

Performance Report 2020

He Korowai Trust
For the year ended 30 June 2020

Prepared by PKF Francis Aickin Limited

Contents

3	Entity Information
4	Statement of Service Performance
6	Statement of Financial Performance
7	Statement of Financial Position
8	Statement of Cash Flows
10	Statement of Accounting Policies
13	Notes to the Performance Report
20	Depreciation Schedule

Entity Information

He Korowai Trust

For the year ended 30 June 2020

Legal Name of Entity

He Korowai Trust

Entity Type and Legal Basis

Charitable Trust

Registration Number

CC20099

Entity's Vision, Mission and Purpose

Our Vision - Developing Tino Rangatiratanga

Our Mission - Providing ordinary services in an extra ordinary way

We provide free social growth & economic development services which any person may access. Health, Housing, Budgeting, Restorative Justice, Treatment of Sexual Offenders, Emergency Accommodation, Social Justice information, Advice, Education, Specialists Counselling, Whanau Ora services.

Entity Structure

The Trust is a registered charity, it's trustees are as follows:

Waitai Petera (Chairman)

Godfrey Rudolph (Deputy Chairman)

Trudy Brown (Treasurer)

The Trust also has a Kaumata Komiti, whose members are:

Beverley Hall

June Taylor

Valley Taylor

Main Sources of Entity's Cash and Resources

The Trust has a number of social development contracts with government departments and also applies for funding from various grant providing entities including Foundation North.

Main Methods Used by Entity to Raise Funds

The Trust applies to various government agencies and other grant providers to access funds it requires to provide the social development and opportunities the local community require

Physical Address

25 Commerce Street, Kaitaia, New Zealand, 0410



Statement of Service Performance

He Korowai Trust

For the year ended 30 June 2020

Description of Entity's Outcomes

He Korowai Trust provides free services and support for any person. Our goals are to aggressively address both:

- (1) The long-term unemployment prospects of Maori youth due to lack of skills, including education and,
- (2) The chronic housing affordability, living conditions and quality of life for very low-income families. The Trust is salvaging homes earmarked for demolition in Auckland and relocating these homes onto our Trade training academy in Kaitia. The homes are used as classrooms to teach Building and Construction skills, and when fully reconditioned will be used to address the chronic and sub-standard housing across Northland. Outcomes include, increased skills and therefore improved employment prospects for far north youth, developed pathways to homeownership for very low-income families, changed financial behaviours, improved quality of life, Practical use of decommissioned state homes.

Description and Quantification (to the extent practicable) of the Entity's Outputs:	This Year	Last Year
HOUSING URBAN DEVELOPMENT MINISTRY OF SOCIAL DEVELOPMENT		
<u>Transitional Housing</u> To provide 36 Transitional Emergency Accommodation rooms with en-suites to (Singles/couples) for up to 12 weeks at any one time.	13,140 Care Nights	13,140 Care Nights
In addition to the above the Trust also provides Transitional Emergency Accommodation for (Families) for up to 90 days at any one time.	4,224 Care Nights	2,190 Care Nights
To deliver Building Financial Capability sessions. This service assists families to build financial resilience & capability using a strengths-based approach. There was some confusion on how to implement the new money mates programme attached to the BFC programme. This has now been remedied.	477 Sessions	668 Sessions
DEPARTMENT OF CORRECTIONS		
To provide 24 Hour Bail accommodation & support.	730 days	730 days
FOUNDATION NORTH - "SWEET-AS" (Students Without Employment Education Training Achieving). Catalyst for change/Key Community Partnerships		
To provide 2X FTE Student Pastoral Care staff for students. Relocated 6 x Homes From Auckland to Kaitia as part of the next stage rent to own homes for very low-income families.	3.5 FTE Staff 6	2 FTE Staff 12
Relocated 5 Homes from Auckland to Ruakaka Winter Storage rent to own homes for very low-income families.	5	0
The number of eligible students who completed & graduated their Level 1-2 and moved onto further training.	28	58
The number of students into employment.	7	0
MINISTRY OF JUSTICE - RESTORATIVE JUSTICE FACILITATION		



Ministry of Justice - Restorative Justice Facilitation. To prepare & provide specialists victim & offender conference reports to the Court to assist the judge on sentencing. To provide pre conferencing facilitation To provide full conferences	52 - Pre Conference 13 - Full Conferences	51 - Pre-Conferences 9 - Full Conferences
Additional Information:		
COVID-19: The trust is registered as an essential service provider and was in Covid19 level 4 lockdown from the 25th March 2020 until the 8th June (Level1). During this time all Trust services and programmes were suspended. Only essential housing services (Crisis accommodation) were provided.		



