



THE MASONIC  
VILLAGES TRUST

# Annual Report 2021











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# Chair's Report

## Trust's role even more important now

It is with a great deal of pride and pleasure that I write my first report as Chair of The Masonic Villages Trust.

As one of New Zealand's largest charitable providers of aged care and retirement living, The Trust has an increasingly important role to play in our society, perhaps even more so now than when it was first formed over 60 years ago.



Marie Gillies, Chair

This is because the number of New Zealanders aged over 65 will be 77 per cent greater by 2036 than it was in 2016. This sheer volume of older New Zealanders creates a growing demand for our services.

And then there are the wider housing issues New Zealand faces and the fact many people won't have access to their own affordable accommodation as they age.

This makes our role in providing choices for safe communities, age-appropriate housing and supportive aged care even more important. This includes providing rental accommodation for those older New Zealanders without the nest egg required to buy retirement living options.

And last, but by no means least, is the fact that, while there is a proliferation of retirement and aged care providers, all seeking to capitalise on this growing market, it's also a fact that not all older New Zealanders will be able to afford those facilities.

All these factors are foremost in The Trust's thinking as we reaffirmed our growth-focussed strategy and tasked the charitable companies that execute our mission to seek growth across both our villages and our care operations.

Also driving our thinking currently is the need to ensure best practice governance of The Trust, and the benefits of enhancing our long-standing, but diminished connection with Freemasonry.

The governance issue is slightly thorny; it revolves around identifying suitable Trustees with the appropriate skill sets, and this may require a review of our constitution, a matter The Trust's membership will consider in future.

Re-establishing our connection with Freemasonry is less challenging and simply involves placing more of a focus on this relationship and finding ways we can breathe new life into it.





Growth-focussed strategy: New Woburn Masonic Care and Stage 3 Wainuiomata Masonic Village under construction.

The Masonic Villages Trust is probably the most high profile, public-facing aspect of Freemasonry in New Zealand and I believe it's important for both our organisations to make the most of this connection and the charitable works we both do within our communities.

Finally, I know my report is intended to focus on the year ended June 2021 but, as I write it, I sit in another Level 4 Alert lockdown imposed on us due to the arrival of the Delta variant which both our villages and our care facilities are taking extremely seriously.

I am pleased to note that a very high per centage of our residents have been vaccinated and we have worked extremely closely with District Health Boards and the Ministry of Health to ensure we have all the appropriate and necessary protocols in place to maintain the safety of our residents and our staff.

And on that note, I do want to thank our staff, especially those working with and supporting our residents. You do a tremendous job, sometimes under trying circumstances, and I want to thank you for your enduring commitment and hard work.

And to Warick and his national office team – thank you as well. You make my job easier and The Trust more successful.

And lastly, to my fellow Trustees and independent Directors. I want to acknowledge your efforts and thank you sincerely for your commitment. I greatly appreciate it.

Marie Gillies, Chair





# Chief Executive's Report

Despite being punctuated by a number of changes in Covid Alert Levels, the year to 30 June 2021 was characterised by remarkable resilience across The Trust's operations.

We again actively pursued our long-established strategy of ongoing investment, improving our facilities, and seeking through growth to increase the reach of our mission.



Warick Dunn, Chief Executive

The financial results The Trust produced this year were built on the benefits this growth strategy has generated over previous years. Across all its activities, The Trust achieved income in the year to 30 June 2021 of over \$24.52m, and after costs our operations delivered a record operating surplus of over \$3m.

This year saw the valuation attributed to our investment properties benefit from two factors. Firstly, the conservative position taken after the outbreak of Covid in 2020 was reviewed against an evidently positive property market, and secondly, the realisation of investments made to build our operations.

These combined to deliver a positive [non-cash] lift of over \$32.3m, leaving The Trust reporting a surplus for the year of over \$36.5m. Our balance sheet has grown to record gross assets of over \$252m, and this has also supported an ability to generate higher levels of cash flows.

