

**MAKE-A-WISH FOUNDATION OF NEW ZEALAND TRUST**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2016**

MAKE-A-WISH FOUNDATION OF NEW ZEALAND TRUST

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For the Year Ended 31 December 2016

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Directory

**Trustees:**

Rowan Schaaf (Chairman)

Sarah Petersen

Sean Poulton

David Tommas

Renny Hayes

Katie Noble

James Wear

Kate Ashcroft

Billie Jo Ropiha

**Registered Office:**

10 Eden Street, Newmarket

Auckland 1023

**Principal Activities:**

Make-A-Wish Foundation of New Zealand Trust was established in 1986 and formally registered as a charity in 1993. Make-A-Wish Foundation of New Zealand Trust is an affiliate of Make-A-Wish International, the largest wish granting organisation in the world. Make-A-Wish International was founded in 1993 and supports over 40 affiliates throughout the world to deliver wishes. The principal activity of Make-A-Wish Foundation of New Zealand Trust is granting wishes to children with life threatening illnesses. We deliver the wishes through a national volunteer network and support the cost of wishes via fundraising at events, sponsors and donors. We also work with suppliers who provide support in-kind to enable us to deliver wishes.

MAKE-A-WISH FOUNDATION OF NEW ZEALAND TRUST

Statement of Comprehensive Revenue and Expense

For the Year Ended 31 December 2016

	Note	2016	2015
		\$	\$
Wish Revenue	4	3,458,001	3,761,105
<b>Total Wish Revenue</b>		<b>3,458,001</b>	<b>3,761,105</b>
<b>Wish Expense</b>			
Wish Expenses		1,223,270	1,169,029
Supporter Engagement and Fundraising Expenses		2,107,999	2,442,412
<b>Total Wish Expenses</b>	5	<b>3,331,269</b>	<b>3,611,441</b>
<b>Gross Surplus from Wish Activities</b>		<b>126,732</b>	<b>149,664</b>
<b>Other Income</b>			
Dividend Income		23,202	12,332
Investment Income		17,820	54,597
Interest Income		109,015	124,038
<b>Total Other Income</b>		<b>150,037</b>	<b>190,967</b>
<b>Gross Surplus after Other Income</b>		<b>276,769</b>	<b>340,631</b>
<b>Less Operating Expenses</b>			
Audit Fees		23,000	26,000
Depreciation	6	9,219	10,233
Operating Lease Expenses		68,528	82,639
Salaries		285,775	235,657
Other Administrative Expenses		122,998	149,005
<b>Total Operating Expenses</b>		<b>509,520</b>	<b>503,534</b>
<b>Deficit for the Year</b>		<b>(232,751)</b>	<b>(162,903)</b>
<b>Other Comprehensive Revenue and Expense for the Year</b>			
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b>(232,751)</b>	<b>(162,903)</b>

MAKE-A-WISH FOUNDATION OF NEW ZEALAND TRUST

Statement of Movements of Trustee Funds

For the Year Ended 31 December 2016

	2016	2015
	\$	\$
<b>Trustee Funds</b>		
<b>Opening Trustee Funds Balance at the Beginning of the Year</b>	3,336,134	3,499,037
Deficit for the Year/Total Comprehensive Revenue and Expense	<u>(232,751)</u>	<u>(162,903)</u>
<b>Closing Trustee Funds Balance at the End of the Year</b>	<u><b>3,103,383</b></u>	<u><b>3,336,134</b></u>

MAKE-A-WISH FOUNDATION OF NEW ZEALAND TRUST

Statement of Financial Position

As at 31 December 2016

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents		381,528	254,454
Receivables & Prepayments under Exchange Transactions		8,521	6,749
Receivables & Prepayments under Non-Exchange Transactions		47,973	56,486
GST Receivable		26,591	41,538
Current Investments	7	-	614,412
		<u>464,613</u>	<u>973,639</u>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	6	37,533	33,248
Non Current Investments	8	2,750,336	2,502,433
		<u>2,787,869</u>	<u>2,535,681</u>
<b>Total Assets</b>		<u><b>3,252,482</b></u>	<u><b>3,509,319</b></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables & Accruals under Exchange Transactions		128,702	140,908
Employee Entitlements		20,397	32,277
<b>Total Liabilities</b>		<u>149,099</u>	<u>173,185</u>
<b>Net Assets</b>		<u><b>3,103,383</b></u>	<u><b>3,336,134</b></u>
<b>Net Assets/Equity</b>		<u>3,103,383</u>	<u>3,336,134</u>
<b>Total Net Assets/Equity</b>		<u><b>3,103,383</b></u>	<u><b>3,336,134</b></u>

