



THE MASONIC
VILLAGES TRUST

Annual Report 2020



Chairman's Report

Continued and sustainable growth is our focus

After a careful review of our over-arching strategy during the year, the Board endorsed the Trust's ongoing focus on generating continued, sustainable growth, and it is very pleasing to see this strategy performing well for the Trust and paying valuable dividends.



Steven Molotsky, Chairman

Notwithstanding that the Trust is a charity, the Board sees continued growth as an element that is critical to our overall business strategy and to the delivery of our mission of providing care and accommodation for older New Zealanders.

As all businesses must, particularly in these troubled times, we need to build additional security and resilience into our operations, and we need to ensure we have the financial capacity, not only to address the challenges posed by COVID-19, but also to continue to invest in our villages and care facilities for the benefit of our residents.

This includes ensuring our older villages and care homes can be refreshed from time to time and remain attractive for future generations of village residents. It includes ensuring our residents have access to all the services they need and which enhance the lifestyles offered by our villages and the support provided by our care facilities.

And it also allows us to undertake new build projects, like the soon to open Wainuiomata village, where we see a demand that we can help to meet in line with our mission.

Our growth strategy also saw us welcome to our Trust the villages that comprised the Northland District Masonic Trust (NDMT). Just on 80 units in villages across Dargaville, Wellsford and Whangarei were introduced to our Trust at the start of this financial year.

The inclusion of these villages brings the number of units in our Trust to 761, with Wainuiomata still to come on stream.

The task now is to undertake some early stage planning to identify how best to extend these newly acquired villages in the coming year so that we can enhance these retirement villages in the Northland region.

The Chief Executive Officer's report contains more details of these projects.

Alongside the continued focus on growth, the Board had to address the significant challenge posed by COVID-19 and manage our way through the Alert Level 4 that was necessary with the first instances of community transmission of the virus.

And the challenges were significant, especially that of ensuring the safety and wellbeing of our elderly residents, particularly those in our care facilities.

One only needed to observe the impact of COVID-19 on the aged care sector in some other countries to understand the potentially dire consequences for residents.

In managing our way through this pandemic we must acknowledge the range of support we, and the wider aged care sector, received from the government.

But, we must also single out the tremendous effort undertaken by our management and staff. They continued to work hard under daunting, stressful and potentially hazardous conditions and they remained focused on supporting and keeping safe the residents in our villages and our care facilities.

We are very proud of our own team of 350.

In navigating the COVID landscape, we were also well served by our membership of the New Zealand Aged Care Association and the Retirement Villages Association. Both entities helped to facilitate the necessary dialogue between all relevant parties in government and the health sector, and actively supported the delivery of appropriate care through things like policy settings and access to personal protective equipment.

We all understand there will be no early respite from COVID-19. There will be resurgences as we saw earlier this year, but the Board is confident we



Contents



Soon to open Wainuiomata Village

have in place the systems and procedures – and the trained and committed staff – to address the ongoing challenges this pandemic poses.

And I'd like to acknowledge our bankers, ASB. They continue to provide support for our capital projects and they were particularly helpful over the April/May lockdown uncertainty. I'm pleased to report that our existing facility was renewed for a new three year term with effect from August 2019.

In closing I want to acknowledge the service of some Trustees who are no longer on our Board.

Unfortunately, Keith Mitchell QSO passed away during the year. Keith joined the Trust Board in 2001 and over his tenure as a Trustee served as Deputy Chair, and on many Board Committees. Keith was committed to our work and our mission and he will be sadly missed.

We also bade farewell to two other Trustees, Barrie Buck, from the Horowhenua District, and Malcom McKerrow who joined us when we merged with the Northland District Masonic Trust. I want to acknowledge their service and thank them for it.

One of the challenges facing our Board is the need to find new "talent" with the required skill sets to join as Trustees.

