

Hawke's Bay Foundation

Performance Report

For the year ended

31 March 2017

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Hawke's Bay Foundation

Entity Information

"Who are we?", "Why do we exist?"

For the year ended
31 March 2017

Legal Name of Entity:	Hawke's Bay Foundation
Type of Entity and Legal Basis (if any):	Registered Charity
Registration Number:	CC28009

Entity's Purpose or Mission:

From Trust Deed: "To carry out every charitable purpose in New Zealand whether relating to the relief of poverty, the advancement of education, the advancement of religion, or any other purpose beneficial to the community, and: a) in all its activities shall provide a public benefit; but b) none of its activities shall result in any private benefit or profit to any individual person".

in practice, the Hawke's Bay Foundation encourages giving throughout the region to build assets and resources for the future generations of the Hawke's Bay community and provides a simple and long lasting way for individuals, families or corporations to leave legacies for local causes.

Entity Structure:

The Board of Trustees consists of not less than five and not more than nine Trustees. Four Trustees are appointed as follows: one Trustee is appointed jointly by the Mayors of the Napier City Council and Hastings District Council; one by the President of the Hawke's Bay branch of the NZ Law Society; one by the Chairman of the Hawke's Bay branch of the NZ Institute of Chartered Accountants; one by the Chairman of the Hawke's Bay Chamber of Commerce. At the Annual General Meeting, at least one third of the Trustees must retire from office but are eligible for re-election. The Trustees to retire will be those who have been longest in office since their last appointment. The Foundation is managed on a day to day basis by three part time contract staff and voluntary Trustees.

Main Sources of the Entity's Cash and Resources:

Donations, bequests and investment income form the main sources of income for the Foundation. Sponsorship in the form of cash, goods and services are also received towards operating costs.

Main Methods Used by the Entity to Raise Funds:

The main method of raising funds is through informing and encouraging the Hawke's Bay community to support the Community Foundation concept.

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

All Trustees are volunteers. Various individuals and organisations support the Foundation through sponsored goods and services such as rent, financial accounting and audit. Where these can be quantified they are included in the notes to these financial statements.

Additional Information:

The Foundation's commencing capital of \$1m was donated by ten Cornerstone contributors each contributing or pledging \$100,000 in 2012.



Hawke's Bay Foundation

Entity Information

"Who are we?", "Why do we exist?"

For the year ended

31 March 2017

Contact details

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Hawke's Bay Foundation



Hawke's Bay Foundation
Statement of Service Performance
 "What did we do?", When did we do it?"
 For the year ended
 31 March 2017

Description of the Entity's Outcomes:

Mission statement: The Foundation encourages giving throughout the Hawke's Bay region to build assets and resources for current and future generations of our community.

To this end we invite donations, bequests, and other funds to help provide funding to Hawke's Bay community organisations for charitable purposes.

Description and Quantification of the Entity's Outputs:	Actual This Year	Actual Last Year
Funds Received During Year		
Endowment Fund Capital Donations Received during year	187,740	170,240
Donor Specified Funds Received	118,500	58,500
Tindall Foundation Funds received	59,145	59,085
Investment Revenue	158,002	124,984
Total Funds Received	523,387	412,809
Funds Distributed		
Distributions of Foundation funds	61,800	41,800
Distributions of Donor Specified Funds	117,500	60,500
Distributions of Tindall Foundation Funds	59,000	68,600
Total Funds Distributed	238,300	170,900
End of Year Position		
Endowment Funds Balance (including capital protection reserve)	1,844,935	1,515,791
Distribution Reserve Balance	64,041	61,191
Donor Specified Funds Reserve Balance	1,000	-
Tindall Funds Balance	164	19
MTG Funds Balance	300,416	291,374

These financial statements must be read in conjunction with the accompanying notes and audit report.



Hawke's Bay Foundation

Statement of Financial Performance



"How was it funded?" and "What did it cost?"

For the year ended

31 March 2017

	Note	Actual This Year \$	Actual Last Year \$
Revenue			
Donations, fundraising and other similar revenue	1	535,941	292,509
Fund Management Fees	1	250	250
Interest, dividends and other investment revenue	1	158,002	124,984
Total Revenue		694,193	417,743
Expenses			
Operating Expenses	2	54,428	33,639
Grants and donations made	2	238,300	170,900
Administration expenses	2	3,765	4,204
Total Expenses		296,493	208,743
Surplus for the Year		397,700	209,000

For and on behalf of Hawke's Bay Foundation


 _____ Trustee

 _____ Trustee


 _____ Date

These financial statements must be read in conjunction with the accompanying notes and audit report.



