

INDEPENDENT AUDITOR'S REPORT*To the Members of Manawatu Home Budgeting Service Incorporated***Report on the Financial Statements****Opinion**

We have audited the financial statements of Manawatu Home Budgeting Service Incorporated on pages 17 to 25, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance and statement of cash flows for the year then ended, and a the statement of accounting policies and notes to the performance report.

In our opinion, the financial statements present fairly the financial position of Manawatu Home Budgeting Service Incorporated as at 30 June 2021 and its financial performance and cash flows for the year ended on that date in accordance with the requirements of Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, relevant to reporting financial position, financial performance and cash flows.

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 below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity 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, Manawatu Home Budgeting Service Incorporated.

Restriction on Responsibility

This report is made solely to the Members, as a body. Our audit work has been undertaken so that we might state to the Members 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 Members as a body, for our audit work, for this report, or for the opinion we have formed.

Other Information

The Committee is responsible for the other information. The other information comprises the entity information and statement of service performance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based, on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

The Committee's Responsibility for the Financial Statements

The Committee is responsible for determining that the Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) framework is acceptable in the entity's circumstances and, for the preparation of financial statements in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit), and for such internal control as the Committee determines 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 Committee is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 entity's internal control.
- conclude on the appropriateness of the use of the going concern basis of accounting by the Committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 entity to cease to continue as a going concern.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the Committee 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.

CKS Audit

CKS Audit

20 October 2021



Manawatū Home Budgeting Service
Incorporated

Annual Report
For the year ended 30 June 2021

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Entity Information

Manawatu Home Budgeting Service Incorporated For the year ended 30 June 2021

Legal Name of Entity

Manawatu Home Budgeting Service Incorporated

Entity Type and Legal Basis

An Incorporated Society which provides a free, confidential budgeting service within the Manawatu region (or elsewhere as approved by the Governance Committee) and a registered Charity under the Charities Act 2005.

Registration Number

Society: 217026

Charities: CC24489

Postal Address

Hancock Community House

77-85 King Street

Palmerston North

New Zealand

Contact Details

Phone: 06 358 2279

Email: mhbs@mhbs.org.nz

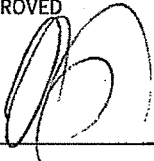
Webpage: mhbs.org.nz

Approval of Financial Report

Manawatu Home Budgeting Service Incorporated For the year ended 30 June 2021

The Board are pleased to present the approved financial report including the historical financial statements of Manawatu Home Budgeting Service Incorporated for year ended 30 June 2021.

APPROVED



Chairperson: Leonie Hapeta

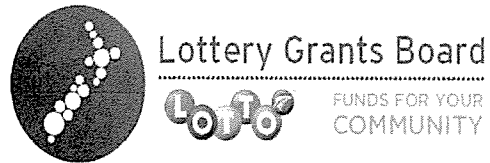
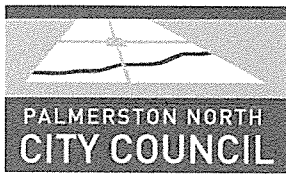
Date



Treasurer: Rebecca Connor

Date 19/10/21 .

We gratefully acknowledge our funders:



Note from our Chairperson

Manawatu Home Budgeting Service Incorporated For the year ended 30 June 2021

Manawatu Home Budget Service has had another successful year working with our community and enabling them to be moneywise. At the service we believe that Building Financial Capability is a fundamental contributor to the building of a positive and resilient community. Over this last year the economic impact of Covid-19 has made the financial complexities and pressures people are facing even more challenging. The team has worked with clients and other community organisations to provide support, education and encouragement to people as they navigate their individual financial journeys.

As a Board we have had a number of projects as part of our strategic plan and one of them has been our brand and new name – which we have been working on over the last year. We would like to share this with you.

The new name going forward will be Moneywise Manawatū and our branding is looking very good. We would like to thank Black Sheep Design for all the work they have done on this new branding with our team.

Thank you for the hard work and commitment from the operational team and leadership from Miriam and her great team - Jeanette, Brett, Giuseppe and Lisa at MHBS who always go the extra mile to deliver the best service they can for our clients.

I would like to extend my thanks to my colleagues on the MHBS Governance Committee - Kirsten, Courtney, Aleisha, Rebecca, Vanessa and Hayden, for their support, commitment and generosity with their time, all busy volunteers.

Finally, the work of MHBS would not be possible without the generous financial contributions of our funders – PNCC, MSD, The Lotteries Grants Board and the Lion Foundation. Thank you for your on-going belief and support in MHBS.

Leonie Hapeta, Chair MHBS.

