



BudgetFirst

ANNUAL REPORT
FOR 2021



CHAIRMAN'S REPORT

It is with great pleasure that I present to you my report for BudgetFirst for the financial year ending 2021. We began this year with an unprecedented situation in the aftermath of the 2020 Covid first-wave outbreak. MSD forecast an economic downturn and a high demand for our services. Our new funding contract and the client session target were lifted by over 50%.

This required us to recruit and train new staff within very challenging timeframes. It is a great credit to the team that this was achieved in such a short time and to the highest standard of client care.

We have again demonstrated our commitment across the community with well-received and valuable programmes. Our team plays a vital role in building financial capability and helping to prevent financial hardship.

Our own financial situation remains strong. We are conservatively managing the unusual MSD 2-year Covid funding while launching a new service funded by Good Shepherd Loans NZ. Other funding providers have continued their much-appreciated support.

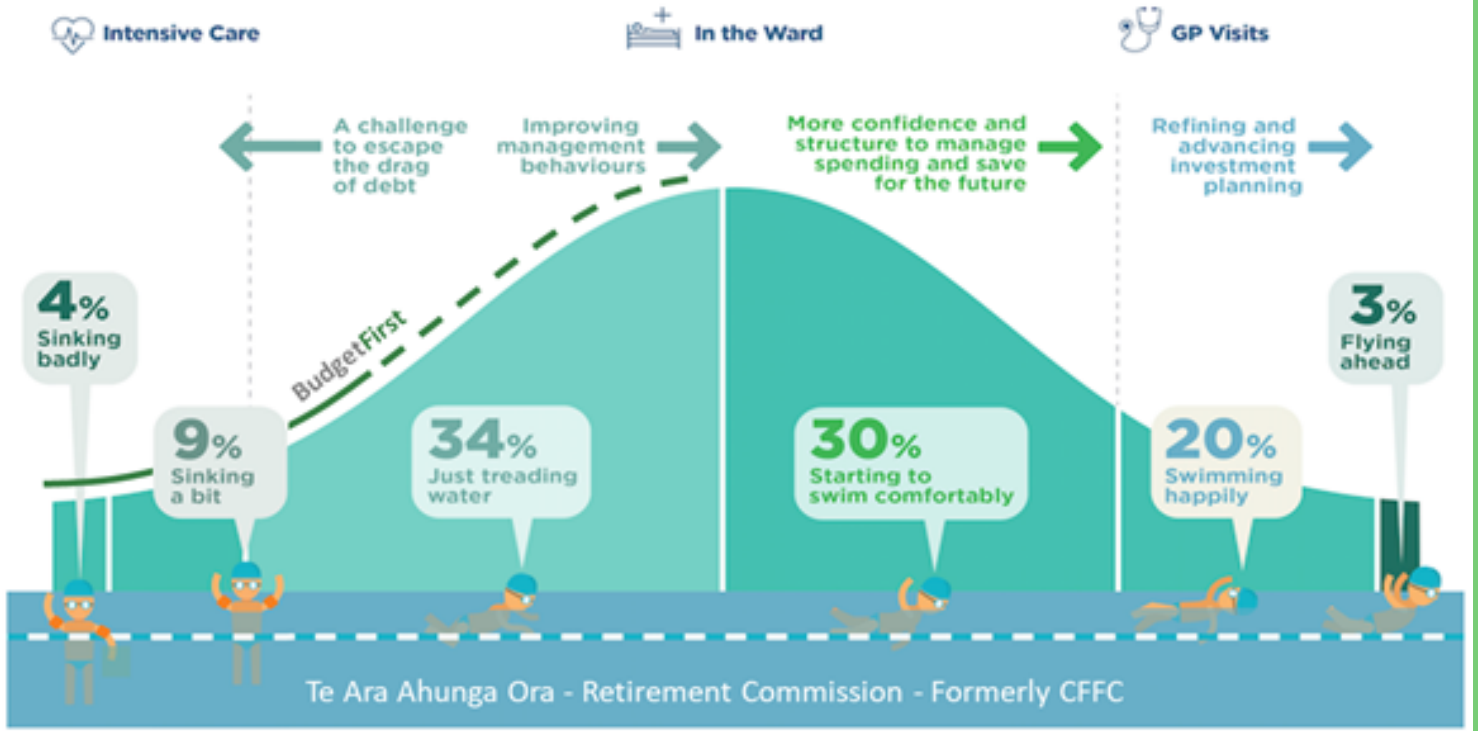
Who we help and where we should focus

BudgetFirst is an inclusive organisation and we offer our support and services to anyone requiring our help. Our strategic focus is to support people with the greatest needs, who are most vulnerable and are in financial hardship. We believe aligning behind the FinCap strategy – Women, Māori and Pasifika community groups is the best use of our skills and resources to deliver quality outcomes. Going forward we will continue to expand our programmes and target these focus areas. This means strengthening and extending our service provider network, with enduring connections and integrated services. We will keep making it easier for our clients to connect, by balancing our central Hastings location with shared/remote sites.

