

# Performance Report

Whanganui Community Foundation Incorporated (Consolidated)

For the year ended 31 March 2020

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Whanganui Community Foundation Incorporated (Consolidated)  
For the year ended 31 March 2020

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# Entity Information

Whanganui Community Foundation Incorporated (Consolidated)  
For the year ended 31 March 2020

## Legal Name of Entity

Whanganui Community Foundation Incorporated

## Entity Type and Legal Basis

Trust Incorporated under the Charitable Trusts Act 1957

## Registration Number

404391

## Entity's Purpose or Mission

The Foundations mission is to enable Community organisations to carry out Charitable, cultural, philanthropic and recreational activities, to achieve greater social wellbeing and connectedness in the wider Whanganui region.

## Entity Structure

Pursuant to the Community Trusts Act 1999, the Whanganui Community Foundation is incorporated under the Charitable Trusts Act 1957. The group consists of the Foundation and its subsidiary Whanganui Charitable Foundation Ltd which is a limited liability company registered under the Charities Act 2005.

The Foundation is one of 12 Community Trusts nationwide and is governed by 10 Trustees appointed by the Minister of Finance.

Financial management is undertaken by Spooner Hood & Redpath Ltd who are contracted to provide a range of financial and administrative services. Grants are managed by the Foundation manager.

## Main Sources of the Entity's Cash and Resources

The Foundation's administration and granting activities are funded from Investment Income from an Investment Portfolio administered by Craig's Investment Partners and property rentals from the lease of a property at 7 Park Place, Wanganui.

## Main Methods Used by the Entity to Raise Funds

The Whanganui Community Foundation is not an active fundraiser.

## Entity's Reliance on Volunteers and Donated Goods or Services

The entity does not rely on volunteers for donated goods or services.

## Postal Address

162 Wicksteed Street  
P O Box 765  
Whanganui

## Website

[www.whanganuicommunityfoundation.org.nz](http://www.whanganuicommunityfoundation.org.nz)

# Approval of Performance Report

Whanganui Community Foundation Incorporated (Consolidated)  
For the year ended 31 March 2020

The Trustees are pleased to present the approved financial report including the historical financial statements of Whanganui Community Foundation Incorporated for year ended 31 March 2020.

APPROVED:



T. J. Goodwin

Chairperson

Date: 4 August 2020

Dr M Paki



Deputy Chairperson

Date: 4 August 2020

# Statement of Service Performance

Whanganui Community Foundation Incorporated  
For the year ended 31 March 2020

## Description of Entity's Outcomes

The outcomes of Whanganui Community Foundation include:

To enable community organisations to carry out charitable, cultural, philanthropic and recreational activities in the region so as to achieve greater social wellbeing and connectedness.

To build and maintain the Investment Funds Capital base in real terms (CPI) and to grow such capital value at a level equal to the population base growth of the region.

## Description and Quantification of the Entity's Outputs

Whanganui Community Foundations Outputs	Actual	Budget	Actual	Budget
	2020	2020	2019	2019
	\$	\$	\$	\$
<u>Grants Made/Committed</u>				
Social Loans	1,701	-	1,050	-
Quick Response Grants	196,426	200,000	184,731	200,000
Community Support Grants	272,361	300,000	299,068	300,000
Capital Grants	300,000	100,000	300,000	100,000
High Engagement Grants	489,195	400,000	245,000	200,000
	1,259,683	1,000,000	1,029,849	800,000
Number of Grants Considered	91		112	
Number Approved	63		68	
Total Investment Income	(315,631)		3,502,822	
Total Investment Portfolio	46,587,809		47,767,538	

Both floors of the property at 7 Park Place, are leased to tenants who operate in the "social wellbeing" space. The commercial building provided gross rental income of \$65,098 for the 2020 year.

## Additional Information

- The decrease in the Investment Portfolio Valuation of 2.25% (2019 increase 4.0%) has not met any increase in population growth or CPI increase for the year, in part because of the effect of the Covid -19 valuation reductions at the very end of the year.
- Grants allocated were in line with funding budgeted, except for Capital Grants.
- As a result of research into the deprivation statistics for the region a new strategy has been developed targeting the following areas from 1 April 2017, and superseding the Social Initiatives in Schools programme.
  - Children 0-5 years old.
  - Youth at risk.
  - The elderly in our communities.
  - Activities and programmes that strengthen our communities.