Note from our Manager

Manawatu Home Budgeting Service Incorporated For the year ended 30 June 2021

Tena koutou,

What a busy and exciting first year I have seen as Manager of MHBS. Despite fluctuating Covid-19 alert levels, this year we have provided nearly 1000 one to one financial mentoring sessions to assist members of the local community with money matters and building their financial capability. Clients have been supported by our Financial Mentors to build their financial literacy and support them through both financial crisis and on their journey of building their financial capability to equip them with the knowledge and skills they need.

In the second half of 2020-21 we pleased to be able to increase our community education events – this year we have reached over 400 people with community education sessions with 16 events. We have continued to work with the Housing Advice Centre to deliver part of the Ready2Rent course and have also connected with Te Tihi o Ruahine Whanau Ora Alliance presenting a workshop as part of their new business programme. Also with Te Tihi, we have continued to work alongside them as part of their Kainga Whānau Ora. This Te Tihi run programme sees us working with whānau living in social housing and who have identified Home Ownership as an aspiration. We provide budgeting and financial mentoring services to help them on their journey. This year for the first time we were invited to Freyberg High School to speak to their year 13 students about money management and how it's never too early to start planning for their financial future. Invited as part of the UCOL flatting week, we also presented to UCOL students to support them as they budget on their student income. We are excited to build on this partnership going forwards and will be taking up a more regular presence at UCOL in 2021-22 enabling students to connect with our service more easily.

2020-21 has been a year with some different challenges. Responding to the needs of our community with the backdrop of a pandemic presents the need for different ways of working. We have worked hard to ensure that our service has the resilience and is prepared for the potential of changing Covid-19 alert levels. We continue to offer clients zoom or telephone consultations if they prefer and we are building our capacity to work with clients through other mediums.

My heartfelt thanks goes to our team, without whose knowledge, experience and expertise MHBS would not be able to provide such a consistently high level of service. Thank you, Team, for your amazing dedication and commitment.

Lastly, I would like to thank the Committee for their continued support and commitment to MHBS and our vision to enable our community to be moneywise.

Nga mihi,

Miriam Peel, Manager MHBS

Statement of Service Performance

Manawatu Home Budgeting Service Incorporated For the year ended 30 June 2021

MHBS provides free, confidential financial mentoring and budget advice services to anyone that needs it, without judgement. The service facilitates people to become financially capable, using a skills-based approach through one-to-one mentoring meetings, group sessions and community education workshops.

Our Financial Mentors are fully certified under the FinCap national accreditation. FinCap also provides ongoing training and development and ensures that our service and Financial Mentors are quality assured to national standards for the sector.

We provide one-to-one sessions to support clients with:

1. Financial Mentoring – Financial Mentors work with clients to mentor them into becoming financially literate – particularly in relation to their individual circumstances.
2. Budgeting advice – Standard advice on how to manage money and spending from pay to pay
3. Financial action plans – Plans of action are developed with clients so that individuals can begin to work to a structured plan of financial management, empowering clients to develop the ability work to goals and take a more disciplined approach to managing their money.
4. Savings plans for goals – Once debt management and repayments are in hand, clients learn to develop an approach to saving for their goals, avoiding the traps of high interest borrowing.
5. Debt management/repayment – plans are developed with clients that have found themselves in high levels of debt and who feel unable to repay loans.
6. Financial Hardship assistance – The service may work on behalf of clients to ensure that they receive all government help that they are entitled to in their time of hardship. Our Financial Mentors are highly trained and aware of all the appropriate/relevant avenues that clients may not be aware of.
7. Negotiation with creditors – The service can negotiate on behalf of clients with creditors to work through realistic repayment plans. For example, energy companies, loan companies, banks – MHBS has a solid reputation with creditors.
8. Assistance with insolvency – If the client has moved into a state of irreconcilable debt, the service can help them file bankruptcy and to work through this complex process.

We run group sessions and community information sessions to enable peer support in an environment designed to reduce stigma around money matters.

MHBS provides Money Mates group sessions which are designed to help people learn how to manage their finances and lives in a supportive, peer group environment. The sessions are held both at Hancock House and in the community in collaboration with other community organisations – e.g. Te Aroha Noa, Manawatu Prison, education, and training institutions and wherever else they are requested, as resourcing allows.

The workshops allow people who are repeatedly experiencing financial challenges and hardship to openly discuss their problems and behaviours without getting into the specifics of their own debt. Group sessions allow people to understand that their problem is not in isolation and that solutions can emerge from others in similar situations, or indeed that they often have the solutions themselves.

