

SECOND NATURE CHARITABLE TRUST
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 March 2017

SECOND NATURE CHARITABLE TRUST

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FOR THE YEAR ENDED 31 MARCH 2017

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SECOND NATURE CHARITABLE TRUST
DIRECTORY
FOR THE YEAR ENDED 31 MARCH 2017

Settlor	Sir Barry Curtis
Date Settled	2 October 2000
Trustees	Sir Noel Robinson KNZM - Chairman Ted Ngataki Maureen Shaddick Mike Hutcheson John Bongard ONZM Luke Patterson Karen Avery (resigned 19 April 2017) Terry Spragg MNZM (resigned 30 October 2016)
Chief Executive Officer	Richard Jeffery
Solicitors	Denham Bramwell Lawyers / Lawyer Auckland
Bankers	BNZ Bank ASB Bank Auckland Auckland
Address	770 Great South Road Manukau City
Accountants	RSM New Zealand (Auckland) Highbrook
Auditors	Colin Henderson of RSM Hayes Audit
Registered Charity Number	CC10294

SECOND NATURE CHARITABLE TRUST

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017	2016
REVENUE			
Sponsorship & Grants	10	6,911,141	17,837,500
Service Agreements	12	365,750	365,736
Interest		2,159	119,960
Sundry Income		0	195
Trading Income		6,055,808	2,957,260
Foreign Exchange Gains		0	23,676
TOTAL REVENUE	14	<u>13,334,858</u>	<u>21,304,327</u>
EXPENDITURE	15	9,571,601	5,676,638
TOTAL COMPREHENSIVE REVENUE AND EXPENSE TO ACCUMULATED FUNDS		<u>3,763,257</u>	<u>15,627,689</u>

This statement must be read in conjunction with the audit report and the accompanying statement of accounting policies and notes to the financial statements.

SECOND NATURE CHARITABLE TRUST
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017	2016
Accumulated Funds at Beginning of the Year		64,894,099	49,144,158
Add Surplus/(Deficit) for the Year		3,763,257	15,627,689
Transfer (to) / from Maintenance Reserve		(97,689)	122,252
ACCUMULATED FUNDS AT END OF THE YEAR		<u>68,559,667</u>	<u>64,894,099</u>
Maintenance Reserve			
Opening balance at beginning of the year		0	122,252
Transfer (to) / from accumulated funds	5	97,689	(122,252)
Closing Balance at end of year		<u>97,689</u>	<u>0</u>
TOTAL EQUITY		<u>68,657,366</u>	<u>64,894,109</u>

This statement must be read in conjunction with the audit report and the accompanying statement of accounting policies and notes to the financial statements.

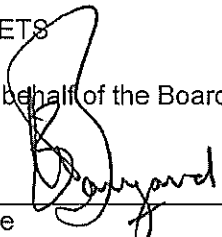
SECOND NATURE CHARITABLE TRUST

STATEMENT OF FINANCIAL POSITION

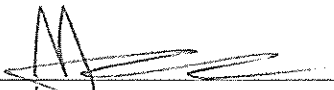
AS AT 31 MARCH 2017

	Note	2017	2016
EQUITY			
Corpus		10	10
Trustees Accumulated Funds		68,559,667	64,894,099
Maintenance Reserve		97,689	0
		<u>68,657,366</u>	<u>64,894,109</u>
Represented by:			
CURRENT ASSETS			
Bank	13	609,957	235,642
Accounts Receivable from exchange transactions	21	473,811	54,848
Accounts Receivable from non-exchange transactions	22	<u>115,000</u>	<u>928,437</u>
		1,198,766	1,218,927
LESS CURRENT LIABILITIES			
Trade and Other Payables		758,399	3,126,024
Programme Maintenance	8	34,850	34,850
Accruals		363,316	125,194
Employee Entitlements	23	69,462	51,201
Unearned Income		28,254	4,669
Deposits Held		616,885	278,274
Sundry Creditors		0	8,600
Goods & Services Tax Payable		<u>23,235</u>	<u>0</u>
		1,894,401	3,628,812
WORKING CAPITAL		(695,635)	(2,409,885)
ADD NON-CURRENT ASSETS			
Fixed Assets	3	72,502,253	37,011,107
Capital Works in Progress	4	0	32,550,818
Goodwill	18	<u>0</u>	<u>173</u>
		72,502,253	69,562,098
LESS NON-CURRENT LIABILITIES			
BNZ Loan	25	3,120,000	2,200,000
Programme Maintenance	8	<u>29,252</u>	<u>58,101</u>
		3,149,252	2,258,101
NET ASSETS		<u>68,657,366</u>	<u>64,894,109</u>