Because The Trust has been offering care and accommodation for over 60 years we now face the need to progressively refresh or rebuild facilities that have become outdated. Hence The Trust chose to close the original Woburn Rest Home and Hospital in January



Render of the new residents' lounge at Woburn Masonic Care

2021, having decided to commit to a new facility which will be opened at the end of 2022.

We also decided to close the Wairarapa Masonic Village Hall to facilitate a major refurbishment. Alongside these investments into existing parts of The Trust's operations, the new Masonic Village in Wainuiomata continued to grow as Stages One and Two were built, and we welcomed the first residents into the village in December 2021.

As we move into a new financial year we look forward to developing and sharing plans to significantly expand the existing Horowhenua Masonic Village.





Artist impression of the redeveloped Woburn Village

The Trust maintains a clear focus on the need to continue to build new capacity and refresh older facilities to cope with the ongoing growth in our demographic of older people. At the same time, the environment within which our charitable companies operate is undergoing constant change.

This is especially evident in the area of increasing scrutiny and expansion of regulation.

During the past year, the Government announced the establishment of an Aged Care Commissioner, issued a new set of expanded Health and Disability Standards, and the Retirement Commissioner issued a White Paper calling for a major review of the statutes and regulations that oversee the retirement villages sector.

Despite this ever-changing landscape, the need for our services has never been greater, with extensive “wait lists” for entry into our villages and a frailer client entering our care facilities. We are supporting the physical growth of our villages and care facilities by investing in technology designed to make the work of our staff easier and to make it quicker and easier to capture data to provide information on which to base decisions.

For both Masonic Care and Masonic Villages, we have now introduced VCare to support an enterprise-wide platform to support and enhance our work processes.

Our staff are, of course, the face of The Trust’s mission and it is to them that people in our care homes and villages turn for help and assistance. It is their commitment and dedication to older members of our society that ensure residents who have chosen The Trust for either care or accommodation can feel cared for and safe, and experience great care and great communities. On behalf of The Trust I am pleased to offer our thanks and gratitude for all that you have accomplished over the last year.

A handwritten signature in blue ink, appearing to read "Warick Dunn".

Warick Dunn, Chief Executive



# 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 continued to invest 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.

We have recorded a strong result for the year with an income of \$9m. This reflected the 68 Occupation Right Agreements issued during the year, broken down into 39 resales of Occupation Right Agreements and sales of 29 new issues. After costs, Masonic Villages Ltd recorded an operating surplus of \$3.4m. Valuation adjustments, which are non-cash items, significantly increased this figure to \$34.2m.



Wainuiomata welcomes its first residents

### WAINUIOMATA MASONIC VILLAGE

We have welcomed our first residents to our Wainuiomata Village now that the Stage one villas have been completed. Stage two villas and the village hub are currently under construction and will be completed during the coming year. Our total spend on this village is expected to be around \$30m.

### HOROWHENUA MASONIC VILLAGE

Work on the major 98 unit development in Levin has progressed slowly. 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 181 units, approximately 15 per cent of which will be rental accommodation.



Wainuiomata Stage 2



Wainuiomata Hub under construction



## WAIRARAPA MASONIC VILLAGE

As part of our ongoing commitment to enhancing our villages to ensure they meet the needs of residents today and into the future a major refurbishment of the village hall, which is now a little “dated”, has commenced. The work will allow the hall to function with multi-purpose spaces enhancing the resident experience.



Wairarapa Hall upgrade

## EDALE MASONIC VILLAGE

As part of the continued focus on growing our villages to meet the demand from potential residents’ five new villas were completed and occupied at Edale Masonic Village during the year.



Edale Masonic Village new villas

## Retirement Village Sector

The Retirement Commissioner issued a White Paper which called for a major review of the statute and regulations that oversee the Retirement Village sector. The sector has not been reviewed since the regulations came into force 20 years ago. Any review will be the responsibility of the Ministry of Housing and Development.



