



*A place for people in
the heart of Manukau.*

Friendship House

He Whare Tangata

Annual Report
2011-2012



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Chairperson's message

As I write this annual report I am conscious of the picture on my calendar for this month. Against a dark and foreboding sky, a tornado is moving speedily across a recently ploughed paddock, sucking up all the debris into a spectacular land spout. Somehow that picture indicates the kind of year Friendship House has had as we have weathered storms created by external factors while maintaining the quality of service to which we are committed.

This has been an extraordinarily demanding year requiring us to streamline our structures and look carefully at all that we do. There have been many changes that have caused this situation, not least the economic landscape and the aftermath of the Christchurch earthquake. The impact of these two factors alone will still be felt for some years to come and so we have not been thinking of short term fixes but long term sustainable ones.

As we have begun to strategize for the future we have noted some of the changes that are happening around us – the Auckland super city, the new railway centre not far from our doors, the burgeoning number of students on the campuses around – considering what needs and opportunities these may present to us.

One of the concerning changes is the drop in the number of referrals that are being made via the courts to our Living Without Violence Programme. The number of men mandated to undertake programmes to address their behaviour has reduced significantly. While this may cut costs in the short term, not offering the chance to have behaviours and beliefs challenged so that change may take place, seems to be a worrying and short sighted policy. Over the many years that Friendship House has been involved in this work a huge reservoir of knowledge and expertise has been developed and many individuals and families have benefited.



Friendship House has been offering "a place for people in the heart of Manukau" for 36 years. It has proved its steadiness, resilience, adaptability and determination over those years as it has maintained its mandate to:

- » Uphold the cause of the poor and powerless;
- » Encourage all who are trying to build a more truly human community
- » Seek to identify the causes of injustice and work for a more just society
- » Uphold Te Tiriti O Waitangi
- » Work in ways that recognise and value all cultures and ethnic groups that are represented in the community that Friendship House serves
- » Develop ministries to the political, business and industrial structures in and around Manukau City Centre
- » Seek to minister to people in Manukau City who exercise power and make decisions affecting the lives of many

Under the leadership of Vicki Sykes, the Chief Executive, the Board is confident that the challenges we face at present will only strengthen the work of Friendship House. We are extremely grateful for Vicki's wise, courageous and insightful guidance as she steers the House through these testing times.

Diane Miller-Keeley (Rev)
Chairperson, Friendship House Trust Board

Chief Executive's message

"Alone we can do so little; together we can do so much."

Helen Keller



At Friendship House we care about the whole person in the context of their family and community. Our goal is to assist individuals, families and whanau to create healthy relationships, families and communities. This last paragraph is some of the content from our new website. It states simply our continued approach to the work we do at Friendship House.

This year has been a challenge to us all to maintain quality services for our community in the midst of internal changes, prompted by external changes beyond our control. For us and many other community organisations working smarter in this economic climate has become critical.

Over the last eighteen months we have experienced a reduction in court referrals to our family violence programmes. This drop was significant enough to prompt a restructure which led to the loss of several staff positions.

I am reminded of the mythical phoenix whose fiery rebirth from the ashes is symbolic of a new beginning and renewed strength. I believe the strategic restructuring achieved during the past six months has enhanced our ability to empower and support our clients going forward. I offer my thanks and appreciation to our staff members for their patience as we reviewed, revived and refreshed the way we do things at Friendship House. While we remain committed to the vision, mission and values of Friendship House, our hope is to achieve our goals with the innovation and relevance necessary in our changing world.

"Alone we can do so little; together we can do so much." Helen Keller.

In October 2011 our social practice team undertook training related to working with families. Our multidisciplinary approach to supporting our clients, who often come to us with complex needs, underpins our belief that working from a holistic perspective raises the level of positive outcomes people are able to achieve.

As part of our determination to communicate effectively with our community we have invested both time and money in developing our 'shop window' to the world, our website. Launching the website was a significant part of our new approach to delivering the opportunity for people to engage with us. Although taking longer than anticipated, the launch was an exciting step forward in our marketing efforts. We see the website as a crucial tool in raising our organisational profile and letting people know who we are and what we do. It also provides another opportunity for people to contribute support for the work we do.

Other milestones reached:

- » *Completion of the installation of two interactive data projectors in our largest two rooms (Te Moana and Te Maunga)*
- » *Preparation for the installation of our new phone system*
- » *Purchase of a software upgrade to Windows 7, and a new server*

It is important to reflect on Friendship House traditions, and to hold the amazing people who have been part of the many successes throughout the history of Friendship House, close to our hearts. Equally important is the need for us to approach the new financial year with a renewed vigour, focus and the determination necessary to take us into an exciting future full of potential.