Signed on behalf of the Board of Trustees:


Trustee

15/8/17
Date


Trustee

15/8/17
Date

This statement must be read in conjunction with the audit report and the accompanying statement of accounting policies and notes to the financial statements.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
Cash Flows from Operating Activities		
Proceeds Received :		
Receipts from Customers	6,627,638	3,404,084
Grants and Donations	6,811,142	20,055,958
Net GST Received	673,824	220,288
Foreign Exchange Gains	0	23,676
Payments Made :		
To suppliers	7,834,257	2,477,104
To employees	1,398,923	881,230
Net Cash Inflow/(Outflow)from Operating Activities	4,879,423	20,345,672
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	5,345,226	28,873,961
Net Cash Inflow/(Outflow)from Investing Activities	(5,345,226)	(28,873,961)
Cash Flows from Financing Activities		
Proceeds from Drawn Down of Loans	920,000	2,200,000
Interest Received	2,159	119,960
Interest Paid	(82,041)	(8,432)
Net Cash Inflow/(Outflow)from Financing Activities	840,118	2,311,528
Net Cash Inflow/(Outflow)	374,315	(6,216,760)
Opening Cash and Cash Equivalents	235,642	6,452,403
Closing Cash and Cash Equivalents	609,957	235,643
Represented by:		
Cash & Cash Equivalents	609,957	235,643

The GST (net) components of operating activities reflect the net GST paid and received with Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

This statement must be read in conjunction with the audit report and the accompanying statement of accounting policies and notes to the financial statements.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. STATEMENT OF ACCOUNTING POLICIES

GENERAL ACCOUNTING POLICIES

Reporting Entity

Second Nature Charitable Trust is a charitable trust incorporated under the Charitable Trusts Act 1957. The Trust is considered to be a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

The financial statements and the accompanying notes summarise the financial results of activities carried out by the Trust.

These financial statements were authorised for issue by the trustees on 15 August 2017.

Statement of Compliance and Basis of Preparation

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

The Trust is a registered charity in New Zealand. The Trust is a public benefit entity for the purpose of financial reporting as the underlying principle of any registered charity is the carrying out of a charitable purpose. They comply with Public Benefit Entity Standards. For the purposes of complying with NZ GAAP, the Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-for-Profit PBE IPSAS RDR on the basis that it does not have public accountability and it is not defined as large. All reduced disclosure regime exemptions have been adopted.

Measurement Base

The general accounting policies for the measurement and reporting of results and financial position under the historical cost method have been adopted in the preparation of these financial statements.

Functional and presentation currency

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

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

Changes in Accounting Policy

For the year ended 31 March 2016, the trust prepared its financial statements in accordance with the Public Sector PBE IPSAS – RDR standards. For the year ended 31 March 2017, the trust has moved out of the OAG mandate and is no longer considered to be operating in the public sector. Financial statements for the year are prepared in accordance with the Tier 2 Not-for-Profit standards as the trust is now a Not-for-Profit entity.

There are no significant changes to accounting policies arising from this transition.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

There have been no changes in accounting policies other than the adoption of PBE Not-for-Profit Standards in the 2017 financial year.

Significant Judgements and estimates

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

Judgements:

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- Revenue recognition – non-exchange revenue (conditions vs. restrictions)
- Useful lives of property, plant and equipment
- Classification of non-financial assets as cash generating or non-cash generating assets for the purposes of assessing impairment indicators and impairment testing.
- Going concern – refer to note on page 9.

Goods and Services Tax

The Statement of Comprehensive Revenue and Expense has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST with the exception of receivables and payables which include GST as invoiced.

Taxation

The Trust is an approved charitable organisation registered with the Department of Internal Affairs Charities and recognised by the Inland Revenue Department. As such it is exempt from income tax on income derived by the Trust for charitable purposes.