Statement of Financial Performance

He Korowai Trust

For the year ended 30 June 2020

	NOTES	2020	2019
Revenue			
Donations, fundraising and other similar revenue	1	894,798	1,053,402
Revenue from providing goods or services	1	2,271,264	1,876,664
Interest, dividends and other investment revenue	1	293	526
Other revenue	1	228,478	189,506
Capital gain on disposal of property, plant and equipment		19,695	4,261
Total Revenue		3,414,529	3,124,359
Expenses			
Volunteer and employee related costs	2	1,286,702	1,275,928
Costs related to providing goods or service			
Administration expenses	2	91,140	88,366
Cost of goods sold		36,975	-
Operating expenses	2	359,962	441,968
Repairs and maintenance	2	118,032	202,817
Vehicle expenses	2	38,417	43,956
Finance expenses	2	51,566	49,292
Fixed costs	2	167,879	91,792
Total Costs related to providing goods or service		863,971	918,190
Grants and donations made	2	3,300	3,660
Other expenses			
Depreciation	2	115,493	90,450
Realised foreign currency gains and losses		1,138	-
Total Other expenses		116,632	90,450
Total Expenses		2,270,605	2,288,229
Surplus/(Deficit) for the Year		1,143,924	836,130

This surplus has been used to acquire the Whare Ora houses and the Sweet As Academy classrooms and workshop as noted in the asset schedule.



This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Financial Position

He Korowai Trust

As at 30 June 2020

	NOTES	30 JUN 2020	30 JUN 2019
Assets			
Current Assets			
Bank accounts and cash	3	999,593	246,714
Debtors and prepayments	3	125,883	365,293
Inventory	3	24,517	24,300
Total Current Assets		1,149,993	636,307
Non-Current Assets			
Property, Plant and Equipment	5	5,885,956	5,282,723
Assets under construction		100,000	187,095
Deposit Paid for McDonalds Building		120,000	-
Total Non-Current Assets		6,105,956	5,469,817
Total Assets		7,255,949	6,106,125
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	440,270	478,693
Employee costs payable	4	77,170	41,030
Other current liabilities	4	323,052	297,160
Total Current Liabilities		840,492	816,883
Non-Current Liabilities			
Loans	4	584,534	602,243
Total Non-Current Liabilities		584,534	602,243
Total Liabilities		1,425,026	1,419,126
Total Assets less Total Liabilities (Net Assets)		5,830,922	4,686,999
Accumulated Funds			
Accumulated surpluses or (deficits)	6	4,850,785	3,706,862
Reserves	6	980,137	980,137
Total Accumulated Funds		5,830,922	4,686,999



This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Cash Flows

He Korowai Trust

For the year ended 30 June 2020

	2020	2019
Statement of Cash Flows		
Cash Flows from Operating Activities		
Cash was received from:		
Donations, fundraising and other similar receipts	894,798	1,053,402
Fees, subscriptions and other receipts from members	-	-
Receipts from providing goods or services	1,876,580	1,871,357
Government funding	-	-
Interest, dividends and other investment income	293	526
Cash Received	2,771,671	2,925,285
Net GST		
Net GST Inflow/(Outflow)	21,661	(62,373)
Total Net GST	21,661	(62,373)
Cash was applied to:		
Payments to suppliers and employees	1,267,063	2,163,171
Donations or grants paid	3,300	3,660
Interest on finance	51,566	49,292
Cash Applied	1,321,929	2,216,123
Net Cash Flows from Operating Activities	1,471,403	646,789
Cash Flows from Investing Activities		
Cash was received from:		
Receipts from sale of Property, Plant & Equipment	19,695	26,000
Cash Received	19,695	26,000
Cash was applied to:		
Payments to acquire Property, Plant & Equipment	(751,632)	(1,060,843)
Cash Applied	(751,632)	(1,060,843)
Net Cash Flows from Investing Activities	(731,937)	(1,034,843)
Cash Flows from Financial Activities		
Cash was received from:		
Loan Receipts	8,183	-
Total Cash was received from:	8,183	-
Cash was applied to:		
Repayments of loans borrowed	-	(168,576)
Cash Applied	-	(168,576)
Net Cash Flows from Financial Activities	8,183	(168,576)
Cash Held		
Net Decrease in Cash Held	752,879	(556,630)



