

**2023 Annual Report**  
**Ara Foundation**

# Message from the Trustees

Tēnā koutou katoa,

I'm pleased to present the 2023 annual report of the Ara Foundation.

2023 saw the Foundation make the difficult decision to put grants on hold while we focused on updating the trust deed to reflect the fact that Ara Institute of Canterbury was no longer an entity in its own right (having become part of Te Pūkenga – New Zealand Institute of Skills and Technology) and changes needed to reflect the Trusts Act 2019.

This process took longer than anticipated due to the need to find the best way to reflect the intention of the original settlors of the trust to support the students and staff of the Christchurch Polytechnic Institute of Technology (more latterly Ara Institute of Canterbury) that now no longer exists in its own right.

I am also pleased to report that the financial assets of the trust, for which the trustees are kaitiaki, have now recovered from a significant dip in global financial markets post-COVID19.

Finally, I'd like to thank my fellow Trustees for leaning into the important work of considering our ongoing role in a rapidly evolving Polytechnic sector, and Blade Jones as the Ara Foundations Administrator for her tireless work.

2024 will see the Christchurch Polytechnic Foundation (now the Ara Foundation) celebrate 40 years of supporting Canterbury based students and staff of CPIT and its successors. That's an amazing feat in itself and the Trustees are very confident that the trust continues to be as relevant today as it was when first established in 1984.

Nāku iti noa, nā

**Clive Jones**  
**Tiamana | Chair**  
Ara Foundation



# **Ara Foundation Annual Report for the Year to 31 December 2023**

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## ENTITY INFORMATION

<b>NAME</b>	Christchurch Polytechnic Foundation (t/a Ara Foundation)
<b>TYPE OF ENTITY AND LEGAL BASIS</b>	A Charitable Trust registered under the Charitable Trusts Act 1957, and a Registered Charity under the Charities Act 2005
<b>REGISTRATION NUMBERS</b>	Charities Registration number:           CC20370 Incorporation number:                   250628
<b>PURPOSE</b>	<p>The Foundation 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>
<b>ENTITY STRUCTURE</b>	<p>The Foundation 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 not less than 7 trustees appointed as below:</p> <ul style="list-style-type: none"> <li>• Up to one trustee appointed by the Polytechnic</li> <li>• Up to 7 persons from the general community</li> <li>• The Chair of the Polytechnic Council (ex Officio)</li> </ul> <p>The Board from time to time establishes working groups to undertake specific time bound or smaller projects or specialist activities.</p>
<b>MAIN SOURCES OF CASH AND RESOURCES</b>	<p>The majority of the Foundation ´s annual cashflow is sourced from revenue from the following investments:</p> <ul style="list-style-type: none"> <li>• Interest from cash and term deposits</li> <li>• Interest and dividends from investments.</li> </ul>

## STATEMENT OF SERVICE PERFORMANCE

### RESPONSIBILITIES AND OUTCOMES

Our core responsibilities are to:

- Promote and support the general educational purposes and activities of Ara.
- 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.
- 

In order to achieve these aims the Foundation provides grants to Ara students and academics that meet the following criteria:

- Allow students to become involved with projects that add real value to their curriculum vitae.
- 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 that are 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.

### Description & Quantification (to the extent practical) of the Entity's Outputs

- Managing award funds which recognise and encourage excellence in various educational fields: - The Paul Norris Award for Outstanding Achievement in NZ Broadcasting School, The John Foy Memorial Fund for Excellence in Radio News and the Karen Lewis Awards for outstanding students from the School of Hospitality and Service Industries
- Providing funds for a film production which aims to enlighten and educate about the lived realities for trans gender people – the aim is for it to become a resource for Ara staff and students and the entire world.
- Holding two grant funding rounds throughout the year of 2023 which were open to all Ara staff and students.
- Providing funds to enable students seeking vocational qualifications to attend wananga, hui and workshops.

