



Habitat for Humanity Northern Region Limited  
FY24: 1<sup>st</sup> July 2023 - 30<sup>th</sup> June 2024

# Contents

---

|  |    |
|--|----|
| Company directory                              | 3  |
| Directors' report                              | 4  |
| Statement of service performance               | 5  |
| Statement of comprehensive revenue and expense | 14 |
| Statement of changes in equity                 | 15 |
| Statement of financial position                | 16 |
| Statement of cash flows                        | 17 |
| Notes to the financial statements              | 18 |
| Independent auditor's report                   | 36 |

**Charities Registration Number**  
CC24459

**Company Registration**  
656428

**Formation date**  
24 November 1994

**Registered office**  
8 Ormiston Road, Ōtara, Auckland 2019

**Share capital**  
2,401 ordinary shares

**Paid up capital**  
\$2,400

## Shareholders of Habitat for Humanity New Zealand Limited

|  |       |
|--|-------|
| KJ Allen                                 | 200   |
| M McLean                                 | 200   |
| TA Buchanan                              | 200   |
| GE Wilkinson                             | 200   |
| WG Jack                                  | 200   |
| U Diver                                  | 200   |
| LM Maea                                  | 200   |
| MA Martin                                | 200   |
| TE Stevenson                             | 200   |
| KG Stevenson                             | 200   |
| JE Delugar                               | 200   |
| M Berryman                               | 200   |
| Habitat for Humanity New Zealand Limited | 1     |
|  | 2,401 |

## Directors

Uluomatootua Aiono (Chair)  
Cori Barkle  
Christopher Farrelly  
Michael McLean  
Luamanu Maea  
Pauline Kingi  
Lorraine Skelton  
Wayne Williams  
Mohammed Khan (Resigned 30/04/2024)

## Auditors

Grant Thornton New Zealand Audit Limited

## Bankers

Kiwibank, The Terrace, Wellington

## Solicitors

Denham Bramwell Lawyers

# Directors' report

The Directors are pleased to submit to shareholders their Report and Financial Statements for the Group for the year ended 30 June 2024.

## Principal activities

Habitat for Humanity Northern Region Limited is a provider of low-cost housing for partner families selected on the basis of need.

## Auditors

The current auditors are Grant Thornton New Zealand Audit Limited.

## Major transactions

Pursuant to Section 129 of the Companies Act 1993, the Directors advise that there were no major transactions during the year.

## Disclosure of interest by directors

The Board received no notices during the year from Directors that they had interest in any transaction or proposed transactions by the Company, apart from those already disclosed in the related party transactions note.

## Dividends

In accordance with the constitution, the Directors recommend that no dividend be declared.

## Remuneration of employees

The number of employees who are not Directors whose remuneration and benefits exceeded \$100,000 in the financial year were:

\$100,000 to \$130,000 4

\$150,000 to \$180,000 1

## 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.

These financial statements were authorised for issue on the 16<sup>th</sup> of October 2024.



Mr Uluomatootua S. Aiono ONZM  
Director  
Habitat for Humanity Northern Region



Wayne Williams CA, CMInstD  
Director  
Habitat for Humanity Northern Region

Statement of service performance

FY24: 1<sup>st</sup> July 2023 - 30<sup>th</sup> June 2024



# Who we are

Habitat for Humanity is a housing charity and registered Community Housing Provider that supports whānau and communities here in Aotearoa New Zealand and around the world.

In pursuit of our long term goal of reducing inequity in the Aotearoa housing system, Habitat Northern Region, provides affordable homes, makes homes more habitable and promotes fair and decent housing from Cape Reinga to the Bombays.

Our vision

**A world where everyone has a decent place to live**

Our mission

**Seeking to put God's love into action, Habitat brings people together to build homes communities and hope**

Our delivery

Build pillar

1

We provide homes

We build pathways to permanence by providing affordable housing programmes so families can sustainably afford to rent or own a decent place to call home.

2

We make homes habitable

We make homes warmer, healthier and safer through minor and significant repairs so Kiwi families can thrive.

Influence pillar

3

We mobilise people and resources

We work with volunteers, sponsors, donors and funders to collectively support more families than we could on our own.

4

We promote fair and decent housing

We collaborate and amplify voices to raise awareness and understanding of the complex issues families face in order to access fair and decent homes.

Intermediate outcomes

|  |   |
|--|---|
| A supportive housing ecosystem increasingly responsive to the needs and aspirations of Kiwi families and communities | Thriving families and connected communities           |
|  | Improved knowledge, resilience and security of tenure |
|  | Improved access to affordable, warm, healthy homes    |

Long-term outcomes

Reduced inequity in New Zealand’s housing system



## Build pillar outputs FY24

### 1 We provide homes

Habitat and our partners build pathways to permanence by providing affordable housing programmes so families can sustainably afford to rent or own a decent place to call home.

As a registered Community Housing Provider (CHP), Habitat have been investing in the build and management of affordable housing, delivering new housing supply for the Public Housing and Progressive Home Ownership markets across Tāmaki Makaurau and Tai Tokerau since 1993. We partner with families to progress out of housing deprivation and insecurity into affordable, quality and healthy homes, providing a pathway to stable tenure, resilience and wellbeing.

Our **Public Housing Programme** provides affordable rental options for people on the housing register to live in homes that Habitat either owns or leases and actively manages the tenancy.

Our **Progressive Home Ownership Programme** is based on Habitat's rent-to-own model. Our partner families pay an affordable rent and are supported to budget and save over time to pay down the build price of the home until they can afford a commercial loan from the bank and purchase the home from Habitat.

“Having our own home has meant we can invest our money into our family’s future, our childrens’ future.”

Gloria (Progressive Home Ownership)



# 44

total families  
supported by affordable  
housing programmes

# 120

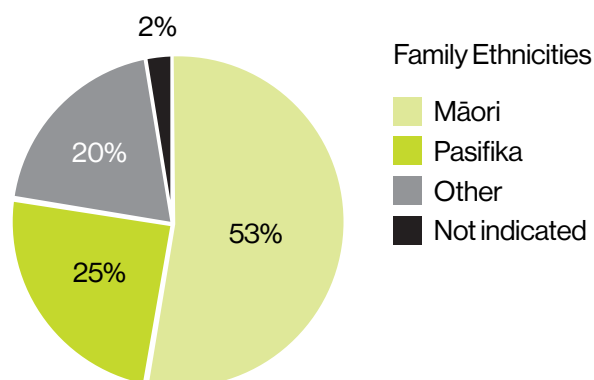
total people  
supported by affordable  
housing programmes

