(852,068)	(702,982)
Other	(17,726)	(160,427)
	(3,676,573)	(3,641,055)
Net cash flows from operating activities	14,758,613	8,856,215
Receipts		
Sale of Investment Properties	1,540,901	-
Withdrawal of short term investments	1,540,901	-
Payments		
Purchase of property, plant and equipment	(48,358)	(51,768)
Property development	(6,214,875)	(11,145,199)
Net transfers to investment properties	(20,581,686)	(1,308,941)
	(26,844,919)	(12,505,908)
Net cash flows from investing activities	(25,304,018)	(12,505,908)
Cash flows from financing activities		
Receipts		
Loans received	10,378,366	5,207,545
	10,378,366	5,207,545
Net increase/(decrease) in cash and cash equivalents	(167,039)	1,557,853
Cash and cash equivalents at 1 April	2,337,861	780,008
Cash and cash equivalents at 31 March	2,170,822	2,337,861

Notes to the consolidated financial statements for the year ended 31 March 2019

1 Reporting entity

The reporting entity is Community of Refuge Trust (the "Trust"). The Trust is domiciled in New Zealand and is a charitable organisation incorporated under the Charitable Trusts Act 1957 and subsequently registered with the Charities Commission under the Charities Act 2005 on 13 January 2009.

The financial statements comprising the Trust and its related entities, Tamaki Makaurau Community Housing Limited and Puhinui Park GP Limited, together the "Group", are presented for the year ended 31 March 2019.

These Group financial statements and the accompanying notes summarise the financial results of activities carried out by the Trust. The Group obtains and maintains affordable accommodation for disadvantaged people with social needs within Auckland.

These consolidated financial statements have been approved and were authorized for issue by the Board of Trustees on 12 September 2019.

2 Statement of compliance

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity Standards Reduced Disclosure Regime and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a not-for-profit public benefit entity and is eligible to apply Tier 2 standards on the basis that it does not have public accountability and it is not defined as large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Standards RDR and in doing so has taken advantage of all applicable disclosure concessions. This decision results in the Group not preparing a Statement of Service Performance for both reporting periods..

3 Changes in accounting policy

There have been no other changes to accounting policies. Where applicable, comparative financial information has been aligned to reflect disclosure consistency to the current financial year and for prior period errors. Refer to Note 18.

4 Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

4.1 Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of investment properties, non-derivative financial instruments and land and buildings which are measured at fair value.

4.2 Functional and presentational currency

The consolidated financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

4.3 Basis of consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with the policies adopted by the Group and have a 31 March reporting date.

4.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

CORT Community Housing Financial Report 2019

4.5 Rental income

Rental income is earned from operating leases of investment properties and leased properties. Rental income is recognised as profit or loss on a straight-line basis over the term of the lease.

Government contracts revenue

Revenue from government contracts relates to income received from Auckland District Health Board (ADHB) and is provided as funding for services the Group provides relating to the Health Board. Revenue is recognised in the period the services are provided.

Development Project Grant Revenue

Funding from the Ministry of Social Development is received to support the Trust with the development of residential units for the provision of social housing. This funding has legally enforceable conditions for which the Trust is required to meet, to avoid the clawback of the funds from the Ministry. Where the Trust has not met these conditions, funding is deferred until such a time where all such conditions have been satisfied.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

4.5 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Group has transferred substantially all the risks and rewards of the asset; or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

[1] Financial Asset

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of

the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group's financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables or as available for sale financial assets. The Group's financial assets include: cash and cash equivalents, short-term deposits, receivables from non-exchange transactions, receivables from exchange transactions, investments and the interest in associate companies.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments or a derivative that is a financial guarantee contract.

[2] Impairment of financial assets

The Group assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there are any objective evidence

of impairment, the Group first assesses whether there are objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

(3) Financial liabilities

The Group's financial liabilities include sundry creditors, tenant funds, related party loans and conditional grants.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

4.6 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.7 Short term investments

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

4.8 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for supply of goods or services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs. Investment properties acquired through non-exchange transactions is measured at its fair

value at the date of acquisition.

Subsequent to initial recognition, investment properties are measured at fair value. Fair value is determined without any deductions for transaction costs it may incur on sale or other disposal. Any gain or losses arising from a change in the fair value of the investment property are recognised as a surplus or deficit in the period that it is incurred. When the investment property becomes an owner-occupied property, the cost for subsequent accounting is its fair value at the date of the change in use.

Property Reserve

The Trust captures the unrealised movements in the fair value of its investment properties in a notional property reserve for reporting purposes. Fair value movements are transferred from the Trust's retained earnings to the reserve annually.

4.9 Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a diminishing value basis at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Motor vehicles	5 years
Furniture and equipment	2.5 - 10 years

4.10 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

4.11 Significant judgments and estimates

In preparing the financial statements, the Board of Trustees is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The Group base its assumptions and estimates on parameters available when the financial statements are

prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The key significant judgements and estimates used in the preparation of these financial statements are as follows:

Investment Properties

Residential property held to provide social housing are classified as investment properties on the basis that rental income derived from the letting of these properties is at market value (including a subsidy) and not incidental to the Trust's purpose. Hence, treated as investment properties. Investment properties are carried at market value as estimated by an independent valuer using observable data on recent transactions and rental yields for similar properties.

