
ARA FOUNDATION
PERFORMANCE REPORT
Year ended 31 December 2016

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ARA FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

ENTITY INFORMATION											
NAME	Ara Foundation										
TYPE OF ENTITY AND LEGAL BASIS	Charitable Trust and Registered Charity										
PURPOSE	<p>The Trust was established with the aim of promoting and supporting the applied vocational, educational and research activities of Ara.</p> <p>Our goal is to mentor, support and offer real world opportunities to students and academics so that they maximise their life experiences.</p>										
ENTITY STRUCTURE	<p>The Trust is governed by a board of trustees with a diverse range of experience and knowledge across a range of sectors.</p> <p>The Board may have between 8 and 12 trustees appointed as below:</p> <ul style="list-style-type: none"> 3 trustees appointed by the Ara Council plus the Chair of the Ara Council (ex officio) – the Council's current policy is to appoint the CEO and two other Council members to the Board Up to 8 persons from the general community <table border="1"> <thead> <tr> <th colspan="2">Ara Foundation Membership</th></tr> </thead> <tbody> <tr> <td>Ara Council</td><td>3 members appointed by Ara Council</td></tr> <tr> <td>Community Representation</td><td>Up to 8 members</td></tr> <tr> <td>Ex Officio</td><td>Chair of the Ara Council</td></tr> <tr> <td>In Attendance</td><td>Patron Minutes Secretary</td></tr> </tbody> </table> <p>Board sub-committees: There is one standing sub-committee of the Board – Finance, Audit and Risk.</p> <p>In addition the Board from time to time establishes working groups to undertake specific time bound or smaller projects or specialist activities.</p> <p>Patron The role of patron is to support the aims, objectives and activities of the Ara Foundation at every opportunity.</p> <p>The patron will have attendance and speaking rights but no voting rights at meetings of the Board and its sub-committees. To this end he will receive all notices of meetings, reports and minutes as those provided to trustees.</p>	Ara Foundation Membership		Ara Council	3 members appointed by Ara Council	Community Representation	Up to 8 members	Ex Officio	Chair of the Ara Council	In Attendance	Patron Minutes Secretary
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PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

MAIN SOURCES OF CASH AND RESOURCES	<p>The majority of the Trust's annual cashflow is sourced from revenue from the following investments:</p> <ul style="list-style-type: none"> • Investment property • Term deposits • Portfolio equity investments.
RESPONSIBILITIES AND OUTPUTS	<p>Our core responsibilities are to:</p> <ul style="list-style-type: none"> • Improve the educational facilities of Ara. • Provide financial assistance (including the provision of scholarships and bursaries) to students of Ara on such conditions (if any) as they deem appropriate. • Support student educational activities of Ara. • Support staff education and development projects of Ara. • Support innovative educational projects undertaken by staff of Ara. • Support any other educational or charitable enterprise. <p>In order to achieve these aims the Foundation provides grants to Ara students and academics that meet the following criteria:</p> <ul style="list-style-type: none"> • Allow students to become involved with projects that add real value to their CV • Create projects that make Ara an attractive option for potential students • Build relationships between Ara and its community • Foster excellence in research, technology transfer and scholarship. • The development of skills and skilling strategies essential for the rebuild of Christchurch • Promotion of technology transfer between Ara and industry • Creating opportunities for participation and success for those groups currently underrepresented in vocational and applied education • Developing infrastructure at and around Ara campuses which creates an environment where students will be attracted, retained and successful in their studies.

