

VisionWest Community Trust

Financial Statements

For the year ended 30 June 2021

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VISIONWEST COMMUNITY TRUST

DIRECTORY

AS AT 30 JUNE 2021

The VisionWest Community Trust is a charitable trust incorporated under the Charitable Trust Act 1957 on 12 June 2008 and registered with the Charities Commission on 30 June 2008 (CC32207).

TRUSTEES:

| | |
|----------------|---------------------------------------|
| Arvind Dayal | Chairperson |
| Stephen Parker | Deputy Chairman |
| Gary Grut | Pastoral Representative /Secretary |
| June Lamb | Treasurer |
| Alex Penk | Trustee (retired 28th October 2020) |
| Daniel Barthow | Trustee |
| Bradford Haami | Trustee |
| Andrew Fraser | Trustee (effective 28th October 2020) |
| Judy Mataiá | Trustee (effective 28th October 2020) |
| | |
| Lisa Woolley | Chief Executive |

INDEPENDENT AUDITOR:

Grant Thornton New Zealand Audit Limited
152 Fanshawe Street
Auckland
New Zealand

NATURE OF BUSINESS:

Community Services Provider

Independent Auditor's Report

Grant Thornton New Zealand Audit Limited

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To the Trustees of Vision West Community Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vision West Community Trust (the "Trust") on pages 4 to 18 which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive revenue and expenses, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with New Zealand Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* 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.

Our firm carries out other assignments for the Trust in the area of risk advisory and compliance. The firm has no other interest in the Trust.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of these financial statements in accordance with New Zealand Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees on behalf of the entity 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 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 Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

Restriction on use of our report

This report is made solely to the Trustees. Our audit work has been undertaken so that we might state to the Trustees those matters which 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 Trust its Trustees for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



Auckland, New Zealand

27 October 2021

VISIONWEST COMMUNITY TRUST

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

FOR THE YEAR ENDED 31 JUNE 2021

| | Notes | 2021 | 2020 |
|---|-------|-------------------|-------------------|
| | | \$ | \$ |
| Revenue from non-exchange transactions | | | |
| Income from Health Care Services | | 62,311,735 | 58,257,942 |
| Income from Education Services | | 2,545,987 | 1,373,548 |
| Income from Emergency Housing Contract | | 7,136,627 | 4,076,632 |
| Income from Other Services | | 888,435 | 391,426 |
| Rental Income | | 11,698,219 | 9,027,033 |
| Operational Government and other grants | 18 | 680,242 | 564,823 |
| Donations-in-Kind and Services-in-Kind | 18 | 3,456,795 | 2,187,112 |
| Donations and Fundraising | | 272,450 | 89,258 |
| | | 88,990,490 | 75,967,774 |
| Revenue from exchange transactions | | | |
| Interest income | | 9,823 | 4,267 |
| | | 9,823 | 4,267 |
| Total revenue | | 89,000,313 | 75,972,041 |
| Expenses | | | |
| Employee related costs | | 64,376,495 | 55,426,674 |
| Donations | | - | 1,904 |
| Donations-in-Kind and Services-in-Kind | 18 | 3,456,795 | 2,187,112 |
| Interest expense | | 574,974 | 621,858 |
| Depreciation, amortisation and write-off expenses | 9 | 324,280 | 271,461 |
| Amortisation | 16 | 499,833 | 499,832 |
| Other expenses | 23 | 16,433,374 | 15,079,523 |
| Total expenses | | 85,665,751 | 74,088,364 |
| Total surplus for the year | | 3,334,562 | 1,883,677 |
| Other comprehensive revenue and expense | | | |
| Revaluation of Land and Buildings | | - | 60,000 |
| Total comprehensive revenue and expense for the year | | 3,334,562 | 1,943,677 |

VISIONWEST COMMUNITY TRUST
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021

| | Asset Revaluation Reserve | Retained Surplus | Total Net Assets |
|---|----------------------------------|-------------------------|-------------------------|
| Opening balance at 1 July 2019 | 10,035,495 | 20,796,418 | 30,831,913 |
| Surplus for the year | | 1,883,677 | 1,883,677 |
| Other comprehensive revenue and expense | 60,000 | | 60,000 |
| Closing balance at 30 June 2020 | 10,095,495 | 22,680,095 | 32,775,590 |
| Surplus for the year | - | 3,334,562 | 3,334,562 |
| Other comprehensive revenue and expense | - | | - |
| Closing balance at 30 June 2021 | 10,095,495 | 26,014,657 | 36,110,152 |