Governance and Entity Structure

MHBS is made up of a Governance Committee which consists of a usual membership of seven to ten committee members, including a Chair, Deputy Chair, Treasurer and Secretary. Governance Committee members are selected primarily on a skills-based system that seeks to ensure MHBS governance has a diverse and relevant skill set. Governance sets the strategic and policy direction for the organisation and provides a general oversight role.

MHBS has a core team of paid staff comprising the Manager and, currently, a team of three Financial Mentors and one Administration Officer.

Funding

Funding plans are based on the annual budget and applications are made to the Government and grants organisations for grants that meet their donations criteria. We gratefully acknowledge the support of our funders for 2020-21.

We have a contract with the Ministry of Social Development to provide Building Financial Capability Services to clients in financial hardship. The service delivery contract was rolled over for the period 1 July 2019 – 1st July 2021. Following work developing a commissioning strategy for BFC services, MSD has awarded a contract to MHBS for a further three years, July 2021 – June 2024.

MHBS was also successful in its application to the PNCC Strategic Priority Grants 2019-22 funding round, securing \$29,250 per year (inflation adjusted) for 2019 – 22. MHBS was also successful in an application for the PNCC Covid-19 Relief Fund.

We were also grateful for funding from the Lottery Community Grants board for \$25,000 a three year grant the final year of which was 2020-21. We have been fortunate to be successful in an application for a further \$25k from Lotteries for 2021-22.

The Lion Foundation were generous in their grant towards supporting our operational costs (non-salary) and we are grateful for their support.

In the reporting year, MHBS has received funding for clients, appointments, salaries, fixed and variable costs. Funding from grant and contract income remains our sole income stream.

About The Services We Provide

In 2020-21 we provided 953 face-to-face financial mentoring sessions with clients (last year 771 sessions). A further 342 appointments were made but were not kept by clients (last year 445 not kept).

In 2020-21 MHBS saw a total of 215 new clients (last year 225). We were still working with a further 61 cases who were carried over from the previous year. This averages a total of new 18 clients per month over the year. (last year 19 new clients on average per month and 114 clients were carried over from the previous year).

The following shows a summary of stats about our clients:

Referral Source	2021
Self-Referral	64.5%
Family/Friend	8%
WINZ	4%
Housing NZ	1.5%
Other Government Agency	1%
Bank	1.5%
Kiwisaver Provider	0.5%
Other Community Organisation	17%
MoneyTalks	1.5%
MoneyMates	0.5%

Age of Clients	2021	2020
Under 18	0%	0%
18 - 25	7%	16.5%
26 - 35	25.5%	27.5%
36 - 45	29.5%	25%
46 - 65	34%	28%
Over 65	4%	3%

Gender	2021	2020
Female	65.5%	54%
Male	34.5%	46%

Ethnicity	2021
NZ European/Pakeha	49.82%
Other European	3.27%
Maori	37.09%
Samoan	1.45%
Cook Island Maori	1.09%
Tongan	0.73%
Niuean	0.36%
Fijian	0.36%
Southeast Asian	0.36%
Other Asian	0.36%
Middle Eastern	0.73%
African	1.82%
Other	2.18%

During this 12-month period 165 client cases closed.

- Of the clients who closed, 135 completed client feedback forms (82%)
- Of the clients that provided client satisfaction feedback, the number that reported they were satisfied or very satisfied with the service was 123 (91%)
- Of the clients who closed, and who presented with debt, 46 had better control of their debt
- Of the clients who closed, the number of clients who felt they had a better ability to meet their goals was 47
- Of the clients that closed, 42 reported greater confidence

This year the total client debt was \$10,503,555 (last year \$4,660,706).

\$765,390 of this debt was in arrears (last year \$500,785).

No client complaints were received.

There were no reportable privacy breaches in 2020-21.

Community Outreach

2020-21 has seen considerable growth in the Community outreach and education programmes run by MHBS. This has particularly been the case in the second half of the year, January – June. We have presented at 16 community education events and reached well over 400 participants/attendees. These community education programmes include presenting on the Ready2Rent course, to year 13 students at Freyberg High School, holding a workshop as part of the Te Tihi run Pakihi (business) programme and as guest speakers at the UCOL flatting week. We also spoke at WINZ staff training sessions.

We also run MoneyMates financial education programmes for the community. MoneyMates is a free programme for anyone who would like to participate. The sessions consist of facilitated peer led group discussion, the aim of which is to upskill participants and also to de-stigmatise discussions about money and money matters.

Some of the key themes covered in Money Mates are as follows:

- Money – money personalities and how we relate to money
- Identifying needs and wants
- Goal setting, planning for change and behaviour change
- Keeping track of money and budgeting
- Debt – what is it? Understanding the costs (financial and emotional of debt) , paying it off and managing it in the long term
- Borrowing sensibly
- Saving – how to save, compound interest, kiwi saver

During 2020-21 we have run 23 Money Mates sessions, unfortunately further numbers were impacted upon by fluctuating coronavirus alert level restrictions. MHBS held courses at Manawatu Prison, Te Aroha Noa, and at Hancock Community House.