4.12 Income tax

Due to its charitable status, the Group is exempt from income tax..

	Group	
	2019	2018
	\$	\$
5 Components of net surplus		
Net surplus includes the following specific revenue and expenses:		
Auditors remuneration - audit services	25,000	10,500
Leasing and rental costs	86,343	73,506
6 Investment Properties		
Investment properties - at market value	99,392,506	72,047,000

The investment properties were valued at fair value as at 31 March 2019 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.

Fair values were determined using a direct sales comparison approach establishing floor area of the subject properties and comparing this to recent sales data to arrive at a comparative \$per square meter rate. The comparative rate was then applied to the subject property's floor area to determine the fair value. Consideration was given to the subject property's condition and location in arriving at a comparable \$per square meter rate.

Changes to the carrying amounts are as follows:

Balance at beginning of year	72,047,000	61,915,000
Transfers from development in progress	20,375,750	1,703,940
Disposals	[1,575,200]	[395,000]
Gain on property revaluation	8,988,956	8,823,060
Balance at end of the year	99,836,506	72,047,000

Some investment properties are held as security by registered first mortgages from CS, HNZC, Kiwibank and ASB.

Properties are leased out on operating leases of varying lengths. No contingent rent has been recognised as income in the period [2018: nil].

7 Development work in progress

Investment properties - in development	20,584,931	14,370,056
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Relates to the purchase of land and development of residential units for social housing provision at various sites around Auckland.

**8 Plant and equipment
Group - 2019**

	Motor vehicles	Furniture and equipment	Total
	\$	\$	\$
Cost	98,708	31,524	130,232
Accumulated depreciation	(45,012)	(14,055)	(59,068)
Net book value	53,696	17,469	71,164

Group - 2018

	Motor vehicles	Furniture and equipment	Total
	\$	\$	\$
Cost	55,351	26,525	81,876
Accumulated depreciation	(25,708)	(6,848)	(32,556)
Net book value	29,643	19,677	49,320

	Motor vehicles	Furniture and equipment	Total
	\$	\$	\$
Reconciliation of the carrying amount at the beginning and end of the period:			
Opening balance	29,643	19,677	49,320
Additions	43,357	5,136	48,493
Disposals	-	(137)	(137)
Depreciation	(19,304)	(7,207)	(26,513)
Closing balance	53,696	17,469	71,164

9 Investments

The trust has an interest in the following entities:

- | | |
|---|---|
| a. Waimahia Inlet Neighbourhood Limited Partnership | Limited partnership - 25% share |
| b. Puhinui Park Limited Partnership | Limited partnership - 33.33% share |
| c. Tamaki Makaurau Community Housing Limited | Associate company - 25% shareholding |
| d. Puhinui Park GP Limited | Associate company - 33.33% shareholding |

All investments have a cost of \$nil except for Puhinui Park Limited Partnership in which the Trust has made a partnership capital contribution of \$396,000 in 2019 [2018: \$nil]

The Trust is a limited partner in Waimahia Inlet Neighbourhood Limited Partnership and Puhinui Park Limited Partnership, entities that are involved in the development of social housing in Waimahia and Puhinui. Tamaki Makaurau Community Housing Limited is a general partner in the Waimahia Inlet Neighbourhood Limited Partnership.

Puhinui Park GP Limited is a general partner in the Puhinui Park Limited Partnership.

10 Related Party Loan

There were no related party loans during the period under review (2018: nil).

	Group	
	2019	2018
	\$	\$
11 Loans		
Housing New Zealand Corporation (HNZC) - mortgage loans	927,418	1,224,254
KiwiBank - mortgage loan	186,029	191,205
ASB - mortgage loans	23,425,074	12,616,010
ASB Credit Facility	6,383,873	6,512,561
	30,922,394	20,544,030
Current Portion - payable within 12 months	1,773,923	1,053,142
Term Portion - payable after 12 months	29,148,471	19,490,888

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

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

"The ASB Credit Facility and mortgage loans bear interest at rates between 4.49-5.59% p.a.

[2018: 4.90-6.21% p.a.]"

The Kiwibank mortgage loan bears interest at 5.35% p.a. and is repayable in fixed monthly instalments of \$1,274.

12 Conditional Grants

ASB Community Trust	(i) 600,000	600,000
Government Grants	(ii) 16,625,343	8,943,738
	17,225,343	9,543,738

(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)Government grant funding is primarily related to funding received from the Ministry of Social Development for development projects. This funding has legally enforceable use or return conditions, which require the Trust to meet specified performance objectives defined in the underlying funding agreements. Where the Trust has not met the specified conditions, funding is deferred accordingly.

13 Related Party Transactions

Ponsonby Baptist Church is a related party as it has the right to appoint four members of the Board of Trustees. There were no transactions between the Trust and Ponsonby Baptist Church during the year under review (2018: nil).