Accounts Receivable

Accounts Receivable are valued at expected realisable value.

Grant and Sponsorship Income

Grant and sponsorship income is recognised when monies are received or receivable from donors or sponsors and any conditions of the funding have been met.

Fixed Assets

On initial recognition, items of property, plant and equipment are recorded at cost. Buildings, items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Trust and the cost of the item can be measured reliably.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Depreciation

Depreciation has been calculated on a straight line basis at rates that will write off the cost of the assets to their estimated residual values over their estimated useful lives.

Depreciation rates used are as follows:

	Rate	
Buildings & Multi-Purpose Event Centre	2% - 8.4%	SL
Artwork & Project Sponsored Art	1%	SL
Furniture	3.6% - 67%	SL
Computers and software	7.8% - 48%	SL
Motor Vehicles	21%	SL
Office Equipment	21% - 25.2%	SL
Other	3%	SL
Technical	6.6% - 36%	SL
Vector Wero Whitewater Course	2%	SL
Vector Wero Whitewater Equipment	7% - 67%	SL
Vector Wero Building	2%	SL

Going Concern Assumption

These financial statements disclose an operating surplus of \$ 3,763,257 (2016: \$15,627,689) (this surplus relates to donations, grants and trading and has been utilised in paying for the stage two and three capital works). The trust has a working capital deficit of \$695,635 primarily due to unpaid construction invoices at balance date. These invoices were settled by grant funding received after balance date. The continued use of the going concern assumption is dependent on the Trust receiving the ongoing support of sponsors, achieving budgeted trading levels and working within the \$6,000,000 of available funding lines. The trustees have full expectation of this ongoing support and the ability to adjust overhead expense to the level of trading and funding.

Employee Benefits

Short Term employee benefits

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

Long term employee benefits

Long-term employee benefit obligations are recognised when the Trust has a legal or constructive obligation to remunerate the employees for services provided beyond 12 months of reporting date. The Trust did not have any long term employee benefits during the current financial period.

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

Revenue

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

Non-exchange revenue from grants, donations, legacies and bequests is recognised in the year unless the nature of any stipulations attached to the inflow of resources received are yet to be completed, which then creates a liability (i.e. present obligation).

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

Interest income
Interest income is recognised when received.

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

Borrowing costs are recognised in the surplus or deficit using the effective interest rate method.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to NZD at the foreign exchange rate ruling at that balance date. Foreign exchange differences arising on their translation are recognised in the surplus or deficit.

The objects for which the Trust is established are:

- To establish a multi-purpose complex in the Counties Manukau Sub-Region to provide for the cultural community and recreational needs of the diverse Counties Manukau Community and the public at large;
- To operate and administer the multi-purpose complex in a prudent commercial basis so that it is a financially independent community asset; and

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

- To support clubs, societies and other organisations based on the Counties Manukau Sub-Region that are providing for the cultural community and recreational needs of the diverse Counties Manukau Community; such support to include by way of illustration, but not limitation, grants and/or loans either with or without interest.

3. FIXED ASSETS

2017	Cost	Depn	Accum Depn	Closing Book Value
Computers & Software	251,847	18,574	233,514	18,333
Furniture	1,013,876	76,204	705,784	308,092
Office Equipment	40,903	0	40,903	0
Artwork	425,641	4,256	93,197	332,443
Technical Equipment	276,147	17,944	222,005	54,142
Other	34,725	1,042	12,501	22,224
Multi-Purpose Event Centre	50,811,404	1,335,340	16,093,119	34,718,285
Vector Wero Buildings	6,795,865	77,939	77,939	6,717,926
Vector Wero Whitewater Course	28,457,361	569,147	569,147	27,888,214
Vector Wero Whitewater Equipment	2,670,757	287,271	287,271	2,383,486
Project Sponsored Art	84,700	2,553	61,965	22,734
Motor Vehicle	70,957	14,627	34,583	36,373
	<u>90,934,183</u>	<u>2,404,898</u>	<u>18,431,930</u>	<u>72,502,253</u>