Hawke's Bay Foundation

Statement of Financial Position

"What the entity owns?" and "What the entity owes?"

As at
31 March 2017

	Note	Actual This Year \$	Actual Last Year \$
Assets			
Current Assets			
Bank accounts and cash	3	184,226	277,520
Debtors and prepayments	3	5,689	8,664
Other current assets	3	838,416	700,000
Total Current Assets		1,028,331	986,184
Non-Current Assets			
Property, plant and equipment	4	987	1,973
Investments	3	1,323,931	959,173
Total Non-Current Assets		1,324,918	961,146
Total Assets		2,353,249	1,947,330
Liabilities			
Current Liabilities			
Creditors and accrued expenses	3	4,732	5,700
Pending donations and grants with conditions	3	164	19
Other current liabilities	3	300,416	291,374
Total Current Liabilities		305,312	297,093
Total Liabilities		305,312	297,093
Total Assets less Total Liabilities (Net Assets)		2,047,937	1,650,237
Accumulated Funds			
Accumulated surpluses or (deficits)	5	137,961	73,255
Reserves	5	1,909,976	1,576,982
Total Accumulated Funds	5	2,047,937	1,650,237

These financial statements must be read in conjunction with the accompanying notes and audit report.



Hawke's Bay Foundation

Statement of Cash Flows

"How the entity has received and used cash"

For the year ended

31 March 2017

	Actual This Year \$	Actual Last Year \$
Cash Flows from Operating Activities		
Cash was received from:		
Donations, fundraising and other similar receipts	536,086	320,495
Fund Management Fees	250	250
Interest, dividends and other investment receipts	66,395	61,368
Cash was applied to:		
Administration Expenses	57,633	38,527
Donations or grants paid	238,300	170,900
Net Cash Flows from Operating Activities	306,798	172,686
Cash flows from Investing and Financing Activities		
Cash was received from:		
Receipts from the sale of share investments	-	961
Receipts of MTG Funds	9,292	11,799
Receipts from Term Investments	439,865	750,000
Cash was applied to:		
Payments to acquire property, plant and equipment	-	-
Payments to purchase share investments	270,718	6,140
Transfers to term Investment	578,281	900,000
Payments from Funds Under Management	250	250
Net Cash Flows from Investing and Financing Activities	(400,092)	(143,630)
Net Increase / (Decrease) in Cash	(93,294)	29,056
Opening Cash	277,520	248,464
Closing Cash	184,226	277,520
This is represented by:		
Bank Accounts and Cash	184,226	277,520

These financial statements must be read in conjunction with the accompanying notes and audit report.



Hawke's Bay Foundation
Statement of Accounting Policies
"How did we do our accounting?"
For the year ended
31 March 2017

Basis of Preparation

Hawke's Bay Foundation has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future. All amounts are presented in New Zealand Dollars (NZD) and are rounded to the nearest dollar.

Goods and Services Tax (GST)

Hawke's Bay Foundation is not registered for GST. Therefore amounts recorded in the Performance Report are inclusive of GST (if any).

Income Tax

Hawke's Bay Foundation is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Revenue

Revenue is recognised on an accruals basis.

Property, Plant & Equipment

Property, plant and equipment are recognised at cost less aggregate depreciation. Depreciation has been calculated using the maximum permitted for taxation purposes. The following rates are used: Office Equipment 39.6% - 60%

Investments

Share Investments

The fair value of the share investments has been determined by reference to their quotes prices at the reporting date. All share investments are publicly traded on stock exchanges in New Zealand and Australia. Gains and losses are recorded within Investment revaluation.

Term Investments

Term Investments are measured at amortised cost using the effective interest method.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument in another entity.

Financial instruments are comprised of cash and cash equivalents, term investments, share investments, accounts payables, unused donations and grants with conditions, and other current liabilities.

Hawke's Bay Foundation
Statement of Accounting Policies
"How did we do our accounting?"
For the year ended
31 March 2017

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

Financial assets and financial liabilities are recognised when the reporting entity becomes a party to the contractual provisions of the financial instrument.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the entity transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition into one of four categories defined below, and re-evaluates this designation at each reporting date.