Partner Relationships

As an organisation we endeavour to link and work in partnership with fellow community organisations so that we can offer our clients the highest level of support, service and expertise we can.

We have a Memorandum of Partnership with Best Care (Whakapai Hauora) Charitable Trust and Te Tihi o Ruahine Whanau Ora Alliance Charitable Trust.

We have a Memorandum of understanding with:

- Palmerston North Methodist Social Services (Foodbank and other services)
- Housing Advice Centre
- Manawatu Tenants Union
- Manline
- Manawatu Community Law Centre
- Manawatu Prisoners Aid and Rehabilitation Society (Manawatu PARS)

We maintain a working relationship and network/link with numerous other key community organisations:

Te Wakahuia (Whanau Ora Navigators, nurses, smoking cessation, diabetes, Tamariki Ora Well Child Services and MHBS also operates an outreach service from here on Mondays), The Salvation Army Palmerston North (Budget Service, Foodbank, other services), Financial Freedom Trust, Manchester House Social Services, FinCap, Citizens Advice Bureau Palmerston North, New Zealand Red Cross Palmerston North-refugee services, Work and Income, IRD, Study Link, Insolvency and Trustee Services, Department of Corrections-Manawatu Prison, Department of Corrections-Probation Service, Linton Community Hub-New Zealand Defence Force, Parentline, Oranga Tamiriki (Kaimahi Rangatahi/Youth Worker), PNG Services (formerly Problem Gambling), Woman's Refuge, Maori Woman's Refuge, Saint Vincent de Paul, Just Zilch, Out of Gate, Te Tihi (Housing Family Navigator), Plunket, YOSS, Emergency Housing NZ, Options, Industry Training Solutions, Ward 21 Mid Central Health, Agape Fellowship Charitable Trust, Community Mental Health, Barnados, Age Concern Manawatu, Strengthening Families Coordinator, YMCA, UCOL.

Future of MHBS

We recognise how important our service is to individuals and families/whanau in our community. We are passionate about the importance of financial education and our vision is to continue to expand our community outreach and connecting with people in innovative ways, whilst continuing to support those in need of one-to-one financial mentoring support.

Our contract with MSD for providing Building Financial Capability Services (BFC) has been renewed on a three-year cycle until June 2024. As a not-for-profit organisation we are reliant on contract income and grants and will work to secure funding from community funding sources and other external sources whilst we work to continue to deliver relevant and much needed service to our community.

Client Stories

Manawatu Home Budgeting Service Incorporated

For the year ended 30 June 2021

Some examples of our clients' journeys

What better way to illustrate our service than through the experience of our clients. Here are some examples of client stories and their experience of journeying towards greater financial literacy with Manawatu Home Budgeting Service. It has been a privilege for MHBS to be able to work with these clients as part of their building financial capability journey (NB stories and names have been anonymised).

Joe – struggling to make ends meet

Joe (not his real name) is in his sixties, a single parent of a teenage boy who has ADHD. Joe's son requires a lot of time and attention and can be challenging to look after. He shares custody with his son going to his mother's every second weekend, he often gets brought home early because of his behavioural challenges. Given the level of care and not able to have regular breaks Bernie finds it mentally and physically draining.

Joe owns his house with a home loan and holds a Kiwisaver account. Joe has worked towards retraining for work with MSD, financed via Studylink. He has also suffered a significant health scare and has so far not returned to work. Income streams have been sourced via Work Income including Sole Parent Support benefit, Accommodation Supplement, Family Tax Credits and Disability Allowances. His son also receives funding via the Mid Central District Health Board - Mana Whaikaha for respite care which Joe ensures is held separate from his finances, however this can make seeking additional assistance difficult with at times a substantial sum being held.

Joe is struggling to meet his living and finance costs, with a home loan, overdraft, legal aid repayment and additional advances from MSD to assist with living costs. He doesn't find forward planning easy so doesn't have capacity to meet unexpected costs that are occurring such as car maintenance, reading glasses, school uniform etc. Budget control is a focus for Joe as he is often tempted into spending any left-over funds rather than carrying over for future expenses.

The Path Forward:

Joe has visited us on and off for a few years, mainly in times of crisis when bills are due or being unable to pay for life's necessities. During these times we have worked towards balancing his budget via, food grants, hardship applications, stopping interest accumulation for legal aid (needed for child custody agreements). Joe has made multiple Kiwisaver hardship applications with the first two declined. Upon a third application we contacted the provider directly to find a way forward. Joe struggles with literacy and hadn't fully understood previous requests made by providers for additional information. We supported Joe to provide the required information for the Kiwisaver hardship application to be approved.

