



**CORT**  
**Community**  
**Housing**

[COMMUNITY OF REFUGE TRUST]

Financial  
Report

—  
2021

# Who are we?

**CORT Community Housing (Community of Refuge Trust) is a registered community housing provider which offers homes for people on very low incomes in Auckland. We are a non-government, not-for-profit community organisation and a registered charitable trust. Any operating surplus created by the trust is used to expand and improve the work we do.**

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's focus has traditionally been on providing homes for people who use mental health services. This has now expanded to include other people in need, including the elderly and small families.

CORT employs 13 staff. It develops and provides rental accommodation for over 390 tenants and their whanau. We own or manage 383 properties across Auckland.

**To find out more about CORT and our history visit: [www.cort.org.nz](http://www.cort.org.nz)**

## Treasurer's report

The financial performance of CORT in 2021 has been strong, despite the economic impact of COVID-19 during the financial year.

Total net assets of the Trust at the year of 2021 were \$124million, up from \$101 million in 2020. This increase of \$23 million was primarily due to higher property values and a release of conditional grants (under liability) to grant revenue.

During 2021 the joint venture between CORT and ACC was established, known as ACCORT. It will take time before CORT's stake in the joint venture will have a positive impact on the Trust's earnings and balance sheet.

CORT's equity at the end of 2021 was \$124 million and debt was \$52 million. CORT's financial position is strong with debt representing less than 30% of total assets of \$176 million.

Managing cash flows from operating activities is also important, being revenue from rents, subsidies and grants less interest and staff costs. In 2021, CORT had positive cash flows of \$5.5 million. In preparing for supporting new initiatives, personnel cost increased by about 30%.

Work is already underway to develop a 'Statement of Service Performance Reporting' which is mandatory reporting in 2023 and will be independently audited.

CORT's strong financial performance in 2021, with solid cash flows and a significantly stronger balance sheet, leaves it well placed to continue to serve its current and new tenants. In conjunction with our key partners, CORT will continue to prudently fund new dwellings and support our tenants.

Refer to the full audited version of the financial statements and associated notes for further information in respect to the above narrative.

**Alex Duncan**  
Treasurer, CORT Community Housing

## Trust directory

For the year ended 31 March 2021

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	Level 3 60-64 Upper Queen Street Eden Terrace Auckland
CEO	Peter Jeffries
Trustees	Sue Watson (Chairperson) Jody Kilpatrick Zheyne Tahana Tony McNamara John Deyell Graham Davison Alexander Duncan (Treasurer) AK Yap (Appointed 21 March 2021)
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 financial statements of Community of Refuge Trust (the Trust) which includes its share in the associated entities' Trust, which is comprised of:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the accompanying financial statements on pages 4 to 17 present fairly, in all material respects, the financial position of the Trust as at 31 March 2021, 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 Trust 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.

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

#### Other information

The Board of Trustees are responsible for the other information. The other information comprises the Treasurer's Report and the Trust Directory (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**THE POWER OF BEING UNDERSTOOD**  
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RSM Hayes Audit is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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 financial statements**

The Board of Trustees are responsible, on behalf of the Trust, for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees are responsible, on behalf of the Trust, for assessing the Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

[https://xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page7.aspx](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

11 August 2021

# Statement of comprehensive revenue and expenses

## for the year ended 31 March 2021

	Note	2021 \$	2020 \$
<b>Revenue from exchange transactions</b>			
Rent received		6,070,788	4,040,301
Interest received		3,233	2,416
<b>Revenue from non-exchange transactions</b>			
ADHB contract income		572,849	589,391
Grant income		10,388,940	18,266,789
Rental subsidies		2,477,394	2,626,029
ACCORT Income	13	160,032	-
<b>Total revenue</b>		<b>19,673,235</b>	<b>25,524,926</b>
<b>Expenses</b>			
Property expenses		3,882,092	3,631,887
Administration expenses		487,431	413,213
Personnel expenses		1,137,900	874,348
Finance costs		2,052,497	1,519,253
Depreciation		31,970	23,855
Loss on disposal of assets		[4,454]	[3,057]
<b>Total expenses</b>		<b>7,587,437</b>	<b>6,459,498</b>
Income distribution from limited partnership	9	-	54,888
Net share of partnership surplus/(losses)	9	61,474	-
Unrealised net change in the fair value of investment properties	6	11,539,194	8,495,645
<b>Surplus for the year</b>		<b>23,686,466</b>	<b>27,615,961</b>
Other comprehensive revenue and expense		-	-
<b>Total comprehensive revenue and expense</b>		<b>23,686,466</b>	<b>27,615,961</b>