This has become increasingly difficult in recent years, but it's a challenge we must address and one on which we are keenly focused now because we need the right skills in place among our Trustees to support the effective governance of the Trust in future years.

Last but not least, let me thank our Chief Executive, Warick Dunn, and his hard-working management team. It's been a pleasure working with you all this past year and I am very confident the Trust's day to day operations are in very capable hands.

Chairman's Report	2
Chief Executive's Report	4
Masonic Villages Ltd	5
Masonic Care Ltd	8
The Board of The Masonic Villages Trust	10
Financial Report	12
Auditor's Report	19



Chief Executive's Report

Getting stronger every year

It is now 60 years since the Wellington Masonic Association Trust was formed on the 13th of December, 1960. Under our current name of The Masonic Villages Trust we are able to acknowledge the efforts of the original founding Lodges in establishing our Trust with its focus on accommodation and care for older people.



Warick Dunn, Chief Executive

We are grateful to the Grand Master of Freemasons NZ, MW Bro Graham J Wrigley, for the introduction he has provided to our “souvenir” annual report for 2020. We have tried to capture key events for the Trust throughout the last six decades, events that have laid the foundations, not just for the results we recorded this year, but also for those to come in the many decades ahead of us.

The Trust achieved income in the year to 30 June 2020 of over \$23.58million and, after costs, our operations delivered a record operating surplus of over \$2.2million. But this year, our valuer took into account the impact of COVID-19 when valuing our investment properties. This saw a negative [non-cash] impact of \$2.3million, which left the Trust with a net loss of \$72,373.

For many years now the Trust has been actively pursuing a strategy of growth. This is designed to support our financial sustainability, improve the range and scope of our villas, town houses or apartments, and provide better rooms and homes for our care services.

This active growth strategy is now a core part of how the Trust executes its mission and we have been able to place increasing emphasis on this direction of travel as we have merged with other Masonic, or like-minded Trusts. As our internally-generated cash flows and larger balance sheet have grown we have been able to support larger projects.

The appearance of COVID-19 in New Zealand threatened our ability to maintain our direction and purpose. But quick action by the aged care and retirement village sectors, along with a fast

and hard lockdown helped us navigate the COVID threat relatively smoothly, leaving the two essential services we deliver in an almost business as usual state.

However, we remain cautious because we have to expect, and be prepared for, future changes in alert levels. Having said that, what COVID has thrown into sharp relief is that the demand for the kind of “great care and great communities” services that we provide has never been stronger.

To some extent, this financial year has been “a year of two halves”, with the latter half marked by our need to manage our way through the COVID-19 alert levels. But, the first half of the financial year saw the Trust, through its charitable operating companies, undertake a range of projects to extend the operations of our villages and our care operations.

As we look to the next year, the Trust's main focus will be the new Wainuiomata Masonic Village along with final decisions around our care facility at Woburn Masonic Village.

But this year really has been defined by the remarkable selflessness of our many staff who, throughout Levels 4 and 3, continued to support the well-being of our care residents and the residents across our villages.

To each and every one of you, on behalf of the Trust, we acknowledge with thanks your sense of caring. It is only through you that we can deliver our great care and support our great communities.



Masonic Villages Ltd

Continued investment pays dividends

The Trust's charitable company, Masonic Villages Limited, is the registered operator of our retirement villages. And it's our villages in which we have invested most heavily over the last few years as we have responded to the growing demand for retirement living, and the need to provide great communities for those seeking retirement accommodation.

This year we have completed a number of recently-commenced projects and we've made good progress at our largest current project, the Wainuiomata Masonic Village.

On top of progressing these works very satisfactorily, we also recorded a strong result for the year with income of \$7.3million. This reflected the addition of the villages that joined us following the merger with the Northland District Masonic Trust, as well as resales of 34 Occupation Right Agreements (ORA) and sales of 12 new villas. After costs, Masonic Villages Ltd recorded an operating surplus of \$2.1million. Valuation adjustments, which are non-cash items, brought this figure down to a deficit of \$33,353.