The financial health of our clients

There are positive signs in our region with the economy growing, employment opportunities and benefit increases. However, rising inflation (across food, utilities and rents) and high debt levels will continue to erode household budgets. Covid 19 outbreaks and lockdowns are an ongoing threat, which can so easily impact people's job security and their family's financial health.

The following graphic from Te Ara Ahunga Ora - Retirement Commission paints a very useful picture of our community's financial wellbeing. We have added where BudgetFirst delivers the greatest value.



While every client's needs are unique, our data paints an accurate picture of these needs and the overall financial situation. We have high demand in the 'Intensive Care' space, including many MSD beneficiary clients. Our aspiration for every client is to get them on the road to recovery and towards the centre of the curve. This requires ongoing support to get to a sustainable and self-supported level. BudgetFirst fulfils this critical community service through our mentors providing one-on-one financial care, achievable budgeting and our education programmes.

Our service provider network: An integral network in what we do

Our community relationships and social services connections ensure we have the best possible reach to people with the greatest needs. Today, our network includes over 30 service providers, which deliver a broad range of support across health, housing, education, finance and social care. Many of these providers cater for community groups where our financial support will make a significant difference to family wellbeing. Going forward, we will continue to reach out across the community and focus on building strong relationships with providers who support Women, Māori and Pasifika communities. We will look to integrate what we do with other providers' service offerings and their ways of working.



Our services – how we make a difference

Community Programmes

While Covid and staff availability has delayed our plans, we have consistently delivered across many different community support groups. Going forward, we have identified and engaged a wide variety of organisations and new opportunities to continue our education to help prevent people from falling into financial harm.

Client Mentoring

One-on-one mentoring is at the heart of our business. With our staff hiring and training in late 2020 and early 2021, we have a professional and match-fit team, who are delivering results and making a difference with every engagement.

Good Shepherd NZ

Good Shepherd loans are designed to help New Zealanders, with limited incomes, improve their quality of life. BudgetFirst is in a unique client-facing position, with the insight and skill-set to get these lending products to people in need.



Our people – what makes the difference

Our Team

This year one of our most experienced Financial Mentors retired. Paul has been a dedicated team member, with his invaluable knowledge and client commitment. In the last year, we have expanded with David, Julie, Teresa and Gemma joining the Team. Everyone has completed various financial capability courses and are planning their personal development. We are fortunate to have Yvonne, Katie, Angela and Kristal with their years of experience and know-how as the team has grown. Truly, a high-quality team, where the results speak for themselves.

Our Board

Last year Lisa and Victoria joined the Board and bring a wealth of diverse experience. Shelley, Hannah and John have provided the continuity and in-depth knowledge to ensure the smooth governance of BudgetFirst. Sadly, this will be Shelley's and John's last year with us on the Board, but we will stay closely connected. We are currently looking for new Board members, with excellent potential candidates.

Our financial sustainability

BudgetFirst has always maintained a strong balance sheet and an appropriate provision to ensure our business can manage through funding contract variances and cashflow timings. Last year and this year we are conservatively managing the COVID 19 funding increases from MSD. Our new MSD contract has funding dropping back to normal levels in 2022/23 and 2023/24. The Good Shepherd contract is a new funding source and, along with our other service contracts, is providing good funding diversity. Our grants and donations remain at solid levels thanks to Kristal's active management and we will continue to look for new opportunities. By 2024, we expect our Total Accumulated Funds to move back to pre-Covid levels of circa \$450k.

To conclude

This has been my first year as Chairperson. The smooth transition from Mike (our previous chair) has been achieved thanks to our very talented and dedicated board and team. I would like to thank Kristal for her excellent management, quality delivery and board reporting. Being part of a non-profit, which is driven to help people from intensive care through to financial recovery and beyond, has been a rewarding experience. I'm looking forward to the year ahead and the great work that BudgetFirst is doing in our community.

