HABITAT FOR HUMANITY NEW ZEALAND LIMITED
(AND AFFILIATES)

GROUP CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2021

Contents

Company directory

Charities Registration Number	CC28026
Company Registration	575747
Formation Date	23 December 1992
Registered Office	Stanway House, 644 Great South Road, Penrose
Share Capital	1,170 ordinary shares at $1
Paid Up Capital	$nil
Auditors	Crowe New Zealand Audit Partnership

Shareholders of Habitat For Humanity New Zealand Limited

HFH NZ Trust (Trustees Glen Cornelius, Malcolm Pearce and Rick Hathaway)	900
Habitat For Humanity Northern Region Limited	60
Habitat For Humanity Central Region Limited	100
Habitat For Humanity Eastern BOP Limited	20
Habitat For Humanity Taranaki Limited	20
Habitat For Humanity (Nelson) Limited	20
Habitat For Humanity (Christchurch) Limited	20
Habitat For Humanity (Dunedin) Limited	10
Habitat For Humanity (Invercargill) Limited	20
	1,170

All shares have equal voting rights, but have no right to distributions of profits, or any residual assets upon wind up of the company. No shares were issued, or calls made during the year.

Directors' report

The Directors are pleased to submit to shareholders their Report and Financial Statements for the Group for the year ended 30 June 2021.

Principal Activities

Habitat For Humanity New Zealand Limited and Affiliates (the Group) are providers of low-cost housing for partner families selected on the basis of need. The Parent company and all subsidiary companies are incorporated and domiciled in New Zealand.

Dividends

The Directors recommend that no dividend be declared.

Auditors

The current Auditors are Crowe New Zealand Partnership, and the directors will go through a Tender process to appoint the Auditors for the following year.

Remuneration of Directors

No remuneration or other benefits were paid or due and payable to directors for services as a director or in any other capacity during the year other than those disclosed.

Directors of Habitat for Humanity New Zealand Limited

Glen Cornelius (Chair)
Malcolm Pearce
Stephen Falconer
Tracey Stevenson
Michael McLean
Chris Ennor
Rachel Afeaki
Mark Berryman
Brenda Heather-Latu

These financial statements were authorised for issue on the 22 November 2021.

On behalf of the Board
Director

On behalf of the Board
Director

Statement of comprehensive revenue and expense
For the year ended 30 June 2021

	Note	2021	2020
REVENUE FROM NON-EXCHANGE TRANSACTIONS		NZ$	NZ$
Donations & Grants	1	709,240	986,084
Grants – Other		937,440	1,311,702
Gifts in kind	4	236,355	267,800
Total revenue from non-exchange transactions		1,883,035	2,565,586
REVENUE FROM EXCHANGE TRANSACTIONS			
MFAT overseas relief		2,822,834	1,370,041
Global Village	2	-	403,735
Rent from partner families		2,382,617	2,469,936
ReStore sales	3	11,296,502	8,185,121
Gain on sale assets		1,505,369	826,160
Other income	6	3,119,527	3,495,181
Total revenue from exchange transactions		21,126,849	16,750,174
EXPENSES			
Audit fee		86,245	84,197
Global Village	2	-	340,439
ReStore expenses	3	7,814,976	6,860,065
ReStore depreciation	3	73,436	97,733
Depreciation	9	709,487	713,798
Specific initiative expenses	7	5,616,775	4,161,934
Office expenses		376,503	246,716
Tithes		22,918	1,423
Professional services & Insurance		437,426	405,395
Salaries and wages		3,797,884	3,716,643
Property related expenses	8	889,152	643,081
Property subsidy provision	17	383,967	883,142
General expenses		364,634	537,049
TOTAL EXPENSES		20,573,403	18,691,615
FINANCE ACTIVITIES			
Finance Income	5	2,333,095	842,119
Finance expenses	5	(1,017,068)	(616,136)
NET SURPLUS FROM FINANCE ACTIVITIES		1,316,027	225,983
OTHER GAINS/(LOSSES)			
Gain on distribution received	22	1,549,000	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		5,301,508	850,128

The accompanying notes form an integral part of these financial statements and should be read in conjunction with these financial statements

Statement of changes in net assets
For the year ended 30 June 2021

	Retained Surplus/ (Deficit)
Balance 30 June 2019	42,823,072
Total comprehensive revenue and expense	850,128
Balance 30 June 2020	43,673,200
Total comprehensive revenue and expense	5,301,508
Balance 30 June 2021	48,974,708

The accompanying notes form an integral part of these financial statements and should be read in conjunction with these financial statements

Statement of financial position
As at 30 June 2021

	Note	**2021**	2020
Current assets		NZ$	NZ$
Cash and cash equivalents	10	12,617,711	7,781,943
Investments	11	3,237,939	3,629,587
Inventory		1,158,699	1,093,835
Trade receivables - exchange	19	1,021,035	912,487
Trade receivables – non exchange	19	70,373	49,059
Other current assets	21	291,361	-
Current portion of mortgage receivables	16	3,145,444	673,770
Total current assets		21,542,562	14,140,681
Non-current			
Property, plant and equipment	12	18,388,642	15,801,641
Properties held to provide social service	13	15,139,287	19,186,533
Goodwill	15	130,000	130,000
Construction in progress	14	8,280,070	756,629
Investments	11	100,996	100,242
Other non-current assets	21	1,132,926	6,035,097
Mortgage receivables	16	9,283,631	7,418,311
Total non-current assets		52,455,552	49,428,453
Total assets		73,998,114	63,569,134
Current liabilities			
Trade and other payables - exchange		2,019,088	1,306,274
Trade and other payables – non exchange		8,364	6,739
Bank overdraft	18	1,215,096	351,455
GST payable		268,322	223,435
Grants unspent year end		3,224,298	3,052,468
Employee benefits		256,571	313,466
Tithes payable		699,246	686,820
Property subsidy provision current	17	96,867	102,307
Borrowings	18	2,496,595	994,775
Funds held on behalf of partner families		386,020	209,037
Total current liabilities		10,670,467	7,246,776
Non-current liabilities			
Property GST liability		1,198,985	527,874
Property subsidy provision	17	835,963	2,173,286
Funds due partner families and other payables		46,934	16,087
Borrowings	18	12,271,057	9,931,911
Total non-current liabilities		14,352,939	12,649,158
Total liabilities		25,023,406	19,895,934
Net assets		48,974,708	43,673,200