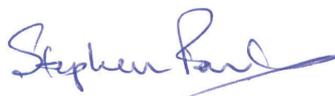
VISIONWEST COMMUNITY TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | Notes | 2021 \$ | 2020 \$ |
|--|-------|-------------------|-------------------|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | 6 | 9,272,095 | 9,222,853 |
| Receivables from non-exchange transactions | 7 | 7,686,663 | 3,356,198 |
| Prepayments | | 513,829 | 502,845 |
| Total current assets | | 17,472,587 | 13,081,896 |
| Non-current | | | |
| Intangibles | 16 | - | 499,833 |
| Property, plant and equipment | 9 | 53,356,220 | 47,944,334 |
| Total non-current assets | | 53,356,220 | 48,444,167 |
| Other | | | |
| Other assets | 17 | 131,720 | 158,417 |
| TOTAL ASSETS | | 70,960,527 | 61,684,480 |
| LIABILITIES | | | |
| Current | | | |
| Trade and other creditors | 8 | 5,108,913 | 4,673,222 |
| Employee entitlements | 22 | 7,911,701 | 6,098,217 |
| Income in advance | | 2,261,264 | 2,407,043 |
| Loans and borrowings | 19 | 806,742 | 1,219,272 |
| Total current liabilities | | 16,088,620 | 14,397,754 |
| Non-current | | | |
| Loans and borrowings | 19 | 17,629,805 | 13,951,699 |
| Provisions | 10 | 1,131,950 | 559,437 |
| Total non-current liabilities | | 18,761,755 | 14,511,136 |
| TOTAL LIABILITIES | | 34,850,375 | 28,908,890 |
| NET ASSETS | | 36,110,152 | 32,775,590 |
| NET ASSETS | | | |
| Retained Surplus | | 26,014,657 | 22,680,095 |
| Asset Revaluation Reserve | | 10,095,495 | 10,095,495 |
| Accumulated comprehensive revenue and expense | | 36,110,152 | 32,775,590 |

Signed for and on behalf of the VisionWest Community Trust



Arvind Dayal
Chairman



Stephen Parker
Deputy Chairman

VISIONWEST COMMUNITY TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

| | Notes | 2021 \$ | 2020 \$ |
|---|-------|-------------------------|-------------------------|
| <u>Cash flows from operating activities</u> | | | |
| Receipts from trading activities | | 65,141,368 | 63,333,342 |
| Receipts from rental properties | | 15,718,294 | 12,274,500 |
| Receipts from government grants | | 804,402 | 609,042 |
| Receipts from other grants & donations | | (17,167) | 394,037 |
| Interest received | | 9,823 | 4,267 |
| Payments to suppliers and employees | | (78,561,914) | (68,751,338) |
| <i>Net cash flows from operating activities</i> | 20 | <u>3,094,806</u> | <u>7,863,850</u> |
| <u>Cash flows from investing activities</u> | | | |
| Purchase of property, plant & equipment | | <u>(5,736,166)</u> | <u>(2,291,724)</u> |
| <i>Net cash flows from investing activities</i> | | (5,736,166) | (2,291,724) |
| <u>Cash flows from financing activities</u> | | | |
| Proceeds from borrowings | | 4,000,000 | 1,910,888 |
| Repayment of borrowings | | (734,424) | (713,312) |
| Interest paid | | <u>(574,974)</u> | <u>(621,858)</u> |
| <i>Net cash flows from financing activities</i> | | 2,690,602 | 575,718 |
| Net increase / (decrease) in cash and cash equivalents | | 49,242 | 6,147,844 |
| Cash and cash equivalents at the beginning of the year | | 9,222,853 | 3,075,009 |
| Cash and cash equivalents at the end of the year | | <u><u>9,272,095</u></u> | <u><u>9,222,853</u></u> |

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 1: Reporting Entity

VisionWest Community Trust (the "Trust") is a charitable organisation, based in West Auckland, which is incorporated under the Charitable Trusts Act 1957 and registered under the Charities Act 2005.

VisionWest Community Trust has been offering community-based services to people in West Auckland since the 1980's. The Trust was formally incorporated as the Friendship Centre Trust in 1988 in response to a growing desire of the Glen Eden Baptist Church to help those in need in the local community. The Trust started out small with a drop-in centre at the Glen Eden Railway Station as a place where friendships were formed. The Trust responded to the needs present in the community and grew to be one of the largest community based Trusts in West Auckland.

In 2010 the Friendship Centre Trust became VisionWest Community Trust. The name evolved from the Trust's passion and vision of hope and transformation for families living in West Auckland. VisionWest Community Trust now provides a range of community services to more than 20,000 individuals and families every year, with a wonderful staff and volunteer base of over 1,500 people. The Trust now has a national reach responding to needs around the country, with a mission of building hope together.