PAUL TAIT

Chairman

2020/21 Key Themes



COVID 19 Aftermath



New Targets



Growth, Recruitment & Training



Community Programmes

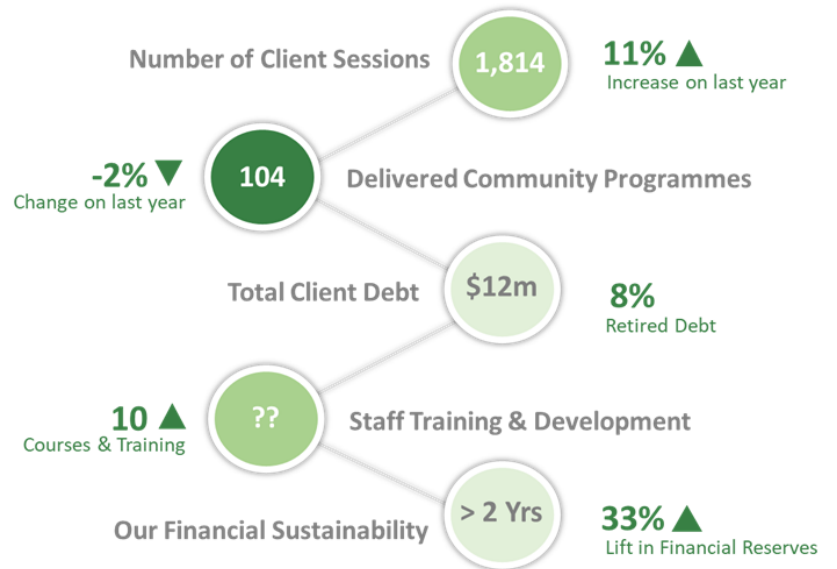


Good Shepherd Loans NZ



Financial Strength

Our Dashboard



MANAGER'S REPORT

As we again grapple with the reality of Covid-19 in New Zealand, I would like to extend a huge thank you to our team. Thank you for your enthusiasm, your energy and support to our community and whanau during these extraordinary times. The aroha you bring to your role and the service you give goes above and beyond our expectations. The recent Covid outbreak has highlighted how vulnerable families are when alert levels change with little warning, causing financial stress and unexpected changes in income. Calls to our service during the recent lockdown were often focused on sourcing food and looking at ways to stretch the budget.

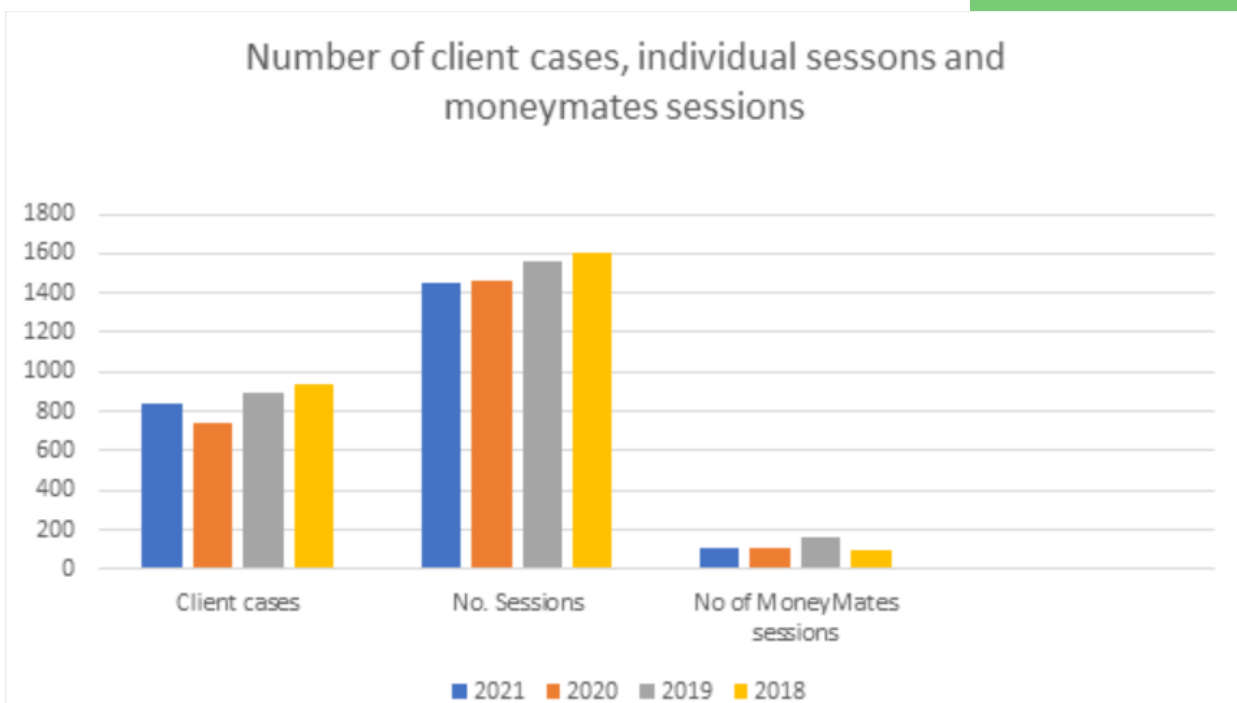
With client needs front of mind, we are excited to announce our partnership with Good Shepherd New Zealand and the opportunity to supply Good Loans to our community. We acknowledge Salvation Army, Napier who have offered Good Loans since their nationwide launch in 2017 and are excited to work together to provide Good Loans for families in Hawke's Bay.