2017	Opening Book Value	Additions / (Disposals)*	Depn	Closing Book Value
Computers & Software	18,608	18,299	18,574	18,333
Furniture	179,272	205,149	76,204	308,217
Artwork	336,699	0	4,256	332,443
Technical Equipment	72,086	0	17,944	54,142
Other	23,266	0	1,042	22,224
Multi-Purpose Event Centre	36,328,882	(275,388)	1,335,340	34,718,154
Vector Wero Building	0	6,795,865	77,939	6,717,926
Vector Wero Whitewater Course	-	28,457,367	569,147	27,888,220
Vector Wero Whitewater Equipment	0	2,670,757	287,271	2,383,486
Project Sponsored Art	25,288	0	2,553	22,735
Motor Vehicle	27,000	24,000	14,627	36,373
	<u>37,011,101</u>	<u>37,896,049</u>	<u>2,404,897</u>	<u>72,502,253</u>

* Disposals include reclassification of assets between the Multi-Purpose Event Centre and the Vector Wero Whitewater Course.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2016	Cost	Depn	Accum Depn	Closing Book Value
Computers & Software	233,548	26,899	214,940	18,608
Furniture	808,727	60,885	629,455	179,272
Office Equipment	40,903	0	40,903	0
Artwork	425,641	4,256	88,941	336,699
Technical Equipment	276,147	17,944	204,061	72,086
Other	34,725	1,042	11,459	23,266
Multi-Purpose Event Centre	51,830,852	1,335,340	15,501,965	36,328,882
Project Sponsored Art	84,700	2,553	59,412	25,288
Motor Vehicle	46,957	14,087	19,957	27,000
	<u>53,782,200</u>	<u>1,463,006</u>	<u>16,771,093</u>	<u>37,011,107</u>

4. CAPITAL WORK IN PROGRESS

2017

2016

Work in Progress

0

32,550,818

There is no work in progress recorded as at balance date. All projects were considered as complete as at 31 March 2017.

5. MAINTENANCE RESERVE

The Trust's aim is to ensure the venue is maintained in good working order over its lifetime. The Maintenance Reserve represents the Trust's revolving 30 year maintenance schedule, being the difference between the estimated level of long term maintenance to replace, or fix, building and external works equipment and furnishings, and the actual long-term maintenance incurred.

	2017	2016
Estimated Long-term average cost per annum	159,257	85,920
Less Long-term maintenance expensed	<u>61,568</u>	<u>208,172</u>
Maintenance Reserve Movement	97,689	(122,252)

6. RELATED PARTY DISCLOSURES

The Second Nature Charitable Trust (SNCT) entered into a lease agreement with the Manukau City Council (now Auckland Council) for the use of the land on which the Indoor Event Centre and the Stage 2 "Wero" is situated. The lease is for 99 years at an annual lease charge of \$1, if demanded.

Grants and sponsorships of \$3,170,000 (2016: \$2,550,000) were received from entities for whom SNCT trustees work for or have trusteeship roles.

SNCT purchased product and services to a value of \$193,445 (2016: \$17,613) on arm's length commercial terms from entities that trustees Mike Hutcheson and John Bongard are related to.

Parties related to the trustees have hired the facilities of SNCT on normal commercial terms during the 2017 year.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

SNCT has provided free office space and associated utilities in the Momentum hub commencing in February 2017 with an estimated annual value of \$15,000 (2016: \$ nil) to each of;

- The Rising Foundation Trust, who John Bongard, Second Nature Trust trustee is Chairman of and
- the John Walker Find Your Field of Dreams Foundation who works in conjunction with SNCT on school programmes providing subsidised entry cost to children in the programme for water safety education. Sir Noel Robinson, Second Nature Trust trustee, is also a trustee of the Foundation.

The Original Art Sale Limited is a company wholly owned by Second Nature Charitable Trust. See Note 9 for details.

All the related party transactions were at arm's length. All the transactions were approved by the Board of Trustees. Trustees have removed themselves from discussion where there has been an interest in regards to any decision made.

7. CAPITAL COMMITMENTS

The trust has no contractual commitments remaining for the stage 3 developments (2016: \$3,701,026 Stage 2 Whitewater Park).

The trust is still fundraising for funds towards completing Stage 3 and repaying the BNZ finance facility.