The Trust has received directors fees from its associate, Tamaki Makaurau Community Development Limited in respect of services rendered.

No related party debts have been written off or forgiven during the year (2018: nil).

Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Group. Compensation paid to key management personnel is comprised of short-term employee benefits only. Total key management personnel compensation paid for the year is \$569,923 for 1.75 full time equivalent employees (2018: \$527,100 for 1.75 employees)

14 Contingent Assets and Liabilities

Contingent Liabilities

The Trust has indemnified ASB Bank Limited in respect of a \$698,500 bank guarantee in favour of NZ Living Mason Ave Limited. The guarantee was required as a condition of the Trust being able to secure its construction contract for the development of residential units.

The Trust has received approximately \$31 million development project grants from the Ministry of Social Development towards the construction of residential property for the provision of social housing. If the Trust sells the properties or alters their use so that they no longer achieve their purpose of providing social housing, then the Trust may have to re-invest the funds into social housing or repay the funds to the Ministry of Social Development.

Contingent Assets

There are no contingent assets as at 31 March 2019 (2018: nil)

15 Capital and operating commitments

(a) Capital commitments

At 31 March 2019, the Trust had contracted to purchase land and/or social housing units at various developments under construction at various locations across Auckland at a cost of \$21m (2018: \$52m) which is to be funded through borrowings, grant income and surplus trust funds.

(b) Operating commitments

As at the reporting date, the Trust has entered into the following operating commitments in respect of office equipment and office premises:

	Group	
	2019	2018
	\$	\$
No later than one year	66,548	53,200
Later than one year and no later than five years	80,024	8,867
Later than five years	-	-
	146,572	62,067

16 Categories of Financial Assets and Liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	Group	
	2019	2018
	\$	\$
Financial assets		
Loans and receivables		
Cash and cash equivalents	2,170,822	2,337,861
Receivables from non-exchange transactions	1,317,037	848,059
	3,487,859	3,185,920
Available-for-sale financial assets		
Investments	396,000	-
Financial liabilities		
Trade and other creditors	2,873,492	1,298,441
Loans	30,922,394	20,544,030
Conditional grants	17,225,343	9,543,738
	51,021,229	31,386,209

17 Events after the reporting date

The Board of Trustees and management is not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of Community of Refuge Trust. [2018: nil].

18 Prior period error

“During the current period, the Trust reviewed the conditions associated with its project grant funding provided by the Ministry of Social Development.

It was determined that the conditional grant funding where the Trust had fully satisfied the legally enforceable conditions, did not require to be deferred and should have been taken to revenue respectively. In the past, the restrictions on the Trust’s nature of business was considered a condition. In the current year, such funding was considered only to have a contingency attached and thus would be disclosed as a contingent liability where applicable and recognised as non-exchange revenue respectively. “

As such, conditional grant liabilities were overstated in the 2017 and 2018 financial periods.

The error was corrected for current year results but the table below summarises the changes made to the statement of financial position, statement of changes in net assets/equity, and statement of comprehensive revenue and expense for the restated comparatives to correct this error.

	Impact on items in the statement of financial position and statement of changes in net assets/equity		Impact on items in the statement of comprehensive revenue and expense	
	Conditional Grants Liability	Accumulated Surplus	Grant Revenue	Net Surplus
Balance at 1 April 2017	11,066,369	11,194,798	-	
Prior period error effect 1/07/2017	[8,483,474]	8,483,474		
Restated at 1 April 2017	2,582,895	19,678,272		
Balance at 31 March 2018	18,702,212	12,166,205	432,500	9,794,465
Prior period error effect 1/07/2017	[8,483,474]	8,483,474	-	
Prior period error effect 31/03/2018	[675,000]	675,000	675,000	675,000
Restated at 31 March 2018	9,543,738	21,324,679	1,107,500	10,469,465

CORT values the contribution of our partners in assisting us to create great homes for our tenants. We work in a range of partnerships to share and gain valuable experience and expertise.

- Accessible Properties
- ACOS
- Affinity Services
- ASB Bank
- ASB Community Trust
- Auckland City Mission
- Auckland Community Housing Provider Network
- Auckland DHB
- Bays Community Housing Trust
- Beacon Pathway Inc
- Buchanan Rehabilitation Centre
- Crossroads Clubhouse
- Community Housing Aotearoa
- Cornwall House
- De Paul House
- Ember
- Emerge Aotearoa
- Equip Mental Health Services
- Habitat for Humanity
- Housing New Zealand
- Kiwibank
- Lifemark
- Lifewise
- Link People
- Mahitahi Trust
- Manaaki House
- Ministry of Business Innovation and Employment
- Ministry of Housing and Urban Development
- Ministry of Social Development
- New Zealand Housing Foundation
- Monte Cecilia Housing Trust
- Pathways
- Penina Health Trust
- Ponsonby Baptist Church
- St Lukes Community Mental Health Centre
- Taylor Centre
- Tamaki Collective
- Te Tumu Kainga
- Te Tumu Paeroa
- The Cottage CMHC
- The Salvation Army
- Vision West Community Trust
- Waitemata DHB
- Westpac Bank



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