# Statement of Financial Performance

Whanganui Community Foundation Incorporated (Consolidated)  
For the year ended 31 March 2020

<u>Account</u>	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>Income</b>			
Revenue from providing goods or services	1	65,098	63,996
Interest, dividends and other investment revenue	1	(380,729)	3,438,825
Fair Value Increase in Investment Property	4	35,000	-
Hikurangi Distribution	1	<u>450,773</u>	<u>-</u>
<b>Total Income</b>		<b>170,142</b>	<b>3,502,822</b>
<b>Expenses</b>			
Trustees related costs	2	136,919	120,509
Costs related to providing goods or service	2	4,937	3,840
Grants and donations made	2	1,259,683	1,029,849
Costs relating to investment income	2	61,560	58,276
Other expenses	2	<u>109,467</u>	<u>115,490</u>
<b>Total Expenses</b>		<b>1,572,566</b>	<b>1,327,964</b>
<b>(Deficit)/Surplus for the year</b>		<b>(1,402,424)</b>	<b>2,174,857</b>

This statement should be read in conjunction with the accompanying notes to the accounts and attached Audit Report.

# Statement of Financial Position

Whanganui Community Foundation Incorporated (Consolidated)

As at 31 March 2020

Account	Notes	2020	2019
<b>Assets</b>			
<b>Current Assets</b>			
Bank accounts and cash	3	567,180	963,394
Debtors and prepayments	3	59,696	113,591
Investments (held to Maturity)	3	2,846,141	2,678,540
<b>Total Current Assets</b>		<b>3,473,017</b>	<b>3,755,525</b>
<b>Non-Current Assets</b>			
Investment Property	4	695,000	660,000
Property Plant & Equipment	5	1,000	-
Investments (At Fair Value)	6	42,512,489	43,490,405
<b>Total Non-Current Assets</b>		<b>43,208,489</b>	<b>44,150,406</b>
<b>Total Assets</b>		<b>46,681,506</b>	<b>47,905,930</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Creditors and accrued expenses	3	292,594	308,504
Employee Costs		3,672	6,780
Unused donations and grants with conditions	3	854,987	504,850
<b>Total Current Liabilities</b>		<b>1,151,253</b>	<b>820,134</b>
<b>Non-current liabilities</b>			
Grants	3	479,410	632,530
<b>Total Liabilities</b>		<b>1,630,663</b>	<b>1,452,664</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>45,050,843</b>	<b>46,453,267</b>
<b>Accumulated Funds</b>			
Accumulated surpluses	9	41,500,070	43,153,267
Discretionary Reserves	9	3,550,773	3,300,000
<b>Total Accumulated Funds</b>		<b>45,050,843</b>	<b>46,453,267</b>

This statement should be read in conjunction with the accompanying notes to the accounts and attached Audit Report.

# Statement of Cash Flows

Whanganui Community Foundation Incorporated (Consolidated)  
For the year ended 31 March 2020

Account	2020	2019
<b>Cash Flows from Operating Activities</b>		
<b>Cash was received from</b>		
Hikurangi Distribution	450,773	-
Receipts from providing goods or services	65,098	63,996
Interest, dividends and other investment receipts	265,346	1,181,348
Other Income	-	334
Net GST	3,175	(7,480)
<b>Cash was applied to</b>		
Payments to Trustees Expenses	(143,081)	(122,299)
Donations or grants paid	(1,052,668)	(946,189)
Purchase of goods & services	(189,521)	(470,961)
<b>Total Cash Flows from Operating Activities</b>	<b>(600,878)</b>	<b>(301,251)</b>
<b>Cash Flows from Investing and Financing Activities</b>		
<b>Cash was received from</b>		
Receipts from sale of plant and equipment	-	-
Receipts from sale of investments	1,137,146	-
Proceeds from Social Loans repaid	-	51,000
<b>Cash was applied to</b>		
Purchase of property, plant & equipment	(1,000)	-
Payments to purchase investments	(931,483)	(47,801)
<b>Total Cash Flows from Investing and Financing Activities</b>	<b>204,663</b>	<b>3,199</b>
<b>Net Increase/ (Decrease) In Cash</b>	<b>(396,215)</b>	<b>(298,052)</b>
<b>Cash Balances</b>		
Cash and cash equivalents at beginning of period	963,395	1,261,447
Cash and cash equivalents at end of period	567,180	963,395
<b>Net change in cash for period</b>	<b>(396,215)</b>	<b>(298,052)</b>

This statement should be read in conjunction with the notes to the accounts and the attached Audit Report.