WAINUIOMATA MASONIC VILLAGE

With site works and civils well progressed we were able to start building the 22 villas that comprise stage one. We've seen strong early demand for these units; the majority already have a "reserved" sign in place and we expect to welcome our first residents in December 2020. Our total spend on this village is expected to be around \$30million.

TE AWAHOU MASONIC VILLAGE

Almost all of the six new town houses at this village in Foxton were occupied just before we went into lockdown and this has helped provide a better balance of units available through an Occupation Right Agreement. This village has a high percentage of rental units with 58 per cent of units being subject to a tenancy agreement.

HOROWHENUA MASONIC VILLAGE

Work on the major 98 unit development in Levin has progressed slowly. But we expect to submit resource consent applications soon and start site works during 2020.

The build is a mix of two bedroom and two bedroom-plus-study Occupation Right Agreement units. They will be developed in stages over a period of up to three years. It will be the Trust's largest village once completed with a total of 183 units, approximately 15 per cent of which will be rental accommodation.

WAIRARAPA MASONIC VILLAGE

The six new villas at this village were also occupied very quickly by new residents just before the COVID lockdown. Over the next period we plan to improve the village amenities for existing residents with new pathways, and complete design work for a major refurbishment of the village hall, which is now a little "dated".

EDALE MASONIC VILLAGE

The project to add five new villas at our village in Marton was approved during the year and construction commenced in late 2019. Despite the delay to building works caused by the lockdown, we made good progress in the year. We expect these new villas to be completed and occupied in the next few months.



NORTHLAND VILLAGES

During the year we welcomed Chris Mason and her team, who are based in Whangarei, to oversee the management of the four villages that form the Northland Masonic Villages. There are two villages in Whangarei, one in Dargaville and one in Wellsford. As we move into our next financial year we will begin assessing where suitable investment will allow for growth in the number of villas we can offer.

PLUMBING ISSUES IDENTIFIED AT THE WOBURN APARTMENTS

These issues, which first surfaced in mid-2018, meant that considerable remedial plumbing work was required at our Woburn Apartments. This was despite the fact the apartments had only recently been completed by licenced and reputable building contractors and consultants, that the work had been subject to inspections by architects and engineers, and that the Council had given its approval by issuing code compliance certificates. Despite all this, some of the plumbing work fell short of what should have been delivered resulting in us laying a complaint with the Plumbers, Gasfitters and Drainlayers Board.

Our primary concern with these plumbing issues was that they may have generated health and safety issues for our residents. With that in mind, remedial work was started promptly and is now complete. While we are pleased this situation is now resolved, we are extremely displeased with the standard of work delivered and very apologetic about the inconvenience caused to our residents who had to endure a constant stream of trades people and disruption to their lives.

THE COVID EFFECT

As an essential service, we navigated the lockdown period well and provided a range of support services to village residents.

Because we had been watching global developments with the pandemic for some time, all our villages had the necessary precautionary arrangements in place by the time we were ordered into lockdown.

And because each of our villages was a “bubble unto themselves” the upside of lockdown was that it did provide additional opportunities for residents to “come together” even more so than they usually do.

In our retirement villages, we ceased all communal activities in Level 4 and stopped the use of the shared spaces.

But life had to go on under lockdown and just like in the outside world village residents needed to eat. So, our staff arranged for food deliveries for those who needed them and did pharmacy and other essential runs for residents who needed medications and other support. We took all steps possible to ensure life for our residents was as normal as possible. Again, thanks must go to our staff and to those residents who assisted.

