

# Performance Report

Te Karaka Foundation  
For the year ended 30 June 2016

Prepared by BDO Taranaki Limited

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**INDEPENDENT ASSURANCE PRACTITIONER'S REVIEW REPORT**

To the Trustees of: Te Karaka Foundation

**Report on the Financial Statements**

We have reviewed the accompanying financial statements of Te Karaka Foundation on pages 10 to 18, which comprise the statement of financial position as at June 30, 2016, and the statement of financial performance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Trustees Responsibility for the Financial Statements**

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit), and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Assurance Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (New Zealand) (ISRE (NZ)) 2400, Review of Historical Financial Statements Performed by an Assurance Practitioner who is not the Auditor of the Entity. ISRE (NZ) 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

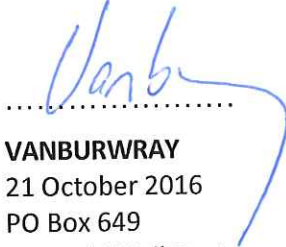
A review of financial statements in accordance with ISRE (NZ) 2400 is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these financial statements.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, Te Karaka Foundation.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Te Karaka Foundation as at June 30, 2016, 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).

  
.....  
**VANBURWRAY**  
21 October 2016  
PO Box 649  
Taranaki Mail Centre  
New Plymouth 430

# Entity Information

## Te Karaka Foundation

For the year ended 30 June 2016

### Legal Name of Entity

Te Karaka Foundation Incorporated

### Entity Type and Legal Basis

Registered Charity (CC51935)  
Incorporated Charitable Trust (2632391)

### Entity's Purpose or Mission

**Purpose:** Te Karaka Foundation is a charitable community foundation, which provides Taranaki people with a personal and enduring way to support the causes close to their home and close to their heart.

**Vision:** A thriving Taranaki - an outstanding place to live, learn, work and play - now and for generations to come.

**Mission:** To inspire and enable giving for a thriving Taranaki.

### Entity's Operational Structure

Te Karaka Foundation has a Board of ten Trustees to provide leadership and governance to the Foundation. In addition, Committees provide specialist advice to the Board. The Foundation also contracts two part-time Executive Officers to carry out the day-to-day operations and activities.

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

Income comes from grants from charitable organisations (such as the TSB Community Trust and Tindall Foundation); donations from individuals, families and other organisations; and sponsorship from local businesses.

### Main Methods Used by Entity to Raise Funds

Funds are raised through applications to grant funding organisations, and direct contact with potential donors and professional advisors in the Taranaki community.

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

All Trustees and Committee Members are volunteers. Te Karaka Foundation is very appreciative of the support of the Taranaki business community for providing goods and services to the Foundation at no cost, or at a significantly discounted fee.



## **Te Karaka Foundation For the year ended 30 June 2016**

Te Karaka Foundation had a successful first full year of operation, with the highlight being our public launch on 2 June featuring Sir Stephen Tindall as guest speaker, and the announcement of over \$700,000 in donations received or promised.

In early 2015 the Foundation was registered as a charitable trust, with a governance team of eight trustees and two part-time executive officers.

The Foundation held its first community event in August 2015 in New Plymouth. Visiting guest Cindy Lindsay of Community Foundations of Canada presented to a small group of community leaders on the history of community foundations in her native Canada and the potential the model holds for Taranaki. We were pleased with the positive feedback we received from our guests and recognise our good fortune in having this opportunity to host an international community foundations expert so early in our establishment.

September was a significant month for the Foundation with the receipt of our first endowment fund, the Winifred Knight Trust. Winifred Knight was a South Taranaki schoolteacher and for twenty-five years her trust has met educational, community, cultural and recreational needs in South Taranaki. Winifred's Trust was transferred to Te Karaka Foundation and her support of the South Taranaki community is assured in perpetuity.