We now provide contracted services for Ministry of Social Development, Te Puni Kokiri, Hawke' Bay District Health Board and Good Shepherd New Zealand. This has given us a broad base of funding alongside our grants and donations received from Hastings District Council, Lotteries New Zealand, Community Organisation Grants Scheme, Hawke's Bay Foundation and Vavasour Trust

Client volumes and outcomes

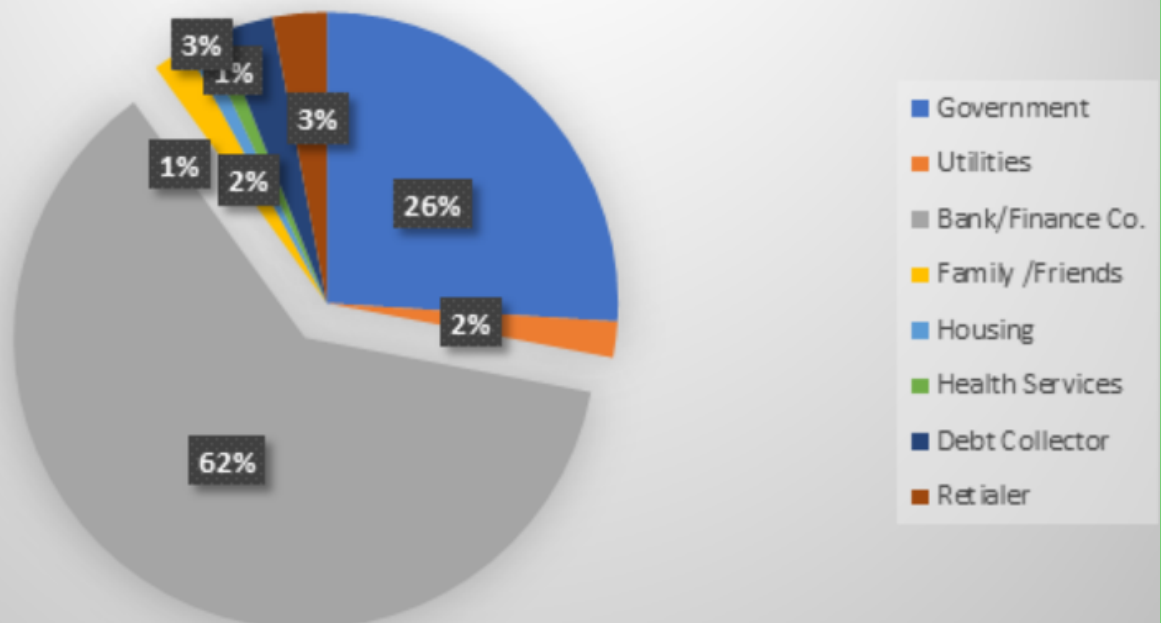
Financial shocks tend to have a proportionally larger impact on lower income workers and beneficiaries. A loss of job, change in relationship or health crisis led many to seek the support of our service. We work predominantly with women, who are often the one tasked with managing the household budget and negotiating with the creditors knocking at the door. In line with Te Ara Ahunga Ora – Retirement Commission we have identified our priority groups as Women, Māori and Pacifica. The focus for our next five-year strategic plan will be to engage with our community and raise our profile amongst both Māori and Pacifica whanau.

We worked with 840 clients this year and delivered 1800 sessions including no-shows, this equates to a 35% no show rate. The biggest driver of no shows is how quickly someone can be seen by a financial mentor and whether they are self-referred or referred by another provider. Client cases dropped in 2020 but have rebounded to near 2019 levels this year. The number of sessions we deliver has continued to fluctuate due to economic conditions and number of available jobs.