All financial assets except for those classified as fair value through profit or loss are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

The classification of financial instruments into one of the four categories below, determines the basis for subsequent measurement and whether any resulting movements in value are recognised in the reported surplus and deficit or other comprehensive revenue and expense.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The entity's cash and cash equivalents fall into this category of financial instruments.

After initial recognition such financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(ii) Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. The entity's held for trading financial assets include share investments.

Assets in this category are measured at fair value with gains or losses recognised in the surplus or deficit for the year.

The fair values of financial instruments in this category are provided by the Investment Manager and are determined by reference to active market transactions or using a valuation technique where no active market exists.

Hawke's Bay Foundation
Statement of Accounting Policies
"How did we do our accounting?"
For the year ended
31 March 2017

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the entity has the intention and ability to hold them until maturity. The entity's term investments are classified as held-to-maturity investments.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in surplus or deficit.

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The entity does not have any available-for-sale financial assets.

Equity instruments are measured at cost less any impairment charges, where the fair value cannot currently be estimated reliably.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive revenue and expenses and reported within the "available-for-sale revaluation reserve" within equity, except for impairment losses which are recognised in the surplus or deficit for the year.

When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive revenue and expenses is reclassified from the equity reserve to the surplus or deficit and presented as a reclassification adjustment within other comprehensive revenue and expenses.

Interest income or dividends on available-for-sale financial assets are recognised in the surplus or deficit.

Available-for-sale financial instruments are reviewed at each reporting date for objective evidence that the investment is impaired. Objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

Tier 2 PBE Accounting Standards Applied

The Trustees have adopted the following Tier 2 PBE Accounting Standards in the preparation of these accounts:

- PBE IPSAS 28 Financial Instruments: Presentation
- PBE IPSAS 29 Financial Instruments: Recognition and Measurement

The impact of the adoption is to revalue investments to market value at balance date, refer to the policy on financial instruments

Hawke's Bay Foundation
Notes to the Performance Report
For the year ended
31 March 2017

Note 1 : Analysis of Revenue

Revenue Item	Analysis	This Year \$	Last Year \$
Donations and other similar revenue			
	Donations - Community Impact Fund	64,050	760
	Donations - Administration Costs	26,651	31,909
	Donations - Named Fund	187,740	170,240
	Donations - Donor Specified	118,500	58,500
	Corporate Partnership Sponsorship	80,000	12,500
	De-recognition of donations pledged but not yet received	-	(50,000)
	Tindall Donation Funds Released	59,000	68,600
	Total	535,941	292,509

Revenue Item	Analysis	This Year \$	Last Year \$
Fund Management Fees	Fund Management Fees - MTG	250	250
	Total	250	250

Revenue Item	Analysis	This Year \$	Last Year \$
Interest, dividends and other investment revenue	Interest	16,943	21,934
	Dividends	47,019	38,872
	Investment Revaluation	94,040	64,178
	Total	158,002	124,984



Hawke's Bay Foundation
Notes to the Performance Report

For the year ended
31 March 2017

Note 2 : Analysis of Expenses

Expense Item	Analysis	This Year \$	Last Year \$
Operating Expenses	Contract Expenses	52,363	32,315
	Marketing and Promotion	2,065	1,324
	Total	54,428	33,639

Expense Item	Analysis	This Year \$	Last Year \$
Grants and donations made	Distributions - Foundation Funds	61,800	41,800
	Distributions - Donor Specified Funds	117,500	60,500
	Distributions - Tindall Funds	59,000	68,600
	Total	238,300	170,900

Expense Item	Analysis	This Year \$	Last Year \$
Administration expenses	Bank Charges	40	40
	Communication Expenses	965	748
	Computer, Website & Software Expenses	989	111
	Depreciation	986	1,973
	General Expenses	171	51
	Printing, Stationery & Postage	160	1,031
	Subscriptions	454	250
	Total	3,765	4,204



Hawke's Bay Foundation
Notes to the Performance Report
For the year ended
31 March 2017