Approved by the Trustees, dated 6 JUNE 2017

Trustee 

Trustee 



MAKE-A-WISH FOUNDATION OF NEW ZEALAND TRUST

Statement of Cash Flows

For the Year Ended 31 December 2016

	2016	2015
	\$	\$
<b>Cash flows from operating activities</b>		
Cash receipts from fundraising, grants and donations	1,505,671	1,656,051
Cash paid to suppliers	(1,894,542)	(1,953,090)
Cash used in operating activities	(388,871)	(297,039)
Interest received	1,424	1,887
<b>Net cash used in operating activities</b>	(387,447)	(295,152)
<b>Cash flows from investing activities</b>		
Interest received	116,652	131,214
Dividends received	22,833	10,358
Proceeds from disposal of investments	599,994	420,050
Payments for purchase of investments	(224,958)	(2,342,224)
<b>Net cash from/(used in) investing activities</b>	514,521	(1,780,602)
<b>Cash flows from financing activities</b>	-	-
<b>Net cash from financing activities</b>	-	-
Net increase/(decrease) in cash and cash equivalents	127,074	(2,075,754)
Opening Balance of Cash and cash equivalents	254,454	2,330,208
<b>Closing Balance of Cash and cash equivalents</b>	<b>381,528</b>	<b>254,454</b>

For the Year Ended 31 December 2016

**1 Reporting Entity**

Make-A-Wish Foundation of New Zealand Trust ("The Trust") is a Discretionary Trust under the Trustee Act 1956.

The Trust is domiciled in NZ and registered under the Charities Act 2005. The financial statements have been prepared in accordance with the requirements of that Act. For the purposes of financial reporting, the Trust is a not for profit public benefit entity.

The Trust is involved in the business of granting the wishes of children with life-threatening illnesses.

**2 Basis of Preparation**

**(a) Statement of Compliance and Basis of Accounting**

The Trust's financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity (PBE) Accounting Standards as appropriate for Tier 2 not-for-profit public benefit entities. For purposes of complying with NZ GAAP, the Trust is a not-for-profit public benefit entity and is eligible to apply Tier 2 PBE Reduced Disclosure Regime (PBE RDR) on the basis that it does not have public accountability and it is not defined as large on the basis that total expenditure is less than \$30 million but greater than \$2 million in the two preceding reporting periods.

The financial statements were authorised for issue by the Trustees on 06 June 2017.

**(b) Effect of first-time adoption of PBE RDR standards on accounting policies and disclosures**

This is the first set of financial statements of The Trust that is presented in accordance with PBE RDR. The Trust has previously reported in accordance with old NZ GAAP.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE RDR are different to requirements under Old NZ GAAP as outlined below. The changes to accounting policies and disclosures caused by first time application of PBE RDR are as follows:

There are no material adjustments that impact the opening statement of financial position as at 1 January 2015 and therefore an opening statement is not presented. While no material adjustments are identified under the PBE RDR, the Trust is required to present a statement of cash flow. A statement of cash flow, including comparatives, is presented in the financial statements for the first time.

**i. Offsetting**

In the financial statements of the previous financial year, funds raised through external sources were presented on the face of the Statement of Financial Performance, net of fundraising costs. However, PBE International Public Sector Accounting Standard 1 - Presentation of Financial Statements requires the revenue and expenses to be reported at gross amounts. This requirement affected the presentation of both current and comparative figures.