The accompanying notes form an integral part of these financial statements and should be read in conjunction with these financial statements

	Note	2021	2020
Equity			
Retained earnings		43,673,200	42,823,072
Current year (Deficit)/Surplus		5,301,508	850,128
TOTAL EQUITY		48,974,708	43,673,200

The accompanying notes form an integral part of these financial statements and should be read in conjunction with these financial statements

Statement of cash flows

For the year ended 30 June 2021

	Note	**2021** NZ$	2020 NZ$
Cashflow from operating activities			
Inflows			
Grants, Donations & ReStore		13,370,892	9,938,731
Global Village, exchange		-	403,735
Designated funds		(136,893)	629,674
Finance income		49,462	210,925
Inventory		570	(8,532)
Christchurch Housing Initiative		225,883	287,830
Sale of homes		5,091,383	1,869,355
Contract management fees		517,444	974,098
Partner family rental income		2,294,650	2,635,044
Mortgage repayments		1,962,014	2,468,139
Other income		228,684	345,284
		23,604,089	19,754,283
Outflows			
Overseas projects/relief donations & expenses		2,595,721	1,441,647
Christchurch Housing Initiative		160,249	202,540
Transfers to HFHI		15,629	19,513
Payment to employees		4,643,959	3,930,877
Global Village expenses		-	376,885
Payment to suppliers		8,349,668	7,623,319
Finance expense		365,945	263,075
Tithes		429,194	372,749
GST		751,673	214,506
		17,312,038	14,445,111
Net Cash inflow from operating activities		6,292,051	5,309,172
Cashflow from/(to) investing activities			
Property, Plant & Equipment		(7,962,852)	(7,227,190)
Net Cash outflow from/(to) Investing activities		(7,962,852)	(7,227,190)
Cashflow from/(to) financing activities			
Borrowings received		4,523,987	5,951,487
MHUD Loans		2,285,634	-
Borrowings repayments		(1,166,693)	(1,068,463)
Net Cash inflow from/(to) Financing activities		5,642,928	4,883,024
Net movement in cash		3,972,127	2,965,006
Cash & cash equivalents/Bank overdraft at the beginning of year		7,430,488	4,465,482
Cash & cash equivalents/Bank overdraft at the end of year		11,402,615	7,430,488

The accompanying notes form an integral part of these financial statements and should be read in conjunction with these financial statements

Notes to the financial statements

For the year ended 30 June 2021

General Information

The Company is a limited liability company incorporated and domiciled in New Zealand. The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and Companies Act 1993.

Habitat for Humanity New Zealand Limited ("Company") and affiliates ("Group") are providers of housing solutions to partner families in need. The Group is affiliated to Habitat for Humanity International who seek to eliminate poverty housing and homelessness from the world and to make decent shelter a matter of conscience and action. The Group does this by purchasing property and constructing homes for families in need. Once a house is completed the Group rents it to the family until they feel the family has met certain commitments. At this stage the family is offered a chance to purchase the property at the valuation agreed upon at the time of dedication.

The Group is designated as a Public Benefit Entity for financial reporting purposes.

Separate Financial Statements for the Company and the Group are presented for the year ended 30 June 2021.

These consolidated financial statements are for the year ended 30 June 2021. The financial statements were authorised for issue by the board of directors on 22 November 2021.

Summary of significant accounting policies

Statement of compliance

These consolidated general-purpose financial statements for the year ended 30 June 2021 have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand Equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate for Public Benefit Entities.

The Group is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure does not exceed $30 million.

The Group is deemed a Public Benefit Entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements have been prepared on a historical costs basis, except for assets and liabilities that have been measured at fair value.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated general-purpose financial statements incorporate the assets and liabilities of all affiliates controlled by the Company and the results of those affiliates. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Control is in the form of a controlling share with rights to dissolve and reappoint the governing body.

Notes to the financial statements
For the year ended 30 June 2021

In preparing the consolidated financial statements, all inter-group balances and transactions, income and expenses and profit and losses resulting from inter-group transactions have been eliminated in full. The consolidation of the Parent and subsidiary entities involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intra-group balances are eliminated on consolidation of Group financial position and performance.

In addition to these consolidated group financial statements, the Directors have elected to prepare separate financial statements for the Company and each of the affiliates in order to provide more relevant information to users of each affiliates financial report on the basis of each entity having a differing local impact.

All subsidiaries have a 30 June balance date and consistent accounting policies are applied.

Functional and presentation currency

The Financial Statements are presented in New Zealand Dollars ($), which is the Group's functional and presentation currency.

Comparatives

The comparative financial period is 12 months. Comparatives have been reclassified from that reported in the 30 June 2020 financial statements where appropriate to ensure consistency with the presentation of the current year's position and performance.

Entities reporting

The financial statements are the financial statements of the Parent entity and its affiliates. The affiliates are:

Habitat For Humanity Northern Region Limited
Habitat For Humanity Central Region Limited
Habitat For Humanity Eastern Bay of Plenty Limited
Habitat For Humanity Taranaki Limited
Habitat For Humanity (Nelson) Limited
Habitat For Humanity (Christchurch) Limited
Habitat For Humanity (Dunedin) Limited
Habitat For Humanity (Invercargill) Limited

Changes in Accounting Policies

The accounting policies are consistent with those of the previous financial year, the impact of new and amended standards and interpretations applied in the year was limited to additional note disclosures.