The Foundation achieved several milestones in October, the first being incorporation as a charitable trust board. A second milestone was the forming of an Investment Advisory Committee comprised of Ken Horner (Foundation Chair), Maurice Betts (former Financial Adviser) and Kevin Landrigan (Partner, BDO), who provide valuable guidance to the Trustees. The Committee's first task has been to oversee the selection of a fund manager - Craigs Investment Partners (CIP), who were appointed in December. With CIP's expert advice, we are confident that the funds entrusted to the Foundation will be invested wisely and produce competitive returns.

We were delighted to receive significant funding from the Tindall Foundation during the year, and from TSB Community Trust in October. We look forward to continuing to build a strong partnership with our local funders as the Foundation develops.

November saw the Foundation achieve key marketing milestones with the completion of our printed collateral and the Foundation website ([www.tkf.org.nz](http://www.tkf.org.nz)). We wish to acknowledge all of our Foundation Supporters who contributed to our communications toolkit: Susette Goldsmith (Quill Editorial - editorial services), Danny Hall (The Marketing Tree - marketing advice), Jaron Mumby and Tim Brassell (Little Rocket – design and web development), Rob Tucker (Tucker Media - donated images) and Russell Smith (Jago Print & Graphics Ltd – printing services).



With the completion of this material we launched our Founding Donors opportunity which will see donors who commit to establish a Named Endowment Fund before 31 December 2016 recognised as Founding Donors of Te Karaka Foundation.

We were pleased to have two such donors create endowment funds during December, with the establishment of the Dr BF Clarke Fund and the Debbie McCallum Fund. These funds have been set up to benefit the families of children with chronic health conditions and women's golf in Taranaki respectively and we look forward to seeing the community benefit from these gifts.

A key part of our communications strategy in early 2016 was to introduce the Foundation to legal and accounting professionals, community groups and local authorities throughout the region. Our team visited over twenty legal and accounting firms and a similar number of community groups, Councils and the like throughout the region prior to our formal launch. We greatly appreciated the encouragement and advice received from those we met with and we look forward to building these relationships as we continue to grow Te Karaka.

It was with regret that the Foundation accepted resignations from two trustees, Jude Nagel and Catherine Jones, during the year. However we were pleased to welcome Puna Wano-Bryant as a Trustee in October and have very much appreciated the skills and perspective she has to offer. Our Trustee team grew further with the addition of Ross Fulton and Kelvin Squire in early 2016. Both bring with them a wealth of knowledge in the funding space, having dedicated many years to supporting sporting and education outcomes respectively for Taranaki.

Our Foundation Launch on the evening of Thursday 2nd June was a huge success and we wish to thank all who celebrated this significant event with us as well as those who attended the launch breakfast kindly hosted by TSB Bank the following morning. We were very grateful to host Sir Stephen Tindall as our guest speaker for the evening and to have the support of our Launch Partners Billings Lawyers, Boon Goldsmith Brebner Bhaskar Team Architects and media sponsor NZME.

The lead up to our launch prompted a number of people to create an endowment fund and I was delighted to announce on the evening six founding endowments representing over \$700,000 in funds gifted and promised. In addition to their contribution as a Launch Partner, Billings Lawyers also created an endowment fund and were recognised on the evening as one of our Founding Donors, serving as a wonderful example of the flexibility the Foundation offers to individuals, families and organisations wishing to support the Taranaki community.

Sir Stephen spoke about how community foundations both here in Aotearoa and internationally are helping people to give back to their community in an efficient and meaningful way and encouraged those present to consider how they might contribute to the Taranaki community through Te Karaka Foundation. The feedback received from our guests at these events indicated that there are many people keen to take up this opportunity.

At its core the Foundation is about Taranaki people endowing to Taranaki people. Our role is to encourage and facilitate cost-effective and efficient philanthropic giving, to make that process easy and to ensure that the gifts given today have enduring benefit for Taranaki. As we enter our first year following launch, we look forward to growing awareness of Te Karaka Foundation and working with current and future donors to deliver funding that will help Taranaki thrive now and for generations to come.

**Ken Horner**  
Chairperson

# Approval of Performance Report

Te Karaka Foundation


For the year ended 30 June 2016

The Trustees are pleased to present the approved Performance report including the historical financial statements of Te Karaka Foundation for year ended 30 June 2016.