# 67

total adults

# 53

total children



# 30

total homes  
built / owned by Habitat

# 10

total homes  
managed by Habitat

# 109

total bedrooms

# 90

total new homes  
pipelined to be built /  
owned by Habitat

# 28

total new homes  
pipelined to be managed  
by Habitat

| Output   | Progressive Home Ownership (PHO) |      |
|--|----------------------------------|------|
| Indicator  | FY24                             | FY23 |
| New families moved into their PHO homes                | 0                                | 0    |
| PHO families settled the purchase of their home        | 4                                | 11   |
| Total families engaged in PHO programme                | 24                               | 35   |
| Total people   | 69                               | 116  |
| Total adults   | 46                               | 48   |
| Total children   | 23                               | 68   |
| PHO families participated in training / workshops      | 24                               | 35   |
| PHO homes built / owned by Habitat                     | 20                               | 24   |
| Total bedrooms in PHO homes                            | 68                               | 85   |
| New PHO homes pipelined to be built / owned by Habitat | 32                               | 11   |
| New PHO homes pipelined to be managed by Habitat       | 0                                | 5    |

| Output  | Public Housing (PH) |      |
|---|---------------------|------|
| Indicator   | FY24                | FY23 |
| New families moved into their PH home                 | 0                   | 20   |
| Total families engaged in PH Programme                | 20                  | 20   |
| Total people  | 51                  | 51   |
| Total adult   | 21                  | 22   |
| Total children  | 30                  | 29   |
| Total PH interventions / items provided               | 301                 | 127  |
| PH homes built / owned by Habitat                     | 10                  | 10   |
| PH homes managed by Habitat                           | 10                  | 10   |
| Total bedrooms in PH homes                            | 41                  | 41   |
| New PH homes pipelined to be built / owned by Habitat | 58                  | 22   |
| New PH homes pipelined to be managed by Habitat       | 28                  | 16   |



## Build pillar outputs FY24

### 2 We make homes habitable

We make homes warmer, healthier and safer through minor and significant repairs so Kiwi families can thrive.

Our work to improve the adequacy, energy-efficiency and habitability of people's homes supports households to manage and maintain a healthier home and their own wellbeing.

Habitat partners with health, housing, energy and community providers, local and central government, businesses, iwi, and mana whenua. Collectively we address the poor condition of people's homes that negatively impact intergenerational health and physical and material welfare.

Our **Healthy Homes Programme** has been delivering on the government's Healthy Homes Initiative since 2017. We work alongside low-income renters and homeowners to tackle and overcome the issues preventing access to a safe, warm, dry and healthy home.

Our **Home Repair Programme** provides an affordable, no-interest solution for modest-income homeowners to address critical home repairs and maintenance that can protect their asset and improve accessibility, safety and health.

Our **Curtain Bank** is a proven, core part of Habitat's housing adequacy services. We cut, sew, re-purpose and fit thousands of curtains every year, enhancing the warmth, energy-efficiency and health of our homes.

“Just knowing, when my whānau come and stay they're not going to fall through a hole in the bathroom. It's a safe home...it's a whānau home.”

Barbara - Healthy Homes Partner Family



# 862

# 4,045

total families  
supported by Housing  
Adequacy programmes

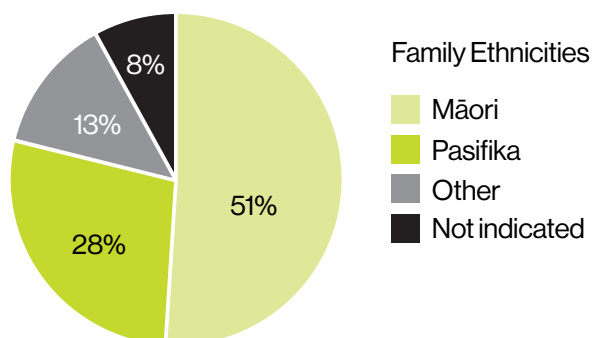
total people  
supported by Housing  
Adequacy programmes

# 1,783

# 2,262

total adults

total children



# 25,128

total interventions  
(excluding curtains)

# 703

# 8,776

families  
participated in workshops,  
training or in home advice

total curtains  
installed in homes

| Output   | Healthy Homes Programme (HHP) |        |
|--|-------------------------------|--------|
| Indicator  | FY24                          | FY23   |
| HHP families supported   | 830                           | 1,230  |
| Total people   | 3,902                         | 6,110  |
| Total adults   | 1,694                         | 2,687  |
| Total children   | 2,208                         | 3,423  |
| Total HHP interventions / items and repairs provided               | 24,877                        | 25,860 |
| Families participated in HHP workshops / training / in-home advice | 671                           | 544    |
| Families supported through social enterprise activity              | 46                            | 43     |
| Curtains provided and installed into homes                         | 8,776                         | 7,554  |

| Output   | Home Repair Programme (HRP) |      |
|--|-----------------------------|------|
| Indicator  | FY24                        | FY23 |
| HRP families supported   | 32                          | 51   |
| Total people   | 143                         | 196  |
| Total adults   | 89                          | 138  |
| Total children   | 54                          | 58   |
| Total HRP interventions / repairs provided                         | 251                         | 222  |
| Families participated in HRP workshops / training / in-home advice | 32                          | 51   |
| Families supported through social enterprise activity              | 8                           | 8    |



Influence pillar outputs FY24

3 We mobilise people and resources

We work with volunteers, sponsors, donors and funders to collectively support more families than we could on our own.

As a housing charity, Habitat's impact on families, communities and the housing sector is made possible because of the generous donations of time, money, skills and in-kind goods and services by local people and organisations who support our cause.

Our dedicated volunteers enable, as well as participate in, the delivery of Habitat's housing programmes. They are also our greatest advocates, helping Habitat to reach and connect with community life, local groups, school, and businesses.

Habitat's network of seven ReStore charity shops across Tāmaki Makaurau (Auckland) and in Whangārei are enabled largely because of these local volunteers and community connections. The ReStores resell quality pre-loved goods at affordable prices. They operate as social enterprises through which sales and profitability are reinvested to help subsidise our housing programmes and initiatives.



| Indicator                             | FY24        | FY23        |
|---------------------------------------|-------------|-------------|
| Volunteer hours                       | 30,727      | 26,605      |
| Unique volunteers                     | 390         | 318         |
| Total ReStore revenue                 | \$3,642,545 | \$3,180,931 |
| Total ReStore transactions            | 204,322     | 184,466     |
| Total number of items sold in ReStore | 502,351     | 423,031     |
| Total grant income                    | \$1,757,324 | \$1,736,900 |
| Total donation income                 | \$140,286   | \$278,020   |



## Influence pillar outputs FY24

### 4 We collaborate and amplify voices

We collaborate and amplify voices to raise awareness and understanding of the complex issues families face in order to access fair and decent homes.

Habitat's work on the ground informs and is supported by local, regional, national and international affiliations that ensure we have a strong and evidence-based voice that galvanises support and empowers others.

We have been a change agent within New Zealand's housing sector for over 30 years, bringing people together to build homes, communities and hope.

Our day-to-day work involves ongoing acts of advocacy, connection and influence at multiple levels. This includes working with government agencies, funders and partners in the housing, health and energy sector as well as advocating for government funding and impact investment.

Whilst we advocate on behalf of the families our services support, we believe strongly in the principle of providing a hand-up. Habitat's programmes support households and local communities with the knowledge, skills, resources and confidence that influences their perceptions and behaviours and to advocate for themselves.

Demonstrating the impacts of our work with families in local communities and across the housing system is key to informing and inspiring support from all New Zealanders to guarantee everyone's right to decent, affordable housing.

## Disclosure of judgements

We have made several judgements on what to include in our Statement of Service Performance. This statement summarises these judgements.

Our Statement of Service Performance reports our non-financial performance against our core pillars, using both indicators that measure our outputs (our performance) and narratives that illustrate the impact

our services and programmes have for Habitat for Humanity Northern Region. The governing body has decided to report on these core pillars because they best reflect our vision and mission.

The statement was developed in consultation with the Senior Leadership Team and was approved by the Board.

