

TAURANGA COMMUNITY HOUSING TRUST

FINANCIAL STATEMENTS

**For the Year Ended
31 December 2014**

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Independent Auditor's Report

To the Trustees of Tauranga Community Housing Trust

I have audited the financial statements of Tauranga Community Housing Trust on pages 3 to 16, which comprise the statement of financial position as at 31 December 2014 and for the year ended 31 December 2014 the statement of financial performance, statement of movements in equity and a summary of significant accounting policies and other explanatory information.

Trustee's Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair representation of these financial statements in accordance with generally accepted accounting practice in New Zealand; this responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other than in my capacity as auditor I have no relationship with, or interests in, Tauranga Community Housing Trust.

Other Matter

My audit opinion excludes the Statement of Fund Commitments on page 17 of the Tauranga Community Housing Trust's financial statements. This statement represents supplementary information which is outside of our audit scope and accordingly we do not express an opinion on this statement.

Opinion

In my opinion the financial statements on pages 3 to 16 present fairly, in all material respects the financial position of Tauranga Community Housing Trust as at 31 December 2014 and of its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

My audit report was completed on 20 March 2015 and my opinion is expressed as at that date.


Daryl Bonney
Auditor

20-03-2015

Tauranga Community Housing Trust
Directory
As At 31 December 2014

Service	To provide housing and housing related services
Address	74 14 th Avenue Tauranga
Auditor	Daryl Bonney Tauranga
Bankers	Kiwibank
Solicitors	Dean Thompson Holland Beckett Lawyers Tauranga
Trustees	Graham Mallett Catherine Cosgriff Josephine Gravit Alan Tate Peter Gibson Russell Hunter
Trust Formation	December 2003
Charities Commission	Registration CC23971

Tauranga Community Housing Trust
Statement of Financial Performance
For The Year Ending 31st December 2014

	Note	2014 \$	2013 \$
Net Income - Rentals (refer page 8)		52,816	93,301
<u>Revenue Received</u>			
Housing Facilitation Service Provision		7,715	7,717
Ministry of Health FLS Service Provision		96,576	79,463
Operational Grants	3	132,359	86,955
Donations	4	1,100	700
Housing Facilitation Service - WBOPDC		1,101	1,282
Interest Received		17,091	6,742
Tenancy and Asset Management Service fee		11,415	10,135
		267,358	192,994
Total Revenue		320,174	286,295
<u>Less Operational Expenditure</u> (refer page 9)			
Administration Expenses		29,540	31,086
Employment Expenses		185,145	176,863
Depreciation	1	40,159	3,939
		254,845	211,888
Net Operational Surplus		65,330	74,407
Grants Received for Capital Projects	3	2,009,970	-
Loss on Sale of Clarke St buildings	6	(219,198)	-
Net Surplus		1,856,102	74,407

Tauranga Community Housing Trust
Statement of Movements in Equity
For The Year Ending 31st December 2014

	Note	2014 \$	2013 \$
Trust Equity at Start of Period		1,182,249	1,107,842
<u>Movements in Equity</u>			
Net Surplus		<u>1,856,102</u>	<u>74,407</u>
		<u>1,856,102</u>	<u>74,407</u>
<u>Movements in Reserves</u>			
Transfer to Special Project Reserve	8	(1,700,000)	-
Transfer from General Reserve		<u>1,700,000</u>	-
		<u>-</u>	<u>-</u>
Trust Equity at End of Period		<u><u>3,038,351</u></u>	<u><u>1,182,249</u></u>

Tauranga Community Housing Trust
Statement of Financial Position
As At 31st December 2014

