

FINANCIAL STATEMENTS

2013/14

Trust Directory

As at 30 June 2014

Objectives of the Trust

The Trust was established on 11 March 2011 by deed of trust to provide relief to the community of Christchurch and the Canterbury region from the adverse effects of the earthquakes on 22 February 2011 and 4 September 2010 (and associated events, including any aftershocks and earthquakes).

The specific objectives of the Trust are:

- › the relief of poverty;
- › the advancement of education;
- › the advancement of religion;
- › the advancement of any other purposes beneficial to the community; and
- › the advancement of any other purposes that are charitable under the law of New Zealand.

Charities Commission Registration Number CC 46329

IRD Number 106-497-389

Bankers Westpac Banking Corporation

Auditor KPMG Wellington

Lawyers Bell Gully



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF
CHRISTCHURCH EARTHQUAKE APPEAL TRUST'S
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

The Auditor-General is the auditor OF THE Christchurch Earthquake Appeal Trust (the Trust). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG, to carry out the audit of the financial statements and statement of service performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 3 to 12, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

Opinion

In our opinion:

- the financial statements of the Trust on pages 3 to 12:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Trust's:
 - financial position as at 30 June 2014 and
 - financial performance and cash flows for the year ended on that date; and

Our audit was completed on 5th September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position, financial performance and cash flows; and

The Trust is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trust is also responsible for the publication of the financial, whether in printed or electronic form.

The Trust's responsibilities arise from clause 17.3 of the Trust Deed.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2011 and clause 17.4 of the Trust Deed.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust.

Graeme Edwards
KPMG
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
ACTIVITIES OF THE TRUST			
Donations	4	1,866,783	5,913,498
Interest	4	1,991,258	2,081,977
Less			
Grants Approved		(15,816,379)	(30,388,810)
Amortisation of Advance		(1,000,000)	(1,000,000)
Provision for doubtful debts		(761,633)	(842,131)
(Deficit) / Surplus from Activities of the Trust		(\$13,719,971)	(\$24,235,466)
ADMINISTRATION OF THE TRUST			
Administration costs funded by the Government	5	570,490	848,726
Donation of Goods and Services	5	76,399	22,700
Total donated goods and services		\$646,889	\$871,426
Administration costs provided by DIA		(570,490)	(848,726)
Administration expenses		(76,399)	(22,700)
		(646,889)	(871,426)
Deficit from the Administration of the Trust		-	-
Net Comprehensive Income / (Deficit) for the Year		(\$13,719,971)	(\$24,235,466)

The accompanying notes and accounting policies are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2014

	Note	2014 \$	2013 \$
EQUITY			
Capital Fund		1	1
Accumulated Funds - Restricted Funds		48,133	48,133
- Unrestricted Funds		9,147,300	22,867,271
Total Funds		\$9,195,434	\$22,915,405
<i>These Funds are represented by:</i>			
CURRENT ASSETS			
Bank and Call Deposits	6	11,268,028	11,943,896
Term Deposits	7	37,088,000	43,000,000
Accrued Interest		268,455	378,619
Accounts Receivable	8	10,597,204	10,315,269
Total Current Assets		\$59,221,687	\$65,637,784
Less Current Liabilities			
Grants Payable	10	56,476,253	48,306,640
Total Current Liabilities		\$56,476,253	\$48,306,640
Working Capital		2,745,434	17,331,144
Non-Current Assets			
Loans and Advances	9	6,450,000	5,584,261
Net Assets		\$9,195,434	\$22,915,405

Colin MacDonald
Trustee



Date: 5 September 2014

Matthew Needham
Chief Financial Officer
Department of Internal Affairs



Statement of Changes in Equity

For the year ended 30 June 2014

	2014 \$	2013 \$
Opening Funds	22,915,405	47,150,871
Net Comprehensive Income / (Deficit) for the Year	(13,719,971)	(24,235,466)
Closing Funds	\$9,195,434	\$22,915,405
Comprising:		
Capital Fund	1	1
Accumulated Funds - Restricted Funds	48,133	48,133
- Unrestricted Funds	9,147,300	22,867,271
Total Funds per Statement of Financial Position	\$9,195,434	\$22,915,405

Restricted Funds relate to donations received for a specific purpose.