**Description &  
Quantification (to the  
extent practical) of the  
Entity's Outputs (Cont.)**

- 3D printer project which builds a microscope that provides the functionality to 3D print biological and non-biological components as seen by the microscope.
- Development opportunities provided by supporting attendance at international training courses and conferences e.g.: Cancer Nursing conference held in Glasgow.
- Continued support provided for Pasifika students and staff.
- Supporting projects which directly benefit the institution such as the development of an Ara Art tour app and a project to support the research and collation of the history of Ara.
- Te Wiki o Te Reo activities at Ara funded for all staff and students.
- Continued support for the development of Te Matauranga Māori at Te Puna Wanaka.
- Funding research into the modern works of jazz and contemporary brass music including time spent recording and performing in New York.
- Supporting Māori midwifery students to attend national hui.

# STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 \$	2022 \$
<b>Revenue</b>			
Interest, dividends, and other investment revenue	1	751,214	(864,385)
Rental revenue		-	6,000
Investment property valuation gains		-	-
<b>Total revenue</b>		<b>751,214</b>	<b>(858,385)</b>
<b>Expenditure</b>			
Grants	2	140,840	117,338
Chairs Honorarium		2,500	5,174
Accounting		7,851	7,849
Consulting Fees		39,457	27,794
Depreciation		455	115
Insurance		4,783	4,364
Portfolio Monitoring Fees		27,517	15,729
Valuation fees		-	-
Other expenses		15,951	9,908
<b>Total expenses</b>		<b>239,355</b>	<b>188,272</b>
<b>Surplus / (deficit)</b>		<b>511,859</b>	<b>(1,046,657)</b>

*This statement should be read in conjunction with the accompanying notes to the performance report and Independent Auditor's Report.*

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

	Notes	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank	3	431,484	503,372
Accounts Receivable		154,092	695
Income Tax Receivable		-	4,416
Term deposits		750,000	479,460
Portfolio investments	4	802,378	126,476
<i>Total current assets</i>		2,137,955	1,114,418
<b>Non-current assets</b>			
Portfolio investments	4	6,165,967	6,523,682
Plant and equipment	5	1,295	115
Investment property	6	-	-
<i>Total non-current assets</i>		6,167,262	6,523,798
<b>Total assets</b>		<b>8,305,216</b>	<b>7,638,216</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts Payable		14,260	7,492
Accrued grants		-	-
GST		-	-
<i>Total current liabilities</i>		14,260	7,492
<b>Total Liabilities</b>		<b>14,260</b>	<b>7,492</b>
<b>Net Assets</b>		<b>8,290,956</b>	<b>7,630,724</b>
<b>Equity</b>			
Accumulated surplus / (deficit)	7	8,290,956	7,630,724
<b>Total equity</b>		<b>8,290,956</b>	<b>7,630,724</b>

*This statement should be read in conjunction with the accompanying notes to the performance report and Independent Auditor's Report.*

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Chairperson



# STATEMENT OF CASHFLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		\$	\$
<b>Cash flows from operating activities</b>			
Interest, dividends and other investment receipts		89,497	44,418
Receipts from customers and other revenue		-	6,000
Grants paid		(140,840)	(117,338)
Payments to suppliers and employees		(118,764)	(80,723)
<i>Net cash flow from operating activities</i>		(170,107)	(147,642)
<b>Cash flows from investing and financing activities</b>			
Sale of investment property		-	800,000
Investment in Portfolio		370,440	(350,000)
Investment in term deposits		(270,540)	4,697
Purchase of property, plant, and equipment		(1,681)	-
<i>Net cash flow from investing activities</i>		98,219	454,697
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(71,888)</b>	<b>307,054</b>
Cash and cash equivalents at the beginning of the year		503,372	196,318
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>431,484</b>	<b>503,372</b>

*This statement should be read in conjunction with the accompanying notes to the performance report and Independent Auditor's Report.*

# STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2023

## 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 Foundation’). The Foundation is also a registered charity, registered under the Charities Act 2005.