MASONIC VILLAGES ACCOMMODATION UNITS

VILLAGE	RENTALS	APARTMENTS	VILLAS	CURRENT	UNDER CONSTRUCTION	PLANNED	TOTAL
Wairarapa	19	9	84	112	0	0	112
Horowhenua	28	0	53	81	2	98	181
Woburn	0	86	2	88	0	0	88
Te Awahou	35	0	25	60	0	0	60
Masonic Court	5	0	14	19	0	0	19
Northland	47		32	79	0	0	79
Taranaki	0	0	112	112	0	0	112
Edale, Marton	16	0	9	25	5	0	30
Wainuiomata				22	22	58	80
TOTAL	150	95	331	576	29	156	761



DARGAVILLE VILLAGE



WELLSFORD VILLAGE



EDALE MASONIC VILLAGE



HOROWHENUA MASONIC VILLAGE



TE AWAHOU MASONIC VILLAGE



WAIRARAPA MASONIC VILLAGE



WOBURN MASONIC VILLAGE



WAINUIOMATA MASONIC VILLAGE



Masonic Care Ltd

Challenging times for our care facilities

Like many service providers and businesses, Masonic Care's year to June 2020 was dominated by COVID-19 and our response to managing its spread at a national, regional and facility level. At each of our care homes, our focus has been on keeping our residents and staff safe, and to date we are pleased to report that we have had no COVID cases.

The Masonic Villages Trust Board had been monitoring the pandemic's spread since early in the year and we were very aware of the devastating consequences on aged care homes overseas.

Hence we moved early in March to put in place the measures we saw as necessary to help protect our highly vulnerable residents, and our staff.

We acquired additional stocks of personal protective equipment, ensured critical supply lines for food, and we checked essential nursing supplies. With all precautions taken we, along with the rest of the sector, put in place a lockdown, restricting access to our care homes to help preserve the safety and wellbeing of our residents and our staff.

And we weren't too surprised when staff at our Horowhenua Masonic care facility were chosen for random COVID-19 testing as part of the community testing programme. Thankfully, the results were "all clear".

It is a testament to the wonderful effort of our care staff, support staff and management teams that we were able to navigate our way through this challenging period, and for that we acknowledge their efforts. Thank you.

While many of the normal functions of the sector were suspended between March and June, earlier in the year we underwent our mid-term surveillance audit at Horowhenua Masonic Care as well as a full certification audit at Masonic Court in Palmerston North. This latter audit recorded that our Palmerston North facility "fully attained" all the necessary standards and it was awarded a period for certification of four years as a result.

While our care facilities around the country continue to operate as smoothly and as efficiently as possible, thanks to the hard work of our staff, we still face the significant and ongoing challenge of ensuring Masonic Care remains financially sustainable.

This year we generated a better result than the previous year; income totaled \$16.2million, and after costs, we delivered an operating surplus of \$68,883. Non-cash valuation adjustments brought this figure down to a loss of \$110,270.

As part of the plan to improve our financial sustainability we embarked in July 2019 on a building programme at Glenwood Masonic Hospital in Masterton, adding four new rooms. We also began a review of future bed requirements at Edale Masonic Care and we have nearly completed detailed design work for the possible redevelopment of Woburn Masonic Care.

These projects are consistent with our focus on building greater resilience into the care side of our business. They also reflect the continued strong demand we have seen for care beds, particularly beds with a bias for higher needs of care requiring hospital level assessment.

While the financial performance of our care facilities is challenging, what is very obvious, however, is the enormous need for the care services we offer and the huge value our residents, and their families, place on the great care we deliver.

This demand for our services in particular is clearly demonstrated by the occupancy figures we record which are, pleasingly, above sector averages.