We remain optimistic as we faithfully serve our community, with compassion and a commitment to empower people to make positive changes in their lives and families.

Vicki Sykes
Chief Executive





Thanks to our Funders and Supporters for the Year

Contracts for service

Auckland Council

Department of Corrections

Ministry of Justice

Ministry of Social Development – Child, Youth and Family

Ministry of Social Development – Family and Community Services

Financial Supporters

AH Watson Charitable Trust

Anglican Care

ASB Community Trust

Clyde Graham Trust

Community Organisation Grants Scheme - Manukau

Constellation Communities Trust

Cuesport Foundation

Dragon Community Trust

Family and Community Service Grants

Four Winds Foundation

Hostel of the Holy Name

J&M Ferrier Charitable Trust

JR Lewis Trust

Lion Foundation

Nautilus Foundation

NZ Lottery Grants - Auckland

Pelorus Trust

Prince Albert Fund

Pub Charity

Sir E Davis Estate

Sky City Community Trust

Southern Trust

The Trust Community Foundation

Other Supporters

Artech Print Ltd

Cyril Rosser – Handyman

Dave Winefield, Alwin Partners Ltd –MYOB Support

Ganzlo Brand Builders

Inkworks

SolvIT – Jon Williams, Computer support

Friendship House Trust Board

*Volunteers appointed
by the following:*



Friendship House Trust Board 2011-2012



What our client's say about us

"I want to thank Friendship House. It feels like I'm creating a new culture in my family. It has changed my family's life and I'm really thankful to have come here."

"I found Friendship House a positive place to learn new tools."

"Coming here has been life changing for me."

"Everything I've learned here has been really helpful."

"Everything is a lot clearer in my mind."

I'd like to thank the House for giving me an opportunity to learn how to love and value my family, create safety for all of us, and a better life in the future."

"This is like a family for me"

**INDEPENDENT AUDITOR REPORT TO THE TRUSTEES OF THE
FRIENDSHIP HOUSE TRUST
FOR THE YEAR ENDED 30 JUNE 2012**

We have audited the financial statements being the financial performance, financial position & notes, on pages 1 to 4. The financial statements provide information about the past financial performance of the Friendship House Trust and its financial position as at 30 June 2012. This information is stated in accordance with the accounting policies and notes on pages 3 -4.

Responsibilities of the Trustees

The trustees are responsible for the preparation of financial statements, which fairly reflects the financial position of the Friendship House Trust, as at 30 June 2012 and the results of its operations for the year ended 30 June 2012.

Auditor's responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the trustees, and to report our opinion to you.

We conducted our audit in accordance with generally accepted international auditing standards in New Zealand. On this basis, an audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making the risk assessments, the auditor considers internal controls, relevant to the organisations preparation of the financial statements, in order to design audit procedures, which are appropriate for the circumstances, but not specifically for the purpose of expressing an opinion on the entity's internal control. Based on the audit assessment of risk, an appropriate level of sample testing, has been used to gain the evidence relevant to the amounts and disclosures in the financial statements.

Basis of an Unqualified Opinion

We obtained sufficient and adequate audit evidence, to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in these general purpose financial statements.

Other than in our capacity as auditors, we have no other relationship with or interests in the Friendship House Trust.

Opinion

We have obtained all the information and explanations we have required.

In our opinion, the financial statements of the Friendship House Trust, on pages 2 to 4, fairly reflects the financial position as at 30 June 2012, *and* the results of its operations for the year ended on that date.

Our audit was completed on the 18th September 2012, and our unqualified opinion is expressed as at that date.



Peter Cohaglen CA PP
Chartered Accountant
Manukau

The Friendship House Trust
Statement of Financial Performance
For the year ended 30 June 2012

