



Financial Report

—
2023

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 other people in need, including the elderly and small families.

CORT employs 16 staff. We develop and provide rental accommodation for over 598 people (tenants and whānau). We own or manage 422 properties across Auckland.

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

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Treasurer's report

The financial performance of CORT continues to be strong in 2023, despite challenges arising from continuing volatility of financial and property markets and generally lower asset dwelling values. As a result, lower net assets of the Trust at the end of 2023 are \$129 million. In the prior year, assets were \$143m million.

CORT developments are treated as investment properties and therefore are exposed to market changes. But CORT has a balance sheet that is strong enough to weather upside and downside outcomes. Total assets of CORT are \$181m of which debt accounts for \$52 million, or 29%.

The joint venture between CORT and ACC, known as ACCORT, has made tangible progress in 2023. Properties were purchased, construction commenced, and tenants moved into new premises in 2023. The programme is still underway and will be nearly finished in 2024. But it will take time for CORT's stake in the joint venture will have a material impact on the Trust's earnings and balance sheet.

Managing cash flows is critical on a day-to-day basis, particularly when faced with external challenges. CORT nonetheless was able to efficiently manage cash flows, evidenced in cash and cash-equivalents of nearly \$5 million held at the end of 2022.

A Statement of Service Performance Reporting for 2023 has been prepared. This reporting is mandatory and was independently audited.

Despite challenging economic conditions last year, CORT's strong financial position in 2023, with solid cash flows and a strong balance sheet, this leaves CORT it well placed to continue to provide high quality and appropriate support for our clients.

Alex Duncan
Treasurer, CORT Community Housing

Trust directory

For the year ended 31 March 2023

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	Stephen Hart
Trustees	Sue Watson (Chairperson) Jody Kilpatrick Zheyne Tahana Tony McNamara John Deyell Graham Davison Alexander Duncan (Treasurer) AK Yap Janette Dewar
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 general purpose financial report (hereinafter referred to as 'financial report') of Community of Refuge Trust (the Trust), which comprises the financial statements on pages 8 to 22 and the service performance information on pages 23 to 27. The complete set of financial statements comprises the statement of financial position as at 31 March 2023, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial report presents fairly, in all material respects:

- the financial position of the Trust as at 31 March 2023, and its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 31 March 2023 in accordance with the entity's service performance criteria.

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 of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial report 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 report, 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 report 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 financial report

The board of trustees are responsible, on behalf of the Trust, for:

- (a) the preparation and fair presentation of the financial statements and service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- (c) such internal control as board of trustees determine is necessary to enable the preparation of financial statements and service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the board of trustees are responsible 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 the board of trustees 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 report

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 economic decisions of users taken on the basis of these financial report.

A further description of the auditor's responsibilities for the audit of the financial report is located at the XRB's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/>

Who we report to

This report is made solely to the Board of Trustees of Community of Refuge Trust, as a body. Our audit has been undertaken so that we might state to the Board of Trustees, 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 Community of Refuge Trust and its Trustees as a body, for our work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads 'RSM'.

Statement of comprehensive revenue and expenses

for the year ended 31 March 2023

	Notes	2023 \$	2022 \$
Revenue from exchange transactions			
Rent received		1,257,917	1,338,546
Interest received		118,689	13,827
Other Income		55,438	-
Divdends received		-	-
Revenue from non-exchange transactions			
ADHB contract income		1,093,527	1,084,588
Grant income		-	3,608,827
Rental subsidies		8,596,492	7,819,407
ACCORT income	12	668,870	535,346
Total revenue		11,790,932	14,400,541
Expenses			
Property expenses		2,514,607	2,546,789
Property lease expenses		2,276,790	1,844,010
Administration expenses		690,436	579,449
Personnel expenses		1,848,237	1,549,288
Finance costs		2,231,679	2,061,221
Depreciation		53,388	48,460
Loss on disposal of assets		290,446	76,269
Total expenses		9,905,585	8,705,485
Income from distribution from limited partnership			-
Net share of partnership surplus/(losses)	9	(3,206,873)	(27,703)
Unrealised net change in the fair value of investment properties	6	(12,705,000)	12,735,133
Surplus/(Deficit) for the year		(14,026,525)	18,402,486
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense		(14,026,525)	18,402,486