MASONIC CARE NUMBER OF BEDS

Horowhenua Care Facility

 76

Woburn Care Facility

 57

Glenwood Masonic Hospital

 45

Masonic Court

 49

Edale Masonic Care

 30

TOTAL BEDS

257



The Board of The Masonic Villages Trust



Steven Molotsky

MS (Accounting); CA
Chair, Director, Masonic Care Ltd
Director, Masonic Villages Ltd, Chair, Audit
& Risk Committee, Member, Nominations &
Remuneration Committee



Mike Pope

LLB, Solicitor, Notary Public Deputy Chair
Director, Masonic Care Ltd
Director, Masonic Villages Ltd



Keith Mitchell, QSO

BCA (Retired)
Member, Nominations &
Remuneration Committee



Wally Plank

Director, Fitzherbert
Function Centre
Chair, Manawatu Masonic
Company



Marie Gillies

Dip Health Ed
National Support Mgr Arthritis
Foundation (Retired), Heritage NZ Manager
(Retired), Director, Masonic Care Ltd
Director, Masonic Villages Ltd



Barry Millage

JP
Registered Architect



Bryce Smith

BCA, CA, FCPA
Chartered Accountant
Member, Audit & Risk Committee



Malcolm McKerrow

BOARD OFFICERS



Warick Dunn

LLB
Chief Executive



Alan Atack

NZCB; LBP
Project Manager



Nick Merrett

BSc; MSc
Operations Manager



Alan Dawson

B.Sc [Accounting] Dip. Accounting
Science; CA
Head of Finance

INDEPENDENT DIRECTORS



Sean Hannan

BA; LLB
Chair, Masonic Care Ltd
Chair, Masonic Villages Ltd
Member, Audit & Risk Committee



Iris Reuvecamp

LLB Hons, BA, MBHL
(Distinction), AAMINZ, MinstD
Barrister & Solicitor
Director, Masonic Care Ltd
Director, Masonic Villages Ltd
Chair, Nominations &
Remuneration Committee



Grant McGregor

MA (Hons), Economics
Director, Masonic Care Ltd
Director, Masonic Villages Ltd
Owner, McGregor Strategic Ltd

Financial Report

The Masonic Villages Trust
Summary Statement Of Comprehensive Revenue And Expenses
For The Year Ended 30 June 2020

	Group		Trust	
	2020	2019	2020	2019
	\$	\$	\$	\$
REVENUE FROM EXCHANGE TRANSACTIONS				
Operating revenue	23,556,271	21,802,453	3,043,406	2,834,464
Interest	727	5,981	513	4,126
	23,556,998	21,808,434	3,043,919	2,838,590
REVENUE FROM NON EXCHANGE TRANSACTIONS				
Donations and legacies	25,221	21,811	19,480	21,811
Total revenue	23,582,219	21,830,245	3,063,399	2,860,401
EXPENSES				
Operating homes, flats and villas	20,766,583	19,911,006	2,805,933	2,793,607
Interest expense	234	132,516	234	132,516
Depreciation	546,545	537,894	296,323	263,435
Total expense	21,313,362	20,581,416	3,102,490	3,189,558
OPERATING SURPLUS BEFORE INTEREST	2,268,857	1,248,829	(39,091)	(329,157)
Interest expense on village developments	11,953	108,669	-	-
OPERATING SURPLUS AFTER	2,256,904	1,140,160	(39,091)	(329,157)
OTHER MOVEMENTS				
Legacy fund income	(16,687)	31,827	(16,687)	31,827
Resident licensee agreement provision movements	37,648	(1,137,080)	-	-
Investment property fair value movement	(2,364,566)	9,899,035	-	-
	(2,343,606)	8,793,782	(16,687)	31,827
TOTAL SURPLUS FOR YEAR	(86,703)	9,933,942	(55,780)	(297,331)
OTHER COMPREHENSIVE				
Revaluation of property, plant and equipment	14,330	1,290,507	14,330	1,290,507
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR	(72,373)	11,224,449	(41,450)	993,176

The Masonic Villages Trust
 Summary Statement Of Changes In Net Assets
 For The Year Ended 30 June 2020

	Group		Trust	
	2020	2019	2020	2019
	\$	\$	\$	\$
EQUITY AT BEGINNING OF YEAR	88,686,874	77,462,425	47,908,565	46,915,388
Total surplus for the year	(86,703)	9,933,942	(55,780)	(297,331)
Other comprehensive income	14,330	1,290,507	14,330	1,290,507
Total comprehensive revenue and expenses	(72,373)	11,224,449	(41,450)	993,176
Transferred from The Marton Edale Trust Board	16,741,453	-	-	-
EQUITY AT END OF YEAR	105,355,955	88,686,874	47,867,117	47,908,565

This summary report has been extracted from annual financial statements of The Masonic Villages Trust, in which an unmodified audit report was issued.