# Statement of comprehensive revenue and expenses

For the year ended 30 June 2024

|  | Note | FY24     | FY23     |
|--|------|----------|----------|
| Revenue from Non-Exchange Transactions       |      | NZ\$ 000 | NZ\$ 000 |
| Donations                                    |      | 140      | 278      |
| Grants - government agency                   |      | 1,071    | 1,146    |
| Grants - trust and foundations               |      | 687      | 591      |
| Gifts in kind                                |      | 130      | 117      |
| Total revenue from non-exchange transactions |      | 2,028    | 2,132    |
| Revenue from Exchange Transactions           |      |          |          |
| Rental income                                | 2    | 562      | 397      |
| ReStore income                               | 3    | 4,414    | 3,776    |
| Specific Initiative income                   | 4    | 5,483    | 3,875    |
| Gain on sale of homes                        |      | 100      | 447      |
| Other income                                 |      | 129      | 81       |
| Total revenue from exchange transactions     |      | 10,688   | 8,575    |
| Total revenue                                |      | 12,716   | 10,707   |
| Expenses                                     |      |          |          |
| Audit fee                                    |      | 24       | 21       |
| ReStore expenses                             | 3    | 3,508    | 3,009    |
| Voluntary labour                             |      | 130      | 117      |
| Donations paid                               |      | 50       | 12       |
| Insurance                                    |      | 49       | 30       |
| Levies to Habitat for Humanity NZ Ltd        |      | 229      | 209      |
| Net qualifying rental payments               |      | 89       | 121      |
| Office expenses                              |      | 450      | 349      |
| Professional services                        |      | 41       | 51       |
| Specific initiative expenses                 |      | 3,022    | 2,443    |
| Property expenses and utilities              |      | 233      | 103      |
| Repair and maintenance                       |      | 24       | 28       |
| Salary and wages                             |      | 2,570    | 2,115    |
| Depreciation                                 | 12   | 221      | 194      |
| Extraordinary expense                        | 5    | -        | 416      |
| Total expenses                               |      | 10,640   | 9,217    |
| Finance activities                           |      |          |          |
| Finance income                               | 1    | 1,082    | 491      |
| Finance expense                              | 1    | (553)    | (668)    |
| Net Surplus from finance activities          |      | 529      | (177)    |
|  |      |          |          |
| Other gains/(losses)                         |      | -        | -        |
| Total comprehensive revenue and expense      |      | 2,605    | 1,314    |

# Statement of changes in equity

For the year ended 30 June 2024

|  | Note | Share capital | Revaluation surplus | Comprehensive revenue & expenses | Total equity |
|--|------|---------------|---------------------|----------------------------------|--------------|
|  |      | \$            | \$                  | \$                               | \$           |
| Balance 1 July 2023                                  | 16   | 2,400         | 15,434              | 15,164                           | 30,600       |
|  |      |               |                     |                                  |              |
| Other comprehensive revenue and expense for the year |      |               |                     | -                                |              |
| Surplus for the year                                 |      |               |                     | 2,605                            | 2,605        |
| Balance at 30 June 2024                              |      | 2,400         | 15,434              | 17,769                           | 33,205       |

|  | Note | Share capital | Revaluation surplus | Comprehensive revenue & expenses | Total equity |
|--|------|---------------|---------------------|----------------------------------|--------------|
|  |      | \$            | \$                  | \$                               | \$           |
| Balance 1 July 2022                                  | 16   | 2,400         | 15,434              | 13,850                           | 29,286       |
|  |      |               |                     |                                  |              |
| Other comprehensive revenue and expense for the year |      |               |                     | -                                |              |
| Surplus for the year                                 |      |               |                     | 1,314                            | 1,314        |
| Balance at 30 June 2023                              |      | 2,400         | 15,434              | 15,164                           | 30,600       |

# Statement of financial position

As at 30 June 2024

|   | Note | FY24          | FY23          |
|---|------|---------------|---------------|
|   |      | NZ\$000       | NZ\$000       |
| <b>Current assets</b>                                   |      |               |               |
| Cash and cash equivalents                               | 10   | 5,870         | 6,213         |
| Trade and other receivables                             | 6    | 314           | 491           |
| Current portion of mortgage receivables                 | 15   | 104           | 704           |
| Stock   |      | 532           | 453           |
| Construction in progress - current                      | 14   | 402           | 99            |
| <b>Total current assets</b>                             |      | <b>7,221</b>  | <b>7,960</b>  |
| <b>Current liabilities</b>                              |      |               |               |
| Trade and other payables                                | 7    | 1,265         | 517           |
| Deferred income   | 8    | 1,895         | 2,094         |
| GST payable   |      | 94            | 158           |
| Funds held on behalf of partner families                | 11   | 83            | 186           |
| Tithes & levies owed to Habitat for Humanity NZ Limited | 9    | 263           | 241           |
| Loans   | 20   | 186           | 181           |
| Leases  |      | 33            | 24            |
| <b>Total current liabilities</b>                        |      | <b>3,819</b>  | <b>3,401</b>  |
| <b>Working capital</b>                                  |      | <b>3,402</b>  | <b>4,559</b>  |
| <b>Non-current assets</b>                               |      |               |               |
| Property, plant and equipment                           | 12   | 29,179        | 25,375        |
| Construction in progress                                | 14   | 10,204        | 4,072         |
| Investments   |      | 0             | 16            |
| Mortgage receivables                                    | 15   | 4,157         | 4,595         |
| <b>Total non-current assets</b>                         |      | <b>43,540</b> | <b>34,058</b> |
| <b>Non-current liabilities</b>                          |      |               |               |
| Property GST liability                                  |      | 467           | 548           |
| Net qualifying rent                                     | 13   | 98            | 49            |
| Tithes & levies owed to Habitat for Humanity NZ Limited | 18   | 7             | 13            |
| Loans   | 20   | 13,090        | 7,309         |
| Leases  |      | 75            | 99            |
| <b>Total non-current liabilities</b>                    |      | <b>13,737</b> | <b>8,017</b>  |
| <b>Net assets</b>                                       |      | <b>33,205</b> | <b>30,600</b> |
| <b>Equity</b>   |      |               |               |
| Share capital   | 16   | 2             | 2             |
| Retained earnings                                       |      | 33,203        | 30,598        |
| <b>Total equity</b>                                     |      | <b>33,205</b> | <b>30,600</b> |

# Statement of cash flows

For the year ended 30 June 2024

|  |   | FY24     | FY23    |
|--|---|----------|---------|
|  |   | NZ\$000  | NZ\$000 |
| <b>Operations activities</b>           |   |          |         |
| <b>Inflow</b>                          |   |          |         |
|  | Rental income   | 429      | 397     |
|  | Grants, donations and fundraising                         | 5,662    | 5,277   |
|  | Special initiative income                                 | 6,247    | 4,852   |
|  | Interest and dividends                                    | 254      | 191     |
|  |   | 12,591   | 10,717  |
| <b>Outflow</b>                         |   |          |         |
|  | Suppliers   | 5,290    | 4,278   |
|  | Employees   | 4,128    | 3,512   |
|  | Levies and donations                                      | 285      | 230     |
|  | Interest expense  | 437      | 218     |
|  | GST   | 260      | 400     |
|  |   | 10,399   | 8,638   |
| Net cashflow from operations           |   | 2,191    | 2,079   |
| <b>Investing activities</b>            |   |          |         |
|  | Investment in term deposits                               | 16       | 0       |
|  | Purchases of property, plant and equipment (net of sales) | (10,109) | (6,980) |
|  | Movement in funds held on behalf of partner families      | (60)     | (38)    |
|  | Receipts from mortgages receivable                        | 1,440    | 2,655   |
| Net cashflow from investing activities |   | (8,713)  | (4,363) |
| <b>Financing activities</b>            |   |          |         |
|  | Loans received  | 6,681    | 3,700   |
|  | Loan repayments   | (502)    | (598)   |
| Net cashflow from financing activities |   | 6,179    | 3,102   |
| Net movement in cash                   |   | (343)    | 818     |
| Opening cash                           |   | 6,213    | 5,395   |
| Closing cash                           |   | 5,870    | 6,213   |
| Represented in the balance sheet as:   |   |          |         |
| Cash & cash equivalents                |   | 5,870    | 6,213   |