### BASIS OF PREPARATION

The Foundation 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 portfolio investments detailed below, the Foundation 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 Foundation 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 Foundation will continue to operate in the foreseeable future.

### CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

Prior to 2022, grants expenses had been included as an expense when approved by the Board. From 2022 they will be included as an expense only when the conditions upon approval are met. To effect this change in policy, there has been a prior period adjustment of \$122,000 to increase opening Equity (see note 7).

There have been no other changes in accounting policies. All other policies have been applied on a consistent basis with those of the previous reporting period.

### GOODS AND SERVICES TAX

The Foundation is no longer registered for GST. The final GST return was for the two months to 30 June 2022. All amounts in the financial statements to 30 June 2022 are recorded exclusive of GST, and from 1 July 2022 are recorded 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 Foundation had 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 portfolio investments based on the adoption of Tier 2 standard PBE IFRS 9.

## **Expenditure**

### ***Grant expenditure***

Grants are recognised as an expense when the conditions upon approval are met, which is generally upon completion of the project to which they relate.

### ***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 amortised cost.

### ***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 PBE IFRS 9. Unrealised fair value gains and losses are recognised in surplus or deficit.

## **Investment property**

The Foundation had 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 \$1,000 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 Foundation has been granted Charitable status by the Inland Revenue Department due to CW 41-43 of the Charities Act 2005 and is therefore exempt from income tax.

## **Tier 2 PBE Accounting Standards applied**

The Foundation 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 IFRS 9 in relation to the fair value measurement of equity investments and recognition of associated fair value gains / losses.

## **Financial Assets**

### **Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NZ IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- FVTPL; and
- FVOCI.

### **The classification is determined by both:**

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within impairment gains (losses) of financial assets.

### **Subsequent measurement of financial assets**

#### ***Financial assets at FVTPL***

Financial assets that are held within a different business model than "hold to collect" or "hold to collect and sell", and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

This category also contains equity investments. The Foundation accounts for these investments at FVTPL and did not make the irrevocable election to account for the investments at FVOCI.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

### **Impairment of financial assets**

NZ IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the "expected credit loss" (ECL) model. Instruments within the scope of the

requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under NZ IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The Foundation considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Foundation’s financial assets fall into this category.

“12-month expected credit losses” are recognised for the first category while “lifetime expected credit losses” are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

# NOTES TO THE PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

## 1. INTEREST, DIVIDENDS AND OTHER INVESTMENT INCOME

	2023	2022
	\$	\$
Interest revenue	119,809	28,031
Dividend revenue	88,142	103,554
Net unrealised fair value gains (loss) on portfolio investments	382,781	(986,582)
Net realised fair value gains (loss) on portfolio investments	160,382	(11,529)
Other Revenue	100	2,142
<b>Total investment income</b>	<b>751,214</b>	<b>(864,385)</b>

## 2. GRANTS EXPENDITURE

	2023	2022
	\$	\$
Paul Norris Award - Outstanding Achievement in NZBS	1,250	1,250
John Foy Grant – Excellence in radio news	3,000	3,000
Karen Lewis Award - to support Hospitality and Cookery	5,000	4,300
Neil MacInnes Scholarship		1,500
Kim Johnston Grant (returned 2022)		(6,629)
K O'Hagan (partially returned 2022)		(600)
Emma Thompson (partially returned 2022)		(4,979)
Andrew Snell		7,500
Sua Tauti		8,275
Tate Tiatia		6,700
Angus Howat		1,006
David Ewing		16,895
Wikitoria on behalf of – PISA		16,721
Louise Courtney		18,975
Paris Nurse & Sem Lomani		2,665
Jack Martin		2,500
Jordan Giles		1,945
Harry Westrupp & Tate Tatia		4,000
Saraya Martin-McKenzie		3,099
Toby Lee		6,000
Jotham Barmentloo		5,216
Genevieve Henstock		2,500
Dr. Tony McCaffrey		9,000
Alice Steele		1,500
Sam Latu		5,000
Alan Hoskin - research VR technology can support trades	4,134	
B Williams - for empowering Akonga Māori	5,323	
Brittany Thompson - create student lounge/social hub on	9,300	
Cameron Pearce – research modern works in jazz /		
contemporary brass	5,000	
Grae Meek – to support production of a trans-positive film	9,000	
David Ewing - 3D printer project	3,650	
Hannah Moir - grant for health promotion initiatives	1,339	
Heather Bustin – attend conference: Cancer Nursing in	4,000	
Ilah Robottom - Māori midwifery students attend 3 Hui in year	8,000	
Julie Humby - Development of an Ara Art tour app	4,400	
Katie Jayne Parker - to attend a Leadership workshop	1,794	