# Statement of Accounting Policies

Whanganui Community Foundation Incorporated (Consolidated)

For the year ended 31 March 2020

## Reporting Entity

The reporting entity is Whanganui Community Foundation Inc ("the Foundation"). The Foundation is domiciled in New Zealand and is a charitable organisation incorporated under the Charitable Trusts Act 1957, and a Community Trust pursuant to the Community Trusts Act 1999 ("The Act").

The performance report comprising the Foundation and its controlled entity, the Whanganui Charitable Foundation Limited, ("the Company") are presented for the year ended 31 March 2020

These Group performance reports and the accompanying notes summarise the financial results of activities carried out by the Foundation. The Foundation makes grants to qualifying not for profit entities in the Whanganui, Rangitikei, and Wairarino areas.

The consolidated performance report have been approved and were authorised for issue by the Board of Trustees on 23 July 2020

## Basis of Preparation

The entity 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 expenses equal to or less than \$2,000,000.

All transactions are reported using the accrual basis of accounting. The performance report has been prepared on the assumption that the Foundation will operate in to the foreseeable future.

## Summary of Accounting Policies

The significant accounting policies used in the preparation of these performance reports are set out below.

### *Basis of Measurement*

These consolidated performance reports have been prepared on the basis of historical cost, as modified by the fair value measurement of investment properties and non-derivative financial instruments.

### *Functional and presentational currency*

The consolidated performance reports are presented in New Zealand dollars (\$), which is the Foundation's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

### *Basis of consolidation*

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases.

In preparing the consolidated performance reports, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with the policies adopted by the Foundation and have a 31 March reporting date.

## Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

## Income Tax

As a Community Trust, the Whanganui Community Foundation Inc is wholly exempt from New Zealand income tax pursuant to Sec CW 52 of the Income Tax Act 2007.

## 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 90 days or less.

### **Accounts Receivable**

Accounts Receivable are stated at their estimated realisable value. Bad debts are written off in the year they are identified.

### **Revenue**

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized

#### Revenue from providing goods or services

The Foundation receives revenue from the lease of investment property owned. Revenue is recognized in the period the goods or services are provided

#### Interest, dividends and other investment revenue

*Interest:* interest is recognised as it accrues, using the effective interest method

*Dividends:* dividends are recognised when received and recorded gross of any imputation credits

*Realised/unrealised gains:* Realised/Unrealised gains on Investments are recorded in the Statement of Financial Performance

### **Donations**

Donations are recognised as an expense when approved by the Trustees. Donations approved but not paid are recognised as a liability.

### **Property, Plant and Equipment**

Property, plant and equipment are recorded at Cost less accumulated depreciation. Any gain or loss on disposal is recognised in the Statement of Financial Performance.

### **Depreciation**

Office equipment is depreciated on a diminishing value over the useful life of the asset.

The rates used are those approved by Trustees as follows:

Office Equipment	50%	DV
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### **Tier 2 PBE Accounting Standards Applied**

#### PBE IPSAS 6: Consolidated & Separate Financial Statements

The Foundation has opted up to PBE IPSAS 6 (NFP) for the preparation of consolidated performance reports.

#### PBE IPSAS 16: Investment Property

After initial recognition at cost, the Directors have elected to measure the Investment Property at Fair Value. Any gains or losses arising from a change in fair value is recognised as surplus or deficit in the Statement of Financial Performance in the period it arises. The fair value is a reflection of market conditions at the reporting date (Refer Note 4).

#### PBE IPSAS 28-30 Financial Instruments

Financial assets are recognised in the Statement of Financial Position when the Foundation becomes party to a financial contract. They include cash balances, investments, term deposits and accrued income.

All assets that are financial instruments are recognised in the Statement of Financial Position.

All financial assets are initially recognised at fair value, being the value of consideration paid. After initial recognition, financial assets designated at fair value through profit or loss are revalued to fair value at each reporting date.

For investments that are actively traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the reporting date. Investments in pooled funds are valued at the unit exit price ("bid price") determined by the Fund Manager at the close of business on the reporting date.

All realised and unrealised gains or losses on investments are recognised in the Statement of Financial Performance. Investment transactions are recorded by Fund Managers on a transaction date basis.

Financial assets are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Foundation.

The Foundation ceases to recognise a financial asset when and only when the contractual rights to cash flows from the financial asset expire.

#### **Community Social Loans**

Community Loans are valued at Cost.

#### **Reserve Accounts**

The Foundation has established three reserves for future use.

##### Capital Grants Reserve

The Capital Grants Reserve is for large capital grants.

##### Grants Reserve

In case of a prolonged downturn in investment income, it has been resolved to form a reserve to cover three years of grants budget. The reserve will require additional transfers only if draw downs have occurred in the future.