CORT's full audited financial report 2020-2021 available at [cort.org.nz](http://cort.org.nz)

# Statement of changes in net assets/equity

for the year ended 31 March 2021

	Note	Retained Earnings	Property Reserve	Trust Funds
<b>Trust</b>				
<b>Balance at 1 April 2020</b>		27,241,586	45,698,718	72,940,304
Net surplus for the year		27,615,961	-	27,615,961
Net transfers to property reserve	6	[8,495,645]	8,495,645	-
<b>Balance at 31 March 2020</b>		<b>46,361,901</b>	<b>54,194,363</b>	<b>100,556,264</b>
Net surplus for the year		23,686,466	-	23,686,466
Net transfers to property reserve	6	[11,539,194]	11,539,194	-
<b>Balance at 31 March 2021</b>		<b>58,509,173</b>	<b>65,733,557</b>	<b>124,242,731</b>

# Statement of financial position

## as at 31 March 2021

	Note	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents		3,483,889	2,239,423
Accounts receivable		654,062	285,923
Prepayments		434,326	85,451
		4,572,277	2,610,797
<b>Non-current assets</b>			
Investment properties	6	170,704,999	140,555,407
Development work in progress	7	90,145	9,889,388
Plant and equipment	8	106,190	74,347
Investments	9	457,475	396,000
		171,358,809	150,915,142
<b>Total assets</b>		<b>175,931,086</b>	<b>153,525,939</b>
<b>Current liabilities</b>			
Sundry creditors		345,518	279,132
GST payable		7,164	3,266
Tenant funds		5,994	9,052
Conditional Grants	12	228,000	5,989,752
Loans	11	3,049,656	3,003,821
		3,636,333	9,285,024
<b>Non-current liabilities</b>			
Loans	11	48,052,021	43,456,651
Conditional grants	12	-	228,000
		48,052,021	43,684,651
<b>Total liabilities</b>		<b>51,688,355</b>	<b>52,969,675</b>
<b>Net assets</b>		<b>124,242,732</b>	<b>100,556,265</b>
<b>Trust funds</b>			
Retained earnings		58,509,174	46,361,902
Property reserve		65,733,557	54,194,363
		124,242,732	100,556,265

For and on behalf of the Executive Committee:

*S. Watson*

Chairperson

30th July 2021

Date

*P. Jeffries*

CEO

30th July 2021

Date





# Statement of cash flows

## for the year ended 31 March 2021

	2021	2020
	\$	\$
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Rent (non-subsidised)	6,070,788	4,292,306
Rent subsidies	2,109,255	3,405,138
MSD and ADHB Grants	5,135,301	7,905,89
	13,315,344	15,603,335
<b>Payments</b>		
Suppliers and employees	(5,789,072)	(5,042,044)
Interest	(2,003,339)	(2,964,955)
Other	-	-
	(7,792,411)	(8,006,999)
<b>Net cash flows from operating activities</b>	<b>5,522,933</b>	<b>7,596,336</b>
Sale of Investment Properties	-	-
Purchase of property, plant and equipment	(27,389)	(125)
Property development expenditure	(8,892,283)	(23,065,688)
	(8,919,672)	(23,065,813)
<b>Net cash flows from investing activities</b>	<b>(8,919,672)</b>	<b>(23,065,813)</b>
<b>Cash flows from financing activities</b>		
Loans received	4,641,206	15,538,078
	4,641,206	15,538,078
<b>Net cash flows from financing activities</b>	<b>4,641,206</b>	<b>15,538,078</b>
Net increase/(decrease) in cash and cash equivalents	1,244,466	68,60
Cash and cash equivalents at 1 April	2,239,423	2,170,823
Cash and cash equivalents at 31 March	3,483,889	2,239,423

# Notes to the financial statements for the year ended 31 March 2021

## 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.

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

These financial statements have been approved and were authorised for issue by the Board of Trustees on 30 July 2021.

## 2 Statement of compliance

"The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ["NZ GAAP"]. As the primary objective of the Trust is to provide goods or services for community and social benefit, rather than for making a financial return, the Trust is a public benefit entity for the purpose of complying with NZ GAAP.

They comply with Public Benefit Entity Standards Reduced Disclosure Regime [PBE Standards RDR]. The Trust is eligible to apply PBE Standards RDR standards on the basis that it does not have public accountability and it is not defined as large."

## 3 Changes in accounting policy

There have been no changes to accounting policies. Where applicable, comparative financial information has been aligned to reflect disclosure consistency to the current financial year.

Where appropriate, comparative figures have been changed to conform with the current year's presentation.