Statement of Cash Flows

	2020	2019
Cash at the Beginning of the Year	246,714	803,344
Cash at the End of the Year	999,593	246,714
This is represented by:		
Cash & Bank Balances	999,593	246,714



Statement of Accounting Policies

He Korowai Trust

For the year ended 30 June 2020

Basis of Preparation

The entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Revenue Recognition

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 fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Donations

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programme or services or donations in-kind. Donations in-kind include donations received for services, food, clothing, furniture and volunteer time and is recognised in revenue and expense when the service or good is received. Donations in-kind are measured at their fair value as at the date of acquisition, ascertained by reference to the expected cost that would be otherwise incurred by He Korowai Trust.

Services in-kind may be recognised as revenue but do not have to be, including volunteer time which has been recorded where possible but has not been given a financial value in these financial statements.

Grant Revenue

Revenue from government contracts are provided as funding for services the Trust provides to the community.

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant has been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Revenue from exchange transactions

Government and other contracts revenue

Revenue from government contracts relates to income received from the Ministry of Social Development, Te Puni Kokiri, and Ministry of Justice and is provided as funding for services the Trust provides relating to social development. Revenue is recognised in the period the services are provided.

Interest Revenue

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

Rental Revenue

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



Livestock

Livestock is valued at cost values.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Property, Plant and Equipment

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

Depreciation is charged on a straight line basis over the useful life of the asset, except for land. Land is not depreciated. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Account	Method	Rate
Land and Buildings - Puna Reo	Diminishing Value	0% Land 2% Buildings
Land and Buildings - Kohuhu Street, Kaitaia	Diminishing Value	0% Land 2% Buildings
Land and Buildings - 25 Commerce Street	Diminishing Value	0% Land 2% Buildings 4% Cabins
Land and Buildings - Housing Development	Diminishing Value	0% Land 2% Buildings
Land	No Depreciation	0%
Land and Buildings - 9 Matthews Avenue	Diminishing Value	0% Land 2% Buildings
Plant and Equipment	Straight Line	10%
Motor Vehicles	Straight Line	20%
Office Equipment	Straight Line	48%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Income Tax

The Trust is registered as a charitable entity under the Charities Act 2005 and is exempt from income tax under the income tax legislation.

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.

Changes in Accounting Policies



Statement of Accounting Policies

There have been no changes in accounting policies during the financial year. Policies have been applied on a consistent basis with those of the previous reporting period.



Notes to the Performance Report

He Korowai Trust

For the year ended 30 June 2020

	2020	2019
1. Analysis of Revenue		
Donations, fundraising and other similar revenue		
Contracts - HUD Tiny Homes	67,500	187,095
Foundation North- Key Community Partnerships	100,000	-
Grants - Foundation North	-	100,000
Grants - Foundation North - Sweet As Academy	598,725	728,188
Grants - MOE	-	9,926
Grants - Other	117,473	23,043
Koha Received	11,100	5,150
Total Donations, fundraising and other similar revenue	894,798	1,053,402
Revenue from providing goods or services		
Commercial Rental Income	79,136	100,984
Contracts - Ministry of Justice - Restorative Justice	96,551	38,092
Contracts - MSD BFC	65,998	63,614
Contracts - MSD EA (He Korowai House) Accommodation Subsidy	304,930	285,321
Contracts - MSD EA (He Korowai House) Service Delivery Fee	685,152	584,752
Contracts - MSD EA (Whare Ora) Accommodation Subsidy	9,779	18,943
Contracts - MSD EA (Whare Ora) Service Delivery Fee	27,321	25,059
Contracts - TPK	622,500	522,500
Contracts - Dept of Corrections - Bail Support	64,348	-
EA Rent Received - He Korowai House	101,009	114,738
EA Rent Received - Whare Ora	17,913	48,615
Whare Ora Rent Received	196,626	74,046
Total Revenue from providing goods or services	2,271,264	1,876,664
Interest, dividends and other investment revenue		
Interest Received	293	526
Total Interest, dividends and other investment revenue	293	526
Other revenue		
Other Revenue	223,278	189,106
Wage Subsidies Received	5,200	400
Total Other revenue	228,478	189,506
	2020	2019