8. PROGRAMME MAINTENANCE

In the 2014 year Second Nature Charitable Trust entered into an agreed programme of work for external painting and wash of the building. This agreement provides for an equal annual payment over the life of the contract. A liability has been recognised which is a best estimate of the actual work performed by the contractor for which the contractor has not been paid at balance date. The liability has not been adjusted for inflation and the effect of the time value of money.

	2017	2016
Current Portion	34,850	34,850
Term Portion	<u>29,252</u>	<u>58,101</u>
Total Liability	64,102	92,951

9. THE ORIGINAL ART SALE LIMITED

The Original Art Sale Limited is an inactive company wholly owned by Second Nature Charitable Trust. The Trust acquired the rights to the "The Original Art Sale" event and the results of this event are included in the financial statements of Second Nature Charitable Trust. Noel Robinson (Trustee) and Richard Jeffery (CEO) of Second Nature Charitable Trust are also Directors of The Original Art Sale Limited.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

10. SPONSORSHIP AND GRANTS

Sponsorship of \$1,250,000 was received from the Lotteries Significant Project in the 2017 financial year.

Other major sponsorship and grants for 2017 were received from Woolf Fisher Educational Trust, Trillion Trust, Grassroots Trust, Vodafone and Joyce Fisher Trust.

11. NAME CHANGE

On 14 September 2015 the legal name for Counties Manukau Pacific Trust was changed to Second Nature Charitable Trust to better reflect the philanthropic nature of the trust activities.

12. INVESTMENT PARTNERSHIP

During the current financial year, the Trust received \$365,750 (2016: \$365,736) from Regional Facilities Auckland (RFA). RFA have confirmed that this support will continue for another one year period to support the event centre community aspirations but not be allocated toward Vector Wero operations.

13. BANK

Bank balances were held in a cheque account with the ASB and BNZ Bank.

14. REVENUE

	2017	2016
<i>Exchange transactions</i>		
Trading Income	6,055,808	2,957,260
Sundry Income	0	195
Interest	2,159	119,960
Foreign Exchange Gains	0	23,676
<i>Non-exchange revenue</i>		
Grants and Sponsorships recognised	6,911,141	17,837,500
RFA Service Contract	365,750	365,736
Total Revenue	13,334,858	21,304,327

15. EXPENDITURE

Included within expenditure are the following items:

	2017	2016
Direct costs for venue hire	3,221,008	1,721,296
Employee benefits	1,427,033	850,767
Depreciation	2,404,898	1,463,006
Goodwill amortisation	173	260
Repair and Maintenance	195,960	356,839
Interest and finance charges	82,048	8,432
Utilities	431,452	175,509
Marketing, promotion and community programme costs	1,017,166	680,794
Insurance, communications and other venue operating overheads	762,926	390,217
Auditors fees	28,940	29,519
Total Expenses	9,571,601	5,676,639

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

16. VENUE TRADING

	2017	2016
Trading Income	6,055,808	2,957,260
Less: Trading Expenses	<u>3,440,710</u>	<u>1,721,296</u>
Gross Trading Surplus	2,615,098	1,235,964
Less: Overheads	2,405,870	1,446,009
Repair and Maintenance	<u>134,392</u>	<u>142,124</u>
Net Operating (Deficit) / Surplus	74,836	(352,169)

Net Venue operating surplus / (deficit) is the position achieved before non-event income such as sponsorship, grants or interest income and before the recognition of interest costs, depreciation and non-operational charges. The repair and maintenance cost covers current operational expenses, but excludes long term maintenance. Furthermore the venue trading does not include the RFA Service Contract as noted in Note 12; although some operating costs for delivery of RFA Service Contract Outputs are included in the aforementioned operating overheads.

17. COMMUNITY GOOD

During the year the Trust provided access to its facilities to a large number of schools, charities and other community focussed groups. The Trust's total sponsorship or forgone revenue in providing continued community access to the centre in this way was \$565,901 (2016: \$438,274). Since opening in 2005 this figure is now \$6,464,237.

18. AMORTISATION

The acquisition cost for the rights to the Original Art Sale (Note 9) on 14th of November 2006 included goodwill of \$2,600. This goodwill is being amortised on a straight line basis over 10 years.