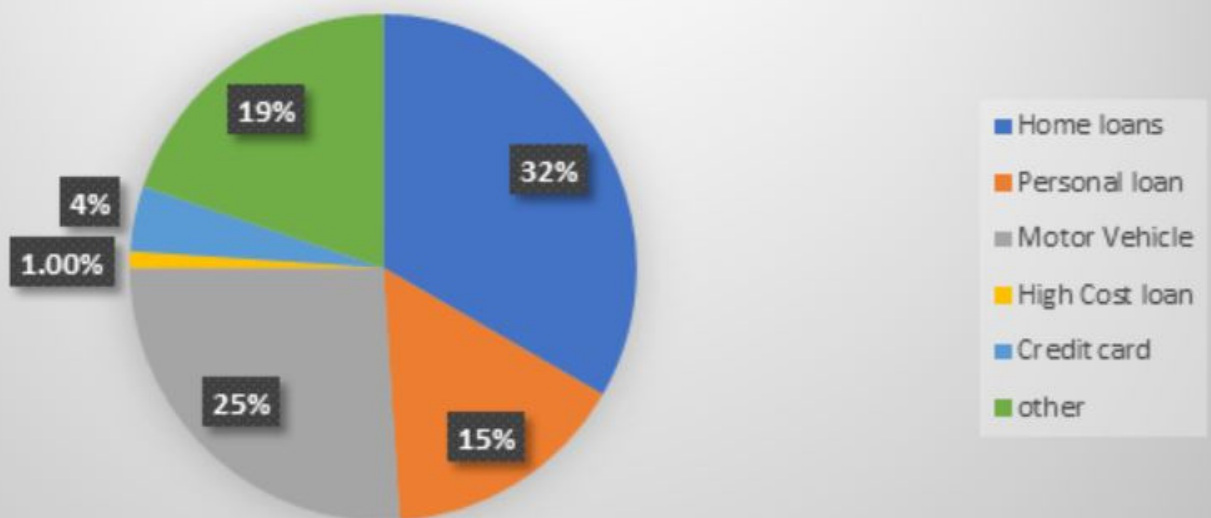
High personal debt levels continue to be the driver for many clients seeking support. Bank debt, car loans and personal loans account for 65% of total presenting debt, with average debt of \$11,600 per client. This has fallen significantly from last year where average debt per client was \$17,783.

Total Debt - \$12m Presented by Debt Category



Total debt excluding mortgages was \$9.7m in 2021, versus \$10.1m in 2020, a decrease of 4%. For our clients, government loans are the next largest debt category at 28% of total debt. This reflects that many of our clients are beneficiaries and able to borrow from MSD. The remaining debt is grouped as debt collector 3.5%, retailer 3%, utilities 2%, family & friends 1.5% , landlords 1%, and health services 1%.

Total bank debt presented by loan type (\$7.5m)



