genesis youth trust

# Annual Report 2019

Torona titaha

Ko te kaupapa whakahira o tēnei roopu

Ki te whakamana i ngā taiohi e

Ko te kaupapa ō ēnei kai mahi ē

Ki te whakaoratia i ngā whanaunga e

Hi aue hi

Ko te pātai nui mā wai e mahi ana

Ko te pātai nui mā wai e mahi ana

Mātou e mahi ana, mātou e mahi ana

Mē pēhea rā

Ma okū pūkenga, tāonga, mātauranga

Me te whakapono ki tō tātou atua

Ko te ingoa runga ake ngā ingoa

Ko ihu karaiti hi!

The great purpose of this team

Is to empower youth

The mandate of these workers

Is to bring health and restoration to families

The burning question is,

Who will do it?

The burning question is,

Who will do it?

We will do it, we will do it!

How will we do it?

Through our skills, gifts, talents, knowledge and expertise

And our faith and our belief in our God

The name above all names

Jesus Christ

# Contents

# About Genesis

# Vision and purpose

Genesis Youth Trust exists to reduce the levels of youth offending in Auckland's most affected communities. We do this by offering a wraparound service, enabling at-risk youth to proudly transform their lives for themselves, their whānau and community. The heart behind everything we do is to offer hope and restoration for youth offenders and their families in the wider Auckland region.

This is reflected in our logo, which was gifted to us. Firstly, Ngākau Nui, Ngākau Ora - the symbol of the larger heart, representing Genesis, supporting and embracing the smaller heart in the middle - our youth. Secondly, Te Rere o Te Manu, meaning the full flight of the bird. This is symbolic of our youth in full flight, with strength and confidence to soar to their highest potential. Thirdly, Ngā Tai o te Moana-nui-a-kiwa - the waves (tides) of the Pacific.

The four strands on the right hand side represent the transformational journey our youth undergo which impacts on all four components of their hauora. Te Taha Wairua - their spiritual wellbeing, Te Taha Tinana - their physical wellbeing, Te Taha Hinengaro - their mental wellbeing, and Te Taha Whānau - their social wellbeing. The four strands converge together at the apex of the heart where the young person is soaring like a bird and riding the crest of a wave.

We recognise that each youth outworks their transformation in the context of their whānau and communities, and so our goals stretch there too. Through our services, we hope to see communities become more vibrant, optimistic and safe, and transformed youth  become constructive participants in the future of these communities. We hope to see the families of these young people become healthy and thriving, with intergenerational cycles of crime broken - giving our clients' children a better start in life.

# What we do

Genesis Youth Trust offers a wraparound service for first time and serious repeat offenders, referred by New Zealand Police and Oranga Tamariki, the Ministry for Children. Our services include Social Work, Youth Mentoring, and Family and Counselling Services.

The services we provide to our young people and their families are based on our Genesis values. These include servanthood, trust, integrity, being action focused, unconditional love, teamwork and excellence. Our organisational values underpin our mahi and commitment to providing best practice services for those we work with.

We deliver our services from four different sites in the wider Auckland region - Māngere (covering Counties Manukau West), Glen Innes (covering Auckland East), Papakura and Clendon (covering Counties Manukau South). Each of our sites has an Operations Manager who manages a multi-disciplinary team of Social Workers, Mentors, and Counsellors, and a Clinical Lead who drives clinical excellence at their site. Having our different services available at each site helps us to work collaboratively, and improves our relationships with our local stakeholders. It also ensures better access to our services for our young people and their families.

There are two main pathways to access Genesis services. Young people can be referred either on a Police Alternative Action Plan, or on an Oranga Tamariki Family Group Conference Plan.

## New Zealand Police referrals

Social Bond intervention: A new targeted and enhanced way of working Young people referred by Police Youth Aid onto the Social Bond receive an enhanced intervention that differs from what we have done previously. Each young person now goes through a thorough validated psychological assessment to assess their risks, protective factors and needs. This psychological assessment tool (which Genesis is pioneering the use of within Social Work in New Zealand) then generates the key priority areas that our team will work towards addressing, through a multidisciplinary approach. Each young person referred under this service is assigned a Social Worker, Mentor and Counsellor. Through this multidisciplinary approach, our team now has the opportunity to work holistically with each young person and their family. This intervention is also unique in that it allows the young person to engage with our services for two years.

## Oranga Tamariki referrals

Our young people referred to us by Oranga Tamariki Youth Justice are those who are more serious, recidivist offenders. These young people go through a restorative justice process which includes a Family Group Conference (FGC) plan, where we as Genesis are invited to present our different services. It is the decision of the young person and their family if they want to engage with us. We are often brought on to a young person's FGC plan to offer our Mentoring and Parenting Programmes. These FGC plans can continue for up to 6-12 months. Additional components of the young person's FGC plan could include other services in the community - providing an opportunity for us to work in partnership with other agencies.

# Who we work with

Genesis Youth Trust works with children and young people aged 10 to 17 years who are apprehended by Police for offending. Offending severity can range from entry-level offences, such as shoplifting and wilful damage, through to more common youth offences such as burglary or unlawfully taking motor vehicles. At the more serious end, we may work with high risk young people who have committed serious assault or aggravated robbery. Once the offence is proven, the Police Youth Aid Officers and Youth Engagement Officers from various Counties Manukau and East Auckland Police stations refer the young people through to our teams for a comprehensive assessment, followed by a focused multidisciplinary team intervention.

As well as working with the young person who is referred, Genesis is also able to work with the wider whānau. This is crucial, given that many of our clients come from lower socioeconomic families with issues that can include generational dysfunction, generational offending, gang affiliations, alcohol and drug addictions, anger issues, low literacy and numeracy levels, truancy, broken families, unemployment and mental illness.

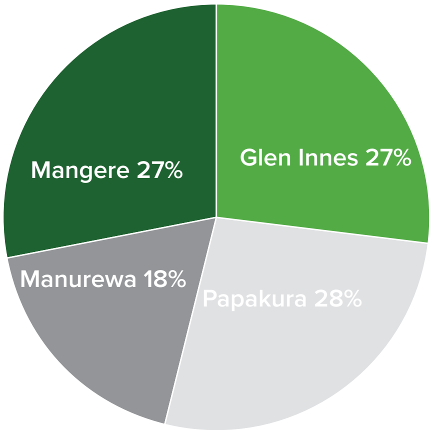
The introduction of the Social Bond in September 2017 saw a slight shift in the type of young people Genesis engages with. While in the past Genesis tended to work with lower-risk youth offenders, under the Social Bond, Genesis is contracted to work with young people who are at higher risk. To be referred to the Social Bond, the young person must have a medium or high YORST score (YORST is the Youth Offending Risk Screening Tool that Police use) and be referred on a specific offence they have committed. The majority of clients who Genesis works with now come under the Social Bond.