##### Hikurangi Reserve

In December 2019 the Foundation received a distribution of the funds from Hikurangi Incorporated totalling \$450,773. The Foundation plans, pursuant to an agreement with Hikurangi, to distribute the funds over time by way of grants to applicants who meet the criteria in the Foundations policies as they pertain to enhancing the wellbeing of isolated elderly in the community

#### **Changes in Accounting Policies**

There have been no changes in accounting policies.

All accounting policies have been applied on a basis consistent with the previous period.

# Notes to the Performance Report

## Whanganui Community Foundation Incorporated (Consolidated)

For the year ended 31 March 2020

	2020	2019
<b>1 Analysis of Revenue</b>		
<b>Revenue from providing goods or services</b>		
Lease or Rent Received	65,098	63,996
<b>Total Revenue from providing goods or services</b>	<b>65,098</b>	<b>63,996</b>
<b>Interest, dividends and other investment revenue</b>		
Craig's Investments - Unrealised gains	(2,865,367)	1,671,752
Realised gains	490,017	50,835
NZ Interest	831,799	863,782
NZ Dividends and PIE's	953,172	628,649
Overseas Interest	14,053	13,139
Overseas Dividends	195,597	210,334
Other Income	-	334
<b>Total Interest, dividends and other investment revenue</b>	<b>(380,729)</b>	<b>3,438,825</b>
<b>Hikurangi</b>		
Hikurangi Distribution	450,773	-
<b>Total</b>	<b>450,773</b>	<b>-</b>
<b>Total Revenue</b>	<b>135,142</b>	<b>3,502,821</b>
<b>2 Analysis of Expenses</b>		
<b>Trustee &amp; employee costs</b>		
Trustees Fees	68,837	67,500
Trustee Expenses	6,882	2,055
Grants Management Office Costs	61,200	50,954
<b>Total trustee &amp; employee costs</b>	<b>136,919</b>	<b>120,509</b>
<b>Costs related to providing goods or services</b>		
Rates	2,873	2,722
Repairs - Buildings & Grounds	2,064	1,118
<b>Total Costs related to providing goods or services</b>	<b>4,937</b>	<b>3,840</b>
<b>Grants and donations made</b>		
Quick Response Grants	196,426	184,731
Community Support Grants	272,361	299,068
High Engagement Grants	489,195	245,000
Capital Grants	300,000	300,000
Interest on Community Loans	1,701	1,050
<b>Total Grants and donations made</b>	<b>1,259,683</b>	<b>1,029,849</b>
<b>Costs related to investment income</b>		
Investment Management Costs	61,560	58,276
	<b>61,560</b>	<b>58,276</b>
<b>Other expenses</b>		
Admin /Accounting Fees	53,520	61,815
Audit Fees	9,000	9,500
Consultancy	324	1,625
Consultancy - Grants	-	1,968
Legal expenses	1,266	975
Insurances	7,600	7,591
Occupancy Costs	6,560	6,279
Other	27,197	21,737
Subscriptions	4,000	4,000
<b>Total Other expenses</b>	<b>109,467</b>	<b>115,490</b>
<b>Total Expenses</b>	<b>1,572,566</b>	<b>1,327,964</b>