Statement of changes in net assets/equity

for the year ended 31 March 2023


	Note	Retained Earnings	Property Reserve	Trust Funds
Trust				
Balance at 1 April 2022		58,509,174	65,733,558	124,242,732
Net surplus for the year		18,402,487	-	18,402,487
Net transfers to property reserve	6	(12,735,133)	12,735,133	-
Balance at 31 March 2022		64,176,527	78,468,691	142,645,219
Net surplus/(deficit) for the year		(14,026,525)	-	(14,026,525)
Net transfers to property reserve	6	12,705,000	(12,705,000)	-
Balance at 31 March 2023		62,855,002	65,763,691	128,618,693

Statement of financial position

as at 31 March 2023

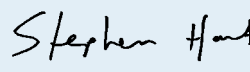
	Notes	2023 \$	2022 \$
Current assets			
Cash and cash equivalents		4,167,719	5,994,297
Accounts receivable		336,287	546,384
Prepayments		232,689	185,635
		4,736,696	6,726,316
Non-current assets			
Investment properties	6	175,725,000	189,000,000
Development work in progress	7	-	-
Plant and equipment	8	131,050	147,965
Investments	9	222,899	429,772
		176,078,949	189,577,737
Total assets		180,815,645	196,304,053
Current liabilities			
Sundry creditors		194,312	370,746
GST payable		14,482	9,435
Tenant funds		6,328	6,478
Conditional Grants	11	-	-
Loans	10	3,295,806	2,996,173
		3,510,929	3,382,831
Non-current liabilities			
Loans	10	48,686,023	50,276,004
Conditional grants	11	-	-
		48,686,023	50,276,004
Total liabilities		52,196,952	53,658,835
Net assets		128,618,693	142,645,218
Trust funds			
Retained earnings		62,855,002	64,176,527
Property reserve	4.7	65,763,691	78,468,691
		128,618,693	142,645,218

For and on behalf of the Executive Committee:


Chairperson

19th July 2023

Date


CEO

19th July 2023

Date



Statement of cash flows

for the year ended 31 March 2023

	2023	2022
	\$	\$
Cash flows from operating activities		
Receipts		
Rent (non-subsidised)	1,257,917	2,523,886
Rent subsidies	8,875,555	6,741,743
MSD and ADHB Grants	1,212,216	4,479,242
Other	724,308	535,346
	12,069,995	14,280,217
Payments		
Suppliers and employees	7,645,678	(6,242,861)
Interest	(2,208,926)	(2,061,221)
Other	-	-
	(9,854,604)	(8,304,082)
Net cash flows from operating activities	2,215,391	5,976,135
Sale of Investment Properties	285,991	1,006,992
Purchase of property, plant and equipment	(37,613)	(83,495)
Property development expenditure	-	(6,559,723)
Investments in short term deposits	-	-
Purchase of investments	(3,000,000)	-
	(2,751,622)	(5,636,226)
Net cash flows from investing activities	(2,751,622)	(5,636,226)
Cash flows from financing activities		
Net Loans received/(repaid)	(1,290,347)	2,170,499
	(1,290,347)	2,170,499
Net cash flows from financing activities	(1,290,347)	2,170,499
Net increase/(decrease) in cash and cash equivalents	(1,826,578)	2,510,408
Cash and cash equivalents at 1 April	5,994,297	3,483,889
Cash and cash equivalents at 31 March	4,167,719	5,994,297

Notes to the financial statements for the year ended 31 March 2023

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 19 July 2023.

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 Te Whatu Ora (Health New Zealand) 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 and chattels. 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 accounts for the aggregate 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:

4.11 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.

Development property

Development work in progress is measured at cost initially, but where fair value can be reliably determined using 'as if complete' valuations in conjunction with management estimates it will be revalued. As properties develop a fair value may be estimated and where this can be done reliably they will be valued 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.

Where indications of impairment exist, the development asset's fair value amount is estimated and an impairment adjustment made if the development asset's estimated fair value amount is less than its total expected cost.

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. The loss made in the current year is attributed to the 15.6m change in fair value, but the overall financial position of the entity is still strong. It is also a difficult economic environment with rising interest rate, however this is managed with a rolling fixed long term portfolio of debt which ensures compliance with banking covenants. The Board is forecasting positive cashflow, after allowing for potentially unfavourable interest trend in future, and hence the going concern assumption is appropriate.