A. Use of accounting estimates and judgments

The preparation of financial statements in conformity with NZ IPSAS with RDR requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Fair Value of loans and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, low or zero interest loans) is determined by using valuation techniques. The Group uses its judgement to select the interest rate based on market conditions when the loan is established.

Notes to the financial statements

For the year ended 30 June 2021

B. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. At balance date the Group only has financial assets classified as loans and receivables.

C. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. These are included in current assets, except for maturities greater than 12 months after the balance date. These are classified as non-current assets. The Group's loans and receivables comprise receivables, cash, cash equivalents, bank deposits and mortgage receivables.

In order to simplify the calculation of fair values of loans and receivables the calculation is based on yearly payments rather than on the actual frequency of monthly payments.

D. Recognition and measurement

Loans and receivables are initially recognised at fair value plus transaction cost and are subsequently carried at amortised cost using the effective interest method. The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

E. Trade receivables and mortgages

Trade receivables and mortgages are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables and mortgages are reviewed on an on-going basis. Individual debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or mortgages. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

An impairment loss is calculated as the difference between the carrying amount of the mortgage or receivable and the value of the future cash flows discounted at the original effective interest rate of the mortgage or receivable. Impairment losses are recognised in the Statement of comprehensive revenue and expenses.

F. Cash, cash equivalents and bank deposits

Cash and cash equivalents include cash balances and call deposits and bank deposits for periods of less than 90 days.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Notes to the financial statements

For the year ended 30 June 2021

G. Investments

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

H. Trade and other payables

These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value. As the amounts are usually paid within 30 days of recognition, trade and other payables are carried at face value.

I. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive revenue and expenses over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

J. Interest-free borrowings

Interest free loans received from others are recorded at fair value on initial recognition. The fair value is estimated as the present value of all future cash payments discounted using the prevailing market rate of interest for similar liabilities at the time of initial recognition. Any fair value adjustment is recognised as finance income. They are subsequently measured at amortised cost using the effective interest method.

K. Trade receivables

Trade receivables are recognised initially at fair value plus transactions costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. In order to simplify the calculation of fair values of loans and receivables the calculation is based on yearly payments rather than on the actual frequency of monthly payments.

Collectability of trade receivables is reviewed on an on-going basis. Individual debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive revenue and expenses.

L. Employee benefit entitlements

A provision for employee entitlements is recognised for benefits earned by employees but not paid at reporting date. Employee benefits include salaries, wages and annual leave.

Notes to the financial statements
For the year ended 30 June 2021

Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable after more than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

M. Inventories

Inventory held for sale is measured at the lower of cost and net realisable value. Inventory held for distribution at no or nominal consideration is measured at the lower of cost or net realisable value. If inventories are acquired at no cost, or for nominal consideration, cost is the current realisable value at the date of acquisition, with corresponding adjustment to revenue. Cost is determined on a first in first out basis.

N. Property, plant & equipment

All items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in the Statement of Comprehensive revenue and expenses as an expense as incurred.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation on assets is calculated using the diminishing value method, except for Properties held to provide a social service, which are depreciated on a straight line basis, to allocate their cost to their residual values over their estimated useful lives. Depreciation is charged to the Statement of Comprehensive revenue and expense.

The following depreciation rates have been used. with a mixture of both DV and SL:

Buildings	2-4%
Office Furniture & Equipment	12-60%
Shop Furniture & Equipment	20-60%
Motor Vehicles	20-26%
Plant & Equipment	5-67%

The residual value and useful lives of all assets are reviewed and adjusted if appropriate at each Statement of Financial Position date.

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

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Notes to the financial statements

For the year ended 30 June 2021

O. Properties held to provide a social service

The properties held to provide a social service held by the Group are accounted for as property, plant and equipment rather than investment property as the property is held to meet service delivery objectives rather than to earn rental or for capital appreciation.

All properties held to provide a social service are stated at cost less accumulated depreciation. The depreciation rate is 2%. When the building of a house is finished, it is valued to market by a registered valuer. This value becomes the future sale price of the property, as agreed between Habitat and the partner family. It is the intention of both Habitat and the partner family that the property is initially rented until such time as the partner family has fulfilled its obligations under the Umbrella Agreement. When the partner family obligations have been fulfilled the partner family can purchase the property at the market sale price by signing a Long Term Sale and Purchase Agreement. At this stage the property is effectively sold, and a mortgage receivable is created. The Group retains security over the property until full settlement has been received.

Properties which are under construction at balance date are classified as “Construction in Progress” at balance date. Construction in Progress represents the cost price of land plus the construction costs incurred to date in houses under construction. The cost of the houses comprises the cash cost of materials and labour plus the cost of donated materials and labour where this can be reliably estimated. Upon completion, the properties are transferred to “Properties held to provide a social service.”

P. Non-current assets held for sale

Properties held to provide a social service are classified as Non-current Assets Held for Sale following the Board of Director’s decision to offer a Long Term Sale and Purchase Agreement to a partner family. A Non-Current Asset held for Sale is stated at the lower of its carrying values and the fair value less costs to sell the asset.

Q. Property subsidy provision

Tenancy arrangements with partner families incorporate an agreement to allow tenants to purchase properties on special terms. The arrangements provide for the amounts paid as rent (less a deduction for rates, maintenance and insurance) by each partner family prior to the purchase of their property to be treated as part-payment towards the agreed purchase price (subject to satisfactory completion of the tenancy trial period). These rentals are shown as income but a corresponding “property subsidy” expense is also recognised, creating a provision. The expense is based on managements’ estimate of the likelihood that the partner family will sign the Long Term Sale and Purchase Agreement. If management estimate that all current partner family tenants will sign a Long Term Sale and Purchase Agreement, then the property subsidy expense will equal total recognised rentals.

R. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset’s recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Notes to the financial statements

For the year ended 30 June 2021

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and the Group would, if deprived of the asset, replace its future economic benefits, value in use is the depreciated replacement cost of the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive revenue and expense.

Non-financial assets that previously suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

S. Impairment of mortgages

Mortgages are subject to periodic review by the directors to assess whether there is any indication that individual loans may be impaired. An impairment loss is calculated as the difference between the carrying amount of the mortgage and the value of the future cash flows discounted to the original effective interest rate of the mortgage. Any necessary impairment losses are calculated by the directors based on the evidence available to them. Impairment losses are recognized in the Statement of Comprehensive revenue and expense.

T. Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not reflected for future operating losses except for liquidation expenses.

U. Goods and services tax (GST)

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables, which are stated inclusive of GST.

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

The Group Affiliates are registered for GST on a payments basis and with the approval from the Commissioner of Inland Revenue pays GST on rental received from partner families in lieu of a change of use adjustment on the sale of property.

GST balances are classified as noncurrent in the financial statements where the related payments or receipts are expected to be made or received after 30 June 2021.

V. Taxation

The Group is wholly exempt from New Zealand income tax and gift duty under section CW 41 and CW 42 of the Income Tax Act 2007 having fully complied with all statutory conditions for these exemptions.

W. Finance expenses

Interest payable on borrowings is recognised on the accrual basis and is calculated using the effective interest rate method.

Notes to the financial statements

For the year ended 30 June 2021

X. Leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. All other leases are classified as operating leases. Upon initial recognition finance leased assets are measured at an amount equal to the lower of its fair value and the present value of minimum leased payments at inception of the lease. A matching liability is recognised for minimum lease payment obligations excluding the effective interest expense. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Payments made under operating leases are recognised in the 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 maintenance and insurance are expensed as incurred.

Y. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Goods and Services Tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below:

Interest income

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

Mortgage interest revenue

Mortgage interest is calculated on the mortgage balance outstanding at year end and is charged to the partner families' loan accounts annually. Mortgage interest is recognised in the Statement of Comprehensive revenue and expenses using the effective interest method.

Grants and donations

Grant and donation income is recognised as income when it is received unless the Group has a liability to repay the grant if the requirements of the grant or donation are not fulfilled. A liability is recognised to the extent that such conditions are unfulfilled as the end of the reporting period.

Gifts in kind

Gifts in kind are recognised as revenue at the time the value is provided. The value is estimated by considering what the supplier would have charged in an arm's length transaction.

Designated funds

These are the restricted funds received from donors and reserved for the specific project. The funds will be distributed to the project as the work on the project progresses.

Notes to the financial statements

For the year ended 30 June 2021

Global Village Teams

Habitat for Humanity New Zealand has a strong commitment towards supporting Habitat for Humanity International's global programme with a particular emphasis in the Asia Pacific region. A significant component of this support is participation in the Global Village programme.

Global Village trip pricing is determined for each trip which covers a donation towards administration of programme through New Zealand office, a donation towards visiting country administrations costs and the balance towards air fares and in country accommodation, food and transport costs.

At the conclusion of each trip the revenue/expenses are transferred to Statement of Comprehensive Revenue and Expense.

ReStores

Habitat For Humanity runs ReStores which are retail shops for a range of goods from building construction related materials to second-hand household goods. The items are donated on a voluntary basis and sold at reasonable second-hand value. In addition to paid employees, volunteers are used for running the operations.

Revenue from non-exchange transactions

A non-exchange transaction is where the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

When non-exchange revenue is received with restrictions attached, but not requirement to return the asset if not deployed as specified, then revenue is recognised on receipt.

Rental income

Rent from families is recognised as revenue at the time it is received. A corresponding subsidy provision is also recognised.

Z. Volunteer services and other donated goods and services

Voluntary services with a value that can be reliably estimated are treated as revenue and expenses. Other volunteer services are not recognised in the financial statements. A value has been placed on time provided by volunteers that operate in the ReStore and work on the building sites. This has been determined by using the estimated cost had the volunteers' time been paid for by the Group. The associated expense is included in employee benefits expense in the surplus and deficit, or in the case of volunteer time for construction of houses, capitalised to the cost of the house. Partner families also perform 500 sweat equity hours as part of their agreement with the Group. As there is no reliable indicator of perceived value of these hours per house the fair value of these services cannot be measured reliably and are not recorded.

Donated goods and products are recorded at their estimated fair value. For building materials, the fair value is the estimated sales price of the materials. For second-hand goods the fair value is the estimated selling price that the item will be sold for in the ReStore.

Notes to the financial statements

For the year ended 30 June 2021

1. Donations & Grants - Non exchange

	2021	2020
General donations	513,553	466,925
Overseas relief	195,687	416,036
HFH Christchurch Housing Initiative	-	103,123
Total Donations & Grants Non-Exchange	709,240	986,084

2. Global Village

	2021	2020
Total Revenue	-	403,735
Total Expenses	-	(340,439)
Surplus / (deficit)	-	63,296

Habitat for Humanity New Zealand Limited runs a Global Village (GV) programme whereby volunteers can either come to New Zealand to assist in building houses (incoming Global Village) or travel to other countries (outgoing Global Village) to build houses. The programme has been suspended since February 2021 due to Covid related travel restrictions. There were nil outbound Global Village teams (2020:13) comprising no volunteers (2020:175) to nil different countries (2020:6). There were no inbound Global Village teams (2020:0) and hence no incoming volunteers during the year (2020:0). Revenue includes all volunteer payments, including airfares, host country expenses and contributions to the costs of building materials, and an amount to cover administration time incurred by the Company. Some GV participants also raised funds through their own fundraising efforts towards the trips. Expenses include the payments for team airfares, host country expenses and the contribution to the costs of building materials. The expenses do not include Company staff salaries incurred in supporting this programme. The net surplus represents the contribution of volunteers to the staff salaries and overhead of the Company incurred in running this programme.