2. Analysis of Expenses

Volunteer and employee related costs

Direct Costs

ACC Levies	12,416	5,801
Contractor Costs	150	-
Contractor Fees	220,739	131,010



	2020	2019
Employer KiwiSaver	28,534	29,652
Wages & Salaries Payable (Gross)	1,024,863	1,109,464
Total Direct Costs	1,286,702	1,275,928
Total Volunteer and employee related costs	1,286,702	1,275,928

Costs related to providing goods or services**Administration expenses**

Accounting Fees	6,188	5,710
Audit Fees	10,880	10,900
Bookkeeping	-	14,683
General Expenses	13,534	4,219
Legal Fees	4,574	6,782
Membership Fees	666	1,598
Office Expenses	307	3,747
Other Expenses	-	2,166
Printing and Stationery	15,036	15,198
Rubbish Management	2,835	3,721
Staff Training & Professional Development	3,867	1,365
Subscriptions	28,364	9,345
Travel & Expenses - Students	2,978	5,193
Travel & Expenses - Staff	1,911	3,739
Total Administration expenses	91,140	88,367

Operating expenses

Catering	2,511	9,980
Comms & Engagement - Direct Cost	8,634	11,611
Comms & Engagement	5,388	13,074
Compliance Costs	23,770	5,540
Cafe Consumables	100,473	122,260
External Building Contractor	34,772	52,258
Furnishings < \$1,000	13,640	3,083
Governance Expenses	13,730	16,071
Hire and Lease on Equipment	28,225	21,498
IT Support & Maintenance	15,098	13,833
Pest Control	4,360	3,430
Phones, Mobiles & Internet	15,345	15,909
Plant	40,478	13,501
Recruitment & Advertising	366	1,447

Sweet As Academy Operating Costs

Building Purchases	-	8,780
SA - Education Tutor Fees	18,450	(16,280)
SA - Education Tools of Trade	7,562	6,863
SA - Training Materials	27,128	141,526
Trades/Building Costs	31	(2,417)
Total Sweet As Academy Operating Costs	53,172	138,473

Total Operating expenses	359,962	441,968
---------------------------------	----------------	----------------

Repairs and maintenance

	2020	2019
Assets < \$1,000	1,752	8,473
Building Materials	43,380	116,121
Repairs and Maintenance	72,900	78,224
Total Repairs and maintenance	118,032	202,817
Vehicle expenses		
Fuel	20,018	19,775
Motor Vehicle Expenses	12,518	24,181
Van Expenses	4,030	-
Van Lease	891	-
Vehicle Leases	960	-
Total Vehicle expenses	38,417	43,956
Finance expenses		
Finance Charges	43,982	46,989
Bank Charges	3,490	2,302
Interest - HP	4,093	-
Total Finance expenses	51,566	49,292
Fixed costs		
Commission Paid	-	4,000
Electricity	58,273	56,641
Insurance	33,605	26,334
Rates	70,524	1,097
Utilities - Other	5,477	3,721
Total Fixed costs	167,879	91,792
Total Costs related to providing goods or services	826,996	918,191
Grants and donations made		
Koha Marae Visits	200	-
Koha Paid	3,100	3,660
Total Grants and donations made	3,300	3,660
Non cash expenses		
Depreciation	115,493	90,450
Total Non cash expenses	115,493	90,450

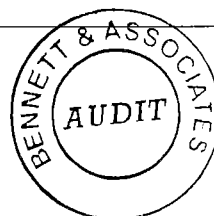
	2020	2019
--	------	------

3. Analysis of Assets

Bank accounts and cash

BNZ 02-0214-0184431-00	348,942	81,230
Kiwibank 38-9018-0371994-00	12	3
Manaaki On 25 Cafe	116,876	52,593
WBC 03-0339-0453893-00	532,921	111,964
WBC 03-0339-0453893-02 Academy	37	37
WBC 03-0339-0498231-01 Wages	804	886
Total Bank accounts and cash	999,593	246,714