Note 3 : Analysis of Assets and Liabilities

Asset Item	Analysis	This Year \$	Last Year \$
Bank accounts and cash	BNZ Cheque Account	130,146	158,682
	BNZ Cash PIE Account	4,080	58,838
	BNZ Term Investments Under 90 days	50,000	60,000
	Total	184,226	277,520
Debtors and prepayments	Accounts receivable	-	-
	Accrued Interest receivable	5,689	8,664
	Total	5,689	8,664
	Other current assets	BNZ Term Investments	838,416
	Total	838,416	700,000
Investments	Share Investments	1,323,931	959,173
	Total	1,323,931	959,173

Hawke's Bay Foundation
Notes to the Performance Report
For the year ended
31 March 2017

Note 3 : Analysis of Assets and Liabilities

Liability Item	Analysis	This Year	Last Year
Creditors and accrued expenses		\$	\$
	Accounts Payable	2,252	2,678
	Accrued interest payable	2,480	3,022
	Total	4,732	5,700
Unused donations and grants with conditions		\$	\$
	Tindall Funds balance	164	19
	Total	164	19
Other current liabilities		\$	\$
	MTG Funds Balance	300,416	291,374
	Total	300,416	291,374

Financial Instruments

Classification of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

	Financial assets at fair value through surplus or deficit	Loans and receivables	Held-to-maturity investments	Financial Liabilities at amortised cost	Total
This Year					
Financial Assets					
Bank Accounts	-	134,226	-	-	134,226
Term Investments	-	-	888,416	-	888,416
Share Investments	1,323,931	-	-	-	1,323,931
Total	1,323,931	134,226	888,416	-	2,346,573
Financial Liabilities					
Accounts payable	-	-	-	2,255	2,255
Unused donations & grants with conditions	-	-	-	164	164
Other current liabilities	-	-	-	300,416	300,416
Total	-	-	-	302,835	302,835
Last Year					
Financial Assets					
Bank Accounts	-	217,520	-	-	217,520
Term Investments	-	-	760,000	-	760,000
Share Investments	959,173	-	-	-	959,173
Total	959,173	217,520	760,000	-	1,719,173
Financial Liabilities					
Accounts payable	-	-	-	2,678	2,678
Unused donations & grants with conditions	-	-	-	19	19
Other current liabilities	-	-	-	291,374	291,374
Total	-	-	-	294,071	294,071



Hawke's Bay Foundation
Notes to the Performance Report
For the year ended
31 March 2017

Note 4 : Property, Plant and Equipment

This Year					
Asset Class	Opening Carrying Amount	Purchases	Sales/Disposals	Current Year Depreciation and Impairment	Closing Carrying Amount
Computers (including software)	1,973			986	987
Total	1,973	-	-	986	987

Last Year					
Asset Class	Opening Carrying Amount	Purchases	Sales/Disposals	Current Year Depreciation and Impairment	Closing Carrying Amount
Computers (including software)	3,945	-		1,972	1,973
Total	3,945	-	-	1,972	1,973



Hawke's Bay Foundation
Notes to the Performance Report
For the year ended
31 March 2017

Note 5: Accumulated Funds

This Year				
Description	Capital Contributed by Owners or Members	Accumulated Surpluses or Deficits	Reserves	Total
Opening Balance	-	73,255	1,576,982	1,650,237
Surplus/(Deficit)		397,700		397,700
Transfer to Reserves		(332,994)	332,994	
Closing Balance	-	137,961	1,909,976	2,047,937

Last Year				
Description	Capital Contributed by Owners or Members	Accumulated Surpluses or Deficits	Reserves	Total
Opening Balance	-	52,910	1,388,327	1,441,237
Surplus/(Deficit)		209,000		209,000
Transfer to Reserves		(188,655)	188,655	
Closing Balance	-	73,255	1,576,982	1,650,237

Breakdown of Reserves

Name	Nature and Purpose	Actual This Year \$	Actual Last Year \$
Endowment Funds Capital Protection Reserve	This reserve comprises two elements: 1. An amount to preserve the real value of endowment fund capital against annual inflation. 2. A reserve to smooth the effects of market volatility reflected in unrealised gains from investment holdings.	265,565	188,211
Distribution Reserve	Distributable Income - the amount of annual income allocated for distribution.	64,041	61,191
Donor Specified Distribution Reserve	End of year balance of funds contributed by donors - held pending distribution to a charity specified by the donor.	1,000	-
Endowment Funds Capital	Endowment Funds - actual capital contributed by donors.	1,579,370	1,327,580
Total		1,909,976	1,576,982

Hawke's Bay Foundation
Notes to the Performance Report
For the year ended
31 March 2017

Note 6 : Commitments and Contingencies

Commitments

There are no commitments as at balance date (Last Year - nil)

Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at balance date (Last Year - nil)



Hawke's Bay Foundation
Notes to the Performance Report
For the year ended
31 March 2017

Notes 7-9

Goods or Services Provided to the Entity in Kind

Amounts included where known.