Jane Wrightson  
Mana Ahungarua  
Retirement Commissioner



# Masonic Villages across the North Island

## TARANAKI VILLAGES

ELTHAM  
MASONIC VILLAGE



CLAWTON  
MASONIC VILLAGE



WAITARA  
MASONIC VILLAGE



HAWERA  
MASONIC VILLAGE



MANADON  
MASONIC VILLAGE



WELBORN  
MASONIC VILLAGE



## MASONIC VILLAGES ACCOMMODATION UNITS

| VILLAGE       | RENTALS    | APARTMENTS | VILLAS     | CURRENT    | UNDER CONSTRUCTION | PLANNED    | TOTAL      |
|---------------|------------|------------|------------|------------|--------------------|------------|------------|
| Wairarapa     | 19         | 9          | 84         | 112        | 0                  | 0          | 112        |
| Horowhenua    | 28         | 0          | 55         | 83         | 0                  | 98         | 181        |
| Woburn        | 0          | 86         | 3          | 89         | 0                  | 0          | 89         |
| Te Awahou     | 35         | 0          | 25         | 60         | 0                  | 0          | 60         |
| Masonic Court | 5          | 0          | 14         | 19         | 0                  | 0          | 19         |
| Northland     | 47         | 0          | 32         | 79         | 0                  | 0          | 79         |
| Taranaki      | 0          | 0          | 112        | 112        | 0                  | 0          | 112        |
| Edale, Marton | 16         | 0          | 14         | 30         | 0                  | 0          | 30         |
| Wainuiomata   | 0          | 0          | 22         | 22         | 11                 | 47         | 80         |
| <b>TOTAL</b>  | <b>150</b> | <b>95</b>  | <b>361</b> | <b>606</b> | <b>11</b>          | <b>145</b> | <b>762</b> |



## NORTHLAND VILLAGES



HOKIANGA MASONIC VILLAGE



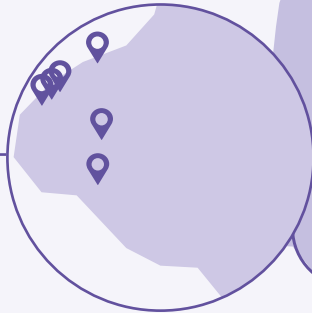
WELLSFORD MASONIC VILLAGE



LUPTON MASONIC VILLAGE



MAUNU MASONIC VILLAGE



HOROWHENUA  
MASONIC VILLAGE



## MANAWATU/RANGITIKIEI DISTRICT

EDALE  
MASONIC VILLAGE



TE AWAHOU  
MASONIC VILLAGE



MANAWATU  
MASONIC VILLAGE



## WELLINGTON/WAIRARAPA VILLAGES

WOBURN  
APARTMENTS



WAINUIOMATA  
MASONIC VILLAGE



WAIRARAPA  
MASONIC VILLAGE



# Masonic Care Ltd

## Making our care homes more attractive

The year to 30 June 2021 saw regular changes to Covid Alert Levels requiring periods of lock down with consequential impacts on visiting, admissions and our staff. As we continue on our Covid journey we have become ever more practised at making changes to the way we operate to ensure residents and staff remain safe.

Despite the impact on normal operations that Alert Levels bring with them we continued with our strategy of making our care homes more attractive to potential residents and improving their ability to be sustainable.

At Glenwood Masonic Hospital, the building programme we commenced in July 2019 was almost completed by the end of the financial year ending July 2021. This programme took longer than expected but numerous Covid-enforced delays held up progress for our builder. At the end we will have added four new rooms, with private ensuite, and a care suite, as well as improving the ease with which staff can move around the home. This new capacity is much needed and as the new rooms became available they were quickly filled.