For the year ended 30 June 2024

# General information

Habitat for Humanity Northern Region Limited ('Company') is a provider of housing solutions to partner families in need. The Company is affiliated to Habitat for Humanity International, who seeks to eliminate poverty housing and homelessness from the world and to make decent shelter a matter of conscience and action. 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 the Companies Act 1993. The Company is a registered charity under the Charities Act 2005.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

# Summary of significant accounting policies

## Statement of compliance

These consolidated general-purpose financial statements for the year ended 30 June 2024 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 Company 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 Company 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.

## Changes in accounting policies during the year

There have been no changes in the accounting policies of the Company in the year ended 30 June 2024.

# Use of accounting estimates and judgements

The preparation of financial statements in conformity with PBE IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the

Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 25.

## A. Financial instruments

### Classification and subsequent measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial assets are classified using the following categories which also determines their subsequent measurement:

- Financial assets at amortised cost;
- Fair value through other comprehensive revenue and expense (FVTOCRE); or
- Fair value through surplus or deficit (FVTSD).

Financial assets are classified to the above categories on the basis of both:

- (a) The entity's management model for financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial asset shall be measured at amortised cost if both the following conditions are met and is not designated as FVTSD:

- The financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flow and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit. The Company's cash and cash equivalents, trade and other receivables and Mortgage receivables are classified and measured at amortised cost.

The Company does not have any financial assets at FVOCRE or FVTSD.

Financial liabilities are subsequent measured either at amortised cost or at FVTSD. A financial liability is classified as at FVTSD if it is classified as held-fortrading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTSD are measured at fair value and net gains and losses, including any interest expense, are recognised in surplus or deficit. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

The Company's trade and other payables and Borrowings are classified and measured at amortised cost.

### Impairment

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL). Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

## B. Trade receivables and mortgages

Trade receivables and mortgages are recognized initially at fair value. The fair value is estimated as the present value of all future cash payments discounted using the prevailing market rate of interest for similar receivables at the time of initial recognition. Any fair value adjustment is recognized as finance income. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

In order to simplify the calculations of fair values on mortgage receivables the calculation is based on monthly payments rather than the actual frequency of fortnightly or weekly payments.

## C. Cash and cash equivalents

Cash and cash equivalents include cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Bank overdrafts are shown in current liabilities on the statement of financial position

## D. 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.

## E. Trade and other payables

These amounts represent unsecured liabilities for goods and services provided to the Company 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.

## G. Interest-free loan

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 expenses. They are subsequently measured at amortised cost using the effective interest method.

## H. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that takes six months or longer to prepare for its intended use or sale. Other borrowing costs are expensed when incurred.

Where the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs capitalised are the actual borrowing costs incurred on that borrowing, less any investment income on the temporary investment of those loan.

## I. 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. 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.

## J. Stock

inventories are acquired at no cost, or for nominal consideration. Cost is the estimated net realisable value at balance date calculated at 7 weeks of the annual average weekly sales, with corresponding adjustment to revenue.

## K. Property, plant and equipment

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

Land is measured at fair value. The fair value of land is the market value as determined by a registered valuer. Revaluations are performed on a class-by-class basis. If an item of property, plant and equipment is revalued, the entire class to which the asset belongs is revalued. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from the carrying amount. The valuation cycle for revalued asset classes is normally three to five years. A revaluation surplus is recorded in other comprehensive revenue and expense and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same class of asset previously recognised in surplus or deficit, the increase is recognised in surplus or deficit. A revaluation deficit is recognised in the surplus or deficit, except to the extent that it offsets an existing surplus on the same asset class recognised in the asset revaluation reserve.

All properties held to provide a social service are stated at cost less accumulated depreciation. When the building of a house is finished, it is valued to market by a registered valuer. The purchase price (turnkey transaction) of the property becomes the future sale price of the property. 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 agreed 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 company retains security over the property until full settlement has been received.

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 Company 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 Expense as an expense 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.

### Revaluation of Land

Land is measured using the revaluation model and is revalued every three to five years.

The revaluation at 30 June 2021 resulted in a revaluation surplus of \$12,506,492 for the Company which was recognised in the Property Revaluation Reserve within Equity.

Fair value of the Land was determined by using a market comparable method. This means that valuations performed by the valuer are based on active market prices and market-based yields, significantly adjusted for difference in the nature, location or condition of the specific property 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'. The cost of a turnkey property is the purchase price at the time the transaction takes place.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Depreciation is charged to the Statement of Comprehensive Revenue and Expense.

|                                |        |
|--------------------------------|--------|
| Buildings                      | 1%     |
| Office furniture and equipment | 12-60% |
| Shop furniture and equipment   | 20-60% |
| Motor vehicles                 | 20-26% |
| Plant and equipment            | 5-67%  |

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

## L. Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future 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.

## M. Net qualifying rent

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 rental 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.

## N. 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 Company 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 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.

Where the future economic benefits of an assets are not primarily dependent on the asset's ability to generate net cash inflows and the Company 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.

## O. Leased assets

Leases where the Entity assumes substantially all the 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 expenses as incurred.

## P. Provisions

A provision is recognised when the Company 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.

## Q. 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, the Inland Revenue Department, is included in the Statement of Financial Position.

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

## R. Taxation

The Company is wholly exempt from New Zealand Income Tax and Gift Duty under Section CB4 of the Income Tax Act 1994, having fully complied with all statutory conditions for these exemptions.

HFH Northern Region is a registered Charity and tax exempt. However, under CW42 tax legislation any business income sent overseas for charitable purpose is taxable. HFH Group has obtained a Short Process ruling from Inland Revenue and accordingly any business income generated from ReStores activities and sent overseas through HFH NZ as match funds for New Zealand Government funded projects will be declared through IR 4 Income tax return annually. As per the short Process ruling these donations from the Affiliates to HFH NZ are entitled to donation tax rebates under DB41. This will create a nil tax effect for these donations sent overseas through HFH NZ.

## S. Finance expenses

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

## T. 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 Company's activities. Revenue is shown net of Goods and Services Tax, returns, rebates and discounts. The Company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities, as described below:

### Revenue from non-exchange transactions

The following specific recognition criteria must be met before revenue is recognised:

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 conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied, the liability is decreased and revenue recognised.

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

### Interest income

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

### Mortgage interest revenue

Where agreed, 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 Expense using the effective interest method.

### Grants and donations

Grant and donation income, including grants received from Government or Government Agencies, is recognised as income when it is received unless the Company 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 at the end of the reporting period.