	Note	2014 \$	2013 \$
<u>Current Assets</u>			
Kiwibank Current Accounts		248,751	567,875
Kiwibank Term Deposits		71,534	100,000
Accounts Receivable	5	113,847	1,899
		434,133	669,774
<u>Non Current Assets</u>			
Fixed Assets as per Schedule	1(d)	4,877,099	2,574,786
Total Assets		5,311,232	3,244,560
<u>Current Liabilities</u>			
Accounts Payable		43,880	17,476
Provision for Annual Leave		9,955	11,062
GST Payable		1,881	4,019
MOH Income in Advance		10,936	11,553
Grants Not Yet Spent	2	12,765	533,500
Current Portion of Term Loans	10	335,870	50,482
		415,287	628,092
<u>Non Current Liabilities</u>			
Term Loans	10	1,857,593	1,434,221
		1,857,593	1,434,221
Total Liabilities		2,272,880	2,062,313
Net Assets		3,038,351	1,182,249
Represented by:			
<u>Trust Equity</u>	8	3,038,351	1,182,249

Tauranga Community Housing Trust
Rental Statement
For The Year Ending 31st December 2014

	Note	2014 \$	2013 \$
<u>LEASED HOUSING</u>			
Rental Income		4,084	18,502
<u>Less Expenses</u>			
Rents		4,298	17,823
Tenancy Costs		-	287
		<u>4,298</u>	<u>18,110</u>
Net Income (Expenditure) Leased Housing		(214)	392
<u>FRASER ST</u>			
Rental Income		38,578	35,560
<u>Less Expenses</u>			
Insurance		3,117	2,544
Rates/Water Rates		711	732
Repairs & Maintenance		76	161
Tenancy & Property Management		2,186	2,020
		<u>6,090</u>	<u>5,458</u>
Net Income (Expenditure) Fraser St		32,488	30,103
<u>DANNY PLACE</u>			
Rental Income		58,551	57,310
<u>Less Expenses</u>			
Insurance		4,643	3,845
Rates/Water Rates		1,037	1,097
Repairs & Maintenance		1,436	279
Tenancy & Property Management		3,688	3,276
		<u>10,803</u>	<u>8,498</u>
Net Income (Expenditure) Danny Pl		47,748	48,813

Tauranga Community Housing Trust
Rental Statement - continued
For The Year Ending 31st December 2014

	2014	2013
	\$	\$
<u>CLARKE ST</u>		
Rental Income	15,328	65,360
<u>Less Expenses</u>		
Insurance	(462)	3,435
Interest on Kiwibank loan	31,613	28,325
Interest on Bay Trust loan	2,847	-
Rates/Water Rates	6,587	11,834
Repairs & Maintenance	4,375	2,934
Tenancy & Property Management	1,531	4,838
	<u>46,492</u>	<u>51,367</u>
Net Income (Expenditure) Clarke St	(31,164)	13,993
<u>KAKARIKI LODGE</u>		
Rental Income	47,229	-
<u>Less Expenses</u>		
Lease Paid	16,867	-
Insurance	164	-
Repairs & Maintenance	713	-
Operating Costs	3,096	-
Power Expenses	1,882	-
Phone Expenses	739	-
Tenancy & Property Management	2,822	-
Wages - Custodial Role	11,390	-
	<u>37,673</u>	<u>-</u>
Net Income (Expenditure) Kakariki Lodge	9,557	-

Tauranga Community Housing Trust
Rental Statement - continued
For The Year Ending 31st December 2014

	2014 \$	2013 \$
<u>TARA LODGE</u>		
Rents Received	17,227	-
<u>Less Expenses</u>		
Lease Paid	17,190	-
Operating Costs	1,248	-
Power Expenses	3,182	-
Tenancy & Property Management	<u>1,206</u>	<u>-</u>
	22,827	-
Net Income (Expenditure) Tara Lodge	(5,600)	-
Total Net Income (Expenditure) Rentals	<u><u>52,816</u></u>	<u><u>93,301</u></u>

Tauranga Community Housing Trust
Statement of Financial Performance - Expenses
For The Year Ending 31st December 2014