MOVEMENT IN FUNDS

The Capital Fund is non-distributable whereas Accumulated Funds can be distributed with the approval of the Trustees

	2014 \$	2013 \$
Closing Funds	9,195,434	22,915,405
Represented By:		
Capital		
Opening balance	1	1
Receipt from Settlor	-	-
Closing balance	\$1	\$1
Accumulated Fund		
Opening balance	22,915,405	47,150,871
Net Comprehensive Income / (Deficit) for the year	(13,719,971)	(24,235,466)
Transfer to Capital Fund	-	-
Closing balance	\$9,195,434	\$22,915,405

The accompanying notes and accounting policies are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Interest received		2,101,422	1,848,236
Donations received		1,891,745	5,972,332
<i>Cash was disbursed to:</i>			
Grants Paid		(7,646,764)	(6,154,664)
Goods and Services Tax (Net)		(306,898)	294,066
Net Cash Flows from Operating Activities	11	(\$3,960,495)	\$1,959,970
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from maturity of investments		34,541,918	86,000,000
Receipt from Restart The Heart Trust		372,628	100,000
<i>Cash was applied to:</i>			
Purchase of investments		(28,541,918)	(95,500,000)
Canterbury Cricket Trust		(3,000,000)	-
Advance to Christchurch Stadium		-	-
Advance to Restart of The Heart Trust		-	-
Net Cash Flows from Investing Activities		\$3,372,628	(\$9,400,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Contribution by Crown		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase / (Decrease) in Cash and Cash Equivalents		(587,867)	(7,440,030)
Opening Cash and Cash Equivalents		13,943,896	21,383,926
Closing Cash and Cash Equivalents		\$13,356,029	\$13,943,896
<i>Comprising of:</i>			
Bank and Call Deposits	6	11,268,028	11,943,896
Term Deposit Cash Equivalents	7	2,088,000	2,000,000
Total Cash and Cash Equivalents		\$13,356,028	\$13,943,896

The accompanying notes and accounting policies are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2014

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

Reporting entity

The reporting entity is the Christchurch Earthquake Appeal Trust, a registered charity under the Charities Act 2005. The Christchurch Earthquake Appeal Trust is domiciled and operates in New Zealand and is primarily involved in the provision of relief to the community of Christchurch and Canterbury region from the adverse effects of the earthquakes on 22 February 2011 and 4 September 2010. The Trust is a public benefit entity.

Reporting Period

The financial statements for the year ended 30 June 2014 were approved and authorised for issue by the Trustees on 5 September 2014

NOTE 2: BASIS OF PREPARATION

Statement of Compliance

The Christchurch Earthquake Appeal Trust is a public benefit entity. It is required by the Trust Deed to prepare general purpose financial statements. These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993, this is effective for all not-for-profit entities with reporting periods beginning on or after 1 April 2015. This will be effective for the Christchurch Earthquake Appeals Trust's (CEAT) 30 June 2016 year end.

Management expects that CEAT will be reporting under the PBE Standards as applicable for not for-profit entities. Management expects that this will not materially impact the preparation and disclosures included in the financial statements. This will be applicable for CEAT's 30 June 2016 year end.

Measurement Base

The financial statements have been prepared on an historical cost basis.

Standards, amendments and interpretations issued that are not yet effective and have not been adopted early

There are a number of additional new or revised Standards and Interpretations that have been approved but are not yet effective. These are intended to be adopted in the period in which they become mandatory. The adoption of these Standards and Interpretations is not expected to have a material recognition or measurement impact in the financial statements of the Trust.

Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$). All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied.

Revenue

The Trust derived income from public donations and interest on bank balances and short-term investments. Donations are recognised when funds are received by the Trust. Interest income is recognised when earned and is reported in the period to which it relates. Interest income is recognised in the surplus/(deficit) as it accrues, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the next carrying amount of the financial asset.

Expenditure

Grants are recognised as expenditure when approved by the Trustee. The administrative costs of the Trust are met by the Department of Internal Affairs. Any reimbursement of costs incurred by the Trust are treated as donation of goods and services and reported as such in the Statement of Comprehensive Income.

Cash and Cash Equivalents

The Trust treats cash and cash equivalents based on the term of the Term Deposit, not term to maturity from Balance Date. According to NZIAS 7, in the statement of cashflows, an investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition.

Taxation

The Trust is exempt from income tax under section CW 42(1) (a) of the Income Tax Act 2007. The Trust has been granted tax exempt status and is registered as a Charity under the Charities Act 2005.

Goods and Services Tax (GST)

The Trust is GST registered. The financial statements have been prepared on a GST exclusive basis.

Accounts Receivable

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectible debts.