It may not contain sufficient information for a full understanding of the financial affairs of the Trust, but copies of the full financial report can be obtained from the CEO, The Masonic Villages Trust, Level 6, Daly Street, Lower Hutt.

The Masonic Villages Trust
Summary Statement Of Financial Position
As At 30 June 2020

	Group		Trust	
	2020	2019	2020	2019
	\$	\$	\$	\$
ASSETS				
Current assets	1,571,298	1,623,961	2,243,257	4,084,863
Non-current assets	198,016,899	173,987,766	49,678,661	47,835,808
TOTAL ASSETS	199,588,197	175,611,727	51,921,919	51,920,671
LIABILITIES				
Current liabilities	23,367,398	21,733,439	4,054,800	4,012,106
Non-current liabilities	70,864,844	65,191,414	-	-
TOTAL LIABILITIES	94,232,242	86,924,853	4,054,800	4,012,106
NET ASSETS	105,355,955	88,686,874	47,867,119	47,908,565
EQUITY				
Retained earnings	102,963,144	86,291,706	45,474,306	45,513,397
Property, plant and equipment revaluation reserve	2,050,419	2,036,089	2,050,420	2,036,089
Trust funds	342,392	359,079	342,392	359,079
	105,355,955	88,686,874	47,867,119	47,908,565

The Masonic Villages Trust
Summary Statement Of Cash Flows
For The Year Ended 30 June 2020

	Group		Trust	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net cash inflows/(outflows) from Operating activities	2,557,947	2,320,270	185,482	316,527
Net cash inflows/(outflows) from Investing activities	(6,034,622)	(2,296,092)	631,221	(788,266)
Net cash inflows/(outflows) from Financing activities	952,838	(456,135)	(830,942)	475,528
Net change in cash and cash equivalents	(2,523,837)	(431,957)	(14,240)	3,789
Cash and cash equivalents at beginning of year	361,717	793,674	20,517	16,728
Cash transferred from The Marton Edale Trust Board	2,324,625	-	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	162,505	361,717	6,277	20,517

This summary report has been extracted from annual financial statements of The Masonic Villages Trust, in which an unmodified audit report was issued. It may not contain sufficient information for a full understanding of the financial affairs of the Trust, but copies of the full financial report can be obtained from the CEO, The Masonic Villages Trust, Level 6, Daly Street, Lower Hutt.

The Masonic Villages Trust
Notes To The Summary Financial Statements
For The Year Ended 30 June 2020

1. Reporting Entity

The reporting entity is The Masonic Villages Trust (“the Trust”), and its subsidiaries (“the Group”). The Trust is registered under the Charitable Trust Act 1957 and the Charities Act 2005. The 100% subsidiaries of the Trust, Masonic Villages Limited (MVL) and Masonic Care Limited (MCL) are registered charitable companies under the Charities Act 2005. The subsidiary companies are issuers of Occupation Rights Agreements (ORAs) and are responsible for the day to day provision of care and retirement village operations. The primary objective of the Group is to operate care facilities and retirement villages for community and social benefit.

2. Statement of Compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These summary financial statements are in compliance with PBE-43 Summary Financial Statements. The full set of The Masonic Villages Trust financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) Tier 2 Not-For-Profit and other applicable financial reporting standards, as appropriate for public-benefit-entities.

These summary financial statements do not include all the disclosures provided in the full financial statements. No information has been re-stated or re-classified in preparation of the summary financial statements.