We indicated in the 2020 Annual Report that the detailed design work was nearing completion for Woburn Masonic Care. The Board of Masonic Care Ltd was delighted The Trust Board agreed to commit the necessary funds to redevelop this rest home and hospital, which was the first care home developed by The Trust over 50 years ago.

This development illustrates the challenge that long standing providers of aged care face in New Zealand. Inadequate funding over many years by the Government, through District Health Boards, for the care provided has meant new builds are most usually supported where a provider has the benefit of a retirement village operation, and the final

facility supports accommodation-related additional income.

It is only the ongoing investment in our villages and care facilities over many years that has provided the capability to take on such a large and necessary investment. Almost half of our residents and staff were able to transfer to an interim facility located in Manor Park.

For the “new” Woburn Care home this will mean that of the 62 rooms that will be constructed, 49 will be in the form of a care suite, offering a private lounge, kitchenette and a private en-suite, with many enjoying a deck or balcony.

These rooms will be available either through the purchase of an Occupation Right Agreement, or by paying an accommodation supplement. We expect to retain 11 rooms accessible through the standard day rate applicable for care and these will also benefit from having an en-suite.

All rooms will be designed to provide appropriate accommodation for either rest home or hospital level care and will have special features, such as built-in ceiling hoists. The design features and finishes will place the new home at the forefront of the sector in the Wellington region, just as the original home was when it first opened its doors in 1970.

Design work has also started for our Edale Masonic Care home in Marton, where we





Artist impression of a care suite at the new Woburn Masonic Care home

hope to take an older facility and add more rooms which have the benefit of being more attractive for future residents as well as being easier for our staff to work in.

The changes that Covid has brought to the way in which we deliver care have been many, but one of the most challenging aspects that we, and the sector, now face is the extreme shortage of qualified staff.

Most apparent is the national shortage of registered nurses, with the aged care sector recording 900 vacancies for registered nurses and higher numbers evident in District Health Boards. Border settings, and in particular the lack of capacity for places in Managed Isolation Quarantine, is choking the critical supply of overseas-trained nurses.

Alongside this we have the untenable situation where funding by the Government, through the District Health Boards, means there is a pay disparity of over \$10,000 per

annum between what a nurse in aged care can earn and a nurse employed by the District Health Board. We have taken steps to try and close this gap during the year, but this has been unfunded and, while necessary to retain our great staff, it has created a drag on our finances.

For the year to 30 June 2021, Masonic Care recorded total income of \$15.4m, which was lower than last year due to the closure of Woburn Home to allow for the rebuild, and the costs of this closure and relocation also impacted the net result which was a deficit, after adjustments, of \$228,396.

One of the core missions for which The Trust was formed is the care provision needed for older people. Despite the inadequate funding, the value and appreciation of the care that our staff provide is evident on a daily basis. We take great pride in maintaining a Masonic presence in this much-needed core health service and we know our staff do as well.

## MASONIC CARE NUMBER OF BEDS

Horowhenua Care Facility

 76

Woburn Masonic Care\*

 31

Glenwood Masonic Hospital

 45

Masonic Court

 49

Edale Masonic Care

 30

TOTAL BEDS

**231**

\*31 beds at year end due to relocation to Kelvin House

# The Board of The Masonic Villages Trust



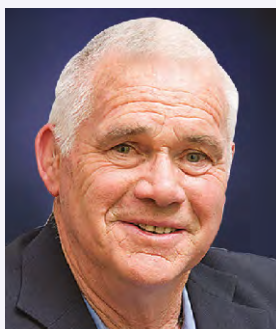
**Marie Gillies**

Dip Health Ed  
Chair, Member, Audit & Risk Committee  
National Support Mgr Arthritis  
Foundation (Retired), Heritage NZ Manager  
(Retired), Director, Masonic Care Ltd  
Director, Masonic Villages Ltd