	Note	2014	2013
<u>OPERATIONAL EXPENSES</u>		\$	\$
<u>Administration</u>			
Accounting & Audit Fees		3,200	3,200
Bank Fees & Financial Charges		113	14
Computer Expenses & Maintenance		417	40
Insurance		2,098	1,430
Low Cost Asset purchases		-	399
Subscriptions (incl. IT Provider)		3,853	2,112
Printing, Stationery & Office Expenses		4,027	2,202
Function & Meeting Expenses		883	781
Miscellaneous Expenses		737	854
Office Rental		5,426	5,426
Property Management Development		-	3,900
Storage Facility		122	557
Telephone, Tolls & Internet		2,164	2,799
Travel & Vehicle Expense		5,098	6,241
Volunteer Expenses		1,403	1,131
		29,540	31,086
<u>Employment</u>			
ACC Levies		475	584
Staff Training & Development		3,585	8,604
Contractors		12,748	1,200
Wages & Salaries		168,338	166,476
		185,145	176,863
<u>Depreciation</u>	1	40,159	3,939
Total Operational Expenses		254,845	211,888

Tauranga Community Housing Trust
Schedule of Fixed Assets & Depreciation
For The Year Ending 31st December 2014

ASSETS	PURCHASE DATE	OPENING COST	OPENING VALUE 01/01/2014	DISPOSALS	ADDITIONS	COST TO DATE	DEPRN RATE	DEPRN TO DATE 01/01/2014	CLAIM FOR YEAR	TOTAL ACCUM DEPRN	NET BOOK VALUE
<u>455B & 455C Fraser Street</u>											
Land	2005/6	107,520	107,520			107,520					107,520
Buildings	2005/6	552,149	551,747			551,747	3%SL	-	16,552	16,552	535,195
		659,669	659,267	-	-	659,267		-	16,552	16,552	642,715
<u>5, 9 & 11 Danny Place</u>											
<i>11 Danny Place</i>											
Land	2006/7	123,500	123,500			123,500					123,500
Buildings	2006/7	211,462	211,462			211,462	3%SL	-	6,344	6,344	205,118
Carpets & Flooring	2006/7	9,157	-			9,157	36%SL	9,157	-	9,157	-
Curtains & Blinds	2006/7	2,523	-			2,523	21%SL	2,523	-	2,523	-
Wheelchair Ramps	2008	1,455	390			1,455	5.5%SL	1,065	80	1,145	310
Fencing & Retaining	2008	963	325			963	5%SL	638	48	686	277
Landscaping	2008	1,786	1,786			1,786					1,786
		350,846	337,463	-	-	350,846		13,383	6,472	19,855	330,992
<i>9 Danny Place</i>											
Land	2006/7	123,500	123,500			123,500					123,500
Buildings	2006/7	210,640	210,640			210,640	3%SL	-	6,319	6,319	204,321
Carpets & Flooring	2006/7	9,157	-			9,157	36%SL	9,157	-	9,157	-
Curtains & Blinds	2006/7	2,523	-			2,523	21%SL	2,523	-	2,523	-
Landscaping	2008	1,786	1,786			1,786					1,786
		347,606	335,926	-	-	347,606		11,680	6,319	17,999	329,607
<i>5 Danny Place</i>											
Land	2006/7	123,500	123,500			123,500					123,500
Buildings	2006/7	210,514	210,514			210,514	3%SL	-	6,315	6,315	204,199
Carpets & Flooring	2006/7	9,157	-			9,157	36%SL	9,157	-	9,157	-
Curtains & Blinds	2006/7	2,523	-			2,523	21%SL	2,523	-	2,523	-
Landscaping	2008	1,786	1,786			1,786					1,786
		347,480	335,800	-	-	347,480		11,680	6,315	17,995	329,486

Tauranga Community Housing Trust
Schedule of Fixed Assets & Depreciation
For The Year Ending 31st December 2014