The financial statements presented here are for VisionWest Community Trust.

The financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Trustees on the 27th October 2021.

Note 2: Statement of Compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the Financial Reporting Act 2013. They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Trust is a public benefit Not-For-Profit entity and is applying Tier 1 Not-For-Profit PBE IPSAS as it has expenditure of more than \$30 Million. This report is in compliance with Tier 1 Not-For-Profit PBE Standards.

Note 3: Changes in Accounting Policies

For the year ended 30 June 2021 there have been no changes in Accounting Policies from the prior year.

3.1 New Standards, Amendments and Interpretations That Are Not Yet Effective and Have Not Been Early Adopted

The following are standards that are not yet effective and have not been early adopted and expected to have an impact on the Trust's financial statements.

PBE FRS 48 Service Performance Reporting (PBE FRS 48)

PBE FRS 48 Service Performance Reporting applies to all Tier 1 and Tier 2 NFP PBEs and also to public sector PBEs required by law to report service performance information. It replaces current guidance in PBE IPSAS 1 Presentation of Financial Statements.

The new Standard will have a significant impact on affected entities that have previously not been required or elected to present service performance information.

Key Features

The objective of PBE FRS 48 is to establish principles and requirements for presenting service performance information that is useful for accountability and decision-making purposes. The Standard establishes high-level requirements which provides flexibility for entities to determine how best to 'tell their story'. This includes requiring entities to provide:

- contextual information sufficient for users to understand why the entity exists, what it intends to achieve and how it intends to achieve its aims and objectives; and
- information about what the entity has done during the reporting period as it works towards achieving its aims and objectives.

In reporting on what an entity has done during the reporting period the Standard requires entities to provide users with an appropriate and meaningful mix of performance measures and/or descriptions for the reporting period. These may be:

- Quantitative measures: For example, quantity of goods and services, levels of satisfaction using a rating scale on a questionnaire or survey, and numerical measures for service performance objectives or goals.
- Qualitative measures: For example, compliance or non-compliance with a quality standard.
- Qualitative descriptions: For example, those based on participant observations, open-ended questions or interviews and surveys and case studies such as "how did an entity's service performance activities change the well being and circumstances of a client group?"

Judgements that have the most significant effect on selection, measurement, aggregation and presentation of service performance information that are relevant to an understanding of the entity's service performance information, are required to be disclosed.

Cross referencing to financial statements is encouraged however PBE FRS 48 imposes requirements when this is done.

Effective date and transition

PBE FRS 48 is applicable for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. The Trust will have to apply the standard for its 30 June 2023 financial statements.

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 3: Changes in Accounting Policies (continued)

PBE IFRS 9 Financial Instruments

PBE IFRS 9 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and is effective for periods beginning on or after 1 January 2022. The key changes introduced in PBE IFRS 9 include:

- creating new classification and measurement requirements for financial assets;
- introducing new hedging requirements; and
- placing new impairment requirements of financial assets.

The Trust does not expect the adoption of the standard to have a significant impact to its financial statements when it adopts it for the period ending 30 June 2023.

Note 4: Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

4.1 Basis of Measurement

The financial statements have been prepared on the basis of historical cost, except for land and buildings which have been 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 values are rounded to the nearest dollar unless otherwise stated.

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 Trust receives revenue as a result of both exchange and non-exchange transactions.

Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions is recognised in the period when the Trust provides the services. The majority of the consideration for these services is received from Contract revenue from the Ministry of Health, Regional District Health Boards, Ministry of Education, Ministry of Social Development, TEC, and Government and non-Government Grants for the provision of home healthcare; early childhood, youth and adult education; housing; counselling and budgeting services.

Rental Income

Rental income arising from residential rental premises is accounted for on a straight-line basis over the lease term.

Donations

Donations are recognised as revenue upon receipt and include donations from the general public and donations received for specific programmes or services. Donations-in-kind (including food) are received by our Community Banks.

Services-in-kind are hours of work provided by volunteers throughout our Trust's services.

Grant Revenue

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 attached 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

These are transactions that the Trust either receives or gives value to or from another individual or gives approximately equal value in exchange to another entity

Interest Income

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

4.4 Leases

All leases are classified as operating leases where the lessor retains substantially the risk and rewards of ownership of an asset.

Payments made under operating leases are recognised in the reported surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as insurance, are expensed as incurred.

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

4.5 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 group 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.

Financial Assets

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

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Trust's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables. The Trust's financial assets include: cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and investments.

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

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, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and non-equity investments fall into this category of financial instruments.

Impairment of Financial Assets

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

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

In determining whether there is any objective evidence of impairment, the Trust first assesses whether there is objective evidence of impairment of 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 group of financial assets 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.