# Reports

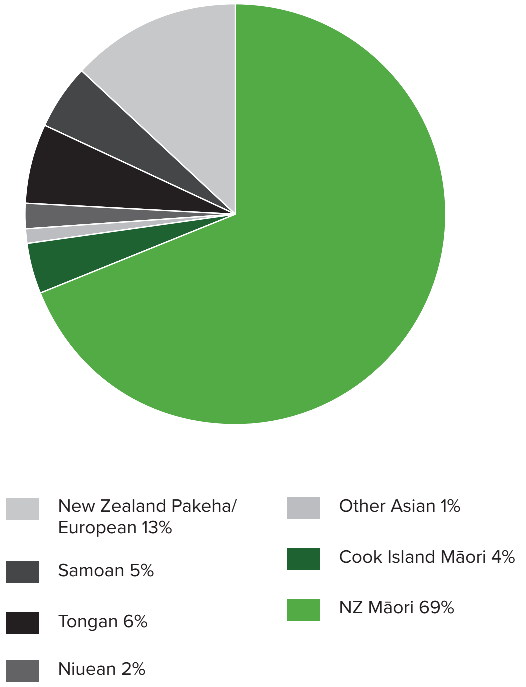

genesis
youth trust

F19 statistics – 1 July 2018 to 30 June 2019

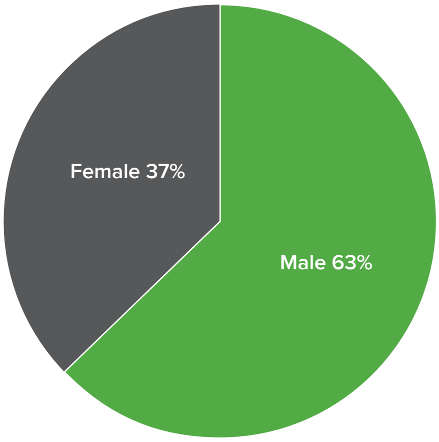
## Residential Area



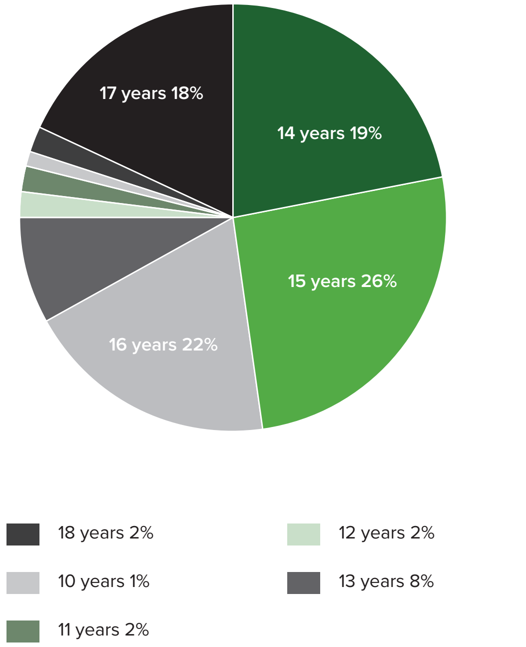

## Ethnicity




## Gender




## Age



# CEO Report

One of our guiding principles at Genesis is that 'every young person and their whānau has the potential to change'. This principle is at the heart of our mahi; Genesis holds a belief that no matter what someone has gone through, no matter what they have done, their lives can be transformed for the better.

You can read about some of these transformations on pages 18-25 of this report. These are powerful stories of lives changed, not just of young people reducing their reoffending but of the stories behind it: of young people returning to education or beginning employment, of reconnecting with cultural identity, of attitudes changed, of healing from trauma, and of whānau relationships dramatically improved. As one grandmother who is raising her granddaughter said, "The best thing I've had out of this is the relationship that I now have with my granddaughter".

We know that youth offending does not happen in a vacuum. Police and Oranga Tamariki refer rangatahi to us who have complex issues, who come from families and whānau where offending, violence, and dysfunction are the norm, and where these things have existed through multiple generations. These issues require a holistic intervention and we are fortunate that through the Social Bond we are funded to provide much-needed wraparound support. We are also grateful for our close relationships with NZ Police and Oranga Tamaraki and want to thank both of these key partners for their ongoing collaboration and support.

The same principle of having the potential to change holds true for ourselves as an organisation. At Genesis we are continually striving to improve, to make changes for the better, and ultimately to do our very best for the rangatahi and whānau who we are privileged to walk alongside. This has been particularly the case under the Social Bond, where the introduction of an outcomes-based contract has necessitated significant innovation and change as we seek to meet targets and ensure we are delivering the most effective intervention possible to our young people.

Some of these changes and innovations over the past year have included a full organisational restructure, the adoption of a streamlined multi-disciplinary approach to conducting YLS-CMI assessments, the expansion from three to five operating sites across South and East Auckland, the introduction of a performance management framework, and the implementation of an updated intervention model which specifically matches intervention to risk for each of our rangatahi. The results of these changes are already starting to be seen; after completing two years of the Social Bond we have achieved both risk reductions in the YLS-CMI tool around double those that were originally anticipated, and a 66% non-reoffending rate.

Not all of these changes have been easy, however, and I would like to acknowledge the patience and commitment of our dedicated team of staff throughout this year, as well as the wisdom and guidance of our boards. All of this has been and remains about being our very best as an organisation, so that we can continue to bring hope and restoration to the rangatahi and whānau who we are called to journey with. This brings me to the words of our Genesis haka:

*The great purpose of this team*
*Is to empower youth*
*The mandate of these workers*
*Is to bring health and restoration to families*

It remains an absolute privilege to lead this team of passionate and committed people who are bringing health and restoration to the communities that we serve.

Lisa Silipa
CEO

# Genesis Youth Trust and G-Op Limited

Ngā mihi ki a koutou katoa.

Our ethos is based on the 2,700-year-old Biblical truths of Isaiah 61:1 which recognises the importance of binding up the 'heartbroken' and freeing 'captives' from their 'afflictions'.

> Genesis' strategic heartbeat is offering hope and restoration to youth offenders and their families.

Hope is one of those big little words. It's what motivates Genesis' staff to equip and encourage youth offenders who are otherwise destined to become trapped in a lifetime of crime. Our staff's dedication and commitment to Genesis, and to the youth and whānau they reach out to year after year, is simply outstanding; thanks team! Thanks goes also to the leadership provided by our managers and boards; the funding provided by our Social Bond investors, Oranga Tamariki, and sponsors; our partnering organisations, particularly the NZ Police; and all those who have provided their expertise and guidance over the past year.

This report is being drafted as Genesis reaches the 2-year milestone of its 6-year Social Bond contract. It is gratifying to note the 'big picture' of Genesis' strategic positioning as an organisation:-

- We are transforming young people's lives to a depth and breath never achieved before;
- We are leading New Zealand in the innovative application of the YLS-CMI assessment tool (Youth level of Service/Case Management Inventory) and have achieved levels of risk reduction around double that expected;
- We have had very low client drop-out rates;
- We are beginning to see a further reduction in reoffending levels beyond what was the case prior to the Social Bond;
- We have completed the first 2-year period of our Social Bond contract without triggering any 'non-performance' events that would see the bond terminated; moreover, we have performed well enough to have received 3 of our 4 Incentive Payments and our Investors have been paid interest in full on their loans to us;
- We are making good progress in catching up on enrolments to achieve our 1,000 target within the term of the bond;
- We are making significant inroads into transforming Genesis itself so we emerge as a proven high-performing social service provider which, in turn, will secure future long-term contracts as the Social Bond draws to a close.

I commend our CEO Lisa Silipa and her predecessor, Murray Edridge, for their focussed and insightful leadership over this 2-year period of huge transformational change.

Talking about being a high-performing organisation is one thing; measuring it is another! The Social Bond contract has forced us to lift our game to measure not merely inputs and outputs, but outcomes – something which is

easy to conceptualise but notoriously difficult to nail down in practice. In our case, the key outcome measure is reduction in reoffending levels of our youth at 6 monthly intervals through to 24 months following enrolment with Genesis. But that's not all! In addition to these 'lag' indicators, we have a powerful 'lead' indicator through tracking reductions in YLS-CMI assessment scores taken repeatedly during the intervention stages in the first 6 months. This is enabling Genesis to build a rich data resource over the next 4-years establishing the correlation between early reductions in YLS-CMI scores and subsequent reductions in reoffending levels. Once validated, this tool will be of immense value to Genesis in shaping future outcome-based contracts. It should also have broader applications for government agencies and other social service providers in Aotearoa New Zealand.

There are numerous other learnings and innovations arising from the Social Bond; insights that result in practice improvements which, in turn, position Genesis well for future growth opportunities as we respond to the needs of disadvantaged youth in New Zealand.

A number of Board changes have taken place in the past year. Two of our Board members, Skye Nicholls and Henare Clarke, resigned because of other priorities; both have made valuable governance contributions during their 5-years and 11-years service respectively for which we are extremely grateful. We wish them well.

It is always a delight to welcome new Board members, especially when they join us having already established a strong affinity and track record of service with Genesis: Martyn McKessar is a founding Director of the Learning Wave and brings extensive wisdom and expertise in managing organisational change; and Valerie Teraitua is the Kaiwhakahaere (CEO) of the Papatuanuku Kokiri Marae, a local marae having a longstanding association with Genesis.

Serving as Genesis' Chair for nearly a decade has been my calling. For the most part, it's been an absolute honour and privilege. I'm deeply indebted to my fellow directors and many others who have been united in their resolve to have this special ministry succeed and thrive through very uncertain and turbulent times. God's provision and guiding hand has been evident throughout and it's that reality, above all else, that provides the assurance Genesis is in good heart with a great future. In deciding to retire from all governance roles, I am delighted to advise Murray Edridge is my successor; I wish him every success as Chair. Allow me to conclude by quoting a well-known verse from the Old Testament (Micah 6:8) that I consider profoundly relevant to Genesis as a ministry and to all involved with it:-

*"....And what does the Lord require of you? To act justly and to love mercy and to walk humbly with your God".*

Shalom.
Ngā mihi

Dr Stuart Crosbie
Chair – Genesis Youth Trust & G-Op Limited

# G-Fund

G-Fund Limited is the wholly owned subsidiary that serves as the bridge between G-Op Limited (G-Op) as the service provider and Oranga Tamariki and investors. It is a small operation, composed of two directors who receive administrative support from G-Op as required. Our role is that we watch the performance of G-Op, providing it the funds to continue delivering services, while also working with investors and Oranga Tamariki to both manage funds invested in the bond and get payments for the outcomes delivered.