APPROVED

  
\_\_\_\_\_  
Ken Horner, Chair

Date 18.10.16

  
\_\_\_\_\_  
Paul Goldsmith, Deputy Chair

Date 19.10.16



# Statement of Service Performance



**Te Karaka Foundation**

**For the year ended 30 June 2016**

OUTCOME	OUTPUT	RESULTS
Effective management structures and procedures in place.	<ul style="list-style-type: none"> <li>Initial plans and policies for operations drafted.</li> </ul>	<ul style="list-style-type: none"> <li>Key policies drafted and approved. Policy Committee formed and full Policy Manual in development (for approval at Sept-16 Board Meeting).</li> </ul>
Te Karaka is financially secure.	<ul style="list-style-type: none"> <li>Structures and procedures for board in place.</li> </ul>	<ul style="list-style-type: none"> <li>10 Trustees appointed; induction &amp; training completed; Trustee Commitments signed.</li> </ul>
	<ul style="list-style-type: none"> <li>Financial plans drafted for both Foundation operations and funds for distribution/allocation.</li> </ul>	<ul style="list-style-type: none"> <li>12 month budget and 50 year strategic forecast approved.</li> <li>Plans for Distribution/Allocation deferred to 2016/17.</li> </ul>
	<ul style="list-style-type: none"> <li>Operational funding received.</li> </ul>	<ul style="list-style-type: none"> <li>Four grant applications submitted; grant funding received from Tindall Foundation and TSB Community Trust.</li> <li>Free services provided by HTL Insurance (office rent), Jago Print &amp; Graphics (printing), Little Rocket (brand), Ahu Ahu Beach Villas (conference facilities), Quill (editorial services), Halliwells (legal advice) and Tucker Media (images).</li> <li>Discounted services received from Billings (legal advice), Craigs Investment Partners (investment advice), Little Rocket (design), The Marketing Tree (communications).</li> <li>Three Launch sponsors (Billings, BBGB Team Architects &amp; TSB Bank) and one media sponsor (NZME).</li> </ul>
Initial donations are received and wisely invested.	<ul style="list-style-type: none"> <li>Management of investments determined</li> </ul>	<ul style="list-style-type: none"> <li>Craigs Investment Partners appointed Dec-15</li> <li>Investment Policy Statement approved Feb-16</li> <li>Investments made in line with IPS from May-16</li> </ul>
	<ul style="list-style-type: none"> <li>Initial Endowments &amp; Pledges secured pre-launch (target 5)</li> </ul>	<ul style="list-style-type: none"> <li>Six endowments with a value of \$212,822 received by 30-June-16; and a further \$527,000 pledged.</li> <li>Two significant bequests established.</li> </ul>
OUTCOME	OUTPUT	RESULTS
Key people in Taranaki are aware of Te Karaka.	<ul style="list-style-type: none"> <li>Website developed</li> </ul>	<ul style="list-style-type: none"> <li>Website published Nov-15</li> </ul>
	<ul style="list-style-type: none"> <li>Marketing strategy and targets set</li> </ul>	<ul style="list-style-type: none"> <li>Communications strategy approved Oct-15</li> </ul>
	<ul style="list-style-type: none"> <li>Presentations and collateral material provided to professional advisors, key stakeholders and community groups</li> </ul>	<ul style="list-style-type: none"> <li>Community event with key stakeholders in Aug-15, attended by 28 people.</li> <li>Collateral printed Dec-15.</li> <li>Presentations/collateral given to:                             <ul style="list-style-type: none"> <li>10 legal firms; 12 accountancy firms;</li> <li>5 local authorities;</li> <li>14 community groups;</li> <li>15 potential donors; 6 corporates.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Public Launch held</li> </ul>	<ul style="list-style-type: none"> <li>Launch held 2-Jun-16, attended by 170 people; and 40 attended breakfast at TSB Bank.</li> </ul>

# Statement of Financial Performance

Te Karaka Foundation

For the year ended 30 June 2016

	NOTES	2016
<b>Revenue</b>		
Donations, fundraising and other similar revenue	1	325,480
Interest, dividends and other investment revenue	1	308
<b>Total Revenue</b>		<b>325,788</b>
<b>Expenses</b>		
Volunteer and employee related costs	2	79,774
Other expenses	2	19,108
<b>Total Expenses</b>		<b>98,882</b>
<b>Total Surplus/(Deficit) for the Year</b>		<b>226,906</b>

This statement should be read with the Notes to the Performance Report.