Financial Instruments

Non-derivative financial instruments comprise investments in cash and cash equivalents, trade receivables, trade and other payables and other liabilities.

Financial assets and financial liabilities are measured at fair value plus transaction costs. Any profits or loss from the financial transaction are recognised in the Statement of Comprehensive Income.

Cash and cash equivalents comprise cash balances, call and term deposits.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. They are impaired where there is objective evidence that the estimated future cash flows have been impacted. Objective evidence could include:

- › Significant financial difficulty of the counterparty;
- › Default or late payments; or
- › It becoming probable that the counterparty will enter bankruptcy or financial re-organisation.

The recoverable amount of the Trust's receivables carried at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment being the difference between carrying amount and recoverable amount, is recognised in the Statement of Comprehensive Income.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

Statement of Cash Flows

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and banks. The following terms are used in the statement of cash flows:

Operating activities are the principal revenue producing activities of the Trust and other activities that are not investing or financial activities.

Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Financial activities are activities that result in changes in the size and composition of the borrowings of the Trust.

Change in Accounting Policies

There have been no changes in accounting policies from the previous year.

NOTE 4: REVENUE**Donations**

Donations shown in the Comprehensive Income for 2013 included \$5.5m worth of pledges receivable. The donations and interest received over the life of the trust, plus pledges for 2014 (per note 15) reflects the total \$99.3m of funds generated shown elsewhere in the Annual Report.

Interest Revenue

The make-up of interest income is as follows:

	2014	2013
	\$	\$
Call and Cheque Accounts	323,933	332,052
Short-term investments	1,667,325	1,749,925
Total Interest Revenue	\$1,991,258	\$2,081,977

NOTE 5: ADMINISTRATIVE COSTS

The administrative costs comprise of donated goods and services of:

	2014	2013
	\$	\$
Department of Internal Affairs (by appropriation)	570,490	848,726
KPMG - Audit	20,000	22,000
Bell Gully	56,399	700
Total Administrative Costs	\$646,889	\$871,426

NOTE 6: BANK AND CALL DEPOSITS

	2014	2013
	\$	\$
Westpac Bank - Cheque Account	9,379,636	267,408
Westpac Bank - Call Account	1,888,392	11,676,488
Total Bank and Call Deposits	\$11,268,028	\$11,943,896

NOTE 7: TERM DEPOSITS

Represented by:

	2014 \$	2013 \$
Terms 90 days or less		
ANZ	-	-
BNZ	2,088,000	-
Kiwi	-	-
Westpac	-	2,000,000
Total Term Deposits 90 days or less	\$2,088,000	\$2,000,000

For term deposits with terms of 90 days or less, the term is for 90 days (90 days 2013). The interest rate is 4.30% (2013: 3.90%).

Terms greater than 90 days

ANZ	-	3,500,000
BNZ	18,000,000	7,000,000
Kiwi	-	2,500,000
Westpac	17,000,000	28,000,000
Total Term Deposits greater than 90 days	35,000,000	41,000,000
Total Term Deposits	\$37,088,000	\$43,000,000

For term deposits with terms of greater than 90 days, the terms range from 92-180 days (2013: 120 - 365 days). The interest rates range from 3.94% - 4.50% (2013: 4.00% - 4.40%).

NOTE 8: ACCOUNTS RECEIVABLE

	2014 \$	2013 \$
GST Receivable	396,051	89,154
IRD Rebate Receivable	1,153	26,112
Pledged and contracted amounts receivable	10,200,000	10,200,000
Grant Refund	-	3
Total Accounts Receivable	\$10,597,204	\$10,315,269

NOTE 9: ADVANCES

	2014 \$	2013 \$
Restart of The Heart Trust	2,895,895	3,268,523
Christchurch Stadium	3,000,000	4,000,000
Canterbury Cricket Trust	3,000,000	-
Less provision for doubtful debts	(2,445,894)	(1,684,262)
Total Advances	\$6,450,001	\$5,584,261

The value of the amount advanced to Restart the Heart Trust has been adjusted to reflect the fair value on a discounted basis. The Trustees have the expectation that the \$5,000,000 advanced to Christchurch Stadium will be written off over a period of five years, assuming certain covenants are met. In Financial Year 2014 these covenants have been met, accordingly \$1,000,000 has been amortised through Profit and Loss. The Trustees have the expectation that the \$3m advanced to the Canterbury Cricket Trust relating to a Pavilion for Hagley Oval will be written off over a period of five years, assuming certain covenants are met. In Financial Year 2014 no amounts are due to be amortised through Profit and Loss.