### Home Repair Programme

Habitat's home repair Programme, helps low-income families back on track with their home maintenance. The families sign a contract for the work to be completed and when the work is complete, the revenue is recognised. For affordable repayments of the agreed price to the homeowner, Habitat carries out most urgent home repair projects, such as fixing a leaky roof, painting the outside or renovating a bathroom or kitchen. Home repair projects may also involve creating a more suitable place for the occupants when life situations have changed; such as building a wheelchair ramp or installing bathroom aids for less mobile people.

### Rental income

Rent from families is recognised as revenue at the time it is received. A corresponding net qualifying rent provision is also recognised. Refer to note 2 for further explanation.

### ReStore income

Revenue from sale of goods is recognised when the entity has transferred to the buyer, the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

## **Healthy Homes Initiative**

The Habitat Curtain Bank provides low-income families with free, re-purposed good quality curtains for their homes, through up cycling good quality curtains, which can be donated or made from donated fabric. Curtain Bank accepts donations to fund the Programme.

Habitat's Minor Repair Service works in partnership with Te Whatu Ora to help address acute health issues that can be attributed to a cold, damp living environment. Most families supported live in rental housing. Habitat receives referrals from Te Whatu Ora, undertakes a home visit and then provides free interventions for the householder as required.

## **Public Housing Programme**

Habitat are a registered Community Housing provider and provides long term, good quality homes for residents to live in. Our delivery is the provision of new housing supply for people on the public housing register through our own developments, and we also partner with investors to manage new Public Rental housing supply on their behalf, providing both tenancy and asset management services.

## **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. A corresponding expense is also recognised. Donated goods and products received are recorded at their estimated fair value. For building materials, the fair value is the estimated sales price of the materials.

## **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 Company. The associated expense is included in administration expenses in the Statement of Comprehensive Revenue and Expense, or in the case of volunteer time for construction of houses, capitalised to the cost of the house. Partner families also perform 350 sweat equity hours as part of their agreement with the Company. 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 received are recorded at their estimated fair value. For second hand goods, the fair value is the estimated selling price that the item will be sold for in the ReStore.

## 1. Net finance costs

|   | 2024         | 2023         |
|---|--------------|--------------|
|   | NZ\$         | NZ\$         |
| <b>Interest Received</b>                    |              |              |
| Interest charged to partner families CPI    | 147          | 173          |
| Interest received from bank and investments | 254          | 192          |
| Amortised interest on mortgage receivables  | 155          | 0            |
| Fair Value Adjustment                       | 527          | 127          |
| <b>Finance Income</b>                       | <b>1,082</b> | <b>491</b>   |
|   |              |              |
| <b>Interest Expense</b>                     |              |              |
| Interest on bank overdraft and bank loans   | 437          | 277          |
| Fair value adjustments                      | 113          | 391          |
| Amortised interest on loans payable         | 3            | (0)          |
| <b>Finance Expense</b>                      | <b>553</b>   | <b>668</b>   |
| <b>Net Finance Costs</b>                    | <b>529</b>   | <b>(177)</b> |

## 2. Rental income

|                                    | 2024       | 2023       |
|------------------------------------|------------|------------|
|                                    | NZ\$       | NZ\$       |
| Rental from other tenants          | 179        | 170        |
| Rental from Public Housing         | 272        | 80         |
| Rental from partner family tenants | 111        | 147        |
| <b>Total rental income</b>         | <b>562</b> | <b>397</b> |

Rental income from other tenants is received from renting out a portion of our property at 8 Ormiston Rd to a Z Fuel Station.

Rental from public housing tenants is the amount of rental received from our rental properties in Whangarei and Kerikeri.

Rental from partner family tenants is the amount of rental received from our partner families during the first five-year rental phase.

### 3. ReStore activities

|                       | 2024         | 2023         |
|-----------------------|--------------|--------------|
|                       | NZ\$000      | NZ\$000      |
| <b>Income</b>         |              |              |
| Sales                 | 3,652        | 3,181        |
| Stock movement        | 82           | 48           |
| Voluntary labour      | 632          | 480          |
| Sundry Income         | 47           | 67           |
| <b>Total Income</b>   | <b>4,414</b> | <b>3,776</b> |
| <b>Expenses</b>       |              |              |
| Voluntary labour      | 632          | 480          |
| Direct labour         | 1,630        | 1,432        |
| Rent                  | 635          | 609          |
| Rental outgoings      | 127          | 96           |
| Utilities             | 97           | 92           |
| Insurance             | 36           | 27           |
| Vehicle expenses      | 47           | 50           |
| Sundry                | 305          | 223          |
| <b>Total Expenses</b> | <b>3,508</b> | <b>3,009</b> |
| <b>Surplus</b>        | <b>906</b>   | <b>767</b>   |

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.

The net profit from our ReStore shops goes towards supporting the delivery of a range of interventions and programmes aimed at supporting people into decent, healthy and affordable shelter.

### 4. Special initiative income

|  | 2024         | 2023         |
|--|--------------|--------------|
|  | NZ\$000      | NZ\$000      |
| Healthy Homes initiatives              | 3,017        | 1,203        |
| Home repair work                       | 1,748        | 2,400        |
| Other initiatives                      | 718          | 272          |
| <b>Total special initiative income</b> | <b>5,483</b> | <b>3,875</b> |

### 5. Extraordinary Expense

|                                    | 2024     | 2023       |
|------------------------------------|----------|------------|
|                                    | NZ\$000  | NZ\$000    |
| Loss on sale of 18-20 Takanini Rd  | 0        | 416        |
| <b>Total extraordinary expense</b> | <b>0</b> | <b>416</b> |

18-20 Takanini Rd was purchased in July 2020 for future development under the Progressive Home Ownership Programme and was subsequently sold in December 2022 due to non-viable building costs. The loss is the difference between sale and purchase and professional fees and land holding costs of the development.

## 6. Trade and other receivables

|  | 2024       | 2023       |
|--|------------|------------|
|  | NZ\$000    | NZ\$000    |
| Trade receivables                        | 314        | 491        |
| <b>Total trade and other receivables</b> | <b>314</b> | <b>491</b> |

Trade receivables are non-interest bearing and are usually on 30-day terms. Trade receivables are shown net of provision for bad debt losses of \$28,200 (2023:\$28,200). There were \$1,857 of bad debts written off in 2024 (2023: \$4,298).

## 7. Trade and other payables

|                                       | 2024         | 2023       |
|---------------------------------------|--------------|------------|
|                                       | NZ\$000      | NZ\$000    |
| Trade payables                        | 682          | 338        |
| Employee accruals                     | 301          | 247        |
| Sundry payables and accruals          | 282          | (68)       |
| <b>Total trade and other payables</b> | <b>1,265</b> | <b>517</b> |

## 8. Deferred income

|   | 2024         | 2023         |
|---|--------------|--------------|
|   | NZ\$000      | NZ\$000      |
| Home repair contract works in progress  | 1,002        | 1,086        |
| Healthy Homes Initiative contract works | 893          | 1,008        |
| <b>Total deferred income</b>            | <b>1,895</b> | <b>2,094</b> |

Deferred incomes are for signed contracts in progress or dated for the following financial year. The income is moved to the Statement of Comprehensive Income as the contracts are completed.

## 9. Tithe and levies owing to Habitat for Humanity New Zealand Ltd

|                                     | 2024       | 2023       |
|-------------------------------------|------------|------------|
|                                     | NZ\$000    | NZ\$000    |
| Current                             | 256        | 228        |
| Non-current                         | 7          | 13         |
| <b>Total tithe and levies owing</b> | <b>263</b> | <b>241</b> |

From 1 July 2014, a new system of levying the Affiliates was approved by the National Board after consultation with the affiliates. This is based upon a fixed amount plus a percentage of the Affiliate's income.