Debtors and prepayments



	2020	2019
Accounts Receivable	52,612	312,530
Employee Advances	39,445	22,944
Prepayments	33,826	29,819
Total Debtors and prepayments	125,883	365,293

Inventory

Livestock at Cost	24,517	24,300
Total Inventory	24,517	24,300

	2020	2019
--	------	------

4. Analysis of Liabilities**Creditors and accrued expenses**

Sundry Creditors	-	6,139
Accounts Payable	169,086	223,031
GST	11,250	(10,411)
PAYE Payable	-	-
Income Received in Advance	248,873	-
Deferred income	11,061	259,933
Total Creditors and accrued expenses	440,270	478,693

Employee costs payable

Holiday pay accrual	73,057	23,397
Wages accrual	4,113	17,633
Total Employee costs payable	77,170	41,030

Other current liabilities

Heartland Bank HP - 2019 Holden Commodore HKT01 (current portion)	21,020	-
Heartland Bank HP - 2019 Holden Commodore HKT02 (current portion)	19,246	-
Loan - R Houghton (Note 7)	249,499	264,062
Loan - Kiwibank Mortgage (current portion)	33,287	33,098
Total Other current liabilities	323,052	297,160

Loans

Heartland Bank HP - 2019 Holden Commodore HKT01 (term portion)	7,433	-
Heartland Bank HP - 2019 Holden Commodore HKT02 (term portion)	6,804	-
Loan - Kiwibank Mortgage (non-current portion)	570,297	602,243
Total Loans	584,534	602,243

Kiwibank Mortgage

In December 2016, Kiwibank advanced the Trust \$709,221. The loan is guaranteed by Housing New Zealand. If there is a default, Housing New Zealand would be in the position to uplift the house or houses and would be required to pay out to Kiwibank as guarantor, the amount of the default. The loan is for 17 years and is secured over the Kohuhu Street property and is repayable by monthly installments that include interest and principal, of \$6,563 (2019:\$6,563). The interest rate at 30 June 2020 was 4.49% pa (2019: 4.49% pa). Loan payments are funded by nine individual occupation licenses with the tenants of the nine properties.

McDonalds Restaurants (NZ) Ltd Loan

On 21 March 2016, the Trust entered an agreement to lease the property at 9 Matthews Avenue, Kaitaia for 12 months from the date of the agreement, with a purchase clause at the end of that period for the property for \$275,000.

A payment of \$50,000 was made in the 2016 year.

A payment of \$125,000 was made in the 2017 year

The balance of \$100,000 was made in the 2019 year.

The McDonalds Restaurants (NZ) Ltd Loan was fully repaid in the 2019 year.

	2020	2019
5. Property, Plant and Equipment		
Land		
Land at cost	686,000	686,000
Total Land	686,000	686,000
Buildings		
Buildings at cost	4,951,690	4,697,095
Accumulated depreciation - buildings	(235,240)	(150,106)
Total Buildings	4,716,449	4,546,989
Motor Vehicles		
Vehicles owned	131,051	108,440
Accumulated depreciation - vehicles owned	(30,555)	(92,690)
Total Motor Vehicles	100,496	15,750
Plant and Equipment		
Plant and machinery owned	221,769	99,924
Accumulated depreciation - plant and machinery owned	(73,668)	(64,954)
Total Plant and Equipment	148,101	34,970
Total Property, Plant and Equipment	5,651,046	5,283,709

Land & Housing Development

In May 2012, the Trust purchased 18.6177 hectares (50 acres) of land in Kohuhu Street, Kaitaia for \$350,000. The land was re-designated as Maori freehold land, with the trust as the registered owners.

The Trust then undertook the purchase and relocation of nine ex statehouses from Auckland to the land at Kohuhu Street, Kaitaia. After extensive redevelopment, the nine houses were tenanted at balance date, under occupation licenses (rent to buy) for a period of 17 years, with the occupants' paying a weekly figure that eventually will be treated as interest and capital repayments to extinguish the purchase price of \$150,000 over 17 years. The occupants' have a right to purchase the building and chattels at any time during the period of the occupation license. The occupation license applies only to the purchase of the house and chattels, and not to ownership of land.