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

## 4.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust 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.

### 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 Trust 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.

### 4.4 Financial instruments

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

The Trust derecognises a financial asset or, where applicable, a part of a financial asset or part of a Trust of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Trust 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 Trust has transferred substantially all the risks and rewards of the asset; or
- the Trust 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 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 Trust'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 Trust'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 Trust 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.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Trust's cash and cash equivalents, receivables from exchange transactions and receivables from non-exchange transactions fall into this category of financial instruments.

#### Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Trust's available-for-sale financial assets include its share in its subsidiaries, associate and limited partnership.

#### [2] Impairment of financial assets

The Trust assesses at the end of reporting date whether there is objective evidence that a financial asset or a Trust of financial assets is impaired. A financial asset or a Trust 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 Trust 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 Trust 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 Trust determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a Trust 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 Trust'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.

### 4.5 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.

### 4.6 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.

### 4.7 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.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party.

### 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.

### 4.8 Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated 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

### 4.9 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.

### 4.10 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 Trust 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 Trust.

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:

### Fair Value Measurements

“The Trust’s Investment Property requires measurement at fair value with changes in fair value being recognised in surplus or deficit. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation technique adopted as follows:

Level 1: Quoted prices [unadjusted] in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e. as prices], or indirectly [i.e. derived from prices].

Level 3: Inputs for the asset or liability that are not based on observable market data [unobservable inputs]

Areas involving a high degree of judgement or areas where the assumptions are significant to the Trust are as follows:”

### 4.10 Significant judgments and estimates continued

#### 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.

“Investment Properties for the Trust are carried at market value as estimated by an independent valuer using observable data on recent transactions for similar

properties. The real estate markets to which the Trust’s investment properties belong are impacted by the Novel Coronavirus [COVID–19] pandemic. The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, continues to cause heightened uncertainty in both local and global market conditions.

The valuation states that there is a greater degree of valuation uncertainty due to the above situation. Values may change more rapidly and significantly than would normally be the case. If economic and property market conditions deteriorate in the future, the market value of the asset is likely to decline. Whilst the valuation considers the impact of COVID-19, the adopted metrics assumed in the calculations have not been altered due to the uncertainty caused. Refer to Investment Property [Note 6] for more details. “

#### Development Property

“Development work in progress is measured at cost less impairment losses[if any]. On completion, the property will be held by the Group as investment property.

Project costs not directly related to the construction of the assets, are expensed in the year in which they are incurred.

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction and development of qualifying assets. This includes those costs on borrowing acquired specifically for the construction and development of the asset, as well as those in relation to general borrowings used to finance the construction or development asset.”

#### Going Concern

The financial statements have been prepared under the going concern assumption, which assumes the Trust will be able to pay its debts as they fall due in the normal course of business.

#### 4.11 Income tax

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>5 Components of net surplus</b>		
Net surplus includes the following specific revenue and expenses:		
Auditors remuneration - audit services	28,000	28,000
Leasing and rental costs	90,606	89,942

**6 Investment Properties**

Investment properties - at market value	170,704,999	140,555,407
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Investment properties comprise residential units located across various suburbs of Auckland.

The fair value of investment property was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuer provides the fair value of the entity's investment property portfolio annually. The investment properties were valued at fair value as at 31 March 2021 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.

The valuer notes that the Covid 19 virus is currently having an impact on the New Zealand economy and due to this disruption there is a higher degree of uncertainty is attached to the valuation. Refer to note 4.10 - Investment Properties for more details.

Changes to the carrying amounts are as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	140,555,407	99,392,506
Transfers from developments in progress	18,610,398	32,667,256
Gain on property revaluation	11,539,194	8,495,645
Balance at end of the year	170,705,000	140,555,407

Some investment properties are held as security by registered first mortgages from HNZC (Housing New Zealand Corporation), Kiwibank and ASB.

Properties are leased out on operating leases of varying lengths. No contingent rent has been recognised as income in the period [2020: nil].

The Trust has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.



<b>7 Development work in progress</b>	<b>2021</b>	<b>2020</b>
Investment properties - in development		
Opening balance	9,889,388	41,871,589
Additions	8,811,155	685,055
Transfer to Investment property	[18,610,398]	[32,667,256]
	<u>90,145</u>	<u>9,889,388</u>

Relates to the purchase of land and development of residential units for social housing provision at various sites around Auckland.

Project costs not directly related to the construction of the assets, are expensed in the year in which they are incurred.

Variations to the contract price are submitted by the contractors as a normal part of the development process. These claims are assessed against the contract by the engineer to the contract and approved or rejected accordingly with variation costs only recognised when approved in the financial statements. The cash flows related to all the property development, have been separately disclosed in the Statement of Cash Flows.