## 10. Cash and cash equivalents

|  | 2024         | 2023         |
|--|--------------|--------------|
|  | NZ\$000      | NZ\$000      |
| Cash at bank                           | 5,870        | 6,213        |
| <b>Total cash and cash equivalents</b> | <b>5,870</b> | <b>6,213</b> |

Cash at bank and on hand earns interest at floating and short-term fixed rates based on a daily bank deposit rates. The Company has an overdraft facility of \$500,000 (2023:\$500,000) with Kiwibank of with \$Nil (2023:\$nil) has been drawn at 30 June 2024.

## 11. Funds held on behalf of partner families

|  | 2024    | 2023    |
|--|---------|---------|
|  | NZ\$000 | NZ\$000 |
| Funds held on behalf of partner families       | 83      | 186     |
| Total funds held on behalf of partner families | 83      | 186     |

These funds are held by the Company on behalf of the partner families who have entered into long-term sale and purchase agreements, to pay for expenses including insurance, rates and maintenance expenditure. Each week or fortnight the partner family pays into this fund.

## 12. Plant, property and equipment

| Reconciliation of carrying amounts at the beginning and end of the period | Land & building | Land & buildings for social service | Plant & equipment | Motor vehicles | Computers, furniture & equipment | Total   |
|---|-----------------|-------------------------------------|-------------------|----------------|----------------------------------|---------|
| <b>Year ended 30 June 2024</b>  |                 |                                     |                   |                |                                  |         |
| <b>NZD\$000</b>   |                 |                                     |                   |                |                                  |         |
| 1 July 2023 net of accumulated depreciation and impairment                | 16,535          | 8,490                               | 7                 | 243            | 99                               | 25,375  |
| Additions   | 3               | 3,760                               | 1                 | 140            | 136                              | 4,040   |
| Disposals   | 0               | 0                                   | (0)               | 0              | (3)                              | (3)     |
| Depreciation charge for the year  | (10)            | (46)                                | (2)               | (102)          | (72)                             | (232)   |
| 30 June 2024 net of accumulated depreciation and impairment               | 16,528          | 12,204                              | 6                 | 281            | 160                              | 29,179  |
| 30 June 2024  |                 |                                     |                   |                |                                  |         |
| Cost  | 16,948          | 12,292                              | 116               | 737            | 458                              | 30,551  |
| Accumulated depreciation  | (420)           | (88)                                | (110)             | (456)          | (298)                            | (1,372) |
| Net carrying amount   | 16,528          | 12,204                              | 6                 | 281            | 160                              | 29,179  |

| Reconciliation of carrying amounts at the beginning and end of the period | Land & building | Land & buildings for social service | Plant & equipment | Motor vehicles | Computers, furniture & equipment | Total   |
|---|-----------------|-------------------------------------|-------------------|----------------|----------------------------------|---------|
| <b>Year ended 30 June 2023</b>  |                 |                                     |                   |                |                                  |         |
| <b>NZD\$000</b>   |                 |                                     |                   |                |                                  |         |
| 1 July 2022 net of accumulated depreciation and impairment                | 18,797          | 3,144                               | 10                | 158            | 108                              | 22,217  |
| Additions   | 269             | 6,316                               | 0                 | 182            | 45                               | 6,812   |
| Disposals   | (2,521)         | (933)                               | 0                 | (6)            | (1)                              | (3,461) |
| Depreciation charge for the year  | (10)            | (37)                                | (3)               | (90)           | (53)                             | (193)   |
| 30 June 2023 net of accumulated depreciation and impairment               | 16,535          | 8,490                               | 7                 | 244            | 99                               | 25,375  |
| 30 June 2023  |                 |                                     |                   |                |                                  |         |
| Cost  | 16,946          | 8,532                               | 159               | 629            | 518                              | 26,784  |
| Accumulated depreciation  | (411)           | (42)                                | (152)             | (385)          | (419)                            | (1,409) |
| Net carrying amount   | 16,535          | 8,490                               | 7                 | 244            | 99                               | 25,375  |

### 13. Net qualifying rent

|   | 2024    | 2023    |
|---|---------|---------|
| Net Qualifying Rent                                       | NZ\$000 | NZ\$000 |
| Balance at beginning of year                              | 48      | 120     |
| CPI interest charge                                       | (53)    | (55)    |
| Net qualifying rental payments during the year            | 102     | 98      |
| Rental payments converted to mortgage payments or settled | 0       | (114)   |
| Other   | 0       | (0)     |
| Balance at end of year                                    | 98      | 48      |

Tenancy arrangements with partner families incorporate an agreement to allow tenants to purchase properties on special terms after renting for a period of five years. 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 recognized, 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. Management estimate that 100% of all current qualifying rent payments will convert to mortgage payments.

### 14. Construction in progress

|  | 2024    | 2023    |
|--|---------|---------|
|  | NZ\$000 | NZ\$000 |
| Home repairs in progress – current portion     | 402     | 4,077   |
| Construction in progress – non-current portion | 10,204  | 95      |
| Total Construction in progress                 | 10,606  | 4,172   |

Construction in progress – current portion relates to repairs for the Home Repair Programme that are in progress at year end. Families sign a contract to have repairs completed on their homes on affordable repayment terms. Habitat engages contractors on behalf of the families to perform the repairs and on charges the costs. Habitat then recognises related revenue when the repair is complete. It is expected that these repairs will be complete within a year from balance date..

Construction in progress – non-current 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" and valued in accordance with the accounting policy disclosed in Section M of the Summary of Significant Accounting Policies. The recorded cost of construction in progress is subject to an impairment review as disclosed in the Summary of Significant Accounting Policies.

### 15. Mortgage receivables

|                            | 2024  | 2023  |
|----------------------------|-------|-------|
|                            | NZ\$  | NZ\$  |
| Current portion            | 104   | 704   |
| Non-current portion        | 4,157 | 4,595 |
| Total Mortgage receivables | 4,261 | 5,299 |

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 2% and are repayable based on principal and interest payments that are generally made on a weekly basis by partner families. Title does not transfer to the families until the mortgage is settled. The face value of mortgage receivables was \$4,868,075 (2023: \$6,046,626).

The Directors have considered and believe that the fair value of the underlying properties held as security exceed the value of the mortgage receivable balances and therefore the impairment risk is considered to be low.

During the years ended 30 June 2024 and 2023 there have been no bad or doubtful debts relating to mortgage receivables and there are currently no indications of likely impairment losses.

## 16. Share capital

|                            | 2024         | 2023         |
|----------------------------|--------------|--------------|
|                            | NZ\$         | NZ\$         |
| Issued and paid up capital | 0            | 0            |
| Ordinary shares            | 2,401        | 2,401        |
| Unpaid shares              | (1)          | (1)          |
| <b>Total Share Capital</b> | <b>2,400</b> | <b>2,400</b> |

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. Any residual assets are to be conferred to the controlling shareholder Habitat for Humanity New Zealand Limited.

## 17. Capital commitments

Habitat for Humanity Northern Region has signed a contract to build 23 units at 101-105 Maunu Road, Whangarei for \$14.1m. As at balance date cost to complete is \$2.7m and completion date is 15 August 2024. The units are intended to be used for public housing (2023: \$14.1m for the build of 23 units at 101-105 Maunu Road for Public Housing).