**Mike Pope**

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



**Wally Plank**

Director, Fitzherbert  
Function Centre  
Chair, Manawatu Masonic  
Company



**Bryce Smith**

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



**Sean Hannan**

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



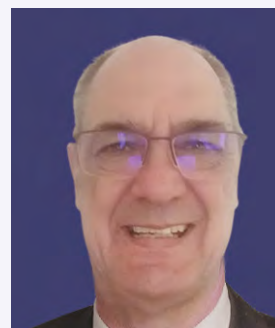
**Jim Watt**

Deputy Grand Master, Freemasons NZ



**Roly Blake**

Dist. Grand Master, NZ Freemasons  
Chair of Taranaki Masonic Trust Board  
Business Director (retd)



**George Swanepoel**

BA, LLB, H Dip Tax & PDip Bus Studies  
Chair, Audit & Risk Committee



## BOARD OFFICERS

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**Warick Dunn**

LLB  
Chief Executive



**Alan Atack**

NZCB, LBP  
Project Director



**Nick Merrett**

BSc, MSc  
Operations Manager



**Alan Dawson**

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

## INDEPENDENT DIRECTORS

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**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 2021

|  | Group             |                  | Trust            |                 |
|--|-------------------|------------------|------------------|-----------------|
|  | 2021              | 2020             | 2021             | 2020            |
|  | \$                | \$               | \$               | \$              |
| <b>REVENUE FROM EXCHANGE TRANSACTIONS</b>                    |                   |                  |                  |                 |
| Operating revenue  | 24,524,554        | 23,556,271       | 3,313,521        | 3,043,406       |
| Interest   | 97                | 727              | 49               | 513             |
|  | 24,524,651        | 23,556,998       | 3,313,570        | 3,043,919       |
| <b>REVENUE FROM NON EXCHANGE TRANSACTIONS</b>                |                   |                  |                  |                 |
| Donations and legacies                                       | 68,695            | 25,221           | 3,411            | 19,480          |
| Total revenue  | 24,593,346        | 23,582,219       | 3,316,981        | 3,063,399       |
| <b>EXPENSES</b>  |                   |                  |                  |                 |
| Operating homes, flats and villas                            | 21,054,748        | 20,766,583       | 3,006,547        | 2,805,933       |
| Interest expense   | -                 | 234              | -                | 234             |
| Depreciation   | 533,875           | 546,545          | 283,068          | 296,323         |
| Total expense  | 21,588,623        | 21,313,362       | 3,289,615        | 3,102,490       |
| <b>OPERATING SURPLUS BEFORE INTEREST</b>                     | <b>3,004,723</b>  | <b>2,268,857</b> | <b>27,366</b>    | <b>(39,091)</b> |
| Interest expense on village developments                     | -                 | 11,953           | -                | -               |
| <b>OPERATING SURPLUS AFTER INTEREST</b>                      | <b>3,004,723</b>  | <b>2,256,904</b> | <b>27,366</b>    | <b>(39,091)</b> |
| <b>OTHER MOVEMENTS</b>                                       |                   |                  |                  |                 |
| Legacy fund income   | 85,917            | (16,687)         | 85,917           | (16,687)        |
| Resident licensee agreement provision movements              | (1,352,439)       | 37,648           | -                | -               |
| Investment property fair value movement                      | 32,314,303        | 2,364,566        | -                | -               |
|  | 31,047,781        | (2,343,606)      | 85,917           | (16,687)        |
| <b>TOTAL SURPLUS FOR YEAR</b>                                | <b>34,052,504</b> | <b>(86,703)</b>  | <b>113,281</b>   | <b>(55,780)</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>                            |                   |                  |                  |                 |
| Revaluation of property, plant and equipment                 | 2,466,461         | 14,330           | 2,466,461        | 14,330          |
| <b>TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR</b> | <b>36,518,965</b> | <b>(72,373)</b>  | <b>2,579,742</b> | <b>(41,450)</b> |