A valuation was conducted by Garton & Associates, registered valuers dated 6 July 2016, of the 18.6177 hectares (50 acres) owned by the trust. The valuation gives the following valuations for mortgage purposes, which includes the Puna Reo building:

(1) At date of inspection (nine buildings completed) \$1,800,000



(2) With eighteen dwellings when fully completed \$2,650,000

At 30 June 2020 the followings values appeared in the Statement of financial position for the Trust, in respect of the Kohuhu Street property:

\$350,000 Land – Kohuhu Street

\$1,696,031 Housing Development – Kohuhu Street

\$323,603 Puna Reo building

\$2,369,634 Total

The 6th of July 2016 valuation, adjusted by 6th September 2016 house relocation

\$1,886,000

\$483,634 Excess of cost over valuations

25 Commerce Street – Land & Buildings

In May 2015, the Trust purchased the land and buildings that were previously known as the Kaitaia Hotel. The Trust has undertaken extensive renovations to this property. Until the time that renovations were completed, all expenditure was capitalised. The renovations were completed in the 2017 year. The property was valued on 30 November 2016 by Northland Valuers at \$2,100,000 which include the amalgamation of the former Kaitaia hotel (25 Commerce Street) and the former McDonalds property (9 Matthews Avenue).

At 30 June 2020 the following values appeared in the statement of financial position for the Trust, in respect to the Commerce Street and Matthews Avenue properties:

\$1,326,497 25 Commerce Street

\$277,000 Matthews Avenue

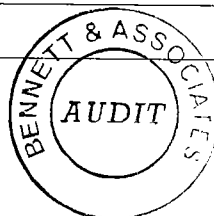
\$1,603,497 Total

\$2,100,000 30 November 2016 valuation

\$496,503 Excess of valuation over cost

	2020	2019
6. Accumulated Funds		
Accumulated Funds		
Opening Balance	3,706,862	2,870,732
Current Year Earnings	1,143,924	836,130
Total Accumulated Funds	4,850,785	3,706,862
Total Accumulated Funds	4,850,785	3,706,862

Breakdown of Reserves



	2020	2019
Reserves		
Asset Revaluations Reserve	980,137	980,137
Total Reserves	980,137	980,137

	2020	2019
7. Related Parties		
Loan		
Loan - R Houghton (Note 7)	(249,499)	(264,062)
Total Loan	(249,499)	(264,062)

R Houghton (CEO of He Korowai Trust) advanced to the Trust an amount of \$50,000 in June 2012, a further amount of \$100,000 in March 2013 followed by an additional \$70,000 during 2014, and a further amount of \$121,000 in 2017. There is no security from the Trust for these advances. The Trust makes fortnightly payments of \$1,089 (2019: \$1,097) directly to R Houghton's bank in repayment of these loans, which includes interest and principal. The loans from R Houghton, are repayable on demand, and at 30 June 2020, the interest applicable to these loans was 5.69% and 5.80% pa (2019: 5.69% and 5.80%).

8. Contingent Liabilities

There are no contingent liabilities at balance date. (2019: nil)

9. Capital Commitments

There are no capital commitments at balance date. (2019: nil)

10. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (2019: nil).