The social bond was a deliberate attempt by the Government to experiment with mechanisms that helped deliver better social outcomes than existing methods, contributing to improved wellbeing. While there are still several years to run, it is worth reflecting on what has been achieved so far.

At the organisational level, delivering services under the bond that effectively and reliably achieve reductions in offending has involved both significant upscaling as well as changes to skill mixes, the nature of the actual services offered, and shifts in culture and systems. This has been a bigger transition than was anticipated several years ago when the journey towards the bond began but has been supported by the length and certainty of the social bond contract and the early access it provided to funding for building new systems and capability.

The services provided by G-Op have been adapted through the last two years, utilising the richer information on client needs that is available to design better targeted help for clients. This process will continue as evidence accumulates on what is effective and how that can best be delivered. The bond has both spurred and supported this innovation through its very clear specification of performance targets which in turn are linked tightly to financial results.
It is still too early to draw final conclusions on the overall effectiveness of the social bond and G-Op's delivery, but results so far are encouraging:

1. Using a social outcomes lens, in the first two years while less young people have been enrolled in the bond than initially expected, their reoffending has dropped by more than was expected. This improvement is quite significant, so for instance in the last six months there were 77 less offences committed by clients than for the counterfactual (youth with similar risk profiles in the 5 years before the bond). This translates into real gains for the young people, their whanau, and the community. Of the 269 young people who have been enrolled, some 66% have not reoffended, and of the 35 now in the programme for at least 18 months 51% have not reoffended  compared with a past expected average of just 30% by this stage.
2. Using a financial lens, the social bond has delivered both for the Government and investors. For the Government/ wider New Zealand the additional reduction in offences committed can be translated using Treasury's CBAX tool into an approximate gain worth $1.2m just for that six month period, ignoring longer term reoffending changes. For investors, who invested to support improved social outcomes, it has also delivered financial returns just ahead of its initial targets.

Challenges remain ahead, as the performance benchmarks are lifted from year two and there is a need to sustainably lift enrolments while continuing to achieve reoffending reductions. I look forward to working with the inspiring team at Genesis as we meet these.

I'd also like to note my appreciation for my fellow board member, Craig Weston. Our team is small so we've had to cover a wide set of issues and I've valued both the insights and expertise offered and the willingness to do whatever was needed. We also wish Stuart well as he moves on from the Genesis chair role that he has performed both faithfully and with considerable insight over many years.

Carl Bakker
Chairman, G-Fund

# What is the Social Bond?

In September 2017, Genesis was the first New Zealand registered charity to become the recipient of a Social Bond. This followed a four and a half year selection process, which began with 50 organisations applying for social investment funding, of which Genesis was the successful candidate. Genesis as the first Social Bond recipient is now in a privileged position of being resourced at a much higher level than previously and therefore able to grow our reach and our effectiveness.

With the Social Bond contract commencing, Genesis set up two wholly owned subsidiary companies to govern and manage the Social Bonds, which are subject to high levels of scrutiny. G-Op Ltd is charged with all performance management aspects of the Social Bond, while G-Fund Ltd is a Special Purpose Vehicle (SPV) overseeing the funding aspects from the Crown and Investor perspective. This is in line with the standard method of managing bond-sourced funds.

One of the key things the Social Bond has allowed Genesis to do is to become more targeted in the way we conduct assessments and create interventions. In August 2017 Genesis introduced the YLS-CMI assessment tool (Youth Level of Service/Case Management Inventory) which measures eight different areas of a young person's criminogenic needs. The YLS-CMI is used as an initial assessment tool to measure risk factors once a young person is enrolled on the Social Bond, and then again used at regular intervals to measure the reduction in these recidivism risk factors.

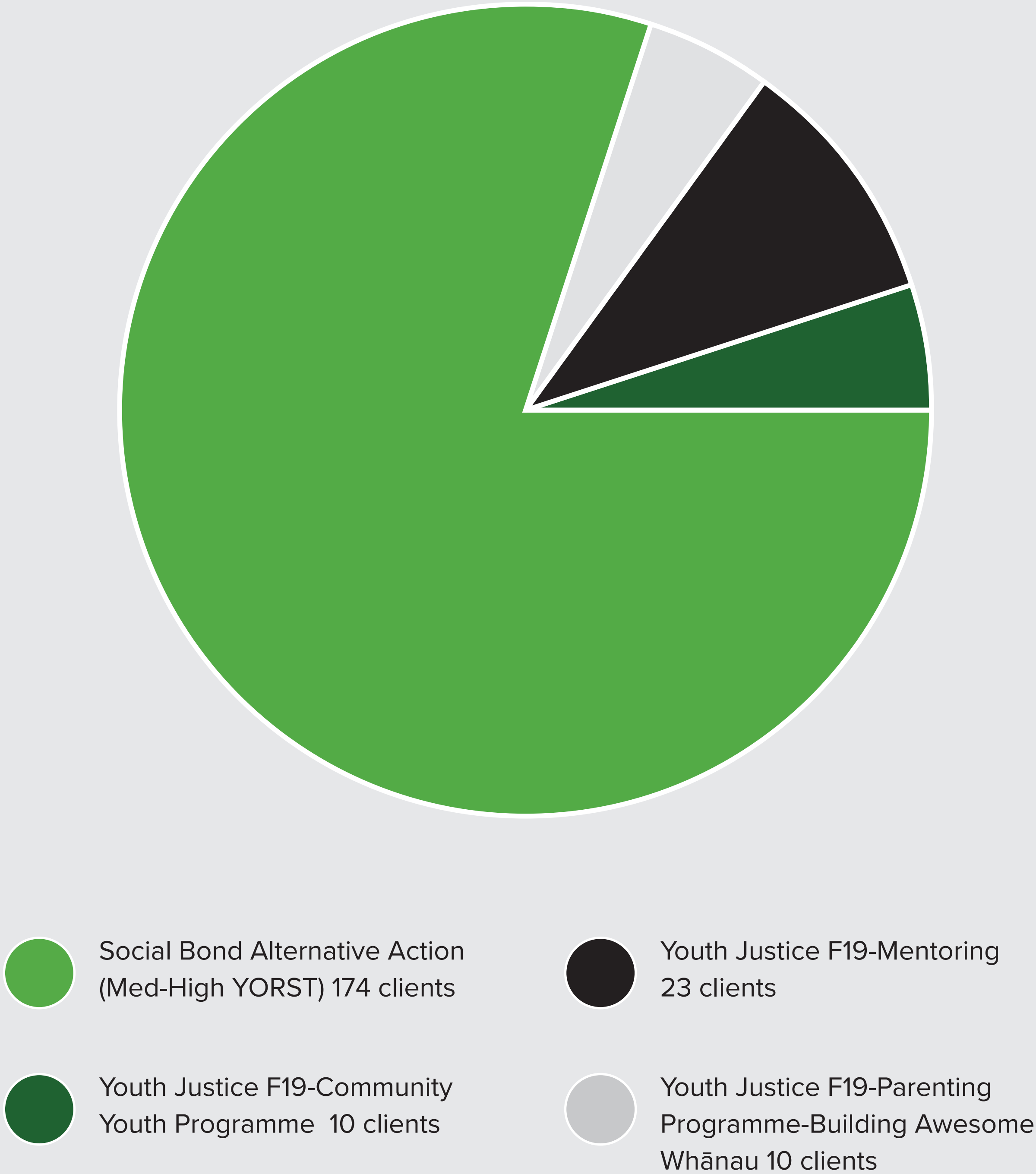
In the first two years of the Bond we have achieved significant results in this area, with levels of risk reduction being achieved at approximately double the expected rate. For the first two years of the Bond the Crown paid Genesis on the reduction of 'recidivism risk factors', and three of the four payments in the first two years were sufficient to then also qualify G-Op for additional Incentive Payments.