3. ReStore Activities

	2021	2020
Income		
Sales	9,365,226	6,670,248
Stock movement	(13,751)	9,994
Voluntary labour	1,329,711	1,179,546
Sundry	615,316	325,333
Total Income	11,296,502	8,185,121
Less Expenses		
Advertising	77,051	97,407
Depreciation	73,436	97,733
Voluntary labour	1,329,711	1,281,430
Direct labour	3,637,007	3,118,026
Rent	1,167,304	1,198,752
Sundry	1,603,903	1,164,450
Total expenses	7,888,412	6,957,798
Surplus / (deficit)	3,408,090	1,227,323

Notes to the financial statements
For the year ended 30 June 2021

ReStore is the trade name for Habitat's second hand goods stores. Donations of goods are made by the general public and these are then sold to help fund Habitat's various activities. From a National perspective the ultimate aim is to have the profits from these stores fund overhead costs so that all other donations are applied directly to activities which benefit families in need.

4. Gifts in kind

	2021	2020
Volunteer hours	84,830	24,453
Goods in kind	151,525	243,347
Total Gifts in kind	236,355	267,800

5. Net finance income and expenses

	2021	2020
Interest on deposits	98,411	154,759
CPI interest	384,208	385,630
Fair value adjustment	1,875,060	200,985
Effective interest amortisation on receivables	(22,185)	98,458
Currency Gains/(loss)	(2,399)	2,287
Finance income	2,333,095	842,119
Interest on borrowings	(392,050)	(349,014)
Bank fees	(6,982)	(19,150)
Fair value adjustment	(610,239)	(300,375)
Effective interest amortisation on borrowings	(7,797)	52,403
Finance expense	(1,017,068)	(616,136)
Net finance (costs)/income	1,316,027	225,983

6. Other Income

	2021	2020
Contract management fees - Other	64,727	89,850
Contract management fees -DHBs	1,370,450	993,906
A Brush with Kindness	750,206	1,433,470
Other	934,144	977,955
Total other income	3,119,527	3,495,181

7. Specific initiative expenses

	2021	2020
A Brush with Kindness	2,536,734	2,565,107
Relief programmes	2,786,646	1,319,950
Advertising and promotion	114,577	135,904
Travel	178,818	140,973
Total specific initiative expenses	5,616,775	4,161,934

Notes to the financial statements
For the year ended 30 June 2021

8. Property related expenses

	2021	2020
Repairs and maintenance	147,811	60,951
Rates	193,809	142,548
Rent	330,752	90,299
Utilities	99,093	61,714
Property general	89,127	258,988
Volunteer labour	28,560	18,581
Loss on sale of property	-	10,000
Total property related expenses	889,152	643,081

9. Depreciation expense

		2021	2020
Depreciation – Property, plant & equipment		484,403	399,587
Depreciation - Restores		73,436	97,733
Depreciation – Properties held for social service		225,084	314,211
Total depreciation expense		782,923	811,531
Made up as follows:			
Properties Held for Social Service	12	225,084	314,211
Property Plant & Equipment	11	557,839	497,320
Net depreciation		782,923	811,531

10. Cash and cash equivalents

	2021	2020
Cash at bank – uncommitted	12,617,711	5,329,882
Cash at bank – committed	-	2,452,061
Total cash and cash equivalents	12,617,711	7,781,943

11. Investments

	2021	2020
Investments current	3,237,939	3,629,587
Investments non-current	100,996	100,242
Total Investments	3,338,935	3,729,829

The above balance includes short term investments, where the original term is greater than 90 days and matures within 12 months from balance sheet date.

Notes to the financial statements
For the year ended 30 June 2021

12. Property, plant and equipment

Reconciliation of carrying amounts at the beginning and end of the period	**Land & Buildings**	**Plant & equipment**	**Motor vehicles**	**Computers, furniture & equipment**	**Total**
Year ended 30 June 2021					
At 1 July 2020 net of accumulated depreciation and impairment	14,968,831	217,881	402,283	212,646	15,801,641
Additions	2,915,927	49,534	92,922	178,066	3,236,449
Disposals	(84,628)	(5,303)	-	(1,677)	(3,848,961)
Depreciation charge for the year	(251,904)	(94,322)	(129,825)	(81,788)	(557,839)
At 30 June 2021 net of accumulated depreciation and impairment	17,548,226	167,790	365,380	307,247	18,388,642
At 30 June 2021					
Cost	19,195,361	946,090	1,151,559	957,132	22,250,141
Accumulated Depreciation	(1,647,135)	(778,300)	(786,179)	(649,885)	(3,861,499)
Net carrying amount	17,548,226	167,790	365,380	307,247	18,388,642

Reconciliation of carrying amounts at the beginning and end of the period	**Land & Buildings**	**Plant & equipment**	**Motor vehicles**	**Computers, furniture & equipment**	**Total**
Year ended 30 June 2020					
At 1 July 2019 net of accumulated depreciation and impairment	10,499,805	866,366	351,693	180,583	11 ,898,447
Additions	4,721,846	58,716	180,386	115,849	5,076,797
Disposals	(55.593)	(606,163)	(13,447)	(1,080)	(676,283)
Depreciation charge for the year	(197,227)	(101,038)	(116,349)	(82,706)	(497,320)
At 30 June 2020 net of accumulated depreciation and impairment	14,968,831	217,881	402,283	212,646	15,801,641
At 30 June 2020					
Cost	16,344,062	901,859	1,058,637	780,743	19,079,588
Accumulated Depreciation	(1,375,231)	(683,978)	(656,354)	(568,097)	(3,283,664)
Net carrying amount	14,968,831	217,881	402,283	212,646	15,801,641

Notes to the financial statements
For the year ended 30 June 2021

13. Properties held to provide a social service

Reconciliation of carrying amounts at the beginning and end of the period	
Year ended 30 June 2021	
At 1 July 2020 net of accumulated depreciation and impairment	19,186,533
Additions	6,940,915
Transfers and disposals	(11,094,219)
Impairment	331,142
Depreciation charge for the year	(225,084)
At 30 June 2021 net of accumulated depreciation and impairment	15,139,287
At 30 June 2021	
Cost	17,534,395
Accumulated Depreciation	(2,395,108)
Net carrying amount	15,139,287

Year ended 30 June 2020	
At 1 July 2019 net of accumulated depreciation and impairment	20,533,767
Additions	2,602,707
Transfers and disposals	(3,740,304)
Impairment	84,584
Depreciation charge for the year	(314,211)
At 30 June 2020 net of accumulated depreciation and impairment	19,186,533
At 30 June 2020	
Cost	21,330,846
Accumulated Depreciation	(2,144,313)
Net carrying amount	19,186,533

All properties held to provide a social service are stated at cost less accumulated depreciation.