# Statement of Financial Position

Te Karaka Foundation  
As at 30 June 2016

	NOTES	30 JUN 2016
<b>Assets</b>		
<b>Current Assets</b>		
Bank accounts and cash		72,406
Debtors and prepayments		7,827
<b>Total Current Assets</b>		<b>80,233</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment		1,467
Investments	4	194,749
<b>Total Non-Current Assets</b>		<b>196,216</b>
<b>Total Assets</b>		<b>276,449</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Creditors and accrued expenses		49,543
<b>Total Current Liabilities</b>		<b>49,543</b>
<b>Total Liabilities</b>		<b>49,543</b>
<b>Net Assets</b>		<b>226,906</b>
<b>Accumulated Funds</b>		
Endowment funds	5	212,592
Accumulated surpluses or (deficits)	5	14,314
<b>Total Accumulated Funds</b>		<b>226,906</b>

This statement should be read with the Notes to the Performance Report.



# Statement of Cash Flows

Te Karaka Foundation

For the year ended 30 June 2016

2016

## Cash Flows from Operating Activities

Donations, fundraising and other similar receipts	319,480
Interest, dividends and other investment receipts	235
GST	(712)
Payments to suppliers and employees	(80,189)
Cash flows from other operating activities	(9,465)
<b>Total Cash Flows from Operating Activities</b>	<b>229,348</b>

## Cash Flows from Investing and Financing Activities

Receipts from sale of investments	6,000
Payments to acquire property, plant and equipment	(2,000)
Payments to purchase investments	(200,942)
Cash Flows from Other Investing and Financing Activities	40,000
<b>Total Cash Flows from Investing and Financing Activities</b>	<b>(156,942)</b>

## Net Increase/ (Decrease) in Cash

72,406

## Cash Balances

Cash and cash equivalents at end of period	72,406
Net change in cash for period	72,406

# Statement of Accounting Policies

## Te Karaka Foundation

For the year ended 30 June 2016

### 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 annual expenses 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.

### Presentation Currency

The Performance Report is presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$.

### Comparatives

This is the first period of operation for Te Karaka Foundation therefore no comparative figures are shown.

### Revenue Recognition

Donations and grants with no "use or return" condition attached are recorded as revenue when cash is received.

Donations and grants with a "use or return" condition attached are recorded as a liability when cash is received, and as the conditions are met the liability is reduced and revenue is recorded.

Donated assets that are significant and have useful lives of 12 months or more are recorded on receipt at readily obtainable values. Other donated assets are not recorded.

Donated goods or services are not recorded.

Fundraising revenue is recorded when cash is received.

Interest income is recorded as it is earned.

Dividend income is recorded when the revenue is receivable.

### 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.

### Trade Receivables

Trade receivables are initially measured at the amount owed. When it is likely that the amount owed, or some portion, will not be collected, an impairment adjustment is recorded. Interest charged on overdue amounts are added to the individual debtor balance.

## Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes cost of replacements that are eligible for capitalisation when these incurred.

Depreciation is calculated on a straight line or diminishing value basis over the estimated useful life of the asset using the rates published by Inland Revenue.

## Investments

Investments are recorded at cost when purchased and are carried at cost less any impairment. If it appears that the carrying amount of the investment will not be recovered, it shall be written down to the current market price. Any impairment expense is recorded in the Statement of Financial Performance.

## Provisions

Provisions are recognised when the entity has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the company will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in the Statement of Financial Performance.

## 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

Te Karaka Foundation is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.