ARA FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Revenue			
Interest, dividends and other investment revenue	1	64,286	350,179
Fair value increase of investment property		-	315,000
Insurance Proceeds		-	126,515
Rental revenue		153,641	138,573
<i>Total revenue</i>		217,927	930,267
Expenditure			
Grants	2	76,720	69,264
Functions - Awards and Others		4,821	624
Annual Report		1,217	1,869
Audit Fee		-	9,700
Chairs Honararium		6,000	6,000
Accounting		3,600	5,301
Consulting Fees		50,503	50,176
Depreciation		2,528	2,116
Insurance		3,150	3,150
Legal Fees		-	350
Portfolio Monitoring Fees		21,380	15,766
Repairs and Maintenance		-	56,052
Valuation fees		1,950	2,570
Demolition Costs		974	81,090
Other expenses		5,355	3,008
<i>Total expenditure</i>		178,199	307,036
Surplus / (deficit)		39,728	623,231

The accompanying notes form part of these financial statements.

ARA FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Assets			
Current assets			
Cash at bank	3	176,087	580,167
Accrued interest		-	7,482
Accounts Receivable		1,630	81,032
Term deposits	4	-	836,642
GST Receivable		-	1,230
Portfolio investments	4	1,390,880	241,413
<i>Total current assets</i>		1,568,596	1,747,966
Non current assets			
Portfolio investments	4	2,912,882	2,799,024
Plant and equipment	5	4,645	2,172
Investment property	6	2,255,000	2,255,000
<i>Total non-current assets</i>		5,172,527	5,056,196
Total assets		6,741,123	6,804,162
Liabilities			
Current liabilities			
Accounts Payable		3,450	108,824
GST		2,590	-
Funds held on behalf of Artbox		6,166	6,151
<i>Total current liabilities</i>		12,206	114,975
Total Liabilities		12,206	114,975
Net Assets		6,728,917	6,689,187
Equity			
Accumulated surplus / (deficit)	7	6,728,917	6,689,187
Total equity		6,728,917	6,689,187

The accompanying notes form part of these financial statements.

Chairperson

ARA FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2016	2015
		\$	\$
Cash flows from operating activities			
Interest, dividends and other investment receipts		215,665	163,608
Receipts from customers and other revenue		136,637	138,573
Grants paid		(76,720)	(69,264)
Payments to suppliers and employees		(200,490)	(98,306)
<i>Net cash flow from operating activities</i>		75,092	134,611
Cash flows from investing and financing activities			
Receipts from maturity of term investments		836,642	1,718,679
Investment in term deposits		-	(1,296,424)
Investment in Portfolios		(1,310,815)	
Purchase of property, plant, and equipment		(5,000)	-
<i>Net cash flow from investing activities</i>		(479,174)	422,256
Net (decrease)/increase in cash and cash equivalents		(404,080)	556,867
Cash and cash equivalents at the beginning of the year		580,167	23,300
Cash and cash equivalents at the end of the year		176,087	580,167

ARA FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2016

ACCOUNTING POLICIES APPLIED

REPORTING ENTITY

These financial statements have been prepared for the Ara Foundation, a charitable trust incorporated under the Charitable Trusts Act 1957 on the 3rd of December 1984 ('the Trust').

The Trust is a public entity and the accounts are reviewed. This is a policy change from the prior year as there is no longer a requirement to have audited statements.

BASIS OF PREPARATION

The Trust is required to prepare financial statements in accordance with Public Sector PBE accounting standards.

Subject to the application of tier 2 PBE Accounting Standards in relation to investment property and portfólio investments detailed below, the Trust has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* in the preparation of its financial statements. The Trust is eligible to apply this standard on the basis that it does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

GOODS AND SERVICES TAX

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Rental revenue

Revenue from rentals is recognised on a daily basis over the period the property is occupied

Fair value gains/losses on investment property

The Trust has elected to adopt the Fair Value model in Tier 2 standard IPSAS16, and recognise unrealised gains/losses on the fair valuation of investment property in surplus or deficit.

Interest, dividends and other investment revenue

Interest revenue is accrued as it is earned during the year.

Dividend revenue is recognised when the dividend is declared.

Other investment revenue recognised in surplus / deficit includes realised gains on the disposal of equity investments and unrealised fair value gains and losses on portfólio investments based on the adoption of Tier 2 standard PBE IPSAS 29.