The other thing the YLS-CMI tool allows for is the ability to create customised interventions for the young people we work with. Having a better understanding of each young person's criminogenic needs allows us to focus our areas of intervention on the areas of greatest risk, which vary across our clients. Importantly, the Bond funding allows us to provide a holistic intervention that includes Social Work, Counselling, Mentoring, and Whānau Programmes. This wraparound service is delivered for up to two years for each young person.

Our overall number of clients being enrolled remains behind target for the first two years of the Bond, following a slow start and a number of operational changes to ensure Genesis is able to deliver the most effective and efficient intervention possible. These included a full organisational restructure, the introduction of a stakeholder engagement plan, the adoption of a streamlined multi-disciplinary approach to conducting assessments, the development of a performance management framework, and the implementation of an updated intervention model.

Following two years of much innovation and many improvements as an organisation, Genesis is now in a position to increase referral and enrolment numbers over upcoming Assessment Periods. The pressure of performance is also an opportunity to become a high-performing organisation with measurable outputs and outcomes. The Bond provides us with the opportunity to innovate, to partner with others in the community, to work towards achieving outcomes together, and to provide the best possible interventions for the young people we work with. In the future years of the Bond, we hope to see this reflected in continued reductions in recidivism risk factors, and ultimately, in significant reductions in reoffending levels.

# Genesis Clients 2018-2019



# Services

# Genesis Social Work Team

## Our drivers of change

Our Social Work team is central to the delivery and coordination of our services. Genesis has four Social Work teams, one at each of our sites, under the supervision of our Operations Managers. Our Social Workers reflect the communities they serve and many of them live and work within the same communities. All of our Social Workers are either qualified or working towards a Social Work qualification. Our Social Workers are the first people from Genesis to meet our young people and their families. They work on building rapport with the young person and their family and help to introduce them to our support services. They play a key role in gathering the relevant information to inform our initial and ongoing validated assessments and targeted intervention plans. Our Social Workers have also played a significant role in driving our new psychological assessment tool, the Youth Level of Service/Case Management Inventory (YLS/CMI), which was introduced late in 2017 under the Social Bond.

## Harmony's story

Before arriving at Genesis, Harmony* was in an environment entrenched in criminal activity. With a father in prison and peers who were also involved in criminal activity, it seemed a natural progression for Harmony to follow this same path. Harmony's offending history comprised of 23 convictions, including unlawful vehicle theft and other cases of burglary. Harmony had been excluded from high school for non-compliance, bad attitude and behaviour, as well as fighting. Harmony lived with her mother, who was in an unsafe relationship, where domestic violence was prevalent.

When arriving at Genesis, an initial YLS-CMI assessment was conducted by her Social Worker Levene, with a resulting score of 26, indicating a medium to high risk of reoffending. The interdisciplinary team, comprising of Social Worker Levene, Mentor Arne, and Counsellor Richard set to work. Three core issues were identified for Harmony to work on to reduce her risk of reoffending. These were her education, her attitude, and her relationships with both family and peers.

Social worker Levene worked with Harmony on her education. First, Levene spent time looking at and working with Harmony on her attitude towards education. Once this barrier was overcome, Harmony was re-enrolled into a new high school. It was easier for Harmony to make positive choices in a fresh environment, with new peers and a fresh attitude.

Mentor Arne worked with Harmony specifically on her peer relationships, replacing toxic relationships with supportive ones. Harmony also attended group mentoring sessions where she worked on goal setting, identity, health, improving attitudes, forgiveness, self-esteem, and future careers.

Counsellor Richard had one on one counselling sessions with Harmony, targeting her attitude and behaviour, and supporting Harmony to move from self-destructive behaviour towards making positive choices.
Harmony reoffended twice within the first thirteen months of being with Genesis Youth Trust, however, she was able to stay on her Social Bond plan and continue to work towards creating a more positive life for herself.

Later, Harmony moved in to live with her aunty and other family members in order to create a more positive environment to facilitate change, as well as being in a new area, allowing her to attend a new school and have a fresh start. Harmony now spends time with her mother and other family members in the weekend, and their relationship continues to strengthen.

After three months of working with the Genesis team, Harmony's YLS score reduced from 26 to 16. After six months it dropped to 7, and at 12 months it was reduced to 6. This represents a significant reduction in Harmony's risk of re-offending.

Harmony is now not only enrolled in school, but also has 100% attendance and a merit in English. She is not only participating but is now a positive role model to other students. Her relationship with her friends and family continues to improve and Harmony is happier within herself and with life. Harmony's Social Worker Levene and the rest of the multi-disciplinary team are excited that Harmony has such a promising future ahead of her.
*Name changed for confidentiality.

# Genesis Mentoring Team

Our relationship and youth engagement specialists
Our Mentoring team are the experts in establishing and maintaining genuine relationships with our young people. A team of Mentors are based in each of our four sites under the leadership of their Operations Manager. They come from different types of backgrounds including youth work, psychology, podiatry, and sport. Each of our Mentors has a heart for reconnecting young people with positive role models and pro-social activities. Our Mentors run a number of mentoring programmes throughout the year, including one-on-one mentoring and group programmes that are strengths-based, gender specific, and gender mixed where appropriate. Our one-on-one mentoring programme is based on the young person's goals and key areas relating to reducing risks, addressing specific needs, and building protective factors. Our group mentoring programme is an opportunity to build a mentoring family, look at gender-specific issues, learn life skills, cultural identity and is also developed to help address identified needs.

## Rhiannon's story

Before arriving at Genesis, Rhiannon* felt unsafe and bullied. In her family, physical, mental and emotional violence was prevalent. Rhiannon's mother Kiana routinely hit her and blamed her for their dysfunctional family dynamic. Rhiannon's siblings were also physically and verbally abusive towards her. This was exacerbated when they were either on drugs or coming off drugs, which happened regularly. Rhiannon also engaged in physical violence within the family, which had become the family norm.

Rhiannon had not attended school in over a year when she arrived at Genesis. She was also not involved in any leisure or recreation activities and was spending most of her time at home or with friends who she felt were a negative influence on her. She was born with birth defect and had been the subject of a lot of bullying. She also had very low self-confidence.

Rhiannon's life turned around drastically after her arrival at Genesis. As with all the youth who arrive at Genesis Youth Trust under the Social Bonds contract, Rhiannon received a holistic intervention, having a Social Worker, Mentor and Counsellor engage with her. This support from all sides helped her to make different choices for herself, develop independence, and thrive on all levels.

Rhiannon's Social Worker helped her to get back into school. Not only did Rhiannon re-enrol into mainstream education, but her attendance was very quickly at 100%. She thrived in her new school environment, making new friends and getting into various meaningful activities.

Mentoring was an essential part of Rhiannon's intervention, and one where Mentor Bree saw huge progress with Rhiannon. One of the things Bree did was to regularly take Rhiannon outside of her environment and into surrounding suburbs, which gave her a bigger perspective of the world, and a new sense of possibilities.

When Bree first sat down with Rhiannon, Rhiannon set goals for her future, and was instantly quite motivated towards business and independence. She wanted a job and a car, as soon as possible. Bree supported Rhiannon to get

her first part time job. Rhiannon was soon doing multiple shifts every week, around her schooling. Rhiannon's Youth Aid Officer supported Rhiannon in getting her driver's licence, which was funded by Police.

Bree also supported Rhiannon to engage in multiple leisure activities. She soon joined the school rugby team, an activity she had once enjoyed but had given up. Rhiannon also took up guitar lessons, which she loved. She took initiative herself to transport herself and attend her weekly lessons.

Bree also supported Rhiannon to reconnect with her culture. Rhiannon took up Te Reo at her new school, receiving Excellence in her NCEA exams. She successfully created her pepeha, which she practised with Bree. Rhiannon also joined the school kapa haka group. She thrived in this group, and recently performed at Polyfest. This was an enormous accomplishment, as her confidence levels would not have allowed that upon arrival.

Along with all these shifts, Counsellor Christine also worked with Rhiannon. Christine focussed on Rhiannon's trauma, family dynamics, self-confidence, values, beliefs and behaviour. This deeper work helped to cement the positive changes she was making with Bree. Rhiannon was able to release some of her past resentments and able to find forgiveness and hope. Gradually, Rhiannon developed self-confidence and started to acknowledge her many strengths.

Christine speaks enthusiastically about their counselling work together, saying "We've been able to talk about some of the painful family issues which she said led to her 'going off track'. This is significant because in her family they do not talk about things".