Financial Liabilities

The Trust's financial liabilities include trade and other creditors, employee entitlements, related party payables, loans and borrowings and deferred income (in respect to grants whose conditions are yet to be complied with).

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

4.6 Income Tax

The Trust is a registered charity and therefore exempt from income tax.

4.7 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

4.8 Investments

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.

4.9 Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the Inland Revenue Department, then the GST is recognised as a part of the cost of the expense and the payables will be stated with GST included.

The net amount of GST recoverable from, or payable to the Inland Revenue Department, is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

4.10 Property, Plant and Equipment

Plant and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Costs include 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.

Land and buildings are carried at revalued amounts which are fair value at the date of revaluation. Valuations are performed on land and buildings every three years to ensure current carrying values are not significantly different to fair value. Land and buildings are generally not depreciated.

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

4.10 Property, Plant and Equipment (continued)

Fair value is determined with reference to market based evidence, which is the amount for which assets could be exchanged between a willing buyer and a knowledgeable willing seller in an arm's length transaction at valuation date.

Disposals

When an asset is disposed of, the

Revaluation

The revaluation was on the Capital Value(CV) which is a local council valuation for the purposes of the rates calculation. These valuations are performed every three years.

Revaluation surplus and deficit are offset for assets within the same class of asset.

Depreciation

Depreciation of assets, other than freehold land, is calculated at rates determined by management's assessment of the assets and rates. The depreciation methods are reviewed and adjusted if appropriate at each balance date.

Depreciation is charged on a straight line basis over the useful life of the asset, except for Land and Building which are 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.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining life of the improvements, whichever is shorter.

| | | |
|------------------------|----|------------|
| Land & Buildings | SL | 0% |
| Fixtures and fittings | SL | 8.4% - 48% |
| Office equipment | SL | 8.4% - 48% |
| Motor vehicles | SL | 25.00% |
| Leasehold Improvements | SL | 8.40% |

De-Recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Revenue and Expense.

4.11 Intangible Assets

Intangible assets are those service contracts acquired by the Trust and have finite useful lives. They are measured at cost less accumulated amortisation and any accumulated impairment losses. The cost is amortised on a straight line basis over 4 years useful life. The balance is assessed for impairment if an indicator is identified that the asset may be impaired.

4.12 Interest-Bearing Loans and Borrowings

Borrowing costs are those costs that the Trust incurs in connection with the borrowing of funds directly attributable to the acquisition, construction or production of assets. All borrowing costs are capitalised in the period they occur (with the exception of interest costs, which are expensed).

4.13 Employee Entitlements

Wages, Salaries, Annual Leave and Sick Leave

Short-term employee benefits, including holiday entitlement and salaries and wages accrued up to the reporting date, are current liabilities recorded on the Statement of Financial Position, measured at the undiscounted amount that the Trust expects to pay within 12 months of the reporting date.

The Trust recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

4.14 Equity

Equity is the community's interest in the Trust, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Retained Surplus

Retained Surplus is the Trust's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

Asset Revaluation Reserve

The asset revaluation reserve is used to record increases and decreases in the fair value of land and buildings only to the extent that they offset each other.

Note 5: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Trust's financial statements requires management and the Board to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities.

Judgements

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 5: Significant Accounting Judgements, Estimates and Assumptions (continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, 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.

Valuation of Property, Plant and Equipment

The Trust measures land and buildings at government valuation, this is done every three years. At every period end, management makes an assessment as to whether the latest land buildings balance reflect the current fair value of the assets. This assessment is based on the general market activities and similar properties.

Useful Lives and Residual Values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Trust are listed in Note 4.10.

Note 6: Cash and Cash Equivalents

Cash and cash equivalents include the following components:

| | 2021 | 2020 |
|---|------------------|------------------|
| Cash at bank and in hand | 7,265,262 | 9,222,853 |
| Term deposits with maturities no more than 3 months | 2,006,833 | - |
| Total cash and cash equivalents | 9,272,095 | 9,222,853 |

Note 7: Receivables from Non-Exchange Transactions

| | 2021 | 2020 |
|---|------------------|------------------|
| Trade debtors net of provision for doubtful debts | 4,910,314 | 2,037,132 |
| Accrued Income | 2,256,092 | 1,032,703 |
| Bonds Paid | 520,257 | 286,363 |
| Total trade debtors and other receivables | 7,686,663 | 3,356,198 |

Trade debtors and other receivables are non-interest bearing and are normally settled on 30 days terms; therefore the carrying value of trade debtors and other receivables approximates its fair value.

As at 30 June 2021, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure. Other Receivables include bonds paid to Landlord's and Accrued Income from service contracts due at year end but not yet paid.