The Masonic Villages Trust  
Summary Statement Of Changes In Net Assets  
For The Year Ended 30 June 2021

|   | Group              |                    | Trust             |                   |
|---|--------------------|--------------------|-------------------|-------------------|
|   | 2021               | 2020               | 2021              | 2020              |
|   | \$                 | \$                 | \$                | \$                |
| <b>EQUITY AT BEGINNING OF YEAR</b>                | <b>105,355,955</b> | <b>88,686,874</b>  | <b>47,867,117</b> | <b>47,908,565</b> |
| Total surplus for the year                        | 34,052,504         | (86,703)           | 113,281           | (55,780)          |
| Other comprehensive income                        | 2,466,461          | 14,330             | 2,466,461         | 14,330            |
| Total comprehensive revenue and expenses          | <b>36,518,965</b>  | <b>(72,373)</b>    | <b>2,579,742</b>  | <b>(41,450)</b>   |
| Transferred from Northland District Masonic Trust | -                  | 16,741,453         | -                 | -                 |
| <b>EQUITY AT END OF YEAR</b>                      | <b>141,874,919</b> | <b>105,355,955</b> | <b>50,446,861</b> | <b>47,867,119</b> |

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 2021

|   | Group              |                    | Trust             |                   |
|---|--------------------|--------------------|-------------------|-------------------|
|   | 2021               | 2020               | 2021              | 2020              |
|   | \$                 | \$                 | \$                | \$                |
| <b>ASSETS</b>                                     |                    |                    |                   |                   |
| Current assets                                    | 2,339,677          | 1,571,298          | 404,130           | 2,243,257         |
| Non-current assets                                | 249,910,307        | 198,016,899        | 58,804,284        | 49,678,661        |
| <b>TOTAL ASSETS</b>                               | <b>252,249,984</b> | <b>199,588,197</b> | <b>59,208,414</b> | <b>51,921,919</b> |
| <b>LIABILITIES</b>                                |                    |                    |                   |                   |
| Current liabilities                               | 22,998,335         | 23,367,398         | 8,761,551         | 4,054,800         |
| Non-current liabilities                           | 87,376,730         | 70,864,844         | -                 | -                 |
| <b>TOTAL LIABILITIES</b>                          | <b>110,375,065</b> | <b>94,232,242</b>  | <b>8,761,551</b>  | <b>4,054,800</b>  |
| <b>NET ASSETS</b>                                 | <b>141,874,919</b> | <b>105,355,955</b> | <b>50,446,861</b> | <b>47,867,119</b> |
| <b>EQUITY</b>                                     |                    |                    |                   |                   |
| Retained earnings                                 | 136,929,728        | 102,963,144        | 45,501,672        | 45,474,306        |
| Property, plant and equipment revaluation reserve | 4,516,881          | 2,050,419          | 4,516,881         | 2,050,420         |
| Trust funds                                       | 428,310            | 342,392            | 428,310           | 342,392           |
|   | <b>141,874,919</b> | <b>105,355,955</b> | <b>50,446,861</b> | <b>47,867,119</b> |

The Masonic Villages Trust  
 Summary Statement Of Cash Flows  
 For The Year Ended 30 June 2021

|  | Group          |                    | Trust        |                 |
|--|----------------|--------------------|--------------|-----------------|
|  | 2021           | 2020               | 2021         | 2020            |
|  | \$             | \$                 | \$           | \$              |
| Net cash inflows/(outflows) from Operating activities        | 5,174,297      | 2,557,947          | 313,592      | 185,482         |
| Net cash inflows/(outflows) from Investing activities        | (5,740,490)    | (6,034,622)        | (1,822,705)  | 631,221         |
| Net cash inflows/(outflows) from Financing activities        | 1,399,466      | 952,838            | 1,508,476    | (830,942)       |
| Net change in cash and cash equivalents                      | <b>833,273</b> | <b>(2,523,837)</b> | <b>(638)</b> | <b>(14,240)</b> |
| Cash and cash equivalents at beginning of year               | 162,205        | 361,717            | 6,277        | 20,517          |
| Cash transferred from Northland District Masonic Trust Board | -              | 2,324,625          | -            | -               |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>              | <b>995,478</b> | <b>162,205</b>     | <b>5,639</b> | <b>6,277</b>    |