This leads us back to family. Not only did Rhiannon improve her side of the family dynamics, taking more responsibility and no longer engaging in physical violence with her whanau, but her mother was willing to work on her side of the relationship too. Rhiannon's mother Kiana attended and participated in the Building Awesome Whanau programme, a parenting programme delivered by Genesis. The whanau work throughout this programme prompted Kiana to stop the physical abuse, which was a crucial factor in change within the whanau.

Rhiannon is now thriving, at school, employed, has positive peer groups and a driver's licence, enjoys her hobbies and has a more harmonious family life. This really does seem like a miracle after where Rhiannon was at in her life before, but thanks to the commitment of Mentor Bree and the rest of the team, these kinds of miracles are possible.

*Name changed for confidentiality.

# Genesis Counselling Team

## Our heart surgeons

Our team of Counsellors are our heart surgeons, and focus on getting to the root cause of our young people's offending. They work with our young people through one-on-one counselling sessions, and they also work with our families through our whānau programmes. Our Counselling and whanau programmes work on supporting our young people and their families to learn strategies for dealing with their emotions and experiences, and building on their strengths as a family. In recent times Genesis has seen an increase in self-harming and suicidal ideation amongst our young people and their peers, and our Counsellors work to address these issues. Our Counselling team has a strong focus on the holistic well-being of our young people, including addressing their mental and emotional needs.

## Sarah's story

One of the most powerful impacts of the Genesis holistic intervention is that it is not just the young person whose life can change, but often that of their whanau as well. The Genesis Counselling team has a significant part to play in these wider family relationships.
Sarah's* mother recently approached the staff at a Genesis event to thank the team for all the work they have done in supporting Sarah in turning her life around. The overwhelming look of gratitude on her face said it all. Here are some of the details behind that look.

Sarah arrived at Genesis with a history of 42 offences, including assault, dishonesty and family violence. With a major breakdown in her relationship with her mother, and feeling hurt by neglect, Sarah had gotten into a habit of becoming violent towards her mother and others. At school Sarah expressed her hurt with a poor attitude, non-compliance, both verbal and physical violence, and at times simply through non-attendance. Both Sarah's parents have an addiction to drugs, and Sarah herself was also drinking alcohol regularly. Like Sarah, Sarah's friends were also involved in offending behaviour.

When Sarah arrived at Genesis, her initial YLS-CMI score was 25, indicating a medium to high risk of reoffending. The focus for Counsellor Richard and the others in the multi-disciplinary team in working with Sarah was on improving family dynamics, education, and peer relationships, as these were identified as her top criminogenic needs.

With Counsellor Richard, Sarah was given the space to talk about her challenges at home, and to simply have someone to listen to her. This was invaluable. Simultaneously, Sarah's mother attended the six week Building Awesome Whanau programme, run by counsellor Richard at Genesis Papakura. Attending the programme supported her in developing her awareness about herself, her relationships, parenting and family dynamics. Over time, Sarah and her mother were able to communicate in a healthier way, and their relationship strengthened hugely.

Sarah's education was addressed by Social worker Levene. Sarah made the decision to leave her current school and

attend an alternative education course. She enjoyed the course which strengthened her motivation to attend. Sarah has been an outstanding student, gaining 40 NZQA credits and a ‘wall of certificates’, and displays great leadership qualities.

Sarah’s peers were also a challenge on arrival at Genesis, as they were involved in and encouraged criminal activity. This topic of peer relationships was addressed thoroughly with Mentor Arne. Together, they looked at the qualities of a friend, and what is important. Over time, Sarah developed a stronger sense of self, values and choice, which empowered her to let go of some relationships that influenced her in a negative way. She then chose to surround herself with people who support her to follow what she truly desires for herself.

Sarah not only attended one on one sessions, but also group mentoring sessions, exploring topics about self-worth, identity, and how to control attitudes and behaviour. Sarah also listened to guest speakers at Genesis about education, employment, and personal experiences which inspired her on her journey. Youth Aid at Papakura also provided ongoing support for Sarah during her time with the Genesis team.

After one year at Genesis, and 125 hours of intervention, Sarah’s YLS-CMI score has reduced dramatically, she has not reoffended at all, and to top it off she was presented with an award for the Most Outstanding Female Client of the year.

*Name changed for confidentiality.

# Genesis Whānau Programme

## Partnering with Parenting Place

Our team of Counsellors has been partnering with the Parenting Place to run the Building Awesome Whānau programme. This programme is tailored to Māori and Pasifika families in particular, and delivered in a way that is non-judgmental and easy to engage with. Genesis has also partnered with Parenting Place to develop a co-designed whānau programme which is specific to offending young people and their families. This is an exciting project with the potential to have real impact amongst vulnerable whānau and those who have historically been more difficult to engage with, and it also has the potential for much greater reach in future. Delivering this programme helps to ensure that we are being culturally responsive and able to appropriately engage with all the communities we work with.

## Aroha and Maia's story

The Building Awesome Whanau programme offers a safe space where whanau can come together to strengthen their relationships.

Grandmother Aroha*, who is raising her granddaughter Maia*, has experienced the impact that attending Building Awesome Whanau can have.

Aroha told us about her own abusive childhood, and how the cycle of violence continues through generations. "When I became an adult, I always thought, 'I'm never going to do that to my kids', but then I did. You know it's wrong, but you can't stop yourself from doing it, and continuing that cycle. That is something I've learnt in this [Building Awesome Whanau programme]. I can do the change. It's just allowing myself to do the change."
These six weeks might have been all it took to break this intergenerational cycle. "That is powerful", commented Counsellor Richard, who facilitated the programme.
In the space of just six weeks, Aroha and her granddaughter Maia transformed their relationship, from communicating through anger, with either swearing or withdrawal, to respectful communication and a closer appreciation for each other.

Maia has lived with her grandmother since birth. They had a close bond when Maia was younger, says her grandmother, although she was closer to her grandfather who passed away when Maia was ten years old.

"We had quite a good bond but when he passed away [six years ago], I noticed a change in her. She started being ugly, not listening to me. In arguments we had, she said, "I wish it was you that died and not Papa". Gradually she started not going to school. She just started being out the gate there. It wasn't until she came to these meetings that things changed."

A number of changes began to be seen as Aroha and Maia attended the Building Awesome Whanau programme


together. Both Aroha and Maia stopped smoking, for example. Aroha said, “I was thinking about stopping smoking, and Maia said, ‘Well Nan, if you give up smoking then I will’. So, that was my incentive to stop”. They have both stopped smoking, and remained smoke free, keeping each other accountable to that commitment.
As well as this, through the conversations that were had during the BAW programme, Maia was able to develop more awareness about herself, and started to take responsibility for her moods and behaviour instead of blaming her grandmother. This was a huge shift in their relationship.

Through the BAW programme, Maia was able to step out of her own reality and see what life was like for Aroha. Getting her grandmothers perspective and seeing a bigger picture allowed Maia to have a greater appreciation for what her grandmother does for her. She also developed a better relationship with money, became less demanding, and generally established a higher level of gratitude for life. Aroha talks of one particularly powerful conversation during the Building Awesome Whanau programme. “Just that one korero that we had that one day she has just turned around”. One simple conversation can make a huge difference.

Throughout the BAW programme, Maia gradually started attending school again, and her behaviour changed in the home. Meanwhile, grandmother Aroha is thankful to have learnt tips and tricks when it comes to managing difficult behaviour. To top it off, Maia attended her grandmother’s recent graduation ceremony, clapping and cheering loudly and taking photos of Aroha. This was a beautiful moment of connection that the Genesis staff got the privilege of witnessing.

Aroha recently said with pride, “The best thing I’ve had out of this [BAW] is the relationship that I now have with my granddaughter”.

This family is one of many whose lives have been impacted by the power of the Building Awesome Whanau programme, run by Genesis staff.

*Names changed for confidentiality.