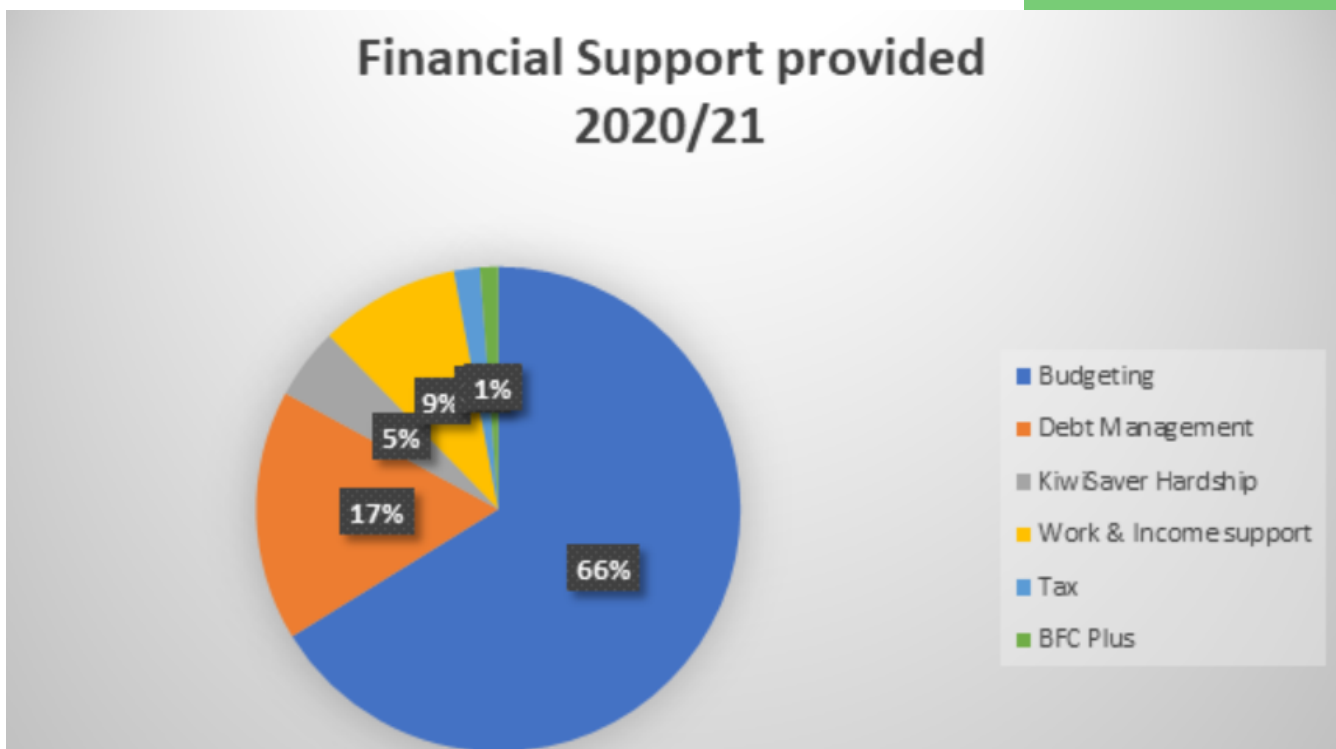
Outcomes

Our purpose is to build the financial capability of our community and help improve the financial security of our clients. Assisting with negotiating debt repayments, checking Work & Income entitlements, and providing support to clients on social housing waiting lists, are all important goals for clients striving to get ahead.

How do we measure outcomes?

1. Establishing a financial goal.
2. Checking the reality of the situation?
3. Offering solutions to support them.
4. What was the outcome?

We assisted clients with the following financial solutions during 2021;



Budgeting solutions and debt management made up the bulk of our work, followed by KiwiSaver hardship applications and Work & Income advice.

Community Engagement

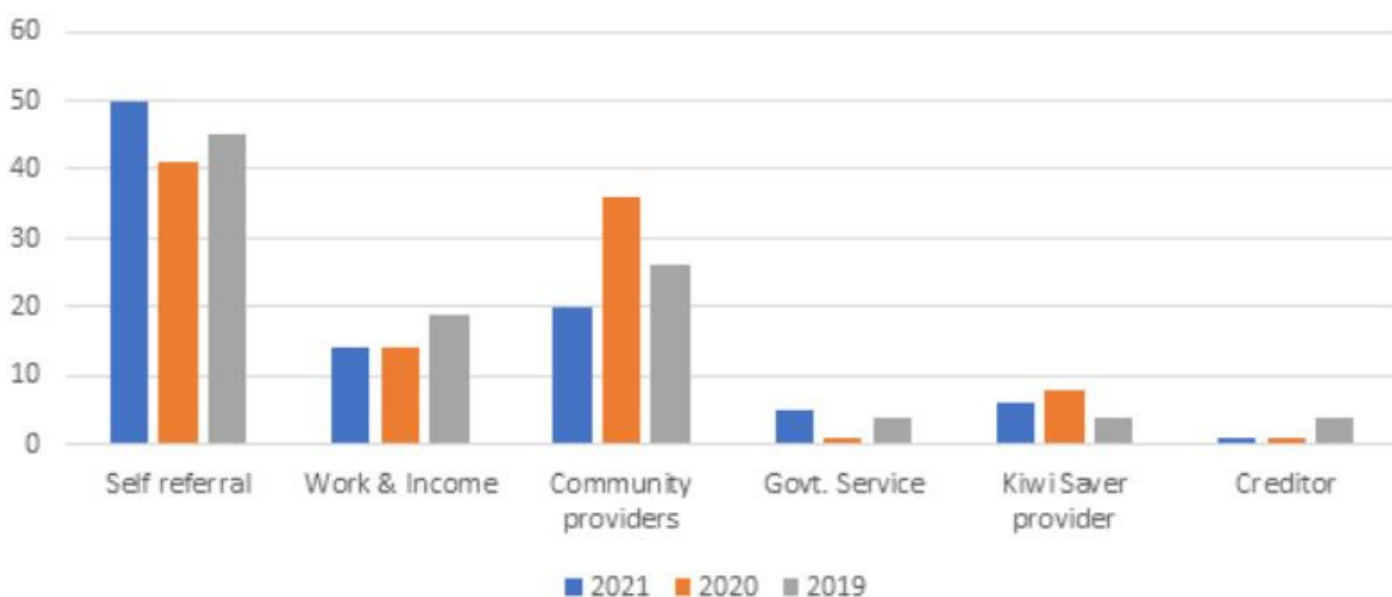
With the support of community partners Yvonne Dickey, our Programmes Manager, delivered 54 financial literacy programmes targeted towards housing and further 50 workshops delivered as part of the Ready2Rent and Sorted Kainga Ora programmes. High housing costs contribute to the financial insecurity seen in many families. High rents, coupled with a 30% increase in house prices over the last year have left many unable to afford private rentals or buy their first homes. Our mahi is focused on improving outcomes for whanau faced with increased housing costs. The Ready2Rent programme funded by the Hawke's Bay District Health Board, supports whanau to access the private rental market, and we work closely with transitional housing teams to connect whanau with support and financial mentoring. We are often asked by whanau how they can improve their priority listing with MSD, with many waiting anxiously in transitional housing for a Kainga Ora home.