	2020	2019
<b>3 Analysis of Assets and Liabilities</b>		
<b>Current Assets</b>		
<b>Bank accounts and cash</b>		
BNZ Cheque Account	104,952	23,708
BNZ Call Account	461,228	938,593
BNZ Imprest Account	1,000	1,093
<b>Total Bank accounts and cash</b>	<b>567,180</b>	<b>963,394</b>
<b>Debtors and prepayments</b>		
Accrued Income	31,918	73,341
Accounts Receivable	2	10,000
GST Receivable	11,309	14,484
Prepayments	16,467	15,766
<b>Total Debtors and prepayments</b>	<b>59,696</b>	<b>113,591</b>
<b>Investments (Held to maturity)</b>		
BNZ Short Term Deposits	2,812,140	2,678,540
Social Loans - Current Portion (Note 7)	34,000	0.0
<b>Total Investments Held to Maturity</b>	<b>2,846,140</b>	<b>2,678,540</b>
<b>Non-Current Assets</b>		
<b>Property Plant &amp; Equipment</b>		
Office Equipment	1,000	-
	<b>1,000</b>	<b>-</b>
<b>Investments (At Fair Value )</b>		
Craig's Investment Portfolio	40,299,819	42,850,793
Craig's Investment - NZ Cash	2,166,758	530,738
Craig's Investment - Aust Cash	45,912	108,874
<b>Total Investments (At Fair Value )</b>	<b>42,512,489</b>	<b>43,490,405</b>
<b>Investment Property</b>		
Investment Property (Note 4)	695,000	660,000
<b>Total Property, Plant &amp; Equipment</b>	<b>695,000</b>	<b>660,000</b>
<b>Total Assets</b>	<b>46,681,505</b>	<b>47,905,930</b>
<b>Current Liabilities</b>		
<b>Creditors and accrued expenses</b>		
Creditors & Accrued Expenses	42,594	58,504
Employee Costs Payable	3,672	6,780
Sarjeant Art Gallery Redevelopment Project	250,000	250,000
<b>Total Creditors and accrued expenses</b>	<b>296,266</b>	<b>315,284</b>
<b>Unused donations and grants with conditions</b>		
High Engagement Grant - Life to the Max	-	100,000
Capacity Building Grant - Life to the Max	22,530	24,850
High Engagement Grant - Wanganui Learning Centre	132,457	80,000
Capital Grant - Bulls & District Community Trust	300,000	300,000
High Engagement Grant -Te Oranganui Trust	100,000	-
Capital Grant - Te Ora Hou Whanganui Inc	300,000	-
<b>Total Unused donations and grants with conditions</b>	<b>854,987</b>	<b>504,850</b>
<b>Non-current liabilities</b>		
Capacity Building Grant -Life to the Max	-	52,530
High Engagement Grant - Wanganui Learning Centre	37,410	80,000
Capital Grant - Sarjeant Art Gallery	250,000	500,000
High Engagement Grant -Te Oranganui Trust	192,000	-
<b>Total Other non-current liabilities</b>	<b>479,410</b>	<b>632,530</b>
<b>Total Liabilities</b>	<b>1,630,663</b>	<b>1,452,664</b>

	2020	2019
<b>4 Investment Property</b>		
Opening Value	660,000	660,000
Movement in Fair Value	35,000	-
<b>Closing Balance</b>	<b>695,000</b>	<b>660,000</b>
<b>Total Investment Property</b>	<b>695,000</b>	<b>660,000</b>

Land and Buildings were valued on 31 March 2020 by registered valuer, K D (Ken) Pawson, of the firm Morgan's Property Advisors.

#### 5 Property, Plant & Equipment

<u>2020</u>	Opening Cost	Additions	Disposals	Depn for Year	Accum Depn	Total
Office Equipment	-	1,043	-	43	43	1,000
	-	1,043	-	43	43	1,000

#### 6 Investments

	2020	%	2019	%
	\$		\$	
Global Equities	9,348,652	21.99	9,528,209	21.91
Australian Equities	5,309,462	12.49	6,465,879	14.87
New Zealand Equities	7,327,720	17.24	8,464,267	19.46
Bonds and Term Deposits	16,960,874	39.90	16,689,876	38.38
Cash NZ/Australia	2,212,670	5.20	639,612	1.47
Property NZ/Australia	1,353,112	3.18	1,702,562	3.91
<b>Total Investments</b>	<b>42,512,489</b>	<b>100.00</b>	<b>43,490,405</b>	<b>100.00</b>

#### 7 Financial Instruments

##### Fair Value Measurement

Financial instruments are required to be specified in a hierarchy of fair value based on the degree to which fair value is observable.

Level 1 : Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Financial instruments are recorded as follows:

##### Group

	2020		2019	
	Level 1	Level 2	Level 1	Level 2
CIP Property NZ/Aust	1,353,112		1,702,562	-
CIP - NZ Equities	7,327,720		8,464,267	-
CIP - Australian Equities	3,156,513	2,152,949	497,945	5,967,934
CIP - International Equities	3,184,233	6,164,420	2,645,031	6,883,178
CIP - Cash NZ/Aust	2,212,670		639,612	-
NZ Corporate Bonds	16,960,873		16,689,876	-
	<b>34,195,121</b>	<b>8,317,369</b>	<b>30,639,293</b>	<b>12,851,112</b>

Risks arising from the Group's financial assets and liabilities are inherent in the nature of the Group's activities, and are managed through an ongoing process of risk identification, measurement and monitoring. The Group is exposed to credit risk, liquidity risk and market risk (including currency, interest rate and pricing risks).

The Group's income is generated from its financial assets. Liabilities which arise from its operations are met from cash flows provided by these assets.

Information regarding the fair value of assets and liabilities exposed to risk is regularly reported to the Foundation's management and ultimately to the Board of Trustees. The Investment Portfolio is regularly rebalanced to ensure that asset classes remain within the Strategic Asset Allocation set out in the Foundation's Statement of Investment Policy and Objectives (SIPO).