The movement in the allowance for doubtful debts is as follows:

| | |
|-----------------------------|------------------|
| Balance 30 June 2019 | 635,660 |
| Amounts written off | - |
| Impairment loss recognised | 744,428 |
| Balance 30 June 2020 | 1,380,088 |
| Amounts written off | - |
| Impairment loss reversed | (800,884) |
| Balance 30 June 2021 | 579,204 |

| 2020 Ageing analysis of trade receivables | Gross amounts receivable | Impairment | Net balance |
|--|---------------------------------|-------------------|--------------------|
| 0-30 days (not past due) | 1,114,463 | - | 1,114,463 |
| 31 - 60 days | 507,103 | - | 507,103 |
| 61- 90 days | 274,566 | - | 274,566 |
| Greater than 90 days | 1,521,088 | 1,380,088 | 141,000 |
| Total past due | 2,302,757 | 1,380,088 | 922,669 |
| Total of trade debtors | 3,417,220 | 1,380,088 | 2,037,132 |

| 2021 Ageing analysis of trade receivables | Gross amounts receivable | Impairment | Net balance |
|--|---------------------------------|-------------------|--------------------|
| 0-30 days (not past due) | 4,443,173 | - | 4,443,173 |
| 31 - 60 days | 364,488 | - | 364,488 |
| 61- 90 days | 102,652 | - | 102,652 |
| Greater than 90 days | 579,204 | 579,204 | 0 |
| Total past due | 1,046,345 | 579,204 | 467,141 |
| Total of trade debtors | 5,489,519 | 579,204 | 4,910,315 |

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 8: Payables under Exchange Transactions

| Current | 2021 | 2020 |
|---|------------------|------------------|
| Trade creditors | 48,174 | 13,245 |
| Non trade payables and accrued expenses | 4,071,094 | 3,831,151 |
| Bonds | 2,960 | 3,226 |
| GST payable | 986,684 | 825,600 |
| | <u>5,108,912</u> | <u>4,673,222</u> |

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

Payroll Liabilities are amounts that are owed either to the IRD or ACC with the exception of ACC these would be settled within 30 days.

Note 9: Property, Plant and Equipment

Movements for each class of property, plant and equipment are as follows:

| | Land | Buildings | Fixtures & Fittings | Office Equipment | Motor Vehicles | Total |
|---------------------------------|-------------------|-------------------|--------------------------------|-------------------------|-----------------------|-------------------|
| Cost | | | | | | |
| Balance 30 June 2019 | 22,617,999 | 22,373,558 | 234,728 | 810,554 | 62,852 | 46,099,691 |
| Additions | 1,705,700 | 906,162 | 32,602 | 242,260 | - | 2,886,724 |
| Revaluation | (100,000) | 160,000 | - | - | - | 60,000 |
| Balance 30 June 2020 | 24,223,699 | 23,439,720 | 267,330 | 1,052,814 | 62,852 | 49,046,415 |
| Additions | 1,817,210 | 3,497,511 | 15,403 | 362,040 | 44,002 | 5,736,166 |
| Disposals | - | - | - | - | - | - |
| Re-classification | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - |
| Balance 30 June 2021 | 26,040,909 | 26,937,231 | 282,733 | 1,414,854 | 106,854 | 54,782,581 |
| Accumulated depreciation | | | | | | |
| Balance 30 June 2019 | - | 179,438 | 116,728 | 477,976 | 56,478 | 830,620 |
| Depreciation for the year | - | 41,398 | 28,920 | 197,775 | 3,368 | 271,461 |
| Balance 30 June 2020 | - | 220,836 | 145,648 | 675,751 | 59,846 | 1,102,081 |
| Depreciation for the year | - | 43,364 | 29,054 | 239,709 | 12,153 | 324,280 |
| Balance 30 June 2021 | - | 264,200 | 174,702 | 915,460 | 71,999 | 1,426,361 |
| Carrying amounts | | | | | | |
| At 30 June 2019 | 22,617,999 | 22,194,120 | 118,000 | 332,578 | 6,374 | 45,269,071 |
| At 30 June 2020 | 24,223,699 | 23,218,884 | 121,682 | 377,063 | 3,006 | 47,944,334 |
| At 30 June 2021 | 26,040,909 | 26,673,031 | 108,031 | 499,394 | 34,855 | 53,356,220 |

Bank Security

The Trust's land and building have been pledged as security for loans and borrowings.