ARA FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Expenditure

Grant expenditure

Grants are recognised as an expense when declared. Any grants approved but not paid during the year are recognised as a liability at year end.

Other expenditure

Other expenditure is recognised as it is incurred, once an obligation is established.

Foreign currency transactions

Foreign currency transactions are translated into NZ\$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets are recognised in surplus or deficit.

Cash at bank

Cash at bank comprises cash held in call and savings bank accounts.

Receivables

Amounts receivable are recorded at the lower of original face value or expected realisable value.

Investments

Term deposits

Investments in bank term deposits are measured at the amount invested.

Portfolio investments

Portfolio investments are classified as 'fair value through surplus or deficit' financial assets, and measured at their fair value based on the adoption of Tier 2 standard IPSAS 29. Unrealised fair value gains and losses are recognised in surplus or deficit.

Investment property

The Trust has elected to adopt the Fair Value model in Tier 2 standard IPSAS16, and measure investment property at fair value, with gains and losses recognised in surplus or deficit.

Plant and equipment

Plant and equipment is recorded at cost, less accumulated depreciation and impairment losses. Items costing less than \$500 are expensed on acquisition.

Depreciation is provided on a diminishing value (DV) basis using maximum rates set by the Inland Revenue Department between 33% - 50% DV.

Accounts payable

Accounts payable are measured at the amount owed.

Income tax

The Trust has been granted Charitable status by the Inland Revenue Department and is therefore exempt from income tax.

ARA FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Tier 2 PBE Accounting Standards applied

The Trust has applied the following Tier 2 Accounting Standards in the preparation of these financial statements:

- PBE IPSAS16 in relation to the fair value measurement of investment properties and recognition of associated fair value gains / losses
- The application of PBE IPSAS 29 and 30 in relation to the fair value measurement of equity investments and recognition of associated fair value gains / losses;

ARA FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

1. INTEREST, DIVIDENDS AND OTHER INVESTMENT INCOME

	2016	2015
	\$	\$
Interest revenue	39,800	59,129
Dividend revenue	70,746	102,399
Realised gains on disposal of portfolio investments	1,230	482
Net unrealised fair value gains (loss) on portfolio investments	(47,490)	188,169
Total investment income	64,286	350,179

2. GRANTS EXPENDITURE

	2016	2015
	\$	\$
Karen Lewis Award	7,500	9,500
Alison Robinson Award	350	500
Evolocity Grant	27,000	20,000
Summer Start Up Grant	8,400	-
Summer Incubator Start Up	9,486	-
Film Festival Attendance	2,000	-
Sustainability Student Group	4,000	-
Catherter Conference	750	-
Futsee Grant	2,250	-
Roadshow Attendance	2,484	-
Jazz Festival	10,000	-
R Orange	1,500	-
Colin Russell Award	1,000	1,000
Outdoor Leisure Club	-	3,314
Rakatahi Award	-	5,000
Grant for GEYSA	-	25,000
Plains FM	-	4,800
Other	-	150
Total grants expenditure	76,720	69,264

3. CASH AT BANK

	2016	2015
	\$	\$
BNZ - Artbox Funds	6,166	6,151
BNZ - Call Account	161,822	557,151
BNZ - Current Account	8,098	16,865
Total cash at bank	176,086	580,167

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PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

4. INVESTMENTS

	2016	2015
	\$	\$
Current investments		
Term Deposits*	-	836,642
<i>Total current investments</i>	-	836,642
 Portfolio investments managed by Custodial Services Limited		
New Zealand Equities	1,255,462	1,187,962
Australian Equities	744,904	1,005,629
International Equities	912,516	605,434
Cash	1,390,880	241,413
<i>Total portfolio investments</i>	4,303,762	3,040,437
Total investments	4,303,762	3,877,079