ASSETS	PURCHASE DATE	OPENING COST	OPENING VALUE 01/01/2014	DISPOSALS	ADDITIONS	COST TO DATE	DEPRN RATE	DEPRN TO DATE 01/01/2014	CLAIM FOR YEAR	TOTAL ACCUM DEPRN	NET BOOK VALUE
<u>29 Clarke St</u>											
Land	2013	471,303	471,303			471,303					471,303
Buildings	2013/4	27,649	27,649		2,589,568	2,617,217					2,617,217
Buildings - relocated units	2013	401,848	401,848	376,698	100,416	125,566					125,566
		900,800	900,800	376,698	2,689,984	3,214,086		-	-	-	3,214,086
Total Housing Developments		2,606,401	2,569,256	376,698	2,689,984	4,919,285		36,743	35,659	72,402	4,846,885
<u>Motor Vehicles</u>											
Nissan Car	2011	10,957	5,022			10,957	26%SL	5,935	2,849	8,784	2,173
Trailer with Cage	30/08/2014	-	-		1,607	1,607	17.5%SL	-	94	94	1,513
Toyota Car	31/12/2014	-	-		19,783	19,783	26%SL	-	-	-	19,783
Total Motor Vehicles		10,957	5,022	-	21,390	32,347		5,935	2,943	8,878	23,469
<u>Plant & Equipment</u>											
Dell Vostro Desktop PC	2006	1,199	-			1,199	48%SL	1,199		1,199	-
Dell Vostro Notebook	2006	1,421	-			1,421	48%SL	1,421		1,421	-
Pentium PC/Samsung screen	2009	1,099	-			1,099	48%SL	1,099		1,099	-
IBM X3200 Server	2009	1,981	-			1,981	48%SL	1,981		1,981	-
Intel Computer/Phillips screen	2009	869	-			869	48%SL	869	-	869	-
Pentium PC/Samsung screen	2009	1,177	-			1,177	48%SL	1,177		1,177	-
Brother Multi Laser Printer	2012	811	507			811	30%SL	304	243	547	264
Office PC System Upgrade	31/05/2014	-	-		5,023	5,023	40%SL	-	1,172	1,172	3,851
Office phone System	31/10/2014	-	-		694	694	21%SL	-	24	24	670
Microsoft Tablet	31/10/2014	-	-		529	529	40%SL	-	19	19	510
Total Plant & Equipment		8,557	507	-	6,246	14,803		8,050	1,458	9,508	5,295
<u>Household Appliances for Lodges</u>											
Fridge for Kakariki	01/07/2014	-	-		949	949	21%SL	-	100	100	850
Lawnmower	31/12/2014	-	-		598	598	21%SL	-	-	-	598
Total Household Appliances		-	-	-	1,547	1,547		-	100	100	1,448
		2,625,915	2,574,785	376,698	2,719,167	4,967,982		50,728	40,159	90,887	4,877,099

Tauranga Community Housing Trust
Notes to the Financial Statements
For the Year Ended 31 December 2014

1. Statement of Accounting Policies

Reporting Entity

Tauranga Community Housing Trust is a registered trust under the Charitable Trusts Act 1957. The financial statements of the Tauranga Community Housing Trust have been prepared according to generally accepted accounting practice. The Trust is entitled to use differential reporting exemptions as it is not publicly accountable and its owners and governing body are the same. The Trust has taken advantage of all differential reporting exemptions.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historic basis are followed by the branch, unless stated otherwise in the specific accounting policies below.

Changes in Accounting Policy

This year depreciation has been applied to building assets. This is a change from prior years. There have been no other changes in accounting policies.

Specific Accounting Policies

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

a) Income Tax

Tauranga Community Housing Trust is an approved Charitable Trust with Income Tax exemption granted from the Inland Revenue Department under the Income Tax Act 2007.

b) Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis. Accordingly all figures are GST exclusive with the exception that any Accounts Payable or Receivable in the Statement of Financial Position includes GST, if applicable.

c) Capital Gains and Losses

FRS 7 has not been fully complied with in that transactions of a capital nature for income tax purposes have not been included in the Statement of Financial Performance. These are disclosed as applicable in the Statement of Movements in Equity.

d) Fixed Assets & Depreciation

Fixed assets are recorded at cost less accumulated depreciation. Depreciation for non-building assets has been provided for at the rates of depreciation allowable for taxation purposes. Building assets have been depreciated at the rate of 3%.