Joe has always felt his best way forward is to hold on until he obtains retirement age and access his Kiwisaver account. He now feels comfortable to meet with us on a monthly basis to keep him on track with his budget coming close to balancing. We are focusing on his future cashflow requirements to allow his Kiwisaver payout to stretch as far as possible. This includes discussing the impact of spending the proceeds of his Kiwisaver account without any consideration of funding any future budget deficits.

Mele's story – building money management skills

Mele (not her real name) is a 65-year-old woman from the Pasifika Community. She was widowed three years ago. She and her husband were both beneficiaries, but after her husband passed away the beneficiary income she received to live on halved. This was a huge struggle for Mele to manage and keep on top of regular bills and pay the mortgage on the family home.

Initially, Mele managed by borrowing money from family and friends. They helped her as much as they could, however this was only a temporary solution that could help her in the short term. Her son and grandson moved into the family home to try and help out and support her. Mele continued to juggle all her financial commitments, but it was increasingly challenging to keep everything going.

Mele came to MHBS for help with her budgeting in a crisis situation. She had three loans with the bank, including a mortgage, and (as a result of trying to keep on top of paying the mortgage, loans and weekly bills) an overdraft that was increasing as interest accumulated. Mele had never had any spare money and the overdraft was just swallowing all her income. She was extremely distressed about the situation and anxious about the real possibility of losing the family home where she had lived with her husband because she couldn't keep up the payments with her mortgage. As a result of the worry and stress she was not sleeping, was incredibly anxious and could not see a way forwards.

She had been to the bank for meetings a number of times and they had provided her with several options to decide between, but they could not help her or advise her on how to manage her own money. Her son had taken a day off work to attend the bank with his mother, to try to help, but he also struggled with some of the technical language as it was unfamiliar territory and, as he was not the owner of the house, the bank was reluctant to discuss anything in detail with him.

In the first instance the Financial Mentor was able to speak to the bank with Mele, working with her as her advocate. To give some time for Mele to work through the options available to her, the bank agreed to make an arrangement with the mortgage payments to help pay off the overdraft. We also gave her a referral to the local food bank so that she had enough to eat. With these arrangements in place Mele was now starting from a level playing field (not always competing with the overdraft swallowing up the income every fortnight). She was able to work with her Financial Mentor to create a debt schedule, budget and cash flow that worked for the money she had available. Significantly for Mele, this recognised and retained financial commitments that were extremely important to her such as church giving and supporting her family when they needed it.

Part of Mele's journey was supporting her to understand some of the skills that are useful in modern banking and basic money management. A few steps and changes here had a noticeable impact on her stress levels and overall quality of life. For example, Mele was paying a lot of her bills by cash on a weekly basis, in person. She was reliant on her son being available to drive her to the places she needed to go to do this by car. This took huge amounts of time and there were understandably also some missed payments. By explaining to her about the availability of automatic payments, switching most of these to automatic payments direct from her bank this removed this stress. Mele was also able to understand the benefit of fixing the date of payment of bills to the same day each week/month, to coincide with when income came into the account. Rather than paying some bills as and when they can, her son and grandson now pay affordable amounts of board each direct into her account on a regular basis. Mele is responsible for the bills and by introducing this process has regained control of her money and is capable of managing her financial commitments on time and in full.

The change in Mele is noticeable. She is no longer exhausted and stressed through worry and lack of sleep. She feels secure in the knowledge that her home is safe. Mele knows that she will never have lots of spare cash to spend, but she is comfortable in the knowledge that if she sticks to her planned budget and money management plan, she will be able to keep her home and pass it on to her son and grandson as the future generation.

For Mele, having the opportunity to build her financial capability knowledge and learn the principles of basic money management has changed her life.

Cathy's story – dealing with consequences of irresponsible lending

Cathy (not her real name) came to MHBS in a stressed state having received a letter from a debt collection agency for a bank credit card holding a balance of \$6500 plus collection fees. This added to the anxiety of meeting her current weekly requirements after Covid -19 and coming off a mortgage holiday over this period. ☹

Cathy is in her 50's on the Supported Living Allowance, with a Disability Allowance. She owns her home with her brother and sister, a joint home loan is held and serviced by Cathy and her siblings. Before Covid-19 she did earn more money doing casual work. She received a Covid -19 lump sum wage subsidy which was spent on bills. ☹ But this casual income is sporadic. Adding to this already stressful situation, Cathy's brother has a brain injury and is living in the home. She feels she has to keep an eye on him or he gets into trouble. He gets some support from Mana Whaikaha, but still caring for him reduces her ability to work.