4.11 Income tax

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

	2023	2022
	\$	\$
5 Components of net surplus		
Net surplus includes the following specific revenue and expenses:		
Auditors remuneration - audit services	\$34,263	34,000
Leasing and rental costs	120,257	111,390

6 Investment properties

Investment properties - at market value	175,725,000	189,000,000
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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 2023 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:

	2023	2022
	\$	\$
Balance at beginning of year	189,000,000	170,705,000
Transfers from developments in progress	-	6,649,867
Disposals	(570,000)	(1,090,000)
Gain on property revaluation	(12,705,000)	12,735,133
Balance at end of the year	175,725,000	189,000,000

Some investment properties are held as security by registered first mortgages from Community Finance and ASB.

Properties are leased out on operating leases of varying lengths.

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.

7 Development work in progress

Investment properties - in development

2023

2022

-	-
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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.

8 Plant and equipment

2023	Motor vehicles	Furniture and equipment	Total
	\$	\$	\$
Cost	183,087	97,529	280,616
Accumulated depreciation	[90,386]	[59,180]	[149,566]
Net book value	92,701	38,349	131,050

2022	Motor vehicles	Furniture and equipment	Total
	\$	\$	\$
Cost	172,9029	90,612	263,514
Accumulated depreciation	[69,850]	[45,700]	[115,551]
Net book value	103,053	44,912	147,963

Reconciliation of the carrying amount at the beginning and end of the year:

	Motor vehicles	Furniture and equipment	Total
	\$	\$	\$
Opening balance	103,053	44,912	147,965
Additions	39,604	7,831	47,436
Disposals	[7,048]	-	[7,048]
Depreciation	[39,908]	[13,480]	[53,388]
Closing balance	95,701	39,263	134,964

CORT Community Housing Financial Report 2023

10 Loans	2023	2022
	\$	\$
Housing New Zealand Corporation (HNZC) - mortgage loans	-	-
KiwiBank - mortgage loan	-	-
ASB - mortgage loans	30,956,629	41,046,976
ASB credit facility	-	-
Community Finance	21,025,200	12,225,200
	<hr/>	<hr/>
	51,981,829	53,272,176
Current portion - payable within 12 months	3,295,806	2,996,173
	<hr/>	<hr/>
Term portion - payable after 12 months	48,686,023	50,276,004
	<hr/> <hr/>	<hr/> <hr/>

The ASB mortgages are secured by registered first mortgages over the Trust's investment properties.

The ASB Credit Facility and mortgage loans bear interest at rates between 3.45-7.54% p.a. (2022: 3.42-5.62% p.a.).

Maturity dates range from Oct 2029 to July 2034 for these facilities and loans.

The Community Finance loan is secured by first registered mortgage over the Trust's investment property.

The Community Finance loan bears interest at 2.49% to 5.56% p.a (2022:2.49%) Maturity dates range from Mar 2024 to Aug 2027 for these facilities and loans.

11 Conditional grants

Current

ASB Community Trust	(i)	-	228,000
Government grants	(ii)	-	-
		<hr/>	<hr/>
		-	228,000
		<hr/> <hr/>	<hr/> <hr/>

Non-Current

ASB Community Trust	(i)	-	-
Government grants	(ii)	-	-
		<hr/>	<hr/>
		-	-
		<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.

12 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 [2022: nil].

No related party debts have been written off or forgiven during the year [2022: 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 \$293,595 for 1.5 full time equivalent employees (2022: \$312,183 for 1.75 employees).

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

		2023	2022
		\$	\$
Balances			
ACCORT HOLDINGS LP	Trade receivable	67,006	64,438
ACCORT HOLDINGS LP	Trade payables	-	36,467
Transactions			
ACCORT HOLDINGS LP	Corporate Service fees received	88,356	86,040
ACCORT HOLDINGS LP	Lease expense	181,497	-
ACCORT HOLDINGS LP	Retainer fees received	48,000	48,000
ACCORT HOLDINGS LP	Development fees received	518,000	416,000
ACCORT HOLDINGS LP	Property Management fee	270	2,395
ACCORT HOLDINGS LP	Tenancy Management fee	14,244	-

13 Contingent assets and liabilities

Contingent Liabilities

The Trust has cumulatively received approximately \$46.9 million [2022: 46.9 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 2023 [2022: nil]

14 Capital and operating commitments

(a) Capital commitments

At 31 March 2023, the Trust had contracted to purchase land and/or social housing units at various developments under construction at various locations across Auckland of \$Nil (2022: Nil).