*Term deposit investments are held with New Zealand Banks for terms of five months to twelve months, and interest rates range from 3.3% pa to 3.9% pa. (2014: 3.75% pa to 4.25% pa)

5. PLANT AND EQUIPMENT

	2016	2015
	\$	\$
Opening book value	2,172	4,289
Additions	5,000	-
Depreciation	2,528	2,116
Closing book value	4,645	2,172
 Cost	15,770	10,770
Accumulated Depreciation	11,125	8,598
Closing book value	4,645	2,172

6. INVESTMENT PROPERTY

	2016	2015
	\$	\$
Opening balance 1 April	2,255,000	1,940,000
Increase/(decrease) in fair value	-	315,000
Closing balance 31 March	2,255,000	2,255,000

The Trust has elected to apply the fair value model under IPSAS 16, and measure its investment property at current fair value, less the estimated costs of disposal, as determined by an independent registered valuer.

The investment property was last revalued on 31 December 2015 by Warren Glassey, FNZIV, AREINZ, FPINZ, MNZIM, registered valuer. There was no impairment of property during the year. (2015: Nil)

ARA FOUNDATION
PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

7. EQUITY

	2016	2015
	\$	\$
<i>Accumulated comprehensive revenue and expense</i>		
Opening balance 1 January	6,689,187	6,065,957
Comprehensive income and expense for the year	39,728	623,231
Closing balance 31 December	6,728,917	6,689,187

8. IMPACT OF THE CANTERBURY EARTHQUAKE

The trust's investment property suffered some non-structural damage as a result of the Canterbury earthquakes. This damage is covered by insurance. This repair work is expected to be completed over the next few years.

9. COMMITMENTS

The trust did not have any commitments at year end (2015: nil)

10. CONTINGENT LIABILITIES

The trust did not have contingent liabilities at year end (2015: nil)

11. RELATED PARTY TRANSACTIONS

During the year, the Trust entered into the following significant transactions with related parties:

- The receipt of rental income of \$135,255 (2015: \$135,255) from Ara Institute of Technology.
- The awarding of grants totaling \$47,370 (2015: \$54,800) to the Ara Institute of Technology, of which \$nil remain payable at year end (2015 \$nil).
- These transactions are not on an arms's length basis as grant applications can only be received from Ara staff and students
- Payments totaling \$39,061 were made to Cherry Red Consulting Limited (of which Trustee Jackie Curtis is a Director) for consulting services (2015: \$42,240). \$3,000 was outstanding as a payable at balance date (2015: \$4,416).

In addition, a chair honorarium of \$6,000 (2015: \$6,000) was paid in remuneration for services by Carl Pascoe (Chairman of Trustees). Payments were made to Deim Holdings Limited, of which Carl Pascoe is the sole Director.

12. EVENTS AFTER BALANCE DATE

There were no significant events subsequent to balance date (2015; nil).

Independent Review Report

To the Ara Foundation

Review on the Performance Report

We have reviewed the accompanying Performance Report of the Ara Foundation (the Foundation), which comprise the statement of financial position as at 31 December 2016, and the statement of financial performance, the statement of cashflows, and a summary of significant accounting policies and other explanatory information.

Respective Responsibilities

The Foundation is responsible for the preparation and fair presentation of this report, and for such internal controls as the Foundation determine are necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the accompanying Performance Report based on our review. We conducted our review in accordance with ISRE (NZ) 2400, "Review of Historical Financial Statements prepared by an Assurance Practitioner".

A review of the report in accordance with ISRE (NZ) 2400 is a limited assurance engagement. The reviewer performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not free from material misstatement.

Other than in our capacity of furnishing you with this report, we have no relationship with, or interests in the Ara Foundation.

Restriction on Distribution or Use

This report is made solely to the Foundation, as a body. Our review work has been undertaken so that we might state to the Foundation those matters which we are required to state to them in our review 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 Foundation, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:



Sidekick Tasman Limited

Chartered Accountants

20 April 2017

Blenheim