We contacted the debt collector and advised that we would be working with Cathy and requested a 2 week pause on any actions so Cathy could review her budget and come back with a plan. During this time, we helped Cathy put together a budget which was in a small deficit without any payment plan for the credit card debt. We identified several expenses that we could review to check she was on the best possible deal e.g. phone and electricity plan. ☹ We also talked about expanding her work scope through an MSD Workbroker and to ACC about potentially being recognised as a carer for her brother.

During this time, we also discussed her credit card debt and how this had eventuated. Cathy had believed that she would have been extended a \$500 limit for her credit card, having disclosed her income and debt levels to the bank, they instead put in place a \$5000.00 limit. We questioned the bank about failing to act as a responsible lender under section 9c of the CCCFA. Specifically, not making reasonable inquiries before extending the card with a \$5000 credit limit to meet ☹ Cathys's needs, or that repayment would not cause undue hardship. In the end this has resulted in Cathy being under considerable mental and financial stress while trying to repay the credit card more so now going through the collections and possibly legal action has been threatened. We helped Cathy submit a written request asking the bank to write off this debt due to these failures.

While the request was being considered, we continued to work with Cathy to improve her budget and ongoing cashflow. Over this period Cathy did pick up additional work and moved to a small budget surplus. We discussed setting a 3-bank account system, a bills, spending/grocery and a saving accounts. Cathy is also gradually building a buffer in her bills account to allow for one off bills and once completed start the savings account.

The Path forward:

Cathy now has a better understanding of how to complete and manage a budget, review current expenditure and look for better deals. We had success with the bank offering a "gesture of good will" to write off the debt collection sum (\$6500). This relieved a lot of Cathy's stress and anxiety, she is now in a position to go forward with a more positive attitude towards her budget and meeting her ongoing commitments. Cathy intends to continue working on improving her situation, exploring and securing further work opportunities. She also fully understands the ramifications of increasing her debts levels and how to manage her financial affairs on an ongoing basis.

Craig's story – a change in life circumstances

Craig (not his real name) is a single male in his 60s. He lives alone in his own house. Earlier this year he had an injury so at present is off work until he has an operation to repair this. He feels he should be ready for work by early next year. He believes that his job is being kept open for his return. He has a home loan and some short-term debt to a credit card and a finance company. While working, Craig was able to service these debts comfortably but now that he is unable to work his income has reduced. Now on a benefit and allowances with Work & Income he is struggling to meet all his commitments and put groceries on the table.

The home lender approved hardship support for 3 months, but this was due to end shortly. The lender was not happy that Craig had asked for a further hardship support and Craig felt he needed support from us to talk with the lender. He had also been successful in obtaining a \$9k hardship withdrawal from his superannuation but was unsure how long this could last him.

The Way Forward:

Craig's goal is to live/own his current house.....

We discussed with Craig the importance of fully understanding his financial position using a budget and cashflow, identifying whether he can afford to meet his commitments on an ongoing basis both working or on a benefit and how long he can survive using the cash from his superannuation to supplement his budget.

His budget revealed a substantial weekly deficit, using his cash surplus he would only manage for a couple of months and that would include not servicing his short-term debt to finance companies.

We reviewed his income and expenditure and discussed several options to improve these outgoings, plus setting up a banking system to ensure he can manage his money well. We supported Craig to negotiate an additional hardship period of six months with the home lender using the budgets we had prepared and detailing Craig's potential to return to work. Together with his super pay-out, these changes have given Craig a six-month window to focus on getting his surgery.

We are currently working through a plan with Craig to look at future options and how he can prepare for different scenarios This includes a delay in getting surgery and/or not being able to return to work. Craig now sees that he has options. He has time to consider them with a true understanding of his financial situation and how he needs to manage his budget to ensure that he has the longest amount of time to get back to work.

Statement of Financial Performance

Manawatu Home Budgeting Service Incorporated

For the year ended 30 June 2021

	NOTES	2021	2020
Revenue			
Donations, fundraising and other similar revenue	1	62,617	35,256
Revenue from providing goods or services	1	237,540	147,217
Interest, dividends and other investment revenue	1	80	1,207
Total Revenue		300,236	183,680
Expenses			
Volunteer and employee related costs	2	185,583	177,436
Costs related to providing goods or service	2	38,780	29,938
Other expenses	2	5,428	5,815
Total Expenses		229,791	213,189
Surplus/(Deficit) for the Year		70,445	(29,509)

This statement should be read in conjunction with the Notes to the Performance Report, Policies and Auditors Report.