<b>Impact on statement of financial performance:</b>	<b>2015</b>
Increase in Wish Revenue	2,099,712
Increase in Fundraising expenses	<u>2,099,712</u>
Net impact on Gross surplus from wish activity	<u>Nil</u>



Notes to and forming part of the Financial Statements

**ii. Wish Revenue, Receivables and Payables from Exchange and Non-Exchange Transactions**

In the financial statements of the previous financial year, Wish Revenue was classified and presented on the face of the Statement of Financial Performance. Specifically, Receivables & Prepayments (the "Receivables") and Payables & Accruals (the "Payables") were presented as a net total in the Statement of Financial Position. PBE IPSAS 1 requires Wish Revenue, Receivables and Payables from Non-Exchange Transactions and Wish Revenue, Receivables and Payables from Exchange Transactions to be shown separately on the face of the Statement of Financial Performance and the Statement of Financial Position respectively.

For the years ended 31 December 2016 and 2015, all wish revenues are classified and presented as non-exchange transactions. The split of receivables and payables from non-exchange and exchange transactions are as shown on the statement of financial position.

**(c) Basis of measurement**

The financial statements have been prepared on a historical cost basis except for assets and liabilities that have been measured at fair value as disclosed in the relevant significant accounting policies.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

**(d) Presentation currency**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

**(e) Use of estimates and judgements**

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of the Trust's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**3 Significant Accounting Policies**

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on the basis of historical cost are followed by the Trust, with the exception of investments which are measured at fair value.

The following specific accounting policies have been applied:

**(a) Revenue**

**i. Revenue from Non-Exchange Transactions**

Non-exchange transactions are those where the Trust receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange.

Inflows of resources from non-exchange transactions, other than services in-kind, that meet the definition of an asset are recognised as an asset only when:

- It is probable that the Trust will receive an inflow of economic benefits or service potential; and
- The fair value of can be measured reliably.

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

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

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

Notes to and forming part of the Financial Statements

The following are the specific recognition criteria in relation to the Trust's non-exchange transactions:

*Fundraising, Gifts, and Donations*

Fundraising, gifts and donations are voluntary transfers of assets including cash or other monetary assets, goods in-kind and services in-kind that the Trust receives which are free from stipulations.

Fundraising, gifts and donations are recognised as revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably. For gifts and donations this usually is upon receipt of the gift or donation.

Fundraising, gifts and donations are recognised as revenue at their fair value at the date of recognition.

*Grants*

The recognition of non-exchange revenue from grants depends on whether the grant comes with any stipulations imposed on the use of a transferred asset.

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

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

The Trust receives grants from various parties. The grants are provided free from stipulations and recognised when it is received by the Trust.

**ii. Revenue from Exchange Transactions**

*Interest income and Dividend income*

Interest income is recognised as it accrues, using effective interest method. Dividend revenue is recognised when Trust's right to receive the payment is established.

**(b) Receivables & Prepayments**

Trade receivables are initially recognised at fair value, being the amount due and are classified as Receivables & Prepayments. Debts which are known to be uncollectable, are written off.

Provision for impairment is established whenever there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables.

**(c) Property, Plant & Equipment**

(i) Recognition and measurement

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Any gain or loss on disposal of an item of property, plant and equipment is recognised in surplus or deficit.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Trust. All other repair and maintenance costs are recognised in the statement of comprehensive revenue and expense as an expense as incurred.

Notes to and forming part of the Financial Statements

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual values using the straight-line method over their useful lives, and is recognised in surplus or deficit. Significant depreciation periods used for each class of assets are as follows:

Furniture & Fittings	8.4-67% DV
Computer Hardware	32.4-60% DV
Computer Software	50-60% DV

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

**(d) Income Tax**

The Trust is a not for profit charitable organisation, registered in accordance with the Charities Act 2005, and therefore exempt from income tax under the Income Tax Act 2007.

**(e) Investments**

Investments held by the Trust comprise term deposit, fixed interest securities, equity instruments and units held in managed funds.

The Trust holds investments in the normal course of business, to meet the investment needs of its operations. Investments are classified as financial assets at fair value through surplus or deficit as these instruments are designated as such upon initial recognition on the basis that the Trust manages its investments and makes purchase and sale decisions based on their fair value.