Income	2012	2011
Café Sales	88,026	74,772
Client Fees	31,290	28,784
Contracts for Service - fixed	683,327	1,372,553
Contracts for Service - variable	447,800	
Donations & Grants	303,645	114,060
ASB Trust	41,000	50,000
COGS	11,000	10,000
JM Thompson Charitable Trust	20,000	
NZ Lottery Grants Board	28,000	35,000
Rents & Room Hireage	63,030	60,596
Sundry Income & Reimbursements	57,593	61,153
	1,774,710	1,806,917
Less Expenditure		
Accident Compensation Levies	4,162	4,058
Administration	125,704	112,124
Advertising & Marketing	3,236	2,142
Audit Fees	79	2,608
Bad Debts Written Off	-	7,128
Café Expenses	44,922	41,163
Course & Programme Costs	404,514	439,773
Depreciation	21,350	25,014
Postage, Printing & Stationery	11,533	15,568
Property Costs	244,978	195,851
Salaries & Wages	949,526	927,142
Staff Costs - Other	41,927	37,593
Staff Development	22,533	36,019
Telephones	12,430	13,270
Total Expenditure	1,886,894	1,859,454
Net Operating Surplus/Deficit	(\$112,185)	(\$52,537)
<u>Non-Operating Income</u>		
Interest	13,566	18,756
Dividends	960	960
Asset Grants		6,000
Total Non-Operating Income	14,526	25,716
Total Surplus / Deficit	(\$97,659)	(\$26,821)

The notes and accounting policies are integral to these financial statements.

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The Friendship House Trust

Statement of Movements in equity
For the year ended 30 June 2012

	2012	2011
	\$	\$
Recognised revenues and expenses		
Net surplus/deficit for the year	(\$97,659)	(\$26,821)
Movement in specified reserves	(\$3,478)	(\$28,247)
	<hr/>	<hr/>
Total recognised revenues and expenses for the year	(\$101,137)	(\$55,068)
Building Improvement Asset transferred to FHFT @ book value	\$0	(\$189,556)
Movement in Equity for the year	(\$101,137)	(\$244,624)
Trust Equity at beginning of the year	406,522	651,146
	<hr/>	<hr/>
Trust Equity at end of the year	\$ 305,385	\$ 406,522

The Friendship House Trust

Statement of Financial Position
For the year ended 30 June 2012

	2012	2011
	\$	\$
Current Assets		
Cash	99,321	36,780
Short term deposits	192,186	327,399
Receivables and prepayments	206,271	194,212
	<hr/>	<hr/>
Total Current Assets	497,778	558,391
Current Liabilities		
Payables and accruals	99,630	88,612
Holiday Pay Accrual	35,158	48,108
Grants in Advance	139,433	113,363
	<hr/>	<hr/>
Total Current Liabilities	274,222	250,084
Working Capital	223,556	308,307
Non-Current Assets		
Property, plant and equipment	81,831	98,216
	<hr/>	<hr/>
Total Non-Current Assets	81,831	98,216
Total Net Assets	305,387	406,523
REPRESENTED BY:		
Accumulated Trust Funds	305,387	403,046
Specified Reserves		3,478
	<hr/>	<hr/>
	305,387	406,524

V. Sykes

CEO 20 / 09 / 2012

Praveen Subud

Trustee 20 / 09 / 2012

**Certified
Integrity Financial
AUDITS**

THE FRIENDSHIP HOUSE TRUST - Notes to Financial Statements for the year ended 30 June 2012

REPORTING ENTITY

The Friendship House Trust is a discretionary Trust under the Trustee Act 1956 established by deed of trust dated the 7 June 1984. The Trust was registered as a Charitable Trust (Number 282202) on 23 August 1988 & is registered with the Charities Commission (Number CC21243). The Trust operates solely within New Zealand and all finances are stated in NZ\$.

BASIS OF PREPARATION

The general accounting policies as recommended by the Institute of Chartered Accountants of New Zealand for the measurement and reporting of results and financial position under the historical cost method have been adopted in the preparation of these financial statements. These policies have been adopted by the Trust Board in meeting the requirements of clause 9 of the Constitution of the Trust to prepare financial statements that give a true and fair view of the financial affairs of the Trust for the immediately preceding income year and are completed in accordance with the requirements of the Financial Reporting Act.

PRINCIPAL ACTIVITY

The Trust Board's principal activity during the period was the operation of the Friendship House Property at Manukau City as a community centre & social service agency at the heart of Manukau City. This activity is carried out from the building known as Friendship House as defined in the Constitution of the Trust.

ACCOUNTING POLICIES

The following general accounting policies have been followed in the preparation of the financial statements:

- The financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Practice and in accordance with applicable Financial Reporting Standards.
- The measurement base adopted is that of historical cost. Reliance is placed on the fact that the Trust is a going concern.
- The matching of revenue earned and expenses incurred is adopted using accrual accounting concepts.
- Income from and for the provision of services is recognized as services are delivered. Interest and rental income is accounted for as earned.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied:

STATEMENT OF UNCOMMITTED FUNDS

Funds Held	2012	2011
Cash	99,321	36,780
Short Term Deposits	192,186	327,399
Receivables & prepayments	<u>206,271</u>	<u>194,212</u>
	497,778	558,391
To meet the following commitments		
Payables & accruals	99,630	88,612
Holiday Pay accrual	35,158	48,108
Grants	<u>139,433</u>	<u>113,363</u>
	274,221	250,084
Leaving uncommitted funds:	\$223,557	\$308,307

The Trust is dependant on prompt collection of receivables and future funding to meet its commitments. Trustees aim to maintain uncommitted funds at a level sufficient to meet six months operations costs, currently estimated at \$700,000. The going concern basis has been adopted as trustees have reasonable expectations of continuing funding support.