Statement of Financial Position

Manawatu Home Budgeting Service Incorporated As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
Assets			
Current Assets			
Bank accounts and cash	3	146,458	49,246
Debtors and prepayments	3	2,374	27,290
Total Current Assets		148,832	76,536
Non-Current Assets			
Property, Plant and Equipment	5	16,599	20,497
Total Non-Current Assets		16,599	20,497
Total Assets		165,431	97,032
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	4,626	3,977
Employee costs payable	4	6,309	9,005
Total Current Liabilities		10,935	12,982
Total Liabilities		10,935	12,982
Total Assets less Total Liabilities (Net Assets)		154,495	84,050
Accumulated Funds			
Accumulated surpluses or (deficits)	6	154,495	84,050
Total Accumulated Funds		154,495	84,050

This statement should be read in conjunction with the Notes to the Performance Report, Policies and Auditors Report.



Statement of Cash Flows

Manawatu Home Budgeting Service Incorporated For the year ended 30 June 2021

	2021	2020
Cash Flows from Operating Activities		
Donations, fundraising and other similar receipts	87,234	2,712
Receipts from providing goods and services	237,553	147,217
Interest, dividends and other investment receipts	80	2,075
GST	402	534
Payments to suppliers and employees	(226,377)	(214,357)
Total Cash Flows from Operating Activities	98,891	(61,818)
Cash Flows from Investing and Financing Activities		
Receipts from sale of investments	-	60,000
Payments to acquire property, plant and equipment	(1,530)	(2,087)
Total Cash Flows from Investing and Financing Activities	(1,530)	57,913
Net Increase/(Decrease) in Cash	97,361	(3,905)
Cash Balances		
Opening cash	49,097	53,002
Net change in cash for period	97,361	(3,905)
Closing cash	146,458	49,097

This statement should be read in conjunction with the Notes to the Performance Report, Policies and Auditors Report.

Statement of Accounting Policies

Manawatu Home Budgeting Service Incorporated

For the year ended 30 June 2021

Basis of Preparation

Manawatu Home Budgeting Service Incorporated is an Incorporated Society registered under the Incorporated Societies Act 1908. It is also a Registered Charity under the Charities Act 2005. It has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

Manawatu Home Budgeting Service Incorporated is GST registered. All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Income Tax

Manawatu Home Budgeting Service Incorporated is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

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

Accounts Receivable

Accounts receivable are stated at the estimated realisable value. Bad debts are written off during the period in which they are identified.

Plant & Equipment

All owned items of plant & equipment are initially recorded at cost and depreciated as outlined below. Initial cost includes the purchase consideration, or fair value in the case of a donated asset, and those costs directly attributable to bring the asset to the location and condition necessary for its intended use. These costs include, where appropriate, site preparation costs and installation costs. Costs cease to be capitalised when substantially all the activities necessary to bring an asset to the location and condition for its intended use are complete. All feasibility costs are expensed as incurred.

Subsequent expenditure relating to an item of plant or equipment is assessed to its gross carrying amount when such expenditure either increases the future economic benefits beyond its existing service potential, or is necessarily incurred to enable future economic benefits to be obtained, and if the expenditure would have been included in the initial cost of the item had it been incurred at that time.

Depreciation of plant and equipment is calculated at rates as allowed by the Income Tax Act 2007. The following rates have been used:

Office Equipment: 10% Straight Line and 20% Diminishing Value

Computers: 50% Diminishing Value

Investment Income

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

Grant Income

Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there is/are unfulfilled conditions attached to the grant and also a 'use or return' obligation, the amount relating to the unfulfilled condition is recognised as a liability and released as income as the conditions are fulfilled. Grants with unfulfilled conditions and no 'use or



return' obligation are recorded as income and the amount remaining to use is reported in the notes to the performance report.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year (last year - nil).



Notes to the Performance Report

Manawatu Home Budgeting Service Incorporated For the year ended 30 June 2021

	2021	2020
1. Analysis of Revenue		
Donations, fundraising and other similar revenue		
Lion Foundation	18,858	7,544
Lotteries Grant Board	25,000	25,000
PNCC Small Grants Fund	3,053	-
MSD Community Capability & Resilience Fund	5,000	-
PNCC Covid-19 Relief Fund	8,000	-
Sundry Income	2,706	2,712
Total Donations, fundraising and other similar revenue	62,617	35,256
Revenue from providing goods or services		
Ministry of Social Development Service Contract	208,010	117,967
Palmerston North City Council	29,543	29,250
Rounding	(13)	-
Total Revenue from providing goods or services	237,540	147,217
Interest, dividends and other investment revenue		
Interest Received	80	1,207
Total Interest, dividends and other investment revenue	80	1,207