Upon initial recognition, these investments are recognised initially at fair value. Directly attributable transaction costs are recognised in surplus and deficit, when incurred.

Subsequent to initial recognition, investments at fair value through surplus and deficit are measured at fair value, and changes therein are recognised in the statement of financial performance as investment income.

Any gain or loss on sale of investments is recognised in surplus or deficit.

Investments are measured at fair value at each reporting date based on the current quoted market price where available. Where a quoted price is not available one of the following valuation techniques are used to value the assets at reporting date: recent arm's length or other valuation techniques commonly used by market participants.

**(f) Goods and Services Taxation (GST)**

The financial statements have been prepared on a GST exclusive basis with the exception of Payables & Accruals and Receivables & Prepayments which are shown inclusive of GST.

**(g) Cash and Cash Equivalents**

The Trust considers all highly liquid assets with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents may include cash on hand or held by financial institutions.

Cash on hand and on-call deposits managed by the Trust's investment manager, JB Were, is classified as cash and cash equivalents for statutory reporting purposes.

**(h) Related Parties**

The Trust regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Trustee, or vice versa.

Members of key management are regarded as related parties and comprise senior management and trustees of the Trust.

**(i) Operating Leases**

Operating leases are those where all the risks and benefits incidental to ownership are retained by the lessor.

Payments made under operating leases are recognised in the Statement of comprehensive revenue and expense on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of comprehensive revenue and expense over the lease term as an integral part of the total lease expense.

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 December 2016

## 4 Wish Revenue Recognition

	2016	2015
	\$	\$
<b>Wish Revenue From Non-Exchange Transactions</b>		
Fundraising	2,452,625	3,061,009
Gifts In-Kind	219,115	175,192
Donations	687,461	510,703
Grants	98,800	14,201
<b>Total Wish Revenue</b>	<b>3,458,001</b>	<b>3,761,105</b>

## 5 Wish Expense Recognition

Wish Expense consists of two categories of expenses, 'Wish Expenses' and 'Supporter Engagement and Fundraising Expenses'.

Expenses that are spent directly on, or relate directly to delivering wishes to eligible wish children, are classified as "Wish Expenses". Wish expenses include all direct and indirect costs of the wish delivery. Goods in-kind and services in-kind received and recognised in Wish Revenue are recorded and recognised in "Wish Expense" at the same dollar amount, at the time they are recognised as Wish Revenue.

Expenses covering the costs of fundraising and the costs associated with actively communicating with donors and supporters are classified as "Supporter Engagement and Fundraising Expenses".

A breakdown of Supporter Engagement & Fundraising Expenses are as follows:

	2016	2015
	\$	\$
Fundraising, Regular Giving & Event Expenses	1,345,267	1,717,372
Marketing and Supporter Engagement Costs	727,987	687,953
Other	34,745	37,087
<b>Total Supporter Engagement and Fundraising Expenses</b>	<b>2,107,999</b>	<b>2,442,412</b>

## 6 Property, Plant &amp; Equipment

	Furniture & Fittings	Computer Hardware	Computer Software	Total
	\$	\$	\$	\$
<b>Cost</b>				
Opening Balance as at 31 December 2015	64,261	31,609	37,042	132,912
Additions	7,592	5,912	-	13,504
Disposals	-	-	-	-
Closing Balance as at 31 December 2016	<u>71,853</u>	<u>37,521</u>	<u>37,042</u>	<u>146,416</u>
<b>Accumulated Depreciation</b>				
Opening Balance as at 31 December 2015	36,244	27,058	36,362	99,664
Depreciation	5,603	3,271	345	9,219
Disposals	-	-	-	-
Closing Balance as at 31 December 2016	<u>41,847</u>	<u>30,329</u>	<u>36,707</u>	<u>108,883</u>
<b>Net Book Value</b>				
Opening Balance as at 31 December 2015	28,017	4,551	680	33,248
Closing Balance as at 31 December 2016	<u>30,006</u>	<u>7,192</u>	<u>335</u>	<u>37,533</u>



MAKE-A-WISH FOUNDATION OF NEW ZEALAND TRUST

Notes to and forming part of the Financial Statements (continued)