The property is initially rented to the partner family until such time as the partner family has fulfilled its obligations under the Umbrella Agreement. When the partner family obligations have been fulfilled, the partner family can purchase the property at the agreed sale price (being the initial market valuation) by signing a Long-Term Sale and Purchase Agreement. At this stage the property is effectively sold, and a mortgage receivable is created. The Group retains security over the property until full settlement has been received.

14. Construction in Progress

	2021	2020
Total construction in progress	8,280,070	756,629

Construction in progress represents the cost price of land plus the construction costs incurred to date in houses under construction. The cost of the houses comprises the cash cost of materials and labour plus the cost of donated materials and labour where this can be reliably estimated. On completion, the properties are transferred to “Properties held to provide a social service” and valued in accordance with the accounting policy disclosed in

Notes to the financial statements

For the year ended 30 June 2021

section O of the Summary of significant accounting policies and is subject to impairment review as disclosed in section R of the Summary of significant accounting policies.

15. Goodwill

	2021	2020
Habitat For Humanity Invercargill	130,000	130,000

Habitat For Humanity Invercargill purchased in December 2015, the business known as The Garage Re-use Shop and the purchase price included Goodwill worth $130,000.

16. Mortgage receivables

Mortgage receivables are initially recognised at Fair Value and then amortised cost. The fair value adjustment is based on a Net Present Value calculation using independently observable market rates.

	2021	2020
Current portion	3,145,444	673.770
Non-current portion	9,283,631	7,418,311
Total mortgage receivables	12,429,075	8,092,081

Mortgage receivables represent the amounts due from partner families from the sale of houses constructed for their use. The mortgages are structured in accordance with the Long Term Sale and Purchase Agreement between Habitat for Humanity and the partner families. The mortgages are inflation adjusted at rates between 0% and 3% and are repayable based on principal and interest payments made on a fortnightly or weekly basis by partner families. The properties remain registered in the name of Habitat for Humanity, until the partner family repays all monies owed.

There are currently no indications of impairment losses on mortgage receivables, and no impairment has been recognised in the current year (2020: Nil). An impairment review is performed annually as described in section S of the Summary of significant accounting policies.

17. Property subsidy provision

	Note	**2021**	2020
Balance at beginning of year		2,275,593	2,017,131
Rental payments provided for during the year		383,967	883,142
Rental payments converted to mortgage payments		(935,472)	(320,059)
Payments transferred back to income		63,121	59,832
Other expense items		(854,379)	(364,453)
Balance at end of year		932,830	2,275,593

Tenancy arrangements with partner families incorporate an agreement to allow tenants to purchase properties on special terms. The arrangements provide for the amounts paid as qualifying rent (less a deduction for rates, maintenance and insurance) by each partner family prior to the purchase of their property to be treated as part-payment towards the agreed purchase price (subject to satisfactory completion of the tenancy trial period). These rentals are shown as income but a corresponding "property subsidy" expense is also recognised, creating a provision. The expense is based on management's estimate of the likelihood that the partner family will sign the Long-Term Sale and Purchase Agreement. Management estimate that 100% (2020:100%) of all qualifying rental will convert to mortgage payments.

Notes to the financial statements

For the year ended 30 June 2021

18. Borrowings

Carrying Value	**2021**	2020
Directors related parties	968,652	99,525
Housing NZ	346,071	679,415
Private	3,861,756	3,290,854
Bank loans	9,591,173	6,856,892
Total Borrowings	14,767,652	10,926,686
Current	2,496,595	994,775
Non-current	12,271,057	9,931,911
Total Borrowings	14,767,652	10,926,686

Face Value	**2021**	2020
Directors related parties	985,000	100,000
Housing NZ	315,731	901,938
Private	3,874,602	3,248,142
Bank loans	10,476,039	6,811,739
Total Face Value of Borrowings	15,651,372	11,061,819

Interest and Security (carrying value)	**2021**	2020
Interest Bearing at 5.65 to 5.90% (Bank debt)	11,316,366	9,252,860
Interest Bearing at 3.0%	346,071	216,257
Total Interest Bearing	11,662,437	9,469,117
Interest Free	3,105,215	1,457,569
Total Borrowings	14,767,652	10,926,686
Secured	11,574,705	10,165,642
Unsecured	3,192,947	761,044
Total Borrowings	14,767,652	10,926,686

Borrowings secured by way of mortgages over the following assets:	**2021**	2020
Properties held for Social service	26,985,733	22,973,574
Property, plant & equipment	1,571,084	1,724,634
Mortgage Receivables	1,806,160	1,482,245
Total Carrying Value of Assets secured by Borrowing	30,362,977	26,180,453

The above assets on the Statement of Financial Position are subject to borrowing encumbrances as at 30 June. Further details are contained within each affiliate set of financial statements.

Overdraft credit facilities	**2021**	2020
Portion drawn	1,215,096	351,455
Undrawn facilities	3,434,904	1,798,545
Total credit facilities	4,650,000	2,150,000

Notes to the financial statements

For the year ended 30 June 2021

The undrawn facilities noted above represent the sum that is immediately available to the various affiliates when required.