# Highlights

| | |
|---|---|
| July 2018 | Visit from former Prime Minister Bill English to share Social Bond story |
| Aug 2018 | Genesis management team complete leadership training with The Learning Wave |
| Aug 2018 | Dedicated Genesis service held at Mangere Baptist Church, followed by prayer at the Genesis offices for the staff and young people |
| Sept 2018 | First year of the Social Bond milestone celebrated |
| Sept 2018 | Partnership entered with NZ Rugby Association and Athletes Federation |
| Dec 2018 | Inaugural Christmas Vibes family event held in Papakura |
| Dec 2018 | Martyn McKessar, director at The Learning Wave, appointed to Genesis Youth Trust/G-Op board |
| Feb 2019 | New organisational structure implemented |
| Feb 2019 | Clinical Leads appointed to drive clinical excellence at each site |
| March 2019 | Opening of fourth Genesis site in Clendon |
| March 2019 | Ormiston area opened up for referrals |
| May 2019 | Institutional Banking Innovation Award won by ANZ for the G-Fund Social Investment Bond |
| May 2019 | Valerie Teraitua, Kaiwhakahaere (CEO) of Papatuanuku Kokiri Marae, appointed to Genesis Youth Trust/G-Op board |


POLICE

# Our People


genesis
youth trust

# Our Governance Teams

## Genesis Youth Trust board and G-Op Directors

**Stuart Crosbie**
(Chair)

**Murray Edridge**
(Deputy Chair)

**Louise Darroch**

**Martyn McKessar**

**Valerie Teraitua**

## G-Fund Directors

**Carl Bakker**
(Chair)

**Craig Weston**

## Our Management Team

**Lisa Silipa**
CEO

**Suzanne Teague**
General Manager
Business

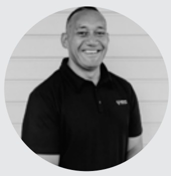
**Rob Woodley**
General Manager
Police and Community

**Vivienne Kapua**
Operations Manager
Mangere

**Flora Apulu**
Clinical Manager

**Turei Marshall**
Operations Manager
Papakura

**Richard Takapautolo**
Operations Manager
Glen Innes



**Emil Huch**
Operations Manager
Clendon/Manurewa

# Our Investors, Sponsors and Supporters

Genesis is fortunate to receive support from our key stakeholders, Oranga Tamariki – Ministry for Children and NZ Police.

A huge thank you to our key stakeholders, sponsors and investors whose generous support allows us to make positive changes in the lives of our clients and their whānau.

## Investors

New Zealand Superannuation Fund

Mint Asset Management Limited

Caleb No.2 Trust (from 26.04.18)

Hosanna Charitable Trust (from 26.04.18)

Wilberforce Foundation

## Sponsors

Genesis also wishes to thank the following partners for their ongoing support in delivering the Social Bond.

# Independent Auditor's Report

# To the trustees of Genesis Youth Trust

## Opinion

We have audited the consolidated financial statements of Genesis Youth Trust and its subsidiaries (the group), which comprise:

- The consolidated statement of financial position as at 30 June 2019;
- The consolidated statement of comprehensive revenue and expense for the year then ended;
- Consolidated statement of changes in net assets/equity for the year then ended;
- Consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 5 to 17 present fairly, in all material respects, the financial position of the group and Genesis Youth Trust as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm has formatted the consolidated financial statements of the group to which our audit opinion relates, working from completed records of the group, which we have audited. We have had no involvement in the compilation of those records or the entries they contain. The provision of this service has not impaired our independence as auditor. Except in this regard, and other than in our capacity as auditor, we have no relationship with, or interests in, the group.

## Other information

The trustees are responsible for the other information. The other information comprises the Directory, Trustee Report and Statement of Responsibility for Consolidated Financial Statements on pages 1 to 2 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

## Responsibilities of trustees for the consolidated financial statements

The trustees are responsible, on behalf of the group, for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the trustees are responsible, on behalf of Genesis Youth Trust and group, for assessing the Genesis Youth Trust's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Genesis Youth Trust and group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated financial statements

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

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/

## Who we report to

This report is made solely to the trustees, as a body. Our audit has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust, and the trustees' members as a body, for our work, for this report, or for the opinions we have formed.

**RSM Hayes Audit**
Auckland

29 October 2019

**Genesis Youth Trust**

**Consolidated Statement of Comprehensive Revenue and Expense**
**For the year ended 30 June 2019**

| | Notes | 2019 $ | 2018 $ |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from non-exchange transactions | **15** | 4,791,850 | 1,445,085 |
| | | 4,791,850 | 1,445,085 |
| **Expenses** | | | |
| Annual return | | 14,900 | 3,750 |
| Audit | | 23,004 | 14,870 |
| Bank charges | | 1,688 | 1,510 |
| Building rent | | 19,969 | 29,446 |
| Catering | | 12,622 | 1,187 |
| Computer support | | 33,692 | 19,174 |
| Depreciation | **10** | 62,853 | 30,110 |
| Insurance | | 24,977 | 11,685 |
| Loss on disposal of assets | | 330 | - |
| Rent expense | | 103,332 | 82,434 |
| Office supplies | | 69,358 | 42,535 |
| Professional development & training | | 34,882 | 50,374 |
| Programme and activities | | 74,979 | 31,061 |
| Promotional costs | | 2,380 | 121 |
| Relocation | | - | - |
| Social bonds related cost | **17** | 268,291 | 294,488 |
| Staff recruitment cost | | 1,770 | 1,662 |
| Staff related cost | | 2,367,429 | 1,533,698 |
| Subscriptions | | - | 6 |
| Supervision costs | | 9,726 | 4,572 |
| Telecommunications | | 31,833 | 19,477 |
| Travel | | 4,257 | 2,369 |
| Board remuneration | | 91,481 | 82,000 |
| Motor Vehicle | | 34,435 | 25,032 |
| Others | | 2,329 | 7,143 |
| **Total expenses** | | **3,290,517** | **2,288,702** |
| | | | |
| Finance income | **16** | 141,412 | 120,895 |
| Finance costs | **16** | (577,447) | (469,634) |
| **Net finance costs** | | **(436,035)** | **(348,739)** |
| | | | |
| **Net surplus for the year** | | **1,065,298** | **(1,192,356)** |
| | | | |
| **Other comprehensive revenue and expense** | | - | - |
| | | | |
| **Total comprehensive revenue and expense for the year** | | **1,065,298** | **(1,192,356)** |

The above financial statement should be read in conjunction with the accompanying notes.

**Genesis Youth Trust**

**Consolidated Statement of Changes in Net Assets / Equity**
**For the year ended 30 June 2019**

| | Accumulated comprehensive revenue and expense | Total |
|---|---|---|
| Opening equity 1 July 2017 | 310,393 | 310,393 |
| Surplus/(deficit) for the year | (1,192,356) | (1,192,356) |
| Other comprehensive revenue and expense | - | - |
| Total comprehensive revenue and expense | (1,192,356) | (1,192,356) |
| Closing equity 30 June 2018 | (881,963) | (881,963) |
| Surplus/(deficit) for the year | 1,065,298 | 1,065,298 |
| Other comprehensive revenue and expense | - | - |
| Total comprehensive revenue and expense | 1,065,298 | 1,065,298 |
| Closing equity 30 June 2019 | 183,336 | 183,336 |

The financial statement should be read in conjunction with the accompanying notes.

**Genesis Youth Trust**

**Consolidated Statement of Financial Position**
**As at 30 June 2019**

| | Notes | 2019 | 2018 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 1,452,812 | 1,268,475 |
| Short term investments | 7 | 4,260,000 | 3,833,506 |
| Receivables from exchange transactions | 8 | 81,231 | 58,314 |
| Receivables from non-exchange transactions | 8 | 1,105,541 | 275,663 |
| **Total current assets** | | 6,899,584 | 5,435,957 |
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | 168,614 | 148,422 |
| **Total Assets** | | **7,068,198** | **5,584,379** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Payables from exchange transactions | 12 | 429,584 | 357,096 |
| Payables from non-exchange transactions | 12 | 82,238 | 628 |
| Employee benefits | 13 | 154,962 | 97,680 |
| Income in advance | | 36,576 | - |
| Interest-bearing borrowings | 14 | 300,000 | - |
| **Total current liabilities** | | 1,003,360 | 455,404 |
| **Non-current liabilities** | | | |
| Interest-bearing borrowings | 14 | 5,881,502 | 6,010,938 |
| **Total liabilities** | | **6,884,862** | **6,466,342** |
| **Total net assets** | | **183,336** | **(881,963)** |
| **Equity** | | | |
| Accumulated comprehensive revenue and expense | | **183,336** | **(881,963)** |

For and on behalf of the Board:

Chairperson — Date 24/10/19

Trustee — Date 24/10/2019

The financial statement should be read in conjunction with the accompanying notes.