Note 10: Provisions

| | 2021 | 2020 |
|------------------------------|-------------------------|-----------------------|
| Opening Balance 1 July 2020 | 559,437 | 325,280 |
| Additional Provisions | 572,513 | 631,187 |
| Amounts used during the year | - | (397,030) |
| Balance 30 June 2021 | <u>1,131,950</u> | <u>559,437</u> |

Note 11: Auditor's Remuneration

Grant Thornton New Zealand Audit Partnership have been the Trust's auditors since the year ended 30 June 2017. Non-audit services relating to the GST Disclosure, Holidays Act Payroll Compliance and Payroll Risk and Control have been provided in the current financial year.

| | 2021 | 2020 |
|-----------------------------------|---------------|---------------|
| Amounts Paid to Grant Thornton | | |
| Audit of the financial statements | 41,400 | 50,085 |
| Other Consultancy Services | 47,150 | - |
| | <u>88,550</u> | <u>50,085</u> |

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 12: Capital Expenditure Commitments

The Trusts has no capital commitments.

Note 13: Operating Lease Commitments

As at reporting date the Trust has operating leases for vehicles, computers, photocopiers. The Trust leases commercial buildings in Auckland, Hamilton, Tauranga, Rotorua and Christchurch.

| | 2021 | 2020 |
|---------------------------|------------------|------------------|
| Less than one year | 706,745 | 859,588 |
| Between two to five years | 754,417 | 1,171,884 |
| More than five years | 136,939 | 219,296 |
| Total Lease Payments | <u>1,598,101</u> | <u>2,250,768</u> |

As at reporting date the Trust has 232 operating leases with third parties for residential property in Auckland and Christchurch. These are used for the Housing First Project and Transitional Housing.

| | 2021 | 2020 |
|---------------------------|------------------|------------------|
| Less than one year | 3,429,398 | 2,181,507 |
| Between two to five years | 1,496,319 | 496,155 |
| More than five years | - | - |
| Total Lease Payments | <u>4,925,717</u> | <u>2,677,662</u> |

Note 14: Contingent Assets and Liabilities

There are no contingent assets or liabilities at the reporting date. (2021: \$Nil).

Note 15: Related Party Information

VisionWest Community Trust has trustees who are also on the leadership of the Glen Eden Baptist Church. VisionWest Community Trust has property occupancy agreements with the Glen Eden Baptist Church. VisionWest Community Trust engaged the following persons as contractors during the financial year: A member of the Executive, the CEO, Lisa Woolley's nephew's plumbing business (Hydro Dynamics). The trustees consider these property occupancy agreements and the contract rate paid to the three Executive members' related party businesses to be at fair market value. There is a related party transaction for WeeMo Ltd, as the owner's wife is the personal assistant to the CEO. The final related party transaction is for Premier Tapes NZ, Arvin Dayal is a Director of this company and the Chairperson of Vision West Community Trust.

| | 2021 | 2020 |
|--|---------|---------|
| Rent Payments to Glen Eden Baptist Church | 141,467 | 129,252 |
| Contract Payments made to WeeMo Ltd | 44,239 | 17,329 |
| Contract Payments made to Hydro Dynamics | 19,072 | 13,610 |
| Contract Payments made to Premier Tapes NZ | - | 28,371 |

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which comprises the Board of Trustees, CEO, Head of Finance, Head of Operations & Partnerships, Head of Maori Service Development, Head of Community Service Development and the Head of People & Culture which constitutes the governing body of the Trust. No remuneration is paid to members of the Board of Trustees. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

| | 2021 | 2020 |
|--------------------|---------|---------|
| Total Remuneration | 855,008 | 732,268 |
| Number of Persons | 6.0 | 5.0 |

Remuneration and compensation provided to close family members of key management personnel

During the reporting period, total remuneration and compensation of \$166,857 (2020: \$142,070) was provided by the Trust to employees who are close family members of key management personnel.

Note 16: Intangible Assets

Vision West Community Trust purchased additional contracts relating to the Home Healthcare business on 1 July 2017. The identifiable intangible assets are the portfolio of DHB service contracts purchased at their valued amounts.

There has been no change to the valuation of identifiable contracts. The contracts have been fully amortised during the year.

| | 2021 | 2020 |
|---|------------------|------------------|
| Value of contracts acquired(intangibles)/ Balance carried forward | 499,833 | 999,665 |
| Less: Amortisation during the year | <u>(499,833)</u> | <u>(499,832)</u> |
| Balance at 30 June | <u>-</u> | <u>499,833</u> |

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 17: Other Assets

The deposit on a property development at Moire Rd, Massey, has been classified as an Other Asset due to the deposit not meeting the recognition criteria for a Fixed Asset in PBE IPSAS 17 - Property, Plant & Equipment.