The SIPO sets out the Foundation's investment objectives. These can be summarised as:

To ensure that the investment fund is invested prudently;  
To provide inter-generational equity with regard to distribution levels over time;  
To ensure that money is available for distribution, as required, to meet the needs and distribution policies of the Foundation; and  
To maintain the value of the investment fund's capital base in real terms and to grow such capital value at a level equal to the population base growth of the region. Real in this context relates to the changes in the Consumer Price Index (CPI).

#### **The Investment Portfolio**

The Foundation manages its Investment Portfolio in terms of its SIPO. The SIPO is monitored on a regular basis by the Board of Trustees and, as required, amended to reflect international best investment practice. The Portfolio's Strategic Asset Allocation is reviewed at three yearly intervals. The Strategic Asset Allocation was last reviewed in May 2020. Craig's Investment Partners (CIP) assists both management and trustees with investment advice and portfolio monitoring, and are contracted to manage the Investment Portfolio.

#### **Portfolio Characteristics**

The Foundation is not directly involved with the analysis, sale or purchase of individual asset securities other than term deposits. Investments are made into either securities directly owned by the Foundation but held in custody by CIP or pooled funds with CIP. The performance of each asset class is measured against an appropriate internationally accepted standard or index for each asset class.

#### **Global Equities:**

This portfolio is invested by CIP largely in a pooled fund administered by Quay Street International Equity Fund.

#### **New Zealand Bonds:**

The New Zealand Bond Portfolio is managed by CIP. The Investment Guidelines provide strict limits on the underlying investment categories, along with credit and duration restrictions. The portfolio is measured against the NZX Corporate Investment Grade index.

#### **Cash:**

The Cash Portfolio is managed by CIP along with some term deposits placed directly with Bank of New Zealand. The investment guidelines places limits on the underlying investment categories, along with credit and duration restrictions. The portfolio is measured against the NZX 90 day bank bill index.

The SIPO sets out the following risks and mitigations:

Interest rate risk, reinvestment risk, default risk, currency risk, inflation risk, market volatility risk, market downturn risk, manager risk and timing risk. Comprehensive strategies are in place to mitigate each of these risks.

### Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities. This risk is managed through the Group's investment in a diversified portfolio of financial assets.

The Foundation's investment portfolio consists largely of listed securities and unit trust investments which under normal market conditions are readily convertible to cash. These are smaller holdings in offshore Unit Trusts. In addition, the Group maintains sufficient cash and cash equivalents to meet normal operating requirements.

### Financial Liabilities

The Foundation's financial liabilities comprise accounts payable and grants approved but not yet paid.

At balance date, all accounts payable were current, and are normally settled on the 20th of the month following invoice date.

Grants approved but not yet paid are held as current liabilities pending the satisfaction of conditions under which the grant was paid.

At balance date grants approved but not yet paid totalled \$1,584,396 (2019 \$1,406,852).

### Maturity Analysis of Financial Liabilities

Financial liabilities comprise accounts payable, accrued employees' entitlements and grants that have been approved but not yet paid. All are considered to be current. No conditions placed on grants to be satisfied before payment would prevent payment within the 12 months.

## 8 Social Loans

The Foundation makes loans to community organisations from time to time. The loans are secured and regular monthly repayments are made. The loans are at a concessionary interest rate of 6% which is accounted for as a community distribution grant with interest foregone being added back to the income.

On the 26 March 2020 The Trustees resolved that the loan repayment requirement may be deferred for up to 12 months.

Total loan repayments during the year amounted to \$6,000

	Current 2020 \$	Term 2020 \$	Total 2020 \$	Total 2019 \$
Hockey Whanganui Incorporated	-	34,000	34,000	-
<b>Totals</b>	-	<b>34,000</b>	<b>34,000</b>	-

## 9 Accumulated Funds

The Foundation annually transfers 10% of the grants budget to a Capital Grants Reserve. This year the reserve balance has been aligned with the Capital Grants made where conditions are yet to be met.