“Development work in progress is measured at cost, as the fair value of investment property under construction is not reliably determinable. The fair value of investment property under construction is determined once construction is complete. Costs incurred on each development are reviewed for impairment at each balance date, with any impairment loss being recognised in the Statement of Comprehensive Revenue and Expense.

Development costs are transferred to Investment Property when the respective project is complete.

**8 Plant and equipment**  
**2021**

	<b>Motor vehicles</b>	<b>Furniture</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cost	116,249	52,611	168,860
Accumulated depreciation	[31,183]	[31,487]	[62,672]
Net book value	<u>85,066</u>	<u>21,124</u>	<u>106,188</u>

**2020**

	<b>Motor vehicles</b>	<b>Furniture</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cost	92,197	42,137	134,334
Accumulated depreciation	[39,185]	[20,801]	[59,987]
Net book value	<u>53,012</u>	<u>21,335</u>	<u>74,347</u>

	<b>Motor vehicles</b>	<b>Furniture</b>	<b>Total</b>
Reconciliation of the carrying amount at the beginning and end of the period:	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance	53,012	21,335	74,347
Additions	25,677	10,474	36,152
Disposals	[14,907]	-	[14,907]
Depreciation	21,285	[10,686]	10,597
Closing balance	<u>85,067</u>	<u>21,124</u>	<u>106,190</u>

## 9 Investments

The trust has an interest in the following entities:

- |                                                     |                                                 |
|-----------------------------------------------------|-------------------------------------------------|
| a. Puhinui Park Limited Partnership (PPLP)          | Limited partnership - 33.33% share              |
| b. Puhinui Park GP Limited                          | Associate company - 33.33% share                |
| c. Accort Housing Holdings GP Limited               | Limited partnership - 50.00% share              |
| d. Waimahia Inlet Neighbourhood Limited Partnership | Limited partnership - 0% share{2020: 25% share} |
| e. Tamaki Makaurau Community Housing Limited        | Associate company - 0% share{2020: 25% share}   |

	\$	\$
<b>Investment reconciliation - (PPLP)</b>	<b>2021</b>	<b>2020</b>
Opening Position	396,000	396,000
Share of profit/(loss)	128,228	-
Capital introduced	-	-
Distributions	-	-
Closing Position	524,228	396,000

	2021	2020
<b>Investment reconciliation - (ACCORT)</b>		
Opening Position	-	-
Share of profit/(loss)	(66,754)	-
Capital introduced	-	-
Distributions	-	-
	(66,754)	-
Total share of profit/(loss)	61,475	-
<b>Total</b>	457,475	396,000

a. - b. The Trust is a limited partner in Puhinui Park Limited Partnership, the entity is involved in the development of social housing in Puhinui.

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

c. ACCORT Housing Holdings GP Limited is a limited partnership between Accident Compensation Corporation and Community of Refuge Trust with the intention to provide and operate quality social housing.

ACCORT Housing Holdings GP Limited is the general partner of ACCORT Holdings LP and the sole owner of ACCORT Housing GP Limited which in turn is the general partner of ACCORT LP.

d. The Waimahia Inlet Neighbourhood Limited Partnership has been wound up and disestablished. The Trust has received its final distribution of profits in the previous financial year. [2020: CORT's share in Waimahia Inlet Neighbourhood Limited Partnership had residual assets of \$54,888 which had not been previously recognised and was distributed to CORT during 2020.

e. Tamaki Makaurau Community Housing Limited is a general partner in the Waimahia Inlet Neighbourhood Limited Partnership. The entity has been wound up in the current financial year.

All these entities operate or have operated in New Zealand. The Trust has no capital commitments or contingent liabilities from the interests held in these entities.

## 10 Related Party Loan

There were no related party loans during the period under review [2020: nil].

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>11 Loans</b>		
Housing New Zealand Corporation (HNZC) - mortgage loans	592,281	872,905
KiwiBank - mortgage loan	174,551	180,595
ASB - mortgage loans	42,109,396	40,466,742
ASB Credit Facility	-	4,940,230
Community Finance	8,225,450	-
	<hr/>	<hr/>
	51,101,678	46,460,471
Current Portion - payable within 12 months	<hr/>	<hr/>
	3,049,656	3,003,821
Term Portion - payable after 12 months	<hr/>	<hr/>
	48,052,021	43,456,650
	<hr/> <hr/>	<hr/> <hr/>

The 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 interest free period ceased in the current year on 25th February 2021. The loan is repayable in 15 years from interest commencement date.