Work in Progress is for costs that are still to be capitalised as the projects are incomplete at year end. In the next financial year they are expected to be classified as fixed assets.

| | 2020 |
|------------------|----------------|
| Other Assets | - |
| Work in Progress | 158,417 |
| | <u>158,417</u> |
| | 2021 |
| Other Assets | - |
| Work in Progress | 131,720 |
| | <u>131,720</u> |

Note 18: Revenue From Non-Exchange Transactions

Revenue from non-exchange transactions received during each reporting period are made up of the following:

| | 2021 | 2020 |
|---------------------------------|------------------|------------------|
| Operational Other Grants | | |
| Lotteries | 81,576 | 60,000 |
| Foundation North | 150,000 | 260,000 |
| The Trusts Community Foundation | 74,173 | 42,407 |
| Million\$ Mission | 25,017 | - |
| Te Pou Training Grant Scheme | 76,715 | 41,165 |
| Vodafone | - | 10,000 |
| Auckland City Council | 222,996 | 113,596 |
| Baptist Community Ministries | 20,000 | 7,500 |
| Ministry of Social Development | 29,765 | 10,155 |
| Youth Connections | - | 20,000 |
| | <u>680,242</u> | <u>564,823</u> |
| Donations-in-Kind | | |
| Donations-in-Kind | 3,265,036 | 1,971,724 |
| Services-in-Kind | 191,759 | 215,388 |
| | <u>3,456,795</u> | <u>2,187,112</u> |

The corresponding expense for Donations-in-Kind and Services-in-Kind is under Expenses.

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 19: Loans and Borrowings

Loans and borrowings held by the Trust are summarised as follows:

| | 2021 | 2020 |
|---------------------------------------|-------------------|-------------------|
| Current | | |
| Secured bank loans - interest bearing | 774,740 | 1,187,270 |
| Secured bank loans - zero interest | 32,002 | 32,002 |
| Total current loans | 806,742 | 1,219,272 |
| Non-current | | |
| Secured bank loans - interest bearing | 17,180,040 | 13,469,930 |
| Secured bank loans - zero interest | 449,765 | 481,768 |
| Total non-current loans | 17,629,805 | 13,951,698 |
| Total loans and borrowings | 18,436,547 | 15,170,970 |

The fair value of interest bearing loans and borrowings approximate their value, given interest rates charged are close to market rates at year-end.

The zero interest bank loans are Housing NZ term loans repayable over 25 years, and no interest is chargeable, for the first 10 years, given that the trustees use the properties for the purpose of low income housing. There were no loans that rolled over their 10 year interest free term during this financial year.

Terms and Debt Repayment Schedule

The terms and conditions of outstanding loans were as follows:

| | Interest rate | Original Repayment terms | Year of maturity | Balance at 30 June 2021 | Balance at 30 June 2020 |
|--|--|--------------------------------|---------------------|----------------------------|----------------------------|
| Secured bank loans - interest bearing: Christian Savings | 4.19%, 4.40% and 4.51% fixed / 3.49%, 3.56% and 4.19% var. | 2 - 23 years | 2021-45 | 17,398,173 | 14,058,140 |
| Secured - interest bearing: Housing NZ Innovation Fund | 4.43% var. | 25 years | 2031-34 | 556,606 | 599,061 |
| Secured - zero interest: Housing NZ Innovation Fund | 0% | 25 years | 2035-36 | 481,768 | 513,770 |
| | | | | 18,436,547 | 15,170,971 |

The bank loans are secured over certain land and buildings with a carrying amount of \$52,713,938 (2020: \$47,442,584)

Note 20: Reconciliation of Surplus/Deficit with Net Cash Flow from Operating Activities

| | 2021 | 2020 |
|--|------------------|------------------|
| Net Surplus/(Deficit) for the reporting period | 3,334,562 | 1,883,677 |
| <i>Add/(Deduct) Non-cash items:</i> | | |
| Depreciation | 324,280 | 271,461 |
| Amortisation of intangibles | 499,833 | 499,832 |
| <i>Add/(Deduct) items classified as financing or investing activities:</i> | | |
| Interest expense | 574,974 | 621,858 |
| <i>Movements in working capital:</i> | | |
| (Increase)/Decrease in receivables | (4,330,465) | 3,666,081 |
| (Increase)/Decrease in prepayments | (10,984) | (254,224) |
| (Increase)/Decrease in other assets | 26,697 | (105,201) |
| Increase/(Decrease) in trade and other creditors | 435,691 | 152,951 |
| Increase/(Decrease) in employee entitlements | 1,813,484 | 959,563 |
| Increase/(Decrease) in income in advance | (145,779) | (66,305) |
| Increase/(Decrease) in provisions | 572,513 | 234,157 |
| Net cash flows from operating activities | 3,094,806 | 7,863,850 |