The full set of financial statements have been audited by BDO Wellington Audit Limited and an unqualified opinion with an emphasis of matter paragraph was issued.

These financial statements were approved for issue by the Trustees on 21st September 2020.

3. Basis of consolidation

Subsidiaries are companies controlled by the Trust and are included in the consolidated financial statements using the purchase method of consolidation. In the Trust, subsidiaries are valued at cost and are subject to an impairment test at each reporting date.

All significant intercompany balances have been eliminated in full on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period of the Trust, using consistent accounting policies.

4. Basis of preparation

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements apply to the Trust and Group for the year ended 30 June 2019.

The financial statements of the Group and Trust are presented in New Zealand Dollars and are rounded to the nearest dollar.

The measurement basis adopted in the preparation of these financial statements is historical cost with the exception of investment property which are measured at fair value.

5. Capital commitments and operating leases

As at 30 June 2020, the Group had capital commitments (including GST) in relation to construction contracts for Wainuiomata Village development of \$3,622,900 (2019: \$4,026,398), Edale Village development \$696,711 (2019: \$1,438) and The Glenwood Care facility development \$605,431 (2019: \$3,404). The total of capital commitments for all other works in progress is \$171,482.

Funding from the bank is available to meet these commitments.

The Group and Trust have operating lease rentals for office equipment which typically run for a period of three to five years. The Trust leases an office premises which expires in 6 years (2026) with a right to renewal in 2 years (2022).

	Group		Trust	
	JUNE 2019 \$	JUNE 2019 \$	JUNE 2019 \$	JUNE 2019 \$
Less than one year	81,934	82,336	45,301	54,510
Between one and two years	74,382	66,266	38,027	50,434
Between two and five years	98,936	37,852	4,498	36,367
Total lease commitments	255,252	186,454	87,826	141,310

6. Related party transactions

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel comprise the Trustees and senior management personnel who have responsibility for planning, directing and controlling the activities of the Masonic Villages Trust.

	Group		Trust	
	JUNE 2020 \$	JUNE 2019 \$	JUNE 2020 \$	JUNE 2019 \$
Salaries and other employee benefits -12.05 FTE (2019: 12.25 FTE)	1,602,118	1,510,954	1,602,118	1,510,954
Directors' fees	73,926	74,640	73,926	74,640

The Trustees who are Directors of MVL and MCL contribute their services free of charge. MCL and MVL have three appointed directors who are not Trustees and fees of \$73,926 were paid (2019: \$74,640).

Transactions between the Group, Trust and entities in which the Trustees are associated were undertaken at arms length on normal trading terms.

SECURITY

The ASB Bank holds a registered first ranking General Security Agreement over all present and future acquired property of MCL and MVL as security for bank loans held by the Trust. Mortgages are in place across the Trust's properties and those held by MVL, also a Cross Guarantee and Indemnity between the Trust, MCL and MVL is in place.

There are no other related party transactions.

TRANSACTIONS WITH SUBSIDIARY COMPANIES

Intercompany charges by the Trust to subsidiary companies:

MANAGEMENT FEES	JUNE 2020	JUNE 2019
	\$	\$
Masonic Care Limited	1,118,186	1,118,806
Masonic Villages Limited	1,598,801	1,406,691
	2,716,987	2,525,497

Management fees relate to the management, administrative and support services provided to the subsidiaries by the Trust to efficiently carry out their required operational functions during the year.

LEASE FEES	JUNE 2020	JUNE 2019
	\$	\$
Masonic Care Limited	275,100	245,000

Lease fees relate to the land and building leased to each care facility. Lease fees are reviewed annually. Interest charges are at the discretion of the Trust up to 4% above the ANZ Bank overdraft interest rate. No interest was charged for 2020 (2019: \$0). The term of the lease is 30 years with a right of renewal at 1 July 2020.