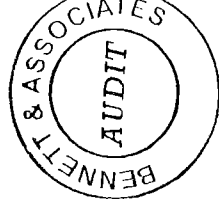


Depreciation Schedule

He Korowai Trust

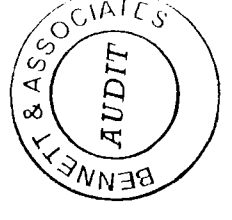
For the year ended 30 June 2020

NAME	RATE	SALE PRICE	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING VALUE
Buildings								
25 Commerce Street - Cabins	4.00%	-	151,462	143,889	-	-	6,058	137,830
25 Commerce Street, Kaitia - Buildings & Improvements	2.00%	-	1,166,328	1,119,675	-	-	23,327	1,096,348
2x Whare Ora Classrooms	2.00%	-	131,426	131,207	-	-	2,624	128,582
9 Matthews Ave Building Additions 2018	2.00%	-	12,709	12,392	-	-	254	12,137
9 Matthews Avenue, Kaitia - Buildings	2.00%	-	125,000	120,000	-	-	2,500	117,500
Admin Block - 25 Commerce Street	2.00%	-	59,442	59,343	-	-	1,187	58,156
Kohuhu Street - Whare Ora classroom	2.00%	-	18,831	18,360	-	-	377	17,984
Kohuhu Street - Whare Ora stage 2 development	2.00%	-	353,643	344,802	-	-	7,073	337,729
Kohuhu Street dwellings, Kaitia (x9)	2.00%	-	1,696,031	1,628,190	-	-	33,921	1,594,269
Puna Reo building	2.00%	-	323,603	310,659	-	-	6,472	304,187
Puna Reo Building Additions 2018	2.00%	-	1,492	1,455	-	-	30	1,425
Tiny Homes (x5)	0.00%	-	254,595	-	254,595	-	-	254,595
Whare Ora Workshop	2.00%	-	65,713	65,603	-	-	1,312	64,291
Total Buildings		-	4,360,275	3,955,573	254,595	-	85,134	4,125,034
Furniture & Appliances								
9x Dining Tables & Chairs	10.00%	-	6,261	-	6,261	-	522	5,739
9x Midea Upright Fridge Freezer Stainless Steel 308L	10.00%	-	4,688	-	4,688	-	391	4,297
9x Washing Machines - Top Loader 8kg	10.00%	-	3,514	-	3,514	-	293	3,221
Cooktop Hob 300mm	10.00%	-	520	-	520	-	39	481
Freestanding Oven and Rangehood Combo	10.00%	-	569	-	569	-	43	526
Freestanding Oven for H7	10.00%	-	468	-	468	-	31	437
Furniture x9 (Beds, Mattresses, Drawers, Sofas)	10.00%	-	19,909	-	19,909	-	1,659	18,250



Depreciation Schedule

NAME	RATE	SALE PRICE	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING VALUE
Midea Upright Freezer 308L	10.00%	-	521	-	521	-	39	482
Total Furniture & Appliances		-	36,449	-	36,449	-	3,016	33,433
Land								
25 Commerce Street, Kaitaia - Land		-	190,000	190,000	-	-	-	190,000
9 Matthews Avenue, Kaitaia - Land		-	146,000	146,000	-	-	-	146,000
Kohuhu Street, Kaitaia - Land		-	350,000	350,000	-	-	-	350,000
Total Land		-	686,000	686,000	-	-	-	686,000
Motor Vehicles								
1996 Nissan Atlas Flat Deck Lift	20.00%	-	9,565	6,696	-	-	1,913	4,783
2019 Holden Commodore HKT01	20.00%	-	54,534	-	54,534	-	9,089	45,445
2019 Holden Commodore HKT02	20.00%	-	52,843	-	52,843	-	8,807	44,036
Ford Tractor	20.00%	-	3,500	2,158	-	-	700	1,458
Holden GJH642	20.00%	11,195	42,383	-	-	-	-	-
Holden GJH643	20.00%	8,500	42,383	-	-	-	-	-
Van (SA Academy)	20.00%	-	10,609	6,896	-	-	2,122	4,774
Total Motor Vehicles		19,695	215,817	15,750	107,377	-	22,631	100,496
Office Equipment								
Call Centre equip	48.00%	-	7,965	-	-	-	-	-
Clinic equip	48.00%	-	12,000	-	-	-	-	-
Computers 2010	48.00%	-	11,473	-	-	-	-	-
Computers 2011	48.00%	-	6,679	-	-	-	-	-
Computers 2012	48.00%	-	4,472	-	-	-	-	-
Desktop & Accessories (Sue & Trevor)	48.00%	-	654	-	654	-	209	445
Total Office Equipment		-	43,243	-	654	-	209	445
Plant and Equipment								
14.5x3.3m Mining Accommodation (flatpack) and 20 foot shipping container	10.00%	-	27,752	-	27,752	-	463	27,289
2 x 10.8m x 3.3 flatpack cabins and 20 foot shipping container	10.00%	-	40,584	-	40,584	-	338	40,246