19. Trade and other receivables

	2021	2020
Trade receivables - exchange	871,035	912,487
Prepayments/Levies	150,000	21,081
Trade receivables – non exchange	70,373	27,978
Total trade and other receivables	1,091,408	961,546

20. Financial Instruments

Financial instruments by category	**2021**	2020
Financial Assets		
Loans and receivables		
Cash and cash equivalents	12,617,711	7,781,943
Investments	3,338,935	3,629,587
Trade receivables	1,021,035	940,465
Mortgage receivables	12,429,075	8,092,081
Total financial assets	29,406,756	20,444,076
Financial Liabilities		
Liabilities at amortised cost		
Trade payables exchange	2,019,088	1,306,274
Trade payables non exchange	8,364	6,739
Tithes payable	699,246	686,820
Bank overdrafts	1,215,096	351,455
Borrowings	14,767,652	10,926,686
Total financial liabilities	18,709,446	13,277,974

21. Other Assets

	2021	2020
HFH Christchurch Non currents assets ready for sale	291,361	4,250,789
HFH Northern Home Repair Programme	449,406	530,377
HFH Central/EBOP Loans receivable	661,746	829,359
Tenancy bonds	21,774	424,572
Total other assets	1,424,287	6,035,097

Notes to the financial statements

For the year ended 30 June 2021

22. Gain on distribution received

Other Assets

	2021	2020
Cash	64,000	-
Property, Plant & Equipment	1,485,000	-
Total Assets	1,549,000	-
Net value transferred	1,549,000	-

On 16 December 2020, The Kihikihi Presbyterian Village Trust made a distribution of assets to Habitat For Humanity Central Region with the restriction that these assets are to continue to be used in the ongoing operation of a retirement village, The fair value of the property 'Alma Brotherhood Court' located on Herbert street Kihikihi was determined by an independent valuation.

23. Related party transactions

a) Parent and ultimate controlling party

Habitat for Humanity New Zealand Limited owns one controlling share in each of the subsidiary entities listed below. The share is uncalled. Under certain circumstances the share enables the Company to appoint a controlling director of the subsidiary Board.

b) Subsidiaries

Habitat For Humanity (Northern Region) Limited
Habitat For Humanity Central Region Limited
Habitat For Humanity Eastern Bay of Plenty Limited
Habitat For Humanity Taranaki Limited
Habitat For Humanity (Nelson) Limited
Habitat For Humanity (Christchurch) Limited
Habitat For Humanity (Dunedin) Limited
Habitat For Humanity (Invercargill) Limited

All subsidiaries have a 30 June balance date and are providers of housing solutions to partner families in need. All are incorporated and domiciled in New Zealand. Transactions and amounts receivable/payable owed to the subsidiaries have been eliminated on consolidation.

The Company is owned by a number of shareholders and as such has no ultimate controlling party.

The Group had the following grants and donations received from Habit for Humanity International during the year;

	2021	2020
Habitat For Humanity Fiji	-	(156,250)
SOSI to Habitat For Humanity International	(19,457)	(22,722)
Net received from Habitat For Humanity International	(19,457)	**(178,972)**

The Company is related to Habitat For Humanity International by the signing of an annual covenant and Memorandum of Understanding around the use of brand, service and product. The Company reports both financial and non-financial information to Habitat For Humanity International on a quarterly basis.

Notes to the financial statements
For the year ended 30 June 2021

Stewardship and Organisational Sustainability Initiative (SOSI) is a contribution made to Habitat for Humanity International.

c) Transactions with shareholders / directors and director related parties

Loans	**2021**	2020
Ian Hay	12,500	12,500
Ulu Aiona	-	10,000
J A Gallagher Family Trust	900,000	-
Gallagher Charitable Trust	75,000	100,000
Total loans from directors/ directors related parties	987,500	122,500

The Ian Hay loan is repayable on demand which is used to loan funds to Affiliates to build houses. Ian Hay is a trustee of the Keith Hay Trust.

John Gallagher is a director of Habitat for Humanity Central Region Limited and related to the Gallagher Charitable Trust. This loan is interest free and on no fixed repayment terms.

Ulu Aiona is a Director of Habitat for Humanity Northern Region Limited and this loan is interest free and was repaid in 2021.

Other Transactions	**2021**	2020
Paul Clements (Dunedin house repairs)	-	2,102
Donation from Glenice & John Gallagher Foundation	-	50,000
Donation from the Gallagher Charitable Trust Board	25,000	25,000
Jonathan Segedin (EBOP Director- Supply of building materials))	-	6,865
Doing Good Foundation Loan Interest	9,500	5,000
Doing Good Foundation Loan	350,000	100,000
Stephen Falconer (Director HFH Invercargill - Accounting services)	10,800	5,400
Matakohe Architecture and Urbanism Ltd	-	4,718

John Gallagher is a director of Habitat For Humanity (Central Region) Limited, and related to the Glenice & John Gallagher Foundation and the Gallagher Charitable Trust Board.

Jim and Ann Dowman are Directors of Habitat For Humanity (Eastern Bay of Plenty) and Doing Good Foundation

Bonnie Jade Kake was a director of both Habitat for Humanity NZ and Matakohe Architecture and Urbanism Ltd and carried out concept design work for an emergency housing pilot project

All the above transactions were conducted in a normal commercial transaction basis and approved by the respective boards.

Key management compensation

The Group has a related party relationship with key management personnel. Key management personnel include the Board of Trustees, the Finance Audit Risk Committee and Senior Management.

	2021	2020
Salaries and other short term employee benefits	2,299,377	2,200,293
Number of staff	29	26

Notes to the financial statements
For the year ended 30 June 2021

24. Commitments

a) Operating leases
The Group has the following operating lease payment commitments.