Habitat for Humanity Northern Region Limited has signed a lease at 65A Karepiro Drive, Stanmore Bay for an initial term of Three (3) years with an annual rent cost of \$86,250.

Habitat for Humanity Northern Region has signed sale and purchase agreements across Auckland and Northland, a total capital commitment of \$18,663,000

## 18. Related party transactions

### Identity of related parties

#### a) Parent and ultimate controlling party

The immediate parent and the ultimate controlling party of the Company is Habitat for Humanity New Zealand Limited, which owns one controlling share in Habitat for Humanity Northern Region Limited. The share is uncalled. Under certain circumstances the share enables Habitat for Humanity New Zealand Limited to appoint a controlling director of the subsidiary Board. This right has never been exercised.

#### b) Affiliates

The following affiliates are related parties on account of Habitat for Humanity New Zealand Limited being the common controlling party.

|  |   |
|--|---|
| Habitat for Humanity Northern Region Limited | Habitat for Humanity (Dunedin) Limited      |
| Habitat for Humanity Central Region Limited  | Habitat for Humanity (Invercargill) Limited |
| Habitat for Humanity Taranaki Limited        | Habitat for Humanity (Nelson) Limited       |
| Habitat for Humanity (Christchurch) Limited  |   |

#### c) Key management compensation

The company has a related party relationship with its key management personnel. Key management personnel include the Board of Trustees, the Finance Audit and Risk Committee and Senior Management. All directors, board and committee members are in a voluntary capacity.

Key management personnel compensation includes the following:

|  | 2024           | 2023           |
|--|----------------|----------------|
| <b>Salaries and other short-term employee benefits</b>   | <b>NZ\$000</b> | <b>NZ\$000</b> |
| Total Remuneration                                       | 724            | 616            |
| Number of persons recognised as key management personnel | 6              | 5              |

## Transactions and balances with Habitat for Humanity New Zealand Ltd

|                                  |         | 2024    | 2023    |
|----------------------------------|---------|---------|---------|
| Statement of Financial Position  |         | NZ\$000 | NZ\$000 |
| Habitat for Humanity New Zealand | Loans   | (739)   | (478)   |
| Tithes payable                   | Payable | (7)     | (13)    |
| Levies payable                   | Payable | (263)   | (241)   |
| Total balances                   |         | (1,009) | (732)   |

Habitat for Humanity New Zealand Limited has negotiated interest-free Government Loans for \$1,957,538 which was passed on to Habitat for Humanity Northern Region limited for building homes in the Northern Region. This incurred a fair value adjustment of \$1,218,975. Tithes and levies payable balances are unsecured, non-interest bearing and repayable in instalments as noted in Note 8.

## Transactions and balances with Habitat for Humanity New Zealand Ltd

| Statement of Comprehensive Income | 2024    | 2023    |
|-----------------------------------|---------|---------|
| Income                            | NZ\$000 | NZ\$000 |
| Finance Income                    | 409     | 151     |
| Other Income                      | 40      | 45      |
| Expenses                          |         |         |
| Levies                            | 229     | 209     |
| Donations for special projects    | 50      | 10      |
| Others                            | 0       | 68      |

## 19. Operating leases

|                            | 2024    | 2023    |
|----------------------------|---------|---------|
| Operating leases payable   | NZ\$000 | NZ\$000 |
| Less than one year         | 490     | 396     |
| Between two and five years | 952     | 572     |
| More than five years       | 0       | 96      |
|                            | 1,441   | 1,064   |

Habitat for Humanity Northern Region Limited renewed the term of the lease with Franklyn Arnold Perry & Robert Narev (as Trustees of the Perry No 3 Trust) on 01/10/2022 for a further term of two year, expiring on 31 September 2024. The agreed annual lease payment is \$69k including GST. (2023: \$69k)

Habitat for Humanity Northern Region Limited has renewed the term of the lease with Na & Pros Family Trust on 01/05/2022 for a further term of three years, expiring on 30 April 2025. The agreed annual lease payment is \$97k including GST (2023: \$97k)

Habitat for Humanity Northern Region Limited has extended the term of the lease with Goodman Nominee (NZ) Ltd on 6/03/2023 for a five-year term, expiring on 5 March 2028. The agreed annual lease payment is \$165k including GST (2022: \$165k)

Habitat for Humanity Northern Region Limited has renewed the term of the lease with Derryloe Family Trust and Fonz Family Trust on 04/03/2021 for a further term of three years with two, three-year rights of renewal. The agreed annual lease payment is \$131k including GST (2022: \$112k)

Habitat for Humanity Northern Region Limited has renewed the term of the lease with OCC Trust on 16/09/2023, expiring on 16 September 2025. The agreed annual lease payment is \$77k including GST (2023: \$77k).

Habitat for Humanity Northern Region Limited has entered a second lease with OCC Trust on 01/06/2023, expiring on 16 September 2025. The agreed annual lease payment is \$51k including GST.

Habitat for Humanity Northern Region has entered into a lease with A'deane Land Holdings Limited on 28/08/2023 for a term of three years with rights of renewal for a further two terms of three years. The agreed annual lease payment is \$98k.

Operating lease expenses are included in the Statement of Comprehensive Revenue and Expense.

|                                   | 2024    | 2023    |
|-----------------------------------|---------|---------|
| Operating leases receivable       | NZ\$000 | NZ\$000 |
| Less than one year                | 162     | 154     |
| Between two and five years        | 554     | 535     |
| More than five years              | 264     | 255     |
| Total operating leases receivable | 980     | 944     |

A portion of the Ormiston Rd property is leased to commercial operators. Leases in place have an annual renewal date in November. Rental agreements with partner families are as described in Note 12. Net Qualifying Rent and are cancellable with a three week notice period and therefore have not been included in the rentals receivable as above.

## 20. Loan and security for loans to the company

|                         |            |          |                  |                  |                | 2024       |                 | 2023       |                 |
|-------------------------|------------|----------|------------------|------------------|----------------|------------|-----------------|------------|-----------------|
|                         | Loan start | Int Rate |                  | Monthly payments | Final maturity | Face Value | Carrying amount | Face Value | Carrying amount |
|                         |            |          |                  | NZD\$000         |                | NZD\$000   | NZD\$000        | NZD\$000   | NZD\$000        |
| Kiwibank #1 (05)        | Dec 2014   | 6.15%    | Fixed-Secured    | 5                | Nov 2031       | 246        | 246             | 246        | 246             |
| Kiwibank #2 (08)        | Oct 2018   | 6.15%    | Fixed-Secured    | 7                | Sep 2033       | 584        | 584             | 596        | 596             |
| Kiwibank #3 (10)        | Nov 2020   | 6.15%    | Fixed-Secured    | 6                | Oct 2040       | 488        | 488             | 496        | 496             |
| Kiwibank #4 (12)        | Jul 2017   | 6.15%    | Fixed-Secured    | 4                | Apr 2036       | 389        | 389             | 389        | 389             |
| Kiwibank #5 (Kerikeri)  | Mar 2023   | 6.99%    | Fixed-Secured    | 21               | Mar 2053       | 3,721      | 3,721           | 3,721      | 3,721           |
| Kiwibank #6 (Warren Pl) | Oct 2023   | 9.10%    | Variable-Secured | 0                | Oct 2024       | 5,804      | 5,804           | 0          | 0               |
| Housing NZ (Clendon)    | Apr 2005   | 7.14%    | Fixed-Secured    | 1                | Apr 2030       | 52         | 41              | 83         | 67              |
| Housing NZ (Wymondley)  | Jan 2012   | 7.14%    | Fixed-Secured    | 1                | Jan 2037       | 95         | 37              | 154        | 89              |
| MD Hanne                | Oct 2021   | 2.00%    | Unsecured        | 0                | Sep 2026       | 90         | 80              | 90         | 84              |
| Christian Savings Loan  | Apr 2022   | 7.30%    | Fixed-Secured    | 9                | Apr 2047       | 1,147      | 1,147           | 1,143      | 1,143           |
| Habitat for Humanity NZ | May 2021   | 0.00%    | Direct deed      | 0                | May 2046       | 1,958      | 739             | 1,288      | 478             |
| Total loans             |            |          |                  |                  |                | 14,573     | 13,276          | 8,205      | 7,309           |
|                         |            |          |                  |                  |                |            |                 |            |                 |
| Current portion         |            |          |                  |                  |                | 186        |                 | 180        |                 |
| Term portion            |            |          |                  |                  |                | 13,090     |                 | 7,128      |                 |
|                         |            |          |                  |                  |                | 13,276     |                 | 7,309      |                 |