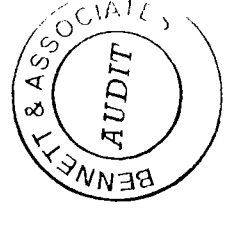


Depreciation Schedule

NAME	RATE	SALE PRICE	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING VALUE
2 x Arctic white sliding doors	10.00%	-	2,375	-	2,375	-	20	2,355
30,000 Litre Promax Water Tank	10.00%	-	3,593	-	3,593	-	329	3,263
3x Aluminium Doors for ablution block	10.00%	-	2,084	-	2,084	-	191	1,893
6m Seacell bulker container lock box with padlock	-	-	10,350	9,660	-	-	1,035	8,625
750W Sewer Pump	10.00%	-	963	-	963	-	56	907
Bakbar E92 Griddle Plate Dual thermostat control Heavy duty stainless steel construction	10.00%	-	1,197	-	1,197	-	40	1,157
Beds for House 7 EA	-	-	1,368	1,323	-	-	137	1,186
Clinic Sign	10.00%	-	5,470	-	-	-	-	-
Flail Mulching Mower	10.00%	-	3,691	3,045	-	-	369	2,676
Heart Saver and outdoor cabinet package	10.00%	-	2,580	-	2,580	-	22	2,559
Heat Pumps already installed in Imoko office x 3	-	-	4,783	4,304	-	-	478	3,826
HP Omen GTX 1050 Gaming Laptop	10.00%	-	1,735	1,547	-	-	174	1,374
Hybrid Tablet	10.00%	-	2,086	1,825	-	-	209	1,617
INFEF250L Infinity EG LPG External - Califont	10.00%	-	2,674	2,162	-	-	267	1,894
Makita Saw/Stand	10.00%	-	999	-	999	-	33	966
Mower 1	10.00%	-	10,434	-	-	-	-	-
Mower 2	10.00%	-	2,337	-	-	-	-	-
Samsung S8 Mobile Phone (Ricky)	10.00%	-	982	859	-	-	98	761
Sani-Speed Grey Water Pump	-	-	1,425	1,306	-	-	143	1,164
Security Cameras	-	-	6,077	5,469	-	-	608	4,861
Supply classic gate, hardware and gate stop 50% paid 7.8.18	-	-	1,750	1,604	-	-	175	1,429
Table Saw & Rolling Stand Combo	10.00%	-	1,285	-	1,285	-	43	1,242
Temporary Fence (Whare Ora Site)	10.00%	-	2,174	1,866	-	-	217	1,649
Waterblaster	10.00%	-	1,331	-	1,331	-	44	1,286
Total Plant and Equipment		-	142,077	34,970	84,742	-	5,488	114,224

Rent to Buy Houses - Kohuhu Street

9x Whare Ora Houses	0.00%	-	591,415	591,415	-	-	-	591,415
---------------------	-------	---	---------	---------	---	---	---	---------



Depreciation Schedule

NAME	RATE	SALE PRICE	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING VALUE
Additions 2020 to Rent to Buy Houses - Kohuhu Street	0.00%	-	234,910	-	234,910	-	-	234,910
Total Rent to Buy Houses - Kohuhu Street		-	826,325	591,415	234,910	-	-	826,325
Total		19,695	6,310,186	5,283,709	718,727	-	116,479	5,885,957



INDEPENDENT AUDITOR'S REPORT

To the Trustees of He Korowai Trust

57 Clyde Street
PO Box 627
WHANGAREI 0140
Phone: (09) 438 2312
Fax: (09) 438 2912
info@bennettca.co.nz
www.bennettca.co.nz

Opinion

We have audited the accompanying performance report of He Korowai Trust on pages 3 to 23, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 30 June 2020, the statement of financial position as at 30 June 2020, the statement of accounting policies and other explanatory information.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the performance report on pages 3 to 23 presents fairly, in all material respects:

- the entity information for the year ended 30 June 2020;
- the service performance for the year then ended; and
- the financial position of He Korowai Trust as at 30 June 2020, and its financial performance, and cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit).

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Performance Report section of our report. We are independent of He Korowai 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, He Korowai Trust.

Restriction on Responsibility

This report is made solely to the Trustees, as a body, in accordance with section 42F of the Charities Act 2005. Our audit work has been undertaken so that we might state to the 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibility for the Performance Report

The Trustees are responsible on behalf of the entity for:

(a) identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;

(b) the preparation and fair presentation of the performance report which comprises:

- the entity information;
- the statement of service performance; and
- the statement of financial performance, statement of financial position, statement of cash flows,

statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and

(c) for such internal control as the Trustees determine is necessary to enable the preparation of a performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible on behalf of the entity for assessing the entity'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 Trustees either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report 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) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Bennett and Associates
Whangarei
14 October 2020