	2021	2020
2. Analysis of Expenses		
Volunteer and employee related costs		
Wages and Salaries	185,134	177,050
ACC Levies	449	386
Total Volunteer and employee related costs	185,583	177,436
Costs related to providing goods or services		
Administration, Stationery, Office & Sundry	5,754	4,151
Advertising	90	420
Audit Fees	2,435	2,300
Bank Charges	107	40
Computer Expenses	7,344	2,228
Document Destruction	532	469
Insurance	2,543	2,391
Parking	963	-
Photocopying	942	783
Rent	9,319	10,224
Smart Payroll Fees	620	745
Staff & Volunteer Expenses	365	196
Staff & Volunteer Mileage	1,521	340
Staff & Volunteer Training	1,866	1,173
Subscriptions and membership	155	560
Telephone, Tolls & Internet	4,224	3,919
Total Costs related to providing goods or services	38,780	29,938
Other expenses		
Depreciation	5,428	5,815
Total Other expenses	5,428	5,815
	2021	2020

3. Analysis of Assets

Bank accounts and cash		
BNZ Call Deposit	5,015	5,013
BNZ Cheque Account	141,430	44,186
Petty Cash Float	-	47
Petty Cash Account	13	-
Total Bank accounts and cash	146,458	49,246
Debtors and prepayments		
Accounts Receivable	150	-
Prepaid Insurance	1,291	1,062
GST	933	1,228
Sundry Receivables and Accruals	-	25,000
Total Debtors and prepayments	2,374	27,290

2021 2020

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

Accounts Payable	2,226	1,187
Accrued Expenses	2,400	2,400
MHBS Credit Card Bernie	-	390
Total Creditors and accrued expenses	4,626	3,977

Employee costs payable

Wages Payable, Annual Leave & Time in Lieu	6,309	9,005
Total Employee costs payable	6,309	9,005

5. Plant, Property and Equipment**2021**

Asset Class	Opening Book Value	Purchases	Disposals	Depreciation	Closing Book Value
Office Equipment	16,930	-	-	3,581	13,349
Computers	3,567	1,530	-	1,847	3,250
TOTAL	20,497	1,530	-	5,428	16,599

2020

Asset Class	Opening Book Value	Purchases	Disposals	Depreciation	Closing Book Value
Office Equipment	20,917	-	-	3,987	16,930
Computers	3,308	2,087	-	1,828	3,567
TOTAL	24,225	2,087	-	5,815	20,497

2021 2020

6. Accumulated Funds**Accumulated Funds**

Opening Balance	84,050	114,308
Prior Year Adjustment	-	(748)
Accumulated surpluses or (deficits)	70,445	(29,509)
Total Accumulated Funds	154,495	84,050
Total Accumulated Funds	154,495	84,050

7. Commitments

There are no liabilities respect of capital expenditure at balance date other than those provided for in the accounts. Manawatu Home Budgeting Service incorporated has a lease agreement with Palmerston North City Council for office rental at Community House, 77 King Street, Palmerston North. The commencement date is 1 March 2021 and final expiry date is 28 February



2031 (including a right of renewal date 1 March 2026). The annual commitment is \$10,353 plus GST per annum.

Overall Commitment

Up to 1 year - \$10,352

1 to 5 years - \$41,408

8. Contingent Liabilities and Guarantees

There are no contingent liabilities or Guarantees as at balance date (Last year - Nil).

9. Significant Grants and Donations with Conditions not Recorded as a Liability

Manawatu Home Budgeting Service Incorporated has no Significant Grants & Donations with Conditions which have not been recorded as a Liability (Last Year- Nil).

10. Assets Held on Behalf of Others

No assets were held by Manawatu Home Budgeting Service Incorporated on behalf of others (Last Year - Nil).

11. Related Parties

There were no transactions involving related parties during the financial year (Last Year: Nil).

12. Events After the Balance Date

Covid-19

At midnight on the 17th of August 2021 the New Zealand Government ordered a Level 4 Covid-19 lockdown. For the North Island below Auckland, the Level 4 lockdown was for a period of two weeks, after which restrictions were gradually eased. At this time the full financial impact of the COVID-19 pandemic is not able to be determined, but it is not expected to be significant to MHBS. MHBS will continue to receive its expected funding, while service levels for this period are reduced.

13. Ability to Continue Operating

MHBS is dependent on contract and grant funding as its main stream of income. The current contract with the MSD is due for renewal on 30 June 2024. The PNCC Strategic Grant runs to June 2022. The awarded Lotteries funding runs to March 2022. Applications for renewal of contracts and grant funding will be made to the relevant organisations with the appropriate timescales.