**Genesis Youth Trust**

**Consolidated Statement of Cash Flows**
**For the year ended 30 June 2019**

| | Notes | 2019 | 2018 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from grants and donations | | 3,973,284 | 919,689 |
| Interest received | | 143,758 | 92,400 |
| Payments to suppliers and employees | | (3,016,283) | (1,913,483) |
| Interest paid | | (577,447) | (264,921) |
| **Net cash inflow/(outflow) from operating activities** | | **523,312** | **(1,166,314)** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (85,984) | (122,603) |
| Sales of property, plant and equipment | | 2,939 | - |
| Purchase of investments | | (426,494) | (3,833,506) |
| Income received from investment | | - | - |
| **Net cash inflow/(outflow) from investing activities** | | **(509,539)** | **(3,956,109)** |
| **Cash flows from financing activities** | | | |
| Issue of bonds | | 170,564 | 6,000,000 |
| **Net cash inflow/(outflow) from financing activities** | | **170,564** | **6,000,000** |
| Net increase/(decrease) in cash and cash equivalents | | 184,337 | 877,577 |
| Cash and cash equivalents at 1 July | | 1,268,475 | 390,898 |
| **Cash and cash equivalents at 30 June** | **6** | **1,452,812** | **1,268,475** |

The financial statements should be read in conjunction with the accompanying notes.

**Genesis Youth Trust**

**Notes to the Consolidated Financial Statements**
**For the year ended 30 June 2019**

### 1. Reporting entity

Genesis Youth Trust is incorporated under the Charitable Trusts Act 1957 and is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013.

The consolidated financial statements for the year ended 30 June 2019 comprise the controlling entity and its controlled entities (together referred to as the 'Group') and individually as 'Group entities'.

The consolidated financial statements for the year ended 30 June 2019 were authorised for issue by the Trustees on the date indicated on page 7.

### 2. Basis of preparation

*a) Statement of compliance*
The consolidated financial statements have been prepared in accordance with the Charities Act 2005 which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP").

As the primary objective of the Group is to provide goods or services for community and social benefit, rather than for making a financial return, the Group is a public benefit entity for the purpose of complying with NZ GAAP.

The consolidated financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities. The Group qualifies as a Tier 2 reporting entity as it does not have public accountability and it is not defined as large. All reduced disclosure regime exemptions have been adopted.

*b) Measurement basis*
The consolidated financial statements have been prepared on the historical cost basis.

*c) Functional and presentation currency*
The consolidated financial statements are presented in New Zealand Dollars ($), which is the functional and presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Group during the year.

### 3. Significant judgments and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

*a) Judgements:*
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Revenue recognition – non-exchange revenue (conditions vs. restrictions)
- Classification of non-financial assets as cash generating or non-cash generating assets for the purposes of assessing impairment indicators and impairment testing.
- Classification of the social bonds as interest-bearing financial liabilities

The majority of property, plant and equipment held by the Group is classified as non-cash generating assets.

*b) Assumptions and estimation uncertainties*
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated and separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

*Useful lives and residual values*
The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset;
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

*Changes in accounting estimates*
There have been no changes in the accounting estimates for the current reporting period.

## 4. Significant accounting policies

### a) Basis of consolidation

Controlled entities are all these entities over which the Trust (the controlling entity) has the power to govern the financial and operating policies so as to obtain benefits from their activities. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements of the controlled entities are prepared for the same reporting period as the Trust, using consistent accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates and jointly-controlled-entities are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

On the loss of control, the Group derecognises the assets and liabilities of the controlled entity, any minority interest, and the other components of net assets/equity related to the controlled entity. Any surplus or deficit arising on the loss of control is recognised in surplus or deficit.

If the Group retains any interest in the previously controlled entity, then such interest is measured at fair value at the date that control is lost. Subsequently, the retained interest is either accounted for as an equity-accounted associated or an available-for-sale financial asset depending on the level of influence retained.

### b) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

i) Revenue from exchange transactions

<u>Interest revenue</u>
For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the statement of comprehensive revenue and expense.

ii) Revenue from non-exchange transactions
Non-exchange transactions are those where the Group receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

**Genesis Youth Trust**

**Notes to the Consolidated Financial Statements**
**For the year ended 30 June 2019**

**4. Significant accounting policies (cont'd)**

**b) Revenue (cont'd)**
ii) Revenue from non-exchange transactions (cont'd)
The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

Grants and donations
The recognition of non-exchange revenue from grants and donations depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Outcome Payments
Recognition of non-exchange revenue from outcome payment revenue is depended on when the 'conditions' stipulated are satisfied. Where the 'conditions' have not been met, this will result in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'condition's are satisfied.

Notional grant revenue
This is a non-cash grant provided by the New Zealand Police towards operating expenses. The amount is based on the market value of goods and services provided.

**c) Employee benefits**
i) Short term employee benefits
Short-term employee benefit liabilities are recognised when the Group has a legal or constructive obligation to remunerate employees for services provided with 12 months of reporting date, and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

**d) Financial instruments**
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Group also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies financial assets as loans and receivables.

The Group classifies financial liabilities as at amortised cost.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

i) Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.
Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.
Comprising cash and cash equivalents and receivables from exchange and non-exchange transactions.

**4. Significant accounting policies (cont'd)**

**d) Financial instruments (cont'd)**

i) Loans and receivables (continued)

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

ii) Amortised cost financial liabilities

Financial liabilities classified as at amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as at amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as at amortised cost comprise payables and interest-bearing borrowings.

Interest-bearing borrowings comprise bonds which are initially recognised at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method, where appropriate. Interest-bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for more than 12 months after the reporting date. Interest expense is recognised using the effective interest rate method.

**e) Impairment of non-derivative financial assets**

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

i) Financial assets classified as loans and receivables

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

**f) Property, plant and equipment**

i) Recognition and measurement

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

**4. Significant accounting policies (cont'd)**

**f) Property, plant and equipment (continued)**
iii) Depreciation
For property, plant and equipment, depreciation is based on the cost of an asset less its residual value and for buildings is based on the revalued amount less its residual value.

Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives are:

| | |
|---|---|
| Office Equipment | 16% - 67% |
| Motor Vehicles | 30% |
| Furniture & Fittings | 16% |

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

**g) Impairment of non-financial assets**
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the future remaining service potential (for non-cash-generating assets) is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the

Impairment losses are recognised in surplus or deficit. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**h) Equity**
Equity is the community's interest in the Group measured as the difference between total assets and total liabilities. Equity is made up of the following components:

*Accumulated comprehensive revenue and expense*
Accumulated comprehensive revenue and expense is the Group's accumulated surplus or deficit since the formation of the Group adjusted for transfers to/from specific reserves.

**i) Goods and services tax**
All amounts are shown exclusive of goods and services tax (GST), except for receivables and payables that are stated inclusive of GST.

**j) Leases**
i) Classification and treatment
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases
Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating leases
Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**Genesis Youth Trust**

**Notes to the Consolidated Financial Statements**
**For the year ended 30 June 2019**

### 5. Group information

The controlled entity financial statements of the Group include the following controlled entities of the Trust:

| Name of subsidiary | Principal activities | Country of incorporation | Carrying value of investment (at cost) | |
|---|---|---|---|---|
| | | | 2019 | 2018 |
| G-FUND LIMITED | Service Provider of the Social Bonds Pilot project | New Zealand | - | - |
| G-OP LIMITED | Subcontractor of the Social Bonds Pilot project | New Zealand | - | - |

The reporting date of the Trust and all subsidiaries is 30 June.

### 6. Cash and cash equivalents

| | 2019 $ | 2018 $ |
|---|---|---|
| Cash and cash equivalents include the following components: | | |
| Savings plus | 449,003 | 305,063 |
| Cheque | 56,581 | 17,721 |
| On call account | 32,553 | 47,882 |
| Eftpos account | 416 | 1,119 |
| Cash reserve account | 316,466 | 52,660 |
| Working capital account | 213,744 | 233,994 |
| Operational account | 384,049 | 403,847 |
| ANZ term deposit 05 | - | 206,187 |
| | 1,452,812 | 1,268,475 |

The payments made from the Cash Reserve Account are restricted to specific purposes listed in schedule 3 of the Deed Poll relating to Social Bonds and only to the extent of available moneys in the Cash Reserve Account.