Tauranga Community Housing Trust
Notes to the Financial Statements Continued
For the Year Ended 31 December 2014

2. Grants Not Yet Spent

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

3. Grants Received

Grants have been received from the following funders during the year:
The figures below exclude GST if any.

Operating Grants

	2014		2013
	\$		\$
Lotteries	59,780	Lion Foundation	20,000
Baytrust	20,000	Pub Charities	15,000
Lion Foundation	15,000	COGS Tauranga/Moana	8,000
Pub Charity	10,076	Acorn Foundation	5,241
Acorn Foundation	5,000	Southern Trust	5,000
COGS Tauranga/Moana	5,000	Endeavour Community	5,000
Southern Trust	5,000	WBOP Disability Trust	870
Endeavour Community	1,768		
	<u>121,624</u>		<u>59,111</u>
Unspent Grants prior year	23,500		51,344
Grants Not Yet Spent	<u>(12,765)</u>		<u>(23,500)</u>
Total Operational Grants	132,359		86,955

Capital Grants

Social Housing Unit - Clarke	1,190,000	Social Housing Unit - Clarke	510,000
Social Housing Unit - Other	9,970		
TECT	300,000		
	<u>1,499,970</u>		<u>510,000</u>
Unspent Grants prior year	510,000		-
Grants Not Yet Spent	-		<u>(510,000)</u>
Total Capital Grants	2,009,970		-

4. Donations

The following donations were received during the year.

	2014		2013
	\$		\$
Par Trust	600	Par Trust	600
Rotary	500	Wellacot	100
	<u>1,100</u>		<u>700</u>

Tauranga Community Housing Trust
Notes to the Financial Statements Continued
For the Year Ended 31 December 2014

5. Accounts Receivable

The large variation from 2013 is mainly due to an invoice for the final drawdown of the Social Housing Unit funding, for \$85,000.

6. Clarke St Development

During the year ending 31 December 2014 the Trust received total grants for the Clarke St Development of \$1,414,970 from the Social Housing Unit (SHU) and TECT. This was in addition to the \$510,000 received from the SHU in late 2013, and includes \$85,000 that was received after financial year end. These grants were secured for the purpose of building a 14 unit, age friendly and accessible village on the Clarke St site that was already owned by the Trust. This project was completed in November 2014 and the 14 units are currently fully tenanted. The original 8 buildings that were on the site were relocated, upgraded and 6 of them have been sold. The recorded loss on sale is the difference between the purchase price plus improvements done, and the actual amount received for the units. The 2 remaining units are intended to be utilised by the Trust.

7. Capital Commitment

There is a final invoice to be paid to Classic Builders for the Clarke St project. This invoice is dated after balance date in February 2015 and is dependent on final repairs being completed, therefore is not included as a payable. The amount to be paid is \$44,572.09

8. Trust Equity

Trust Equity is made up of: General Reserves \$1,338,351 and Special Purpose Reserves of \$1,700,000. The Clarke St properties have been constructed as per the Relationship and Grant Agreement between the Social Housing Unit (SHU) and Tauranga Community Housing Trust (TCHT). Funding for this project has been supplied by the SHU subject to the conditions of this agreement. This includes the condition that, should TCHT cease to deliver the agreed outcomes in the future, or the funded property is no longer available for the benefit of New Zealanders in need, TCHT will need to repay an amount (not exceeding the amount of the grants), for reinvestment into other social housing.

9. Statement of Fund Commitments

Attached to these accounts is a Statement of Fund Commitments that demonstrates the current funds the Trust is holding, and where the funds are allocated to. There are provisions made for maintenance and loan repayments relating to the properties in the fixed asset schedule, as per Trust policy. Also the Trust often receives funds that are provided for a specific purpose and these are allocated accordingly. As this is a special purpose report for our stakeholders, and does not comply with general reporting standards, this report is not audited.