NOTE 10: GRANTS PAYABLE

	2014 \$	2013 \$
Aranui Community Centre	1,000,000	1,000,000
Canterbury Provincial Council Building	2,500,000	-
Cholmondeley Children's Home Inc	500,000	-
Christchurch Arts Centre	14,200,000	14,200,000
Christchurch Parks & Reserves Repairs	-	965,103
Christchurch Symphony Orchestra	1,250,000	-
Connecting the City to the Sea	15,000,000	15,000,000
Theatre Royal Charitable Foundation	1,000,000	500,000
Kaiapoi Aquatic Centre	-	118,774
Kaiapoi Riverbanks	1,991,715	2,000,000
Mt Pleasant Community Centre	500,000	-
Music Centre of Christchurch	2,500,000	-
Parks & Reserves Restoration	906,132	-
Surf Life Saving New Zealand	850,000	-
Water Attractions for Sport & Recreation	6,500,000	6,500,000
Westpac Business and Community Hub	-	1,000,000
Wilding Park Foundation Incorporated	1,403,000	1,403,000
Other Grants approved	6,375,406	5,619,763
Total Grants Payable	\$56,476,253	\$48,306,640

NOTE 11: RECONCILIATION OF REPORTED COMPREHENSIVE INCOME FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2014 \$	2013 \$
Reported Comprehensive Income	(13,719,971)	(24,235,466)
Adjustment for fair value adjustment of advances	761,633	842,131
Adjustments for movements in working capital items:		
Decrease/(Increase) in Accrued Interest	110,164	(233,741)
Decrease/(Increase) in Accounts Receivable	(281,933)	352,900
Increase/(Decrease) in Grants Payable	8,169,612	24,234,146
Decrease in Loans and Advances	1,000,000	1,000,000
Net Cash Flows from Operating Activities	(\$3,960,495)	\$1,959,970

NOTE 12: FINANCIAL RISK MANAGEMENT

All assets of the Trust are classified as Loans and Receivable and the carrying values are equal to the fair values. All Liabilities are classified as Financial Liabilities at amortised cost and the carrying values are equal to their fair values.

Off Balance Sheet Exposure:

The Trust had no off balance sheet exposure at 30 June 2014 (2013: Nil)

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The cash flow risk is managed by maintaining the majority of the interest bearing instruments at fixed rates. The term deposits are made for varying periods depending on the cash requirements of the Trust and earn interest at the respective short term deposit rates. The Board does not consider that there is significant interest rate risk exposure on the Trust's investments.

Foreign Currency Risk:

All grants are paid in New Zealand currency. Any donations received in a foreign currency are translated to New Zealand dollars on the date of receipt. Any currency movement would have no effect on the Trust.

Fair Value:

All current financial instruments recognised in the statement of financial position are stated at carrying amounts that are also a reasonable approximation of their fair values.

Credit risk

Credit risk is the risk that a third party will default on its obligation causing a loss.

Credit risk is reduced by investing only in New Zealand registered banks carrying a Standard and Poors rating of not less than AA- to maximise the protection offered by the New Zealand government's deposit guarantee scheme.

Liquidity risk

In meeting its liquidity requirements, the Christchurch Earthquake Appeal Trust maintains a target level of investments that must mature within specified timeframes to meet projected grants.

NOTE 13: RELATED PARTIES

All transactions were carried out on an arm's length basis and there were no related party transactions.

NOTE 14: COMMITMENTS

There were no commitments as at 30 June 2014 (2013: Nil).

NOTE 15: PLEDGED DONATIONS

There were contingent assets for pledged donations at 30 June 2014 of \$600,000 (2013: \$5,509,997). This amount reflects the best estimate of the Trustees of the amount likely to be received from pledges committed prior to 30 June 2014. Some pledges have restrictions on how the funds can be applied. The actual amount received may be higher or lower than this estimate.

NOTE 16: CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2014 (2013: Nil)

NOTE 17: SUBSEQUENT EVENTS

There are no subsequent events between balance date and the date of signing these financial statements.

Statement of Responsibility

The Trust is responsible for the preparation of the Christchurch Earthquake Appeal Trust financial statements and the judgements made in them.

In the Trust's opinion, these financial statements fairly reflect the financial position and operations of the Christchurch Earthquake Appeal Trust for the year ended 30 June 2014.

Signed on behalf of the Trust:

Colin MacDonald
Trustee



Date: 5 September 2014

Matthew Needham
Chief Financial Officer
Department of Internal Affairs