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The Masonic Villages Trust  
Notes To The Summary Financial Statements  
For The Year Ended 30 June 2021

## 1. Reporting Entity

The reporting entity is The Masonic Villages (“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 Right 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 was issued.

These financial statements were approved for issue by the Trustees on 20th September 2021.

## 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 2021, and the comparative information presented in these financial statements apply to The Trust and Group for the year ended 30 June 2020.

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 2021, the Group had capital commitments (including GST) in relation to construction contracts for Woburn Care Facility of:

\$20,639,962 (2020: \$0) and Wainuiomata Village and Care Facility \$4,389,977 (2020: \$3,622,900). The total capital commitment for other works in progress was \$742,209.

The Trust had capital commitments (including GST) in relation to construction contracts for the Woburn Care Facility of \$20,639,962 (2020: Nil) and the Wainuiomata Care Facility \$218,461 (2020: 417,800). The total capital commitment for all other works in progress was \$66,068.

The Group leases several items of office equipment and one care facility whilst the Woburn Facility is being rebuilt.

## 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 2021 | JUNE 2020 | JUNE 2021 | JUNE 2020 |
|   | \$        | \$        | \$        | \$        |
| Salaries and other employee benefits -13.52 FTE (2020: 12.05 FTE) | 1,722,298 | 1,602,118 | 1,722,298 | 1,602,118 |
| Directors' fees   | 80,258    | 73,926    | 80,258    | 73,926    |

Two of the Directors of MCL who are Trustees of The Trust contribute their services free of charge. One of the three appointed Directors is a Trustee of the Trust. Three appointed Directors were paid in total \$80,258 in Directors' fees (2020 Directors' fees: \$73,926) for services provided to MVL and MCL.

The Kelvin House facility has been leased from an entity owned by an appointed Director from January 2021.

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



## TRANSACTIONS WITH SUBSIDIARY COMPANIES

Intercompany charges by The Trust to subsidiary companies:

| <b>MANAGEMENT FEES</b>   | <b>JUNE 2021</b> | <b>JUNE 2020</b> |
|--------------------------|------------------|------------------|
|                          | <b>\$</b>        | <b>\$</b>        |
| Masonic Care Limited     | 1,315,380        | 1,118,186        |
| Masonic Villages Limited | 1,697,371        | 1,598,801        |
|                          | <b>3,012,751</b> | <b>2,716,987</b> |

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.

| <b>LEASE FEES</b>    | <b>JUNE 2021</b> | <b>JUNE 2020</b> |
|----------------------|------------------|------------------|
|                      | <b>\$</b>        | <b>\$</b>        |
| Masonic Care Limited | 257,300          | 275,100          |

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 2021 (2020: \$0). The term of the lease is 30 years with a right of renewal at 1 July 2021.

| <b>BALANCES OWING BY (OWED TO):</b> | <b>JUNE 2021</b> | <b>JUNE 2020</b> |
|-------------------------------------|------------------|------------------|
|                                     | <b>\$</b>        | <b>\$</b>        |
| Masonic Care Limited                | (873,647)        | 1,846,256        |
| Masonic Villages Limited            | (2,862,268)      | (1,069,497)      |

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

## 7. Contingencies

The Group and The Trust had no known contingent liabilities or assets as at 30 June 2021 (2020: \$0).

## 8. Significant events after balance date

There are no significant events after balance date.

## 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 2021, 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 2021.

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 20 September 2021.

### 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**

20 September 2021

Wellington

New Zealand







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October 2021