19. CONTINGENT LIABILITIES

The Trust acts as guarantor in respect of a lease agreement whereby Manukau Orchestral Society Incorporated is the tenant.

There were no other contingent liabilities at balance date (2016: nil).

20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2017	2016
Trade Payables	757,782	3,126,024

21. ACCOUNTS RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2017	2016
Trade receivables	462,058	49,011
Sundry debtors	<u>11,753</u>	<u>5,837</u>
Total Receivables from Exchange Transactions	473,811	54,848

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

22. RECOVERIES DUE FROM NON-EXCHANGE TRANSACTIONS

	2017	2016
Grant funding due	115,000	277,848
GST receivable	0	650,589
Total recoveries due from non-exchange transactions	115,000	928,437

23. EMPLOYEE ENTITLEMENTS

	2017	2016
Annual Leave	69,462	51,201

24. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The carrying values of financial instruments are as follows:

	2017	2016
Loans and Receivables		
Cash and Cash Equivalents	609,957	235,642
Accounts Receivable	462,058	332,695
Total Loans and Receivables	1,072,015	568,337
Financial Liabilities at Amortised Cost		
Trade and Other Payables	758,399	3,126,024
Total Financial Liabilities at Amortised Cost	758,399	3,126,024

The Trust is a party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, receivables and payables.

Credit Risk

In the normal course of its business, the Trust incurs credit risk from receivables and from transactions with financial institutions. The Trust has no significant concentrations of credit risk. No collateral or security is held or given to support financial instruments.

Interest Rate Risk

The Trust has minimal interest rate risk, as all cash funds that earn interest are with a registered bank.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Although no fixed forward exchange contracts were in place, there were only 3 purchase transactions during the year, therefore the exposure to currency risk is minimal.

The foreign currency account was closed in April 2016.

Fair Value

The estimated fair values of all financial assets and liabilities are equivalent to the carrying amounts disclosed in the statement of financial position.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Creditors and Other Payables

	2017	2016
Payables under exchange transactions:		
Creditors	758,399	3,126,024
Accrued Expenses	363,316	74,650
Employee Entitlements	69,462	145,195
Total Creditors and Other Payables	1,191,177	3,345,869

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms. The carrying value of creditors and other payables approximates their fair value. All creditors and other payables are from exchange transactions.

25. BNZ LOAN FACILITY

A BNZ Bank loan facility of \$6 million was entered into in the 2016 financial year having \$3.12 million draw down at balance date. The terms of the facility are commercial and the face value is considered to represent fair value. The full amount of the loan is to be repaid by 1 April 2021.

26. KEY MANAGEMENT PERSONNEL AND COMPENSATION

Key management and personnel are considered to be the board of trustees and the leadership team.

	31 March 17	31 March 16
Trustees		
Full time equivalent members	0.5	0.5

During the year no trustee received any form of payment or honorarium. Trustees collectively have collectively donated over 1,000 hours of their own time during this period (2016: over 1,000 hours) which is considered to be equivalent of 0.5 FTE.

The Trustees meet 9 times per year. Meeting and preparation is 8 hours per Trustee per meeting. The chairman spends approximately 4 hours per week in addition to this.

Leadership Team

	2017	2016
Remuneration	\$ 734,560	\$ 592,827
Full Time Equivalent members	7	5.5

Independent Auditor's Report

To the trustees of Second Nature Charitable Trust

RSM Hayes Audit

PO Box 9588
Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023

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Opinion

We have audited the financial statements of Second Nature Charitable Trust ("trust"), which comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the statement of accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements on pages 3 to 17 present fairly, in all material respects, the financial position of Second Nature Charitable Trust as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for opinion

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

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 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.

An affiliated RSM entity has provided other services to Second Nature Charitable Trust in the areas of certain accounting and advisory services, as well as compilation of the year-end financial statements. The provision of these other services has not impaired our independence as auditor of the trust. Except in these regards, and other than in our capacity as auditor, the firm has no other relationship with, or interests in, Second Nature Charitable Trust.

Other information

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

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

Responsibilities of the trustees for the financial statements

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

In preparing the financial statements, the trustees are responsible, on behalf of the trust, 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 financial statements

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

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

Who we report to

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



RSM Hayes Audit
Auckland

17 August 2017