We have developed a community engagement plan focusing on Flaxmere community and with support from Hastings District Council have connected with social service providers in Flaxmere to reach our priority groups. Another collaboration has focussed on youth; post Covid-19 2020 lockdown and we employed a youth facilitator one day per week to connect with youth programmes, Mahi4Youth, Lift, The Development Hub and Pursuit.

In June this year we returned to working from the Ministry of Social Developments site in Flaxmere to meet the needs of this community. MSD Service Centre Mangers are supportive of social services returning to their centres to offer targeted support where it is needed. We expect to see an increase in referrals from MSD due to this change.

We continue to work closely with the Hastings Food bank Trust to offer financial wellbeing checks to ensure families are receiving all their entitlements from Work & Income and to offer support where we can. This has provided clients with an opportunity to discuss the pressure points in their financial budget with a trained financial mentor. In the year to June the foodbank gave out 1000 food parcels to 1900 adults and 2000 children in Hastings.

Referrals - 2019 - 2021



Working together

Thank you to our fantastic team of financial mentors. We are a new team, focused on building relationships within our community and meeting the needs of our clients. Our financial mentors need a good working knowledge of all Work & Income entitlements and require the skills to negotiate with creditors and aid in the refinancing of loans. We are often tasked with the unpleasant job of providing the “financial reality check” for our clients.

To support our team, we provide regular professional development and opportunities to network with other financial mentors in the Hawke’s Bay area. We are thankful for the support we receive from Napier Family Centre, CHB Budgeting Service and Wairoa Financial Literacy service. Working collaboratively, we have sourced professional development for our teams and all our financial mentors attended the introductory training for financial mentors and completed their supervision period. Julie Hartnell and Gemma Ison have enrolled in the Massey Fin-Ed Financial Mentors Practitioners course and Yvonne Dickey completed her Health & Wellbeing Diploma in June. Congratulations to you all.

I will close with a thank you to our Executive Board, it is heartening to see the strategic focus occurring at Board level. The professionalism and commitment of our executive is creating new opportunities and challenging current thinking. Thank you to Shelley Hanna and John Stinson who both retire at this AGM, your professionalism and commitment have allowed a smooth transition for our new Board members during the past year. We wish you a fond farewell.

KRISTAL LEACH

Manager

Client Stories - "Jim"

Jim was brought into Budget First by his support worker from the DHB "Janet".

- Jim had been living without hot water for over a year after his hot water cylinder blew up. Jim is on a Supported Living Payment benefit, and his sister and her son live with him.
- First, we worked on his budget, and quickly saw he was in -\$39 deficit weekly. He realised he hadn't been paying his life insurance for a while, that he has had for quite some time.
- We called MSD together, to find out if he had any debt, and to see if they would fund the hot water cylinder. He had no debt with MSD and they agreed to pay the amount quoted for the cylinder, and he would have to pay this back at \$19.50 per week.
- To give Jim some breathing space, we also asked for a clothing grant and a food grant, both of which were accepted.
- I also got Jim a \$120 power credit before they expired and printed out a Rates rebate form for him to do that, which he has now done with Janet's help.

This has been a fabulous outcome for Jim, and he was so happy to be able to finally have a hot shower, especially as it was the start of winter!

Client Stories - "Wendy"

Wendy came in for budgeting, when going through her debts she mentioned one for 'RedRat' which had grown out of control even though she hadn't bought anything for a long time.

- Wendy opened the account back in July 2013 and had made purchases and regular payments until the last 6 months when she got behind. Her last purchase was in October 2016. Since then the fees added each month meant the balance at the end of May 2021 was \$1647.00.
- We worked out that the cost of the goods purchased was \$4606.35 and she had already paid \$1194.40 over and above that. We asked RedRat to waive the \$1647 given she hadn't made any purchases since 2016 and in 2021 they extended her further credit using an after-pay service at their store.
- After some negotiation RedRat agreed to reverse the remaining balance and close the account.

Wendy was extremely happy that the debt had been completely wiped. She also realised she had learnt a valuable lesson in buy now pay later schemes and vowed she would not be using them in future.

Client Stories - "Karen"

Karen was referred by her Housing Navigator to complete a housing application budget as she was living in an emergency motel. She was receiving Job Seeker, and had previously been on SLP. Was in the process of getting her grandson into her care. Visits her dog bubba at the kennels every day and takes him food. She said the owners have been very good to her by letting her dog stay there while she is in emergency housing.