Tauranga Community Housing Trust
Notes to the Financial Statements Continued
For The Year Ending 31st December 2014

10. Term Loans

	2014	2013
	\$	\$
<u>Housing Innovation Fund Loan</u>		
Loan for Fraser Street drawn down in 2005, interest free loan. Loan due to expire 11 May 2015, and will need to be refinanced.		
Total Outstanding	303,132	320,877
Non-Current Portion	-	303,132
Current Portion	303,132	17,744
<u>Housing Innovation Fund Loan</u>		
Loan for Danny Place drawn down in 2006, interest free loan. Loan due to expire 7 September 2016, and will need to be refinanced.		
Total Outstanding	581,089	613,827
Non-Current Portion	548,351	581,089
Current Portion	32,738	32,738
<u>Kiwibank Loan</u>		
Loan for Clarke St Development drawn down in 2013, interest rate is floating. Kiwibank have security over the property at 29 Clarke St.		
Total Outstanding	549,242	550,000
Non-Current Portion	549,242	550,000
Current Portion	-	-
<u>Bay Trust Loan</u>		
Loan for Clarke St Development drawn down in 2014. Loan due to expire in 2019 and repayments are currently interest only. Bay Trust hold security over the property at 29 Clarke St, ranking in priority behind Kiwibank.		
Advance	760,000	-
Total Outstanding	760,000	-
Non-Current Portion	760,000	-
Current Portion	-	-
Total Term Loans	2,193,463	1,484,704
Total Current Portion	335,870	50,482
Total Non-Current Portion	1,857,593	1,434,222

Tauranga Community Housing Trust
Notes to the Financial Statements Continued
For the Year Ended 31 December 2014

11. Leases

The Trust leases two lodges in Fourth Avenue for transitional medium term housing. Operating leases held over the properties give the Trust the right to renew both leases.

	2014	2013
	\$	\$
Not later than 1 year	29,210	-
Later than 1 year and not later than 2 years	18,400	-
Later than two years	-	-
	<hr/> 47,610	<hr/> -

Tauranga Community Housing Trust
Statement of Fund Commitments
For The Year Ending 31st December 2014

	2014		2013	
	\$	\$	\$	\$
<u>Funds Held</u>				
Kiwibank Current Accounts	248,751		567,875	
Kiwibank Term Deposits	71,534		100,000	
Accounts Receivable	113,847		1,899	
TOTAL FUNDS HELD		434,133		669,774
<u>Fund Commitments</u>				
<u>Commitments from Grants and Service Funding</u>				
Administration & Operational Expenses	13,086		20,699	
Ministry of Health Contract Service Provision	20,190		2,558	
Housing Facilitation Service Provision	2,272		349	
Tara Lodge Operational Expenses	1,269		-	
Booth Lodge project	-		5,000	
	36,817		28,606	
<u>Provisions relating to Property</u>				
Fraser Street - Long Term Maintenance Fund	39,276		22,724	
Fraser Street - Insurance, Rates	3,888		4,755	
Fraser Street - Provision for Refinance	17,426		8,038	
Danny Place - Long Term Maintenance Fund	46,796		29,253	
Danny Place - Insurance, Rates	5,678		7,670	
Danny Place - Provision for Refinance	32,738		12,058	
Clarke Street - Insurance, Rates	18,500		11,834	
Clark Street Development	44,572		510,000	
Clarke Street - Provision for Refinance	65,965		-	
Tenancy & Property Management	2,153		1,788	
	276,992		608,120	
<u>Provisions - Other</u>				
Accounts Payable	43,880		17,476	
GST Payable	1,881		4,019	
MOH Income in Advance	10,936		11,553	
Provision for Annual Leave	9,955		-	
Development Fund	53,671		-	
	120,324		33,047	
TOTAL FUND COMMITMENTS		434,133		669,774