7 Current Investments at fair value through surplus or deficit	2016	2015
	\$	\$
Term Deposits		509,263
New Zealand Bonds	-	105,149
<b>Total Current Investments</b>	-	<b>614,412</b>

  

8 Non Current Investments at fair value through surplus or deficit	2016	2015
	\$	\$
Managed Fund	724,600	678,264
New Zealand Bonds	1,637,878	1,449,762
New Zealand Equities	387,858	374,407
<b>Total Non Current Investments</b>	<b>2,750,336</b>	<b>2,502,433</b>

**9 Events Occurring After Balance Date**

There were no subsequent events after balance date that require adjustment of, or disclosure in the financial statements or notes.

**10 Related Party Disclosures**

- (a) The Trust is an affiliate of Make-A-Wish International (MAWI). During the year ended 31 December 2016, the Trust paid an affiliation fee to MAWI of \$38,284 (2015: \$28,882), \$737 as a contribution to the MAWI Fund (2015: Nil) and other admin fee and license fee of \$2,249 (2015: \$4,914).

As at balance date, an amount of Nil was receivable from MAWI (2015: Nil).

- (b) All Affiliates of MAWI work with each other assisting with wish children who wish to travel to their country. The expenses incurred by the hosting country affiliate are recharged to the originating country affiliate.

During the year, related party income received totalled \$117,203 (2015: \$116,588), and related party expenses incurred totalled \$147,110 (2015: \$67,231).

As at balance date total amount of \$7,400 (2015: \$13,236) was due from other Make-A-Wish affiliates and an amount of \$9,475 (2015: \$29,365) was due to Make-A-Wish Australia.

No related party balances owing or owed were written off or forgiven during the period (2015: Nil).

- (c) Key management personnel compensation

Key management personnel (KMP) of the Trust includes, the Trustees, their close family members, and the Trust's Management team. No remuneration was paid to Trustees in respect of the year ended 31 December 2016 (2015: Nil). Remuneration and other benefits paid during the reporting period relating to KMP and close family members of the Trustees was as follows:

	2016	2015
	\$	\$
KMP remuneration (5)	456,295	418,980

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel in consistent with the 2015 financial year.

The Trust did not provide any loans to key management personnel or their close family members in consistent with the 2015 financial year.

**11 Operating Lease Commitments**

	2016	2015
	\$	\$
Less than one year	40,378	39,202
Between one and five years	6,762	47,140
More than five years	-	-
<b>Total</b>	<b>47,140</b>	<b>86,342</b>

The lease arrangement is over the office premises at 10 Eden street, Newmarket.

**12 Contingent Liabilities**

The Trust has no contingent liabilities as at 31 December 2016 (2015: Nil).



# Independent Auditor's Report

To the Trustees of Make a Wish Foundation of New Zealand Trust

Report on the financial statements

## Qualified Opinion

In our opinion, the accompanying financial statements of Make a Wish Foundation of New Zealand Trust (the Trust) on pages 4 to 13, except for the possible effects of the matter described in the Basis for Qualified Opinion:

- i. present fairly in all material respects the Trust's financial position as at 31 December 2016 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit).

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive revenue and expense, statement of movements of trustee funds and statement of cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



## Basis for Qualified opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

The Trust's recorded revenue includes fundraising income of \$90,680, gifts in kinds of \$219,115, non-corporate donations \$446,624, and wish grants of \$98,800. Control over such revenues prior to being recorded is limited and there were no practical audit procedures that we could perform to confirm independently that all fundraising income, gifts in kind, non-corporate donations and wish grants were properly recorded. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for revenue and net profit. Our audit opinion for the year ended 31 December 2015 was also qualified in this respect.

We are independent of the trust 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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.





## Use of this Independent Auditor's Report

This report is made solely to the Trustees as a body. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in the Independent 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, this report, or any of the opinions we have formed.



## Responsibilities of the Trustees for the financial statements

The Trustees, on behalf of the Trust, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit));
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## Auditor's Responsibilities for the Audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Independent Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

[https://www.xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page8.aspx](https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx).

This description forms part of our Independent Auditor's Report.



KPMG  
Auckland

16 June 2017