### 7. Short term investments

| Current | Maturity date | Interest rate | | |
|---|---|---|---|---|
| ANZ term deposit 01 | 17/04/2019 | 3.47% | - | 1,200,000 |
| ANZ term deposit 02 | 17/10/2018 | 3.39% | - | 2,200,000 |
| ANZ term deposit 03 | 18/07/2019 | 2.82% | 240,000 | 206,995 |
| ANZ term deposit 04 | 19/08/2019 | 2.83% | 270,000 | 226,511 |
| ANZ term deposit 05 | 18/09/2019 | 2.89% | 450,000 | - |
| ASB term deposit 06 | 17/10/2019 | 3.24% | 1,800,000 | - |
| ASB term deposit 07 | 18/10/2019 | 2.98% | 1,500,000 | - |
| | | | 4,260,000 | 3,833,506 |

### 8. Receivables

| Receivables from exchange transactions | | |
|---|---|---|
| Prepayments | 25,391 | 29,819 |
| Interest accrual | 55,840 | 28,495 |
| | 81,231 | 58,314 |

| Receivables from non-exchange transactions | | |
|---|---|---|
| Accounts receivables | 1,031,279 | 272,760 |
| GST receivables | 71,360 | - |
| Resident withholding tax | 2,902 | 2,902 |
| | 1,105,541 | 275,663 |

### 9. Related parties

**Related party transactions**

| | | |
|---|---|---|
| Remuneration paid to key management personnel: | | |
| Number of FTE's | 3.00 | 2.63 |
| Senior Management Remuneration | 293,000 | 262,273 |

Total remuneration of $91,481 was paid to the trustees and directors (2018: $82,000).

There are no balances outstanding regarding transactions with related parties (2018: Nil).

**Genesis Youth Trust**

**Notes to the Consolidated Financial Statements**
**For the year ended 30 June 2019**

### 10. Property, plant and equipment

| | 30-Jun-19 | | | 30-Jun-18 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Motor Vehicles | 245,612 | 126,809 | 118,803 | 200,220 | 111,610 | 88,610 |
| Furniture and Fittings | 20,426 | 15,624 | 4,802 | 20,426 | 14,686 | 5,740 |
| Office Equipment | 142,105 | 97,096 | 45,009 | 138,027 | 83,955 | 54,072 |
| | 408,143 | 239,529 | 168,614 | 358,673 | 210,251 | 148,422 |

**Reconciliation of property, plant and equipment - June 2019**

| | Opening | Additions | Disposals | Depreciation | Closing balance |
|---|---|---|---|---|---|
| Motor Vehicles | 88,610 | 66,957 | 2,072 | 34,692 | 118,803 |
| Furniture and Fittings | 5,740 | - | - | 938 | 4,802 |
| Office Equipment | 54,072 | 19,027 | 867 | 27,223 | 45,009 |
| | 148,422 | 85,984 | 2,939 | 62,853 | 168,614 |

**Net book value**

| | |
|---|---|
| As at 30 June 2019 | 168,614 |
| As at 30 June 2018 | 148,422 |

### 11. Financial instruments

The table below shows the carrying amounts of the Group's and Parent's financial assets and financial liabilities.

**i. Classification and fair values of financial instruments**

| | Financial assets Loans and receivables | Financial liabilities Amortised cost |
|---|---|---|
| **2019** | | |
| Cash and cash equivalents | 1,452,812 | - |
| Term deposit | 4,260,000 | |
| Receivables | 1,087,119 | - |
| Payables | - | 75,940 |
| Interest-bearing borrowings | | 6,181,502 |
| | 6,799,931 | 6,257,442 |
| **2018** | | |
| Cash and cash equivalents | 1,268,475 | |
| Term deposit | 3,833,506 | |
| Receivables | 301,255 | |
| Payables | - | 61,048 |
| Interest-bearing borrowings | - | 6,010,938 |
| | 5,403,236 | 6,071,986 |

### 12. Payables

| | 2019 $ | 2018 $ |
|---|---|---|
| **Payables from exchange transactions** | | |
| Accounts payables | 75,940 | 61,048 |
| Interest accrual | 72,659 | 73,775 |
| Other accruals | 280,985 | 222,273 |
| | 429,584 | 357,096 |
| **Payables from non-exchange transactions** | | |
| GST payables | 82,238 | 628 |
| | 82,238 | 628 |

### 13. Employee benefits

| | | |
|---|---|---|
| Annual leave | 109,547 | 63,900 |
| Wages accrual | 45,415 | 33,780 |
| | 154,962 | 97,680 |

**Genesis Youth Trust**

**Notes to the Consolidated Financial Statements**
**For the year ended 30 June 2019**

| **14. Interest-bearing borrowings** | **2019** **$** | **2018** **$** |
|---|---|---|
| **Interest-bearing borrowings at amortised cost** | | |
| Current portion | 300,000 | - |
| Non-current portion | 5,881,502 | 6,010,938 |
| Total | 6,181,502 | 6,010,938 |

| **Holders** | **Class** | **Initial Principal** |
|---|---|---|
| NZ Super Fund | Class A | 3,700,000 |
| Mint Asset Management Limited | Class A | 500,000 |
| Wilberforce Foundation | Class A | 50,000 |
| Hosanna Trust | Class A | 500,000 |
| Caleb No. 2 Trust | Class A | 50,000 |
| NZ Super Fund | Class B | 1,200,000 |
| Subtotal | | 6,000,000 |
| Minus: Transaction cost | | (120,000) |
| **Initial fair value** | | 5,880,000 |

On 1 September 2017, G-Fund Limited issued $4,800,000 Class A bonds with an annual yield of 6.0% (will increase to 9.6% from 1 September 2019) and $1,200,000 Class B bonds with an annual yield of 10.0% (will increase to 16.8% from 1 September 2019). These bonds were issued to finance the improvement of outcomes relative to specific social issues. Both classes of bonds have a final maturity date of 31 August 2023,. Class A bonds are senior to Class B bonds as to principal and interest. Both classes are secured by a first-ranking security over all present and after-acquired property of G-Fund Limited granted in favor of a security Trustee for the benefit of the bondholders.

G-Fund Limited will repay the principal every six months, starting from April 2020 and all principal will be repaid by October 2023.

**15. Revenue**

| | **2019** **$** | **2018** **$** |
|---|---|---|
| **Revenue from non-exchange transactions** | | |
| Ministry of Social Development | 178,205 | 382,540 |
| Te Pou Matakana | - | - |
| Ministry of Health | - | - |
| Sky City Auckland Community Trust | - | - |
| Four Winds Foundation | - | - |
| Other grants and donations | 15,000 | 12,612 |
| Notional grant revenue | 503,393 | 542,434 |
| Social Bonds Outcome revenue | 4,095,252 | 507,500 |
| | 4,791,850 | 1,445,085 |

**16. Finance income and costs**

| | | |
|---|---|---|
| **Finance income** | | |
| - interest income on bank deposit | 141,412 | 120,895 |
| **Finance cost** | | |
| - interest expense on social bonds | 577,447 | 469,634 |

**17. Social bonds related cost**

| | | |
|---|---|---|
| External Consultancy | 207,247 | 198,961 |
| Compensation to Trustees member, Director and General Manager | - | 35,050 |
| Independent assessment fee for Outcome Reports | 48,564 | 40,461 |
| Others | 12,480 | 20,016 |
| | 268,291 | 294,488 |

**18. Commitments**

The Group's building lease agreement with The Mangere Health Resources Trust was terminated in September 2016. The lease payments are related to a photocopier lease. The lease has a term of 49 months.

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Lease payments within one year | 4,787 | 4,788 |
| Lease payments between one year and five years | 798 | 14,761 |
| Lease payments more than five years | - | - |
| | 5,585 | 19,549 |

**19. Contingent assets and liabilities**

G-Fund entered into an outcome agreement with Oranga Tamariki - Ministry for Children (previously known as The Ministry for Vulnerable Children, Oranga Tamariki). This agreement is a pilot for the social bonds project ("the project"). Oranga Tamariki - Ministry for Children provides incentive payments when G-Fund meets certain outcome thresholds.

The outcome agreement states that any surplus from the project at the end of the term (six years) will need to be repaid to the Oranga Tamariki - Ministry for Children. As this project will extend over six years, it is currently unknown if a surplus will be achieved from this project. Accordingly, no provision for any liability has been made in the consolidated financial statements.

There are no contingent assets or other contingent liabilities at the reporting date. (2018: Nil).

**20. Events after the reporting date**

There are no significant post balance date events (2018: Nil).

**21. Going concern**

The Group has achieved a surplus of $1,065,298 (2018: deficit of $1,192,356) for the year ended 30 June 2019 and as of that date has net assets of $748,269 (2018: net liabilities of $881,963). The trustees are confident that the Group will continue as a going concern. The financial statements have therefore been prepared on a going concern basis.