	2021	2020
Less than 1 year	900,715	579,128
Between 1 year and 5 years	855,609	384,327
More than 5 years	-	-
Total	1,756,324	963,455

The lease payment commitments relate to premises, office equipment and computer hardware.

Lease payment in Comprehensive revenue and expenses	710,020	891,198

The Group has the following operating lease payments receivable.

	2021	2020
Less than 1 year	124,316	96,909
Between 1 year and 5 years	427,036	318,327
More then and 5 years	-	-
Total	551,352	415,236

Habitat for Humanity Greater Auckland Ltd has a commercial operator who leases a portion of one of its properties.

b) Capital commitments

Habitat for Humanity Central Region has the following commitments:

- WTS Homes Ltd - 12 houses to be built at Te Kaarearea site with a value of $3,197,707, The total cost to balance sheet was $2,601,507 leaving a balance to complete of $589,200
- Level Concept Building - Work at Freeman Court for project value of $261,527. Total cost paid to balance sheet date was $196,145 leaving a balance cost to complete of $65,383
- Venture Development Ltd - Acquisition of property located at Lot 18 Sanctuary Point (Stage 3) Windmere, Tauranga. Value of property is $536,006 and price paid to balance sheet date was $53,006, leaving a balance of $482,405 to be paid on completion

Habitat For Humanity Nelson has the following commitments:

- Commitment to purchase properties at 617A and 617B Main Road Stoke with settlement on 8 July 2021 for a total of $1,515,000. A commitment for the balance on a contract for the build of 3 houses with Nelson Marlborough Institute of Technology with a balance outstanding of $210,000 GST inclusive.

A Salesforce Charity module is being introduced for the whole group and the estimated cost is $230,000. Work commenced during the year and is expected to be completed in 2022. Gravity Lab is contracted to introduce the project.

Capital commitments last year (2020)

Habitat for Humanity Christchurch - The Company has entered into a long-term sales and purchase agreement with Sari Fisk and Karl Fisk for the sale of property on 4 Fuller Street, Kaiapoi. The property was settled on the 24th July 2020 at the agreed price of $330,000.

Notes to the financial statements

For the year ended 30 June 2021

25. Contingent liabilities

There are no Contingent Liabilities that require disclosure at 30 June 2021 (2020: Nil).

26. Events subsequent to balance date

There are no undisclosed events, occurring subsequent to balance date, which have a measurable material effect on these financial statements (2020: Nil). The Directors are aware of the current Covid-19 emergency and the New Zealand Government's decision that all non-essential businesses are to close effective 17 August 2021. This matter is being addressed with business continuity planning and the Directors have considered that this is a "non-adjusting" subsequent event and there is no impact on the 2021 financial year.

The Directors consider that the Group financial position along with current cash reserves are adequate to meet the operating, investing and financing cash flow requirements of the Group for the foreseeable future. For this reason, the Directors continue to adopt the going concern assumption in preparing the financial statements for the year ended 30 June 2021.

Habitat For Humanity Northern Region Limited paid a deposit of $110,783 (incl of GST) on 21/09/2021 for the purchase of four properties, with settlement conditional upon receiving a copy of the CCC and notice from the Crown, that the Crown is the registered owner of record of title of the property. Following satisfaction of the contract conditions the final settlement balance $2,437,217 (incl of GST) is expected to be during March 2022.

There are no other events subsequent to Balance date that would have a material impact on the operations of the Affiliates or the Group, (2020: Nil).

27. Prior year adjustments

During the year the Group reconsidered the accounting treatment of matched funding obligations in accordance with PBE IPSAS 1 Presentation of Financial Statements and PBE IPSAS 23 Revenue from Non-Exchange Transactions. The Group determined that the provision historically recognised for the matched funding obligation associated with MFAT arises at the point funds from MFAT are spent for their designated purpose rather than at the point the funds are received.

The following table summarises the impact of the prior period re statement of the financial statements of the Group:

	2020 Signed Financials	Impact of prior period adjustment	2020 Restated
Statement of Comprehensive Revenue and Expense			
Specific Initiative expenses	4,353,095	(191,161)	4,161,934
Operating surplus/(deficit)	658,967	191,161	850,128
Statement of Changes in Net Assets			
Opening retained surplus	42,511,962	311,110	42,823,072
Statement of Financial Position			
Grants unspent at year end	3,554,739	(502,271)	3,052,468
Net Assets	43,170,929	502,271	43,673,200

Notes to the financial statements

For the year ended 30 June 2021

28. Major developments during the year

HFH NZ has signed an agreement with Ministry of Housing and Urban development to receive loan funding at the rate of $250,000 per house for 33 houses which amounts to $8,250,000. This will be an interest free loan payable after 15 years and these funds will be used by HFH Northern Region, Central Region and Nelson. By the end of the financial year $2,250,000 of these funds had been received.

HFH NZ has signed a Negotiated Partnership agreement with Ministry of Foreign Affairs and Trade. This agreement guarantees MFAT funding amounting to $7,300,000 over 5 years and as usual HFH NZ will need to provide a match funding equivalent to $1,800,000.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Habitat for Humanity New Zealand Limited

Opinion

We have audited the financial statements of Habitat for Humanity New Zealand Limited and its affiliates (the Group) on pages 3 to 29, which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive revenue and expense, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Emphasis of Matter – COVID-19

Without modifying our opinion we draw attention to the disclosure in Note 26 on page 28 of the financial statements, which outlines the possible effects of the Alert Level 4 lockdown as a result of the COVID-19 pandemic.

Responsibilities of Directors for the Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as the directors 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 directors are responsible for assessing the Group'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 directors either intend to liquidate the Group 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 decisions of users taken on the basis of these financial statements.

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 financial statements, 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 Group’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 directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’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 financial statements 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Restriction on Use

This report is made solely to the Group’s Shareholder’s, as a body. Our audit has been undertaken so that we might state to the Group’s Shareholder’s 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 Group and the Group’s Shareholder’s as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Auckland this 23rd day of November 2021