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 21: 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:

| Financial assets | 2021 | 2020 |
|--|-------------------|-------------------|
| Loans and receivables | | |
| Cash and cash equivalents | 9,272,095 | 9,222,853 |
| Receivables from non-exchange transactions | 7,686,663 | 3,356,198 |
| | <u>16,958,758</u> | <u>12,579,051</u> |

Financial liabilities

At amortised cost

| | | |
|---------------------------|-------------------|-------------------|
| Trade and other creditors | 1,929,788 | 1,581,562 |
| Employee entitlements | 7,911,701 | 6,098,217 |
| Loans and borrowings | 18,436,547 | 15,170,971 |
| | <u>28,278,036</u> | <u>22,850,750</u> |

Note 22: Employee Entitlements

| | 2021 | 2020 |
|--------------------------------|------------------|------------------|
| Alternative Holidays Provision | 1,769,568 | 1,507,388 |
| Annual Leave Provision | 6,142,133 | 4,590,829 |
| | <u>7,911,701</u> | <u>6,098,217</u> |

Note 23: Other Expenses

Other expenses broken down into categories;

| | 2021 | 2020 |
|------------------------------|-------------------|-------------------|
| Other employee related costs | 2,393,882 | 2,571,317 |
| Rent | 7,867,953 | 6,449,549 |
| R&M | 2,008,479 | 1,014,756 |
| Professional Fees | 633,421 | 529,435 |
| Third Party Services | 407,724 | 468,851 |
| Computer & Phone | 1,623,659 | 1,460,525 |
| Office Expenses | 1,498,256 | 2,585,090 |
| | <u>16,433,374</u> | <u>15,079,523</u> |

Note 24: Financial Instrument Risk

The Trust's activities expose it to a number of financial instrument risks, including market risk, credit risk and liquidity risk.

There were no material changes in the Trust's risk exposure and risk management objectives during the year.

The Trust does not actively engage in trading of financial assets for speculative purposes. The significant financial risks that the Trust is exposed to are as follows:

Market Risk Analysis

The Trust is exposed to market risk through their use of financial instruments and specifically to interest rate risk, which results from both its operating and investing activities. Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Trust is exposed to interest rate risk on funds borrowed at fixed rates.

Credit Risk Analysis

Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a loss. MOH, DHB's and MSD are the largest debtors these are assessed as low risk and high quality entities due to being government funded purchasers of Home Healthcare and Housing services.

The credit risk for cash and cash equivalents is considered negligible, since the counterparty is a reputable bank with a Standard & Poor's rating of AA-. The Trust only deals with credit worthy counterparties. The majority of the Trust's receivables are from Government agencies and therefore credit assessment is that they have the ability to pay and credit risk is low.

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 24: Financial Instrument Risk (continued)

Liquidity Risk Analysis

Liquidity risk is the risk that the Trust won't be able to meet its obligations. The Trust manages the risk by continually monitoring forecasted and actual cash flow requirements. Liquidity needs are monitored monthly and projected for the financial year.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

| | Within 6 months | 6-12 months | 1-5 years | Later than 5 years |
|---------------------------|------------------------|--------------------|------------------|---------------------------|
| 2021 | | | | |
| Trade and other Creditors | 5,108,913 | - | - | - |
| Employee Entitlements | - | 4,351,436 | 3,560,265 | - |
| Borrowings | 659,121 | 587,549 | 5,856,897 | 11,332,980 |
| | | | | |
| 2020 | | | | |
| | Within 6 months | 6-12 months | 1-5 years | Later than 5 years |
| | \$'000 | | | |
| Trade and other Creditors | 4,673,222 | - | - | - |
| Employee Entitlements | - | 3,354,019 | 2,744,198 | - |
| Borrowings | 609,637 | 609,637 | 4,877,096 | 9,074,601 |

The amounts above reflect the contractual undiscounted cash flows at the reporting date.

Note 25: Capital Management

The Board determines the capital management policy by ensuring that the Trust has sufficient funds to continue with its main purpose of supporting and caring for people within our community. Capital for the Trust consists of its accumulated funds and borrowings. The Trust maintains a balance between debit and equity funding.

Note 26: Subsequent Events

COVID-19

On 18th of August 2021, the New Zealand Government declared a country-wide lockdown due to cases of the Delta variant of Covid 19 being in the community. As an 'essential service' in the welfare of the New Zealand residents VisionWest's operations are not adversely impacted significantly, instead there has been a rise in demand for the services due to a decline in the economy. There has not been a significant financial impact upon the financial statements arising from COVID-19 for the reporting period ended 30 June 2021.