# Notes to the Performance Report

## Te Karaka Foundation

For the year ended 30 June 2016

2016

### 1. Analysis of Revenue

#### Donations, fundraising and other similar revenue

##### Donations & fundraising - operating account

Donations	102,658
Sponsorship	10,000
<b>Total Donations &amp; fundraising - operating account</b>	<b>112,658</b>

##### Donations - endowment funds

Donations - Named Endowment Funds	212,822
<b>Total Donations - endowment funds</b>	<b>212,822</b>

<b>Total Donations, fundraising and other similar revenue</b>	<b>325,480</b>
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#### Interest, dividends and other investment revenue

##### Investment revenue - operating account

Interest received	198
<b>Total Investment revenue - operating account</b>	<b>198</b>

##### Investment revenue - endowment funds

Interest received	110
<b>Total Investment revenue - endowment funds</b>	<b>110</b>

<b>Total Interest, dividends and other investment revenue</b>	<b>308</b>
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2016

### 2. Analysis of Expenses

#### Volunteer and employee related costs

##### Volunteer and employee related costs - operating account

Contractor Fees - Executive Officers	75,892
Training Costs	1,252
Travel & Accom - National	2,630
<b>Total Volunteer and employee related costs - operating account</b>	<b>79,774</b>

<b>Total Volunteer and employee related costs</b>	<b>79,774</b>
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#### Other expenses

##### Other expenses - operating account

Accounting & Legal Fees	1,388
Bank Fees	13
Depreciation	533
Fixed Assets under \$500	278
General Expenses	391
Launch & Community Events	8,216
Marketing & Advertising	4,587
Printing, Stationery & Postage	1,705

Subscriptions & Memberships	1,045
Telephone & Internet	611
<b>Total Other expenses - operating account</b>	<b>18,768</b>

**Other expenses - endowment funds**

Investment fees	74
Realised Gain or Loss on Sale of Investments	266
<b>Total Other expenses - endowment funds</b>	<b>340</b>

<b>Total Other expenses</b>	<b>19,108</b>
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2016

**3. Property, plant & equipment**

Website Development	2,000
Less Accumulated Depreciation on Website	(533)
<b>Total Property, plant &amp; equipment</b>	<b>1,467</b>

2016

**4. Investments**

Craigs Investment Partners - managed portfolio	194,749
<b>Total Investments</b>	<b>194,749</b>

The Craigs managed portfolio is held at the cost value of \$194,749. However the market value of the portfolio is \$193,532 which reflects a decrease of \$1,217 in the portfolio value.

2016

**5. Accumulated Funds**
**Accumulated Funds**

Opening Balance	-
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Endowment funds	212,592
Accumulated operating surpluses or (deficits)	14,314
<b>Total Accumulated Funds</b>	<b>226,906</b>

<b>Total Accumulated Funds</b>	<b>226,906</b>
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2016

**Endowment funds**
**Income**

Donations - Named Endowment Funds	212,822
Interest received	110
<b>Total Income</b>	<b>212,932</b>

2016

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**Expenses**

Investment fees	74
Realised Gain or Loss on Sale of Investments	266
<b>Total Expenses</b>	<b>340</b>

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<b>Total Endowment funds</b>	<b>212,592</b>
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**6. Endowment Funds**

Endowment funds are gifted to Te Karaka Foundation for the purpose of supporting charitable projects and causes in the Taranaki community. The endowment funds are invested with a proportion of the net income distributed by the Foundation as grants to charitable causes, in line with each donor's wishes..

Endowment donations totalling \$212,822 were received during the year. Donated funds are not subject to any conditions which would give rise to the recognition of a liability in the financial statements.

**7. Commitments**

There are no commitments as at 30 June 2016.

**8. Related Parties**

A number of Trustees and Officers of the Te Karaka Foundation have established endowment funds or made donations of cash or services to the Foundation.

**9. 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.



# Depreciation Schedule

Te Karaka Foundation

For the year ended 30 June 2016

NAME	RATE	METHOD	COST	OPENING ACCUM DEP	OPENING VALUE	PUR
<b>Website Development</b>						
Webdesign & Build	40%	SL	2,000	-	-	
Total Website Development			2,000	-	-	
Total			2,000	-	-	