(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:

	2023	2022
	\$	\$
No later than one year	118,140	118,140
Later than one year and no later than five years	374,110	472,560
Later than five years	-	19,690
	<u>492,250</u>	<u>610,390</u>

(c) Rental commitments

As at the reporting date, the Trust has entered into the following lease commitments in respect of leased premises used for community housing:

	2023	2022
	\$	\$
No later than one year	336,960	255,840
Later than one year and no later than five years	317,000	479,760
Later than five years	-	-
	<u>653,960</u>	<u>735,600</u>

The Trust is the lessee of 115 properties being used for community housing of which 107 are leased periodically and 12 units having lease commitments as outlined above.

15 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:

	2023	2022
	\$	\$
Financial assets		
Loans and receivables		
Cash and cash equivalents	4,167,719	5,994,297
Receivables from non-exchange transactions	336,287	546,384
	4,504,006	6,540,681
Financial liabilities		
Trade and other creditors	194,312	370,746
Loans	51,981,829	53,272,176
	52,176,142	53,642,922

16 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. [2022: COVID].

CORT Statement of Service Performance 2023

Vision:

Good homes for people who need them

CORT Strategic Plan 2020 - 2023



CORT’s three-year strategic plan (2020-2023) supports our vision of “Good homes for people who need them”. Our plan focuses on three strategic platforms: Good Homes, Good Lives, and Good Partnerships. More broadly, our work directly contributes to the Aotearoa New Zealand Public Housing Plan¹ and Homelessness Action Plan². Delivery of our strategic plan is underpinned by our best practice supportive landlord model which combines a person-centred tenancy and property management service, and strong links to community support, to ensure that our tenants live well in their homes.

The statistical information provided in this report is used to support the management of CORT business and demonstrates the alignment of our activity to our strategic and operational goals.

Good partnerships, He whakawhanaungatanga pai

CORT works with partners to deliver high quality housing with support for people who need it. We acknowledge the whanaungatanga we have developed over many years with Te Toka Tumai (formerly Auckland District Health Board), Mahitahi Trust, Ministry of Housing and Urban Development, and more recently with ACC.

At CORT we acknowledge Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand. We are on a journey to include Te Ao Māori perspectives and tikanga across our organisation, with a particular focus on how we partner with our tenants and the wider community. In 2022/23 this has meant both the revival of existing and the start of new relationships with Tāngata Whenua, through contact with marae in locations where CORT has housing.

¹ Public Housing Plan | Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (hud.govt.nz)

² Aotearoa Homelessness Action Plan 2020-2023 | Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (hud.govt.nz)

Good homes, He kāinga pai

Good homes for people who need them

CORT’s focus on providing more good homes is critical at a time when there are 24,081 as at March 2023 people registered for public housing³, with 7,794 of those in Tāmaki Makaurau, Auckland. The table below provides a benchmark of needs for CORT housing, as expressed through demand for public housing.

PUBLIC HOUSING APPLICANTS	
By age %	By ethnicity %
24 and under = 12% 25-39 = 39% 40-54 = 26% 55-64 = 12% 65+ = 11%	Māori = 50% European = 36% Pacific Peoples = 15% Asian = 4% Middle Eastern/Latin American/ African = 3% Other = 3% Not Specified = 4%

CORT focuses on providing the right type of homes for people in the places that they need them. We specialise in serving single people and smaller households, who may be less well-served in general by the housing market and social housing provision.

The information below demonstrates the scale of CORT and the diversity of the people we serve, and the growth in housing we provide to meet their different needs.