Description	Amount
Crowe Horwath - Audit services	5,000
Sharesight	
MCA Associates - Investment oversight	
Haumoana Holdings	
First NZ Capital	
Band Ltd - Design	
Brebner Print - printing	
MR Print - printing	
Lucy Dobbs - Marketing, PR, Comms	
Reputation Matters - Marketing	
Stick - Marketing	
Concordia Design - Artwork	
Conservation Supplies	

Related Party Disclosures:

R Turner was Trustee and Chairman of the Hawkes Bay Foundation until 22 March 2016. She was also a director and shareholder of Haumoana Holdings Limited.

Haumoana Holdings Limited provided Hawke's Bay Foundation with office space to use free of charge.

Endowment Funds Established by Trustees

A number of Trustees have established Endowment Funds with the Foundation and these are included in the Total Endowment Funds balance.

Sam Howard is an investment advisor with First NZ Capital. He is also a Trustee of Hawke's Bay Foundation.

First NZ Capital provide investment services to Hawke's Bay Foundation at no cost.

Events After the Balance Date:

There were no events that have occurred after the balance date that would have a material impact on the Performance Report. (Last Year Nil)



Hawke's Bay Foundation

Notes to the Performance Report

For the year ended
31 March 2017

Note 10 - Distribution Recipients

The following distributions were made during the 2017 Financial Year:

Recipient	HBF	Donor Specified	Tindall	Total
Age Concern HN	2,500			
Barnardos NZ			3,000	
Birthright	3,000			
Brain Injury Assn	3,000			
Breathe HB	1,000			
Central Connect	3,000			
CHB Family Services			4,000	
CHB Parents Centre			1,500	
Citizens Advice Bureau Hastings			3,500	
Creative Hastings	4,000	7,000		
Family Works HIPPY Programme			4,000	
Hastings Riding for Disabled	4,000			
HB Community Fitness Centre Trust		50,000		
HB Youth Trust (Giants Boxing)			5,000	
Heretaunga Seniors	2,800			
Heretaunga Women's Centre	5,000	40,000		
Howard League			3,000	
Kids Can	3,000			
Leg Up Trust		17,500		
Napier Family Centre		1,000		
Napier Women's Refuge			2,000	
Orokohanga Music Trust	4,000			
Parent to Parent	1,000			
Parenting Place			3,000	
Paul Hunter Centre	4,000			
Pleroma			5,000	
Plunket HB			3,000	
Prima Volta	3,000	2,000		
Puna Aranui Trust	2,000			
Salvation Army	5,000			
Speld NZ	3,000			
St Johns	3,500			
Te Matau A Maui Waka Trust	3,000			
Te Taitimu Trust			1,500	
U Turn Trust			4,500	
Victim Support			4,000	
Wineworks Engineering Scholarship Recipients	2,000			
Youth Development Trust			4,000	
Youth Quest			5,000	
Zeal			3,000	
	61,800	117,500	59,000	238,300



Hawke's Bay Foundation

Independent Auditor's Report to the beneficiaries of Hawke's Bay Foundation

Opinion

We have audited the performance report of Hawke's Bay Foundation on pages 2 to 19, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 March 2017, the statement of financial position as at 31 March 2017, 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; and
- b) the performance report on pages 2 to 19 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 Hawke's Bay Foundation as at 31 March 2017, 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).

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 of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report.

We are independent of the Hawke's Bay Foundation 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, Hawke's Bay Foundation.

Responsibilities of Trustee's for the Performance Report

The Trustees are responsible on behalf of the Trust 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, 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 reportin accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board; and
- (c) For 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 for assessing the Trust'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 the Trust 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 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) and ISAE (NZ) 3000 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 performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000, 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, including performing procedures to obtain evidence about and evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable. 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 Trust'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 Trust'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 represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Crowe Horwath

Crowe Horwath New Zealand Audit Partnership

CHARTERED ACCOUNTANTS

25 July 2017