Differential Reporting:

The Friendship House Trust qualifies for differential reporting because it is not publicly accountable and it is not large as defined by the Financial Reporting Framework of the Institute of Chartered Accountants of New Zealand. All available differential reporting exemptions allowed under the framework for differential reporting have been adopted.

Goods and Services Tax (GST)

The Trust Board is registered for GST. The financial statements have been stated exclusive of GST, except for the accounts payable and accounts receivable which are inclusive of GST.

Receivables

Receivables are carried at estimated realizable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Investments

Non-current investments are stated at cost.

Property, plant & equipment

All owned items of property, plant and equipment are initially recorded at cost, except for land, and are depreciated as outlined below. Initial cost includes the purchase consideration, or fair value in the case of donated assets, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Where an item of property, plant or equipment is disposed of, the gain or loss recognised in the statements of financial performance is calculated as the difference between net sale price and the carrying amount of the asset.

Depreciation

Depreciation of property, plant and equipment is calculated on a diminishing value basis so as to expense the cost of the property, plant and equipment, or revalued amount, less any expected residual value, to the statement of financial performance over its useful economic life. Inland Revenue rates of depreciation have been adopted.

Furniture and Fittings

20% DV Kitchen Equipment

25% DV Office Equipment

25% DV

Provisions

Employee entitlements

Employee entitlements to salaries and wages, annual leave, long service leave and other benefits are recognized when they accrue to employees.

Income in advance

Grants that are provided for the provision of specific services or the purchase of property, plant and equipment which have not been provided or acquired at balance date are recognized as a current liability.

Grants Received

Friendship House received Operational & Capital Grants from a number of sources. The following funders have requested that details of their grants be noted.

- Community Organisation Grants Scheme (COGS) - The grant was received on the 18 November 2011 for the amount of \$10,000.
- ASB – The grant was received on the 15 Dec 2011 for the amount of \$30,000.
- NZ Lotteries – The grant was received on the 6 December 2011 for the amount of \$35,000

Changes in Accounting Policies

There have been no changes in accounting policies and all policies have been applied on a basis consistent with those applied in the annual financial statements for the year ended 30 June 2012.

Accumulated Trust Funds

There was no corpus on settlement and accumulated funds are retained surpluses from the years of operation since the trust was settled.

Taxation

The Trust has income tax exemption, and charitable status through registering with the Charities Commission on the 19th Feb 2008. [CC21243]

Property, Plant and equipment

	2012			2011		
	Cost	Accumulated depreciation	Book Value	Cost	Accumulated depreciation	Book Value
Furniture & Fittings	173,057	109,010	64,047	169,951	93,370	76,581
Kitchen Equipment	26,419	22,468	3,951	25,287	21,245	4,042
Office Equipment	122,602	108,769	13,833	121,876	104,282	17,594
TOTAL FIXED ASSETS	322,078	240,247	81,831	317,114	218,897	98,217

Related Party Transactions

There have been no Related Party Transactions.

Financial Instruments

Financial instruments which potentially subject the trust to credit risk principally consist of bank balances, accounts receivable and investments. Maximum exposures to credit risk as at balance date are:

	2012	2011
Cash	99,321	36,780
Short term deposits	192,186	327,399
Receivables & prepayments	<u>206,271</u>	<u>194,212</u>
	497,778	558,391

No collateral is held on the above amounts.

The Trust is not exposed to any concentrations of risk.

The Trust has a bank overdraft facility of nil.

The Trust is exposed to interest rate risk in that future interest rate movements will affect the returns earned, cash flows, and the market value of financial instruments.

The carrying amount of bank balances, accounts receivable, investments and accounts payable, is the fair value for each of these classes of financial instrument.

Commitments

There are no commitments not recognized in the financial statements. (2012 Nil)

Contingent Liabilities

There are no contingent liabilities. (2012 Nil)

Events after Balance Date

There are no events after balance date that requires adjustments to these financial statements.



*A place for people in the
heart of Manukau.*

Friendship House

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