	31 MARCH 2022	31 MARCH 2023
Number of tenants	409	429
Number of household members	558	598
Age profile (tenants)	24 and under =3% 25-34 - 18% 35-44 - 23% 55-64 = 24% 55-64 - 23% 65+ = 9%	24 and under =3% 25-39 = 29% 40-54 = 35% 54 - 64 = 24% 65+ = 9%
Ethnicity ⁴	Māori - 30% Pākehā – 19% Pasifika - 23% Asian - 7% Other/not specified - 15%	Māori - 29% Pākehā - 25% Pasifika - 30% Asian = 6% Middle Eastern/Latin American/African = 4% Other/not specified = 12%
Occupancy	99%*	99%*
Tenants paying no more than 30% of income as rent (Measure of affordability)	100%	100%

*Benchmark is 97%, reflecting the need to have a level of turnover in housing, so that people can achieve their changing aspirations (eg by moving to other homes), and so that new tenancies can be created

³ Source: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/housing-register.html> Housing Register - December 2022 (excel worksheet)

⁴ Note ethnicity categories updated in 22/23 to reflect the public housing register

Developing new homes in partnership

CORT has partnered with ACC under a joint venture called ACCORT to develop 104 new homes across seven sites in Auckland. The first 15 apartments have been completed in West Harbour. The rest of projects are progressing well, and all units are expected to be completed by May 2025.

		31 MARCH 2022	31 MARCH 2023
Total number of properties	CORT	403	422
	ACCORT	-	15
Number of properties owned	CORT	308	307
	ACCORT	-	15
Number of properties under development	ACCORT	104	89
% of homes that are accessible*	CORT	19%	21%
	ACCORT	-	13%
% of CORT-owned homes that meet Healthy Homes Standard		43%	99%

*Homes are either partly or fully accessible.

Proactively improving and maintaining our homes

Healthy Homes

CORT has achieved Healthy Homes compliance for all but two CORT-owned homes, more than 12 months in advance of the government deadline to do so. We lease 100 properties from private owners. Of these, 59% are Healthy Homes compliant. We require 100% of new leases to meet the standard, so we can ensure a warm, dry home for our tenants.

We renovated six older CORT homes during the year, bringing up the average property condition for these homes from 2 [average] to 4.8⁵ [five homes at 5 rating, and one at 4].

Repairs and maintenance

	BENCHMARK	31 MARCH 2022	31 MARCH 2023
Maintenance response times	Emergency = 1 day Urgent = 3 days Standard = 28 Days	Emergency – 94% Urgent- 87% Standard – 93%	Emergency – 100% ⁶ Urgent – 89% Standard – 95%
Property condition: CORT homes	Average rating is at least 3/5	4.4	4.5
Tenants satisfied with their CORT home⁷	80%	87%	89.5% ⁸

⁵ Property condition is based on assessment by CORT's Property and Asset Manager, and by Tenancy Managers

⁶ %age of jobs completed in time frame

⁷ Surveys were sent to all CORT tenants. Response rate was 51% in 2023.

⁸ Strongly agree or agree with the statement "I feel satisfied with my house and property". The percentage of tenants who disagreed/strongly disagreed with the statement was 6.2% in 2022 and 5% in 2023.

Good lives, He mauri ora

Building good faith relationships built on hope

CORT recognises that housing systems present barriers for people beyond affordability. We aim to create inclusive communities by providing good long-term homes, where people with diverse experiences can belong.

	BENCHMARK/CONTEXT	31 MARCH 2022	31 MARCH 2023
Tenant mix (Some tenants fit into more than one category)	To understand our impact, we measure against these cohorts/ communities	Number of tenants: Mental Health 276 Other Disability 56 Young Families 68 Older People 65 Refugee/Asylum Seeker 14	Number of tenants: Mental Health/Other Disability 301 Young Families 64 Older People 62 Refugee/Asylum Seeker 16
Situation before housing with CORT⁹ (For new tenants in the past last 12 months)	To understand our impact, we measure against these cohorts/ communities	Supported housing - 10% Homeless/ or at significant risk - 38% Transfer to more suitable property - 40% Overcrowding/ unsuitable housing - 12%	Supported housing- 7% Homeless/or at significant risk - 62% Transfer to a more suitable property - 18% Overcrowding/unsuitable housing- 13%
My current housing situation contributes positively to my overall wellbeing ¹⁰	80%	82.9% strongly agree or agree	86.9 % strongly agree or agree

Promoting belonging, neighbourliness and responsibility

	BENCHMARK OR TARGET	MARCH 2022	MARCH 2023
Length of tenancy	n/app	5 years 2 months	4 years, 11 months
Rent arrears	2.50%	2.55%	8.5% ¹¹
Tenant events organised and funded by CORT	n/app	4	12 neighbourhood and 2 other events