- I encouraged her to look at eligibility to get back on SLP, was obviously on there for a reason.
- She came back again for another budget in August when she was on SLP and now grandson full time in her care.
- I ensured she was getting her full and correct entitlement from Work and Income. Dog still at Kennels as she is still in emergency housing.

A few weeks later, she called to say she has been offered a social housing home, and she is allowed to have her dog there. She has come in to ensure she will be able to start and maintain paying the kennels back when she moves into the property.

She has no furniture etc, so her housing navigator has connected her to Christian Lovelink. I have also let her know that if she needs anything more, to let me know and I can refer her to Re-source.

She has also had to pay for vet bills and medication for her dog as he needs an op, which she has paid for now, however it has meant she has been short of food, so she has received a food parcel from Food bank.

The future looks bright for Karen and her grandson, she is now able to give him the upbringing she wanted, in a home.

Our Funders

Thank you to the following funders who have supported BudgetFirst



**HAWKE'S BAY
FOUNDATION**



Te Puni Kōkiri
MINISTRY OF MĀORI DEVELOPMENT



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA



HASTINGS
DISTRICT COUNCIL
Te Kaunihera ā-Rohe o Heretaunga



Good Shepherd
New Zealand


Budget First Incorporated
Statement of Financial Performance
for the year ended 30 June 2021

	Note	Actual This Year \$	Actual Last Year \$
Revenue			
Donations, fundraising and other similar revenue	1	57,675	60,425
Revenue from providing goods or services	1	550,712	288,746
Interest, dividends and other investment revenue	1	6,409	12,433
Total Revenue		<u>614,796</u>	<u>361,604</u>
Expenses			
Employee and volunteer related costs	2	298,074	243,847
Costs related to providing goods or services	2	96,649	73,154
Other expenses	2	7,078	4,725
Total Expenses		<u>401,801</u>	<u>321,726</u>
Surplus for Year		<u>212,995</u>	<u>39,878</u>

The Performance Report has been audited

Budget First Incorporated
Statement of Financial Position
as at 30 June 2021

	Note	Actual This Year \$	Actual Last Year \$
Assets			
Current Assets			
Bank accounts and cash	3	647,818	444,264
Debtors and other amounts receivable	3	13,139	9,801
Other current assets	3	1,531	3,136
Total Current Assets		<u>662,488</u>	<u>457,201</u>
Non-Current Assets			
Plant and equipment	4	21,818	12,322
Total Assets		<u>684,306</u>	<u>469,523</u>
Liabilities			
Current Liabilities			
Bank accounts	3	1,815	1,330
Creditors and accrued expenses	3	12,043	9,155
Employee costs payable	3	27,956	29,541
Total Current Liabilities		<u>41,814</u>	<u>40,026</u>
Total Liabilities		<u>41,814</u>	<u>40,026</u>
Total Assets less Total Liabilities (Net Assets)		<u>642,492</u>	<u>429,497</u>
Accumulated Funds			
Accumulated surpluses	5	642,492	429,497
Total Accumulated Funds		<u>642,492</u>	<u>429,497</u>



Chairman



Treasurer

The Performance Report has been audited

Budget First Incorporated
Statement of Cash Flows
for the year ended 30 June 2021

	Actual This Year \$	Actual Last Year \$
Cash Flows from Operating Activities		
Cash was received from:		
Donations, fundraising and other similar receipts	57,675	60,425
Receipts from providing goods or services	549,183	287,448
Interest, dividends and other investment receipts	8,014	11,977
Net GST	-	2,610
Cash was applied to:		
Payments to suppliers and employees	(397,679)	(309,517)
Net GST	(379)	-
Net Cash Flows from Operating Activities	216,814	52,943
Cash flows from Investing and Financing Activities		
Cash was received from:		
Receipts from disposal of plant & equipment	144	-
Cash was applied to:		
Payments to acquire plant and equipment	(13,404)	(3,961)
Net Cash Flows from Investing and Financing Activities	(13,260)	(3,961)
Net Increase / (Decrease) in Cash	203,554	48,982
Opening Cash	444,264	395,282
Closing Cash	647,818	444,264
This is represented by:		
Bank accounts and cash	647,818	444,264

The Performance Report has been audited

Budget First Incorporated
Statement of Accounting Policies
for the year ended 30 June 2021

Basis of Preparation

Budget First Incorporated has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Entity and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

Goods and Services Tax (GST)

Budget First Incorporated is registered for GST. Therefore all amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated Inclusive of GST.

Income Tax

Budget First Incorporated is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 365 days or less.

Fixed Assets and Depreciation

All fixed assets are recorded at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over 5 years.

Changes in Accounting Policies

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

The Performance Report has been audited