The Kiwibank term loans #1, 2, 3 and #4 are market rate secured business loans to be repaid as the houses are settled with the partner families.

The Kiwibank term loan #5 is secured against the Public Housing property at Te Arapu Way, Kerikeri.

The Kiwibank loan #6 is a variable construction loan, secured against the construction at 101 – 105 Maunu Rd Whangarei and will be fixed upon completion.

The Housing NZ loans were interest free for the first 10 years and interest bearing at the prevailing home loan rate from year 11 to maturity. The loans are conditional on Habitat for Humanity Northern Region Limited using the funds for the purposes of housing as

specified in the loan agreements and are repaid as the houses are settled with the partner families.

The MD Hanne Loan is unsecured, 2% interest payable each year on anniversary date. The loan term was renewed for a further 3 years in 2024.

The Habitat for Humanity New Zealand Loan is interest free and unsecured and it has a direct deed as security. This grant funding is from MHUD and is transferred to Habitat for Humanity Northern Region as an interest free loan for 25 years.

The Christian Savings principal sum is \$1,274,000 interest fixed for one year at 7.30%. Christian Savings has security over 4 properties in Pukekohe, to be repaid as the houses are settled with the partner families.

## Kiwibank facilities

Kiwibank has first ranking mortgage security over the following properties:

- 8 Ormiston Rd, East Tamaki, Auckland
- 1-19 TeArapu Way, Kerikeri (10 properties)
- 101-105 Maunu Rd, Whangārei
- 104 and 105 Palmers Rd, Clendon Park, Manukau City
- 18 Tutuwhatu Crescent, Weymouth
- 49 Ipukarea St, Weymouth
- Financier Direct Deed between MHUD, Habitat for Humanity Northern Region and Kiwibank
- Specific Security Assignment over Services Agreements between MHUD and Habitat for Humanity Northern Region Limited
- First registered General Security Agreement over the assets of Habitat for Humanity Northern Region Limited

which provides security for the 5 term loans, 1 construction loan and the overdraft facilities (undrawn at 30 June 2024) of \$500,000

## Housing NZ Corporation

Kiwibank has first ranking mortgage security over the following properties:

- 57, 85A and 87 Templeton Place, Clendon Park, Manurewa
- 24, 26 and 28 Volta Place, Clendon Park, Manurewa

## Christian Savings

Christian Savings has first ranking mortgage security over the following properties:

- 19 and 25 Kapia Str Pukekohe
- 18 and 20 Hemopo Str Pukekohe

## The carrying value of these properties is:

|   | 2024    | 2023    |
|---|---------|---------|
|   | NZ\$000 | NZ\$000 |
| Included in Mortgage Receivables (Note 15)                      | 1,087   | 1,115   |
| Included in Land & Buildings Held for Social Services (Note 11) | 12,868  | 0       |
| Included in Land (Note 11)                                      | 16,250  | 16,250  |
|   | 30,205  | 17,365  |

## The carrying value of these properties is:

|  | 2024    | 2023    |
|--|---------|---------|
|  | NZ\$000 | NZ\$000 |
| Included in Mortgage Receivables (Note 15) | 297     | 585     |
|  | 297     | 585     |

## The carrying value of these properties is:

|   | 2024    | 2023    |
|---|---------|---------|
|   | NZ\$000 | NZ\$000 |
| Included in Land & Buildings Held for Social Services (Note 11) | 2,216   | 2,216   |
|   | 2,216   | 2,216   |

## Total securities are:

|   | 2024    | 2023    |
|---|---------|---------|
|   | NZ\$000 | NZ\$000 |
| Included in Mortgage Receivables (Note 15)                      | 1,384   | 1,700   |
| Included in Land & Buildings Held for Social Services (Note 11) | 15,084  | 2,216   |
| Included in Land (Note 11)                                      | 16,250  | 16,250  |
|   | 32,718  | 20,166  |

## 21. Financial instruments

| <b>Financial assets</b>                   | 2024           | 2023           |
|---|----------------|----------------|
| <b>Financial assets at amortised cost</b> | <b>NZ\$000</b> | <b>NZ\$000</b> |
| Cash and cash equivalents                 | 5,870          | 6,213          |
| Trade and other receivables               | 2,154          | 491            |
| Mortgage receivables                      | 4,157          | 5,299          |
| <b>Total</b>                              | <b>12,181</b>  | <b>12,002</b>  |

| <b>Financial liabilities</b>                         | 2024           | 2023           |
|--|----------------|----------------|
| <b>Financial liabilities at amortised cost</b>       | <b>NZ\$000</b> | <b>NZ\$000</b> |
| Trade and other payables                             | 1,265          | 517            |
| Loans  | 13,276         | 7,309          |
| Tithe and levies owed to Habitat for Humanity NZ Ltd | 7              | 13             |
| Funds held on behalf of Partner Families             | 83             | 186            |
|  | <b>14,631</b>  | <b>8,025</b>   |

## 22. Capital and risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide continuing services to the public and to maintain an optimal capital structure to reduce the cost of capital. As the Company is a public benefit entity, there are no distributions made to Shareholders. This allows the full use of funds to be focused on operating activities and reducing any external debt.

## 23. Significant judgement and critical estimates

The preparation of the financial statements involves judgement and estimation. The following are areas that involve management judgements in applying the accounting policies of the Company.

### a) Fair Value of properties held for social service

Judgement is required in ascertaining the value of gifts in kind which affects the carrying value of 'Properties held to Provide a Social Service'. Management estimates the value of the capitalized gifts in kind, which includes donated products and volunteer labour hours received. Once completed, the directors obtain independent valuations on the land and houses which is used to calculate any impairment required where the capitalized costs exceed the market values. Any valuation or assessment carries some uncertainty but it is not considered to be large.

There is some uncertainty in whether families will complete their contracts with the company but any non-completion will not materially affect the carrying value of assets.

### b) Fair value of mortgage receivables, loan receivable/payable 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. Management use their judgement to select the interest rate used based upon market conditions when the loan is established.

## 24. Event subsequent and balance date

There are no subsequent events to note. (2023: nil)

## 25. Contingent liabilities

There are no known contingent liabilities as at the date of signing these Financial Statements. (2023: nil)