⁹ Where this information is available

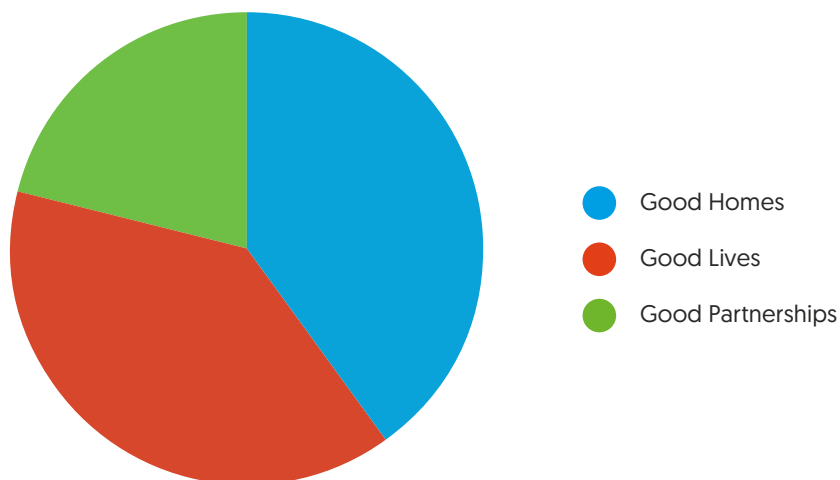
¹⁰ Surveys were sent to all CORT tenants. Response rate was 51% in 2023.

¹¹ Figure as of 31 March 2023. NB: This looks at accounts in arrears by more than 7 days and is calculated against the portion of rent payable by tenants NOT all rental income. As most CORT tenants pay Income Related Rent, most CORT rental revenue comes from IRRS.

CORT expenditure by strategic priority

Investing in our people

At CORT, we know that good homes and good lives for our tenants are delivered through the mahi of our highly capable and committed people. We invest in our staff to ensure have the training and development they need, and the right tools for the job to drive great outcomes for tenants¹². In 2021 we introduced our new tenancy and property management system, Zavanti, and mobile technology to make work tasks simpler and more efficient. Our new premises creates space for collaborative working. We also have six tenants employed through our Tenant Contracting programme, providing property maintenance and gardening services.



Cost of delivering our strategy

STRATEGIC PLAN PRIORITY	STRATEGIC ACTIVITY	EXPENDITURE RELATED TO STRATEGY ¹³	AS A PERCENTAGE OF TOTAL DELIVERY COSTS
Good Homes He Kāinga Pai	Designing and building more good homes Proactively improving and maintaining our homes Embracing low-carbon solutions	3,817,413	40%
Good Lives	Building good faith relationships built on hope Promoting belonging, neighbourliness and responsibility Investing in our people	3,787,671	39%
Good Partnerships	Contributing as a partner through increased capacity and capability Embedding biculturalism at work Valuing and improving partnerships with all stakeholders	1,987,301	21%

¹² \$26.8k in FY21/22 and \$36.2k in FY 22/23

¹³ Excluding capital costs of development

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.

- The Accident Compensation Corporation
- Assertive Community Outreach Service Auckland (ACOS)
- Auckland Council
- Australasian Housing Institute
- Buchanan Rehabilitation Centre
- Community Finance
- Cornwall House, Community Mental Health Service
- Crossroads Clubhouse
- Equip Mental Health Services
- Hoku Foundation
- ImpactLab
- Isa Lei, Pacific Island Community Mental Health Services
- Kāhui Tū Kaha
- Kāinga Tiaki Centre
- Kiwibank
- Lifewise NZ
- Manaaki House Community Mental Health Centre
- Matariki Community Mental Health Centre
- Ministry of Business, Innovation and Employment
- Manatū Hauora, Ministry of Health
- Manawanui
- Moko Services
- New Zealand Housing Foundation
- New Zealand Property Council
- Pathways
- Penina Health Trust
- Ponsonby Baptist Church
- Rapua Te Ao Waiora
- Taikura Trust
- Te Mahurehure Marae
- Te Manatū Whakahiato Ora, Ministry of Social Development
- Te Puea Memorial Marae
- Te Toka Tumai
- Te Tūāpapa Kura Kāinga, Ministry of Housing and Urban Development
- Te Whatu Ora
- The Community Housing Sector of Aotearoa
- Waimarino, Te Whatu Ora Waitematā
- WALSH Trust



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