### Accumulated Surplus

Opening Balance	43,153,267	41,178,410
Operating Surplus/(Deficit) for the year	(1,437,424)	2,174,857
Property Impairment	35,000	-
Transfers to/from Reserves	(250,773)	(200,000)
Capital returned to owners or members	-	-
<b>Balance as at 31 March 2020</b>	<b>41,500,070</b>	<b>43,153,267</b>

### Discretionary Reserves

Opening Balance	3,300,000	3,100,000
Hikurangi Inc - Funds Received	450,773	-
Transfer to/from Accumulated Surpluses	(200,000)	200,000
<b>Balance as at 31 March 2020</b>	<b>3,550,773</b>	<b>3,300,000</b>

<b>Total Accumulated Funds</b>	<b>45,050,843</b>	<b>46,453,267</b>
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### Breakdown of Discretionary Reserves

Grants Reserve	Cover for 3 years budgeted grants	2,500,000	2,500,000
Renovations to downstairs tenancy and accessibility upgrade		-	-
<b>Total Commitments to lease or rent assets</b>		<b>-</b>	<b>-</b>



**10 Operating Commitments**

The foundation has an Accounting/Administration contract commitment of \$36,880 (2019:\$36,880).

The foundation has a Fluxx Grants Management contract commitment of US\$10,000 annually (2019:US\$10,000)

**11 Capital Commitments**

There are no capital commitments at balance date (2019:\$Nil).

**12 Significant Grants and Donations with Conditions not Recorded as a Liability**

There are no Significant grants not recorded as a liability.

**13 Related Parties**

From time to time, Trustees have and disclose interests in, or a relationship with, grantee organisations and abstain from those decisions.

**14 Events After the Balance Date**

In April 2020 a Covid 19 funds of up to \$120,000 was established to assist charities meet costs through the lockdown process.

**15 Contingent Liability**

On the 5th July 2018 the trustees resolved to allocate from the Capital Grants Reserve, \$500,000 to the Regional Velodrome Development Trust for the Velodrome project, contingent on the project proceeding (2019: \$500,000).

The Grant is on the condition that any funding received surplus to the target is rebated to the Foundation.

On the 23 April 2020 a grant of \$100,000 was approved from the Capital Grants Reserve to Marton Development Group Inc

The Grant is conditional on full funding being achieved.

**16 Ability to Continue Operating**

The entity will continue to operate for the foreseeable future.

## 17 Grants Committed

### Social Loans

Hockey Wanganui

16\$

1,701

1,701

### Quick Response Grants

Alzheimer's Whanganui Incorporated	5,000
Arthritis New Zealand - Whanganui	3,000
Athletics Wanganui	1,500
Autism New Zealand - Wanganui	2,000
Cancer Society of New Zealand - Wanganui	7,000
Wanganui Central Baptist Kindergarten & Crèche Trust	2,618
Christian Social Services ( Wanganui)	7,000
Citizens Advice Bureau - Whanganui	5,000
Community House ( Whanganui) Association Incorp	6,000
Counselling Centre (Marton) Inc	10,000
Cystic Fibrosis Association of NZ	3,600
Epilepsy Association of New Zealand Incorporated	5,000
The Whanganui Festival of Cultures Committee	2,500
Jigsaw Whanganui	7,060
KidsCan Charitable Trust	4,000
Life Education Trust Wanganui & Districts	5,000
Marton Golf Club Inc	4,000
Mental Health Foundation of New Zealand	2,560
Muscular Dystrophy Association (Tuaatara) Central Region	4,000
Nancy Winter Early Childhood Centre	3,500
Parent to Parent New Zealand Incorporated	1,000
Philanthropy NZ	5,040
Progress Castlecliff Incorporated	800
Rangitikei District Council - Swim for All	5,000
River Rockers Whanganui	2,500
Ronald McDonald House Charities New Zealand	9,000
Ruapehu College - Cactus 2020	5,500
Snow Sports NZ Inc	1,500
Sommerville Centre for Special Needs Wanganui Incorp	6,000
Taihape & Districts A and P Show Inc	2,000
Taihape Community Development Trust	3,000
Te Ao Hou Marae	3,000
The Marton & Surrounds ICT Hub Charitable Trust Board	10,000
The Parenting Place Charitable Trust	4,000
The Parkinson's New Zealand Charitable Trust	3,500
The Scout Association	4,000
Wanganui Agriculture And Pastoral Association Incorp	2,000
Wanganui Creative Space	3,000
Wanganui Multiple Sclerosis Society Incorporated	2,000
Wanganui District Employment Training Trust	5,000
Wanganui Land Search and Rescue Inc	4,000
Whanganui District Library	1,841
Whanganui Group of the Riding for the Disabled Association	3,000
Whanganui Regional Heritage Trust Board	5,000
Whanganui Regional Museum Trust	5,000
Whanganui Toy Library Incorporated	3,407
Whanganui Volunteer Centre Trust	4,000
Yoga Education in Prisons Trust	2,000