The ASB Credit Facility and mortgage loans bear interest at rates between 3.42-5.62% p.a. [2020: 3.55-5.62% p.a.]. Maturity dates range from Oct 2029 to July 2034 for these facilities and loans.

The Kiwibank mortgage loan bears interest at 3.4% p.a. and is repayable in fixed monthly instalments of \$1,092.92.

The Community Finance loan is secured by first registered mortgage over the Trust's investment property. The loan was used to settle various ASB loans.

The Community Finance loan bears interest at 2.49% and payments are interest only for 60 months upon which the outstanding principal amount is payable.

## 12 Conditional Grants

### Current

ASB Community Trust	[i]	228,000	372,000
Government Grants	[ii]	-	5,617,752
		<hr/>	<hr/>
		228,000	5,989,752
		<hr/> <hr/>	<hr/> <hr/>

### Non-Current

ASB Community Trust	[i]	-	228,000
Government Grants	[ii]	-	-
		<hr/>	<hr/>
		-	228,000
		<hr/> <hr/>	<hr/> <hr/>

[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 may be required to 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 [2020: 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 [2020: nil].

Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Trust. Compensation paid to key management personnel is comprised of short-term employee benefits only. Total key management personnel compensation paid for the year is \$275,924 for 1.75 full time equivalent employees [2020: \$276,079 for 1.75 employees]

The trust entered into a joint venture with Accident Compensation Corporation to establish the Limited Partnership ACCORT LP.

		<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Balances</b>			
ACCORT HOLDINGS LP	Trade receivable	33,191	-
<b>Transactions</b>			
ACCORT HOLDINGS LP	Corporate Service fees received	49,700	-
ACCORT HOLDINGS LP	Retainer fees received	28,000	-
ACCORT HOLDINGS LP	Development fees received	82,332	-
ACCORT HOLDINGS LP	Fees paid on behalf of ACCORT by CORT	12,463	-

### 14 Contingent Assets and Liabilities

#### Contingent Liabilities

The Trust has received approximately \$43.5 million [2020: 39.1 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 2021 [2020: nil]

## 15 Capital and operating commitments

### (a) Capital commitments

At 31 March 2021, 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 \$6.8m [2020: \$5.5m] 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:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
No later than one year	16,718	66,548
Later than one year and no later than five years	-	80,024
Later than five years	-	-
	<u>16,718</u>	<u>146,572</u>

No significant restrictions are placed on the Trust by entering into these leases.

## 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:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Loans and equivalents		
Cash and cash receivables	3,483,889	2,239,423
Receivables from non-exchange transactions	654,062	285,923
	<u>4,137,951</u>	<u>2,525,346</u>
<b>Financial liabilities</b>		
Trade and other creditors	345,518	279,132
Loans	51,329,678	46,460,472
	<u>51,675,196</u>	<u>46,739,604</u>

## 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. [2020:COVID].

**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.**

- ACC
- Accessible Properties
- ACOS
- Kāhui Tū Kaha
- ASB Bank
- ASB Community Trust
- Auckland City Mission
- Auckland Community Housing Provider Network
- Auckland DHB
- Australasian Housing Institute
- Bays Community Housing Trust
- Beacon Pathway Inc
- Buchanan Rehabilitation Centre
- Community Finance
- Community Housing Aotearoa
- Cornwall House CMHC
- Counties Manukau DHB
- Crossroads Clubhouse
- De Paul House
- Ember
- Emerge Aotearoa
- Equip Mental Health Services
- Habitat for Humanity
- Isa Lei
- Kāinga Ora
- Kiwibank
- Lifewise
- Link People
- Mahitahi Trust
- Manaaki House CMHC
- Matariki CMHC
- Ministry of Business Innovation and Employment
- Ministry of Health
- Ministry of Housing and Urban Development
- Ministry of Social Development
- New Zealand Housing Foundation
- New Zealand Property Council
- Monte Cecilia Housing Trust
- Pathways
- Penina Health Trust
- Ponsonby Baptist Church
- Kāinga Tiaki
- Taylor Centre
- Tamaki Collective
- Te Mahurehure Marae
- Te Paea Memorial Marae
- Te Tumu Kāinga
- Te Tumu Paeroa
- The Salvation Army
- VisionWest Community Trust
- Waitemata DHB
- Westpac Bank



Level 3, 60-64 Upper Queen Street  
Eden Terrace, Auckland 1010  
New Zealand

P.O. Box 78-164  
Grey Lynn  
Auckland 1245

**p** +64 9 376 3049  
**e** [info@cort.org.nz](mailto:info@cort.org.nz)  
**w** [cort.org.nz](http://cort.org.nz)