BALANCES OWING BY (OWED TO):	JUNE 2020	JUNE 2019
	\$	\$
Masonic Care Limited	1,846,256	763,005
Masonic Villages Limited	(1,069,497)	3,002,859

Advances are short-term, unsecured and interest free payable upon demand. Carrying value approximates fair value.

Inter-group transactions are presented in their net position and no subsidiary inter-group debts were written off during the year.

The Trust has provided a letter of support to Masonic Care Limited (from whom it is owed \$1,846,256) confirming that it will not call on the balance payable until the Company has the ability to pay and that the Trust will continue ongoing support of the company using group resources as required to meet their obligations as and when they fall due.

The Trust did not receive any dividends or any other income from subsidiaries in either year.

7. The Northland District Masonic Trust (NDMT)

On the 1 July 2019 the village operations for the Northland District Masonic Trust (NDMT) were transferred to MVL as part of the merger between MVL and NDMT. The balances have been adjusted on initial recognition so that they are recognised with MVL's accounting policies. The assets and liabilities transferred at fair values to the Group and Trust are as follows:

	Group	Trust
	1 JULY 2019	1 JULY 2019
	\$	\$
Cash and cash equivalents	2,324,325	-
Property, plant and equipment	4,464	-
Investment properties	16,100,500	-
Residents' interest (net of deferred management fees)	(2,365,650)	-
Residents' interest provision discount	1,181,651	-
Deferred management fees	(503,838)	-
NET ASSETS	16,741,453	-

8. Contingencies

The Group and Trust had no known contingent liabilities or assets as at 30 June 2020 (2019: \$0).

9. COVID-19 Uncertainty

The COVID-19 outbreak (also known as 2019 Novel Coronavirus infection or Coronavirus) poses a serious global public health threat and has had a major impact on the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses. The extent and duration to which Coronavirus will continue to disrupt and depress economic activity remains to be seen.

The main identifiable financial impact on The Masonic Village Trust at balance date is in relation to the valuation of its Investment Property, and Land & Buildings. Given the current situation with COVID-19 there is an increase in the estimation uncertainty in determining the fair value of investment property at 30 June 2020 compared to previous years. The independent valuer Colliers International has reported on the basis of "material valuation uncertainty" and therefore less certainty and a higher degree of caution is attached to the valuation than would normally be the case.

While it is difficult to determine the full effect of the COVID-19 pandemic, the Group and Trust continue to operate with no significant change to underlying income or expenditure as at the balance date as a result of the pandemic. The Board have therefore assessed there is no going concern impact on the Group and Trust as at the date of these financial statements.

10. Significant events after balance date

There are no significant events after balance date.



BDO Wellington Audit Limited

**REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS
TO THE TRUSTEES OF THE MASONIC VILLAGES TRUST**

Report on the Summary Financial Report

The summary financial statements, which comprise the summary Parent and consolidated statement of financial position as at 30 June 2020, the summary Parent and consolidated statement of comprehensive revenue and expenses, summary Parent and consolidated statement of changes in net assets and summary Parent and consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited Parent and consolidated financial statements of The Masonic Villages Trust and Group for the year ended 30 June 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited Parent and consolidated financial statements, on the basis described in the Notes to the Summary Report.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the Not-for-profit Public Benefit Entity Accounting Standards Reduced Disclosure Regime. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited Parent and consolidated financial statements and the auditor's report thereon.

The Audited Parent and Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited Parent and consolidated financial statements in our report dated 21 September 2020.

Trustees' Responsibility for the Summary Financial Statements

The Trustees are responsible on behalf of the entity for the preparation of the summary financial statements on the basis described in the Notes to the Summary Report.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited Parent and consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Masonic Villages Trust or any of its subsidiaries.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED
21 September 2020
Wellington
New Zealand



TRUST OFFICE

15 Daly Street
Lower Hutt 5010

T: +64 4 569 8512
E: trust@masonicvillages.co.nz