196,426

**Community Support Grants**

Age Concern Wanganui Incorporated	32,000
Blue Light Ventures	20,000
Converge Trust	50,000
Hospice	15,000
Nga Waihua O Paerangi Trust	10,000
NZ Family & Foster	20,000
Safe & Free	15,000
The Young Men's Christian Association Central Incorp	11,200
Wanganui Advocacy & Support	23,000
Whanganui Peoples Centre	20,000
Women's Network (Wanganui) Incorporated	15,000
Women's Refuge Whanganui Charitable Trust Board	21,161
Youth Services Trust Whanganui	20,000
	<hr/>
	272,361

**High Engagement Grants**

## Life to the Max Trust

In October 2017, the Foundation pledged a High Engagement grant of \$300,000 over a 3 year period, along with an additional \$93,720 for capacity building and evaluation over the 3 year period. The project is to expand their social worker service, and increase capacity/client load, and to commission and external longitudinal evaluation of the impact of the service on clients who have previously engaged with Life to the Max.

Whanganui Learning Centre Trust 97,195

In October 2017, the Foundation pledged a High Engagement grant of \$240,000 over a 3 year period to employ an intensive case worker (ICW) who will work with whanau to identify barriers to educational and social participation in the low-decile/low socio-economic areas of Whanganui, to overcome these barriers to advance social and educational achievements for young children and youth.

In addition there is a commitment to grant up to \$97,195 for capacity building and evaluation. The budget for which is to be quantified.

Te Oranganui - Korowaitia Te Puna o Te Moke 392,000

In September 2019 a grant of \$100,000 Per Annum for 3 Years Plus and evaluation/capacity building grant of \$92,000 was approved to fund an Oral Health Project being facilitated by Te Oranganui

**Capital Grant**

## Sarjeant Gallery redevelopment

In June 2016, the Foundation pledged up to \$1M to the Sarjeant Gallery Redevelopment project, conditional on the project proceeding. In March 2018 the project achieved the fund raising goal and the pledge is to be fulfilled by annual payments of \$250,000 for the next 2 years.

## Bulls &amp; District Community Trust

On the 5th July 2018 the trustees resolved to allocate from the Capital Grants Reserve \$300,000 to the Bulls and District Community Trust for the Bulls Community Centre.

The Grant is on the condition that any funding received surplus to the target is rebated to the Foundation.

Te Ora Hou Whanganui Inc 300,000

In June 2019 it was agreed to assist with funding a new Whare for Te Ora Hou, with a grant of \$300,000, subject to conditions being met and funds uplifted within 3 years.

**Total Grants Approved** \$1,259,683

## INDEPENDENT AUDITOR'S REPORT

To the Whanganui Community Foundation Incorporated (Consolidated)

### Report on the Performance Report

We have audited the performance report of Whanganui Community Foundation Incorporated (Consolidated) on pages 1 to 17 which comprises the entity information, the statement of service performance, the statement of financial performance, statement of movements in equity and statement of cash flows for the year ended 31 March 2020, the statement of financial position as at 31 March 2020, and the statement of accounting policies and other explanatory information.

#### In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the accompanying performance report on pages 1 to 17 presents fairly, in all material respects,
  - the entity information for the year then ended;
  - the service performance for the year then ended; and
  - the financial position of Whanganui Community Foundation Incorporated (Consolidated) as at 31 March 2020, and its financial performance, and cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board

#### Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Performance Report section of our report. We are independent of Whanganui Community Foundation Incorporated (Consolidated) 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.

Other than in our capacity as auditor we have no relationship with, or interests in, the Whanganui Community Foundation Incorporated (Consolidated) or any of its subsidiaries.

**Responsibilities of the Trustees for the Performance Report**

The Trustees are responsible for:

(a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;

(b) the preparation and fair presentation of the performance report on behalf of the entity which comprises:

- the entity information;
- the statement of service performance; and
- the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and

(c) such internal control as the Trustees determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible on behalf of Whanganui Community Foundation Incorporated (Consolidated) for assessing the entity'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 the Trustees either intend to liquidate Whanganui Community Foundation Incorporated (Consolidated) or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Performance Report**

Our objectives are to obtain reasonable assurance about whether the performance report 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) and ISAE (NZ) 3000 (Revised) 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 economic decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Restriction on Responsibility**

This report is made solely to the trustees, as a body, in accordance with section 42F of the Charities Act 2005. Our audit work 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Cameron Town  
Silks Audit Chartered Accountants Ltd  
Whanganui, New Zealand

Date: 4 August 2020