Kim Lowe - Ara students attending the Printopia Festival in	5,050	
Lana Hart - Tahuhu Korero – A project recording Ara’s history	19,300	
Mark McEntyre - specialist stage management support FAUST	5,000	
Matthew Farnell - theatre production using NZSL & Te Reo	7,000	
PISA - to Empower, Inspire, Honour and Celebrate Pacific	12,000	
Sonia Murray - Sustainable action project	300	
Stan Tawa - cultural exchange with Appalachian State	10,000	
T Cronje - refurbishment of the Ara solar car	14,500	
Trina Lafaele - hold a MATLAANZ/PATLAANZ Hui-Fono	2,500	
<b>Total grants expenditure</b>	<b>140,840</b>	<b>117,338</b>

### 3. CASH AT BANK

	2023	2022
	\$	\$
BNZ - Business Account	2,984	1,955
BNZ - Call Account	307,554	474,444
BNZ - Current Account	36,347	23,890
BNZ - Debit Card Account	801	-
BNZ - John Foy Memorial	83,799	3,083
<b>Total cash at bank</b>	<b>431,484</b>	<b>503,372</b>

### 4. INVESTMENTS

	2023	2023	2023
	\$	\$	\$
	FVTPL	Amortised Cost	Total
Long-term Financial assets			
Bonds	2,143,905	-	2,143,905
Other investments	4,022,062	-	4,022,062
<b>Total Long-term Financial Assets</b>	<b>6,165,967</b>	<b>-</b>	<b>6,165,967</b>

Short-term Financial Assets	-	-	-
Trade and other receivables	-	154,092	154,092
Cash and cash equivalents	-	1,983,862	1,983,862
<b>Total Financial Assets</b>	<b>6,165,967</b>	<b>2,137,955</b>	<b>8,303,921</b>

	2022	2022	2022
	\$	\$	\$
	FVTPL	Amortised Cost	Total
Long-term Financial assets			
Bonds	2,647,933	-	2,647,933
Other investments	3,875,749	-	3,875,749
<b>Total Long-term Financial Assets</b>	<b>6,523,682</b>	<b>-</b>	<b>6,523,682</b>

Short-term Financial Assets	-	-	-
Trade and other receivables	-	695	695
Cash and cash equivalents	-	1,109,308	1,109,308
<b>Total Financial Assets</b>	<b>6,523,682</b>	<b>1,110,002</b>	<b>7,633,685</b>

## 5. PLANT AND EQUIPMENT

	2023	2022
	\$	\$
<b>Computer Equipment</b>		
Carrying amount at 1 January	115	231
Additions	1,681	-
Loss on Disposals	(46)	-
Depreciation Expense	(455)	(116)
<b>Closing Book Value</b>	<b>1,295</b>	<b>115</b>
Cost	11,776	11,776
Additions	1,681	-
Disposals	(1,676)	-
Accumulated Depreciation	(10,485)	(11,661)
<b>Closing Book Value - Computer Equipment</b>	<b>1,295</b>	<b>115</b>

## 6. INVESTMENT PROPERTY

	2023	2022
	\$	\$
Opening balance	-	800,000
Increase/(decrease) in fair value	-	-
Sale of investment property	-	(800,000)
<b>Closing balance 31 December</b>	<b>-</b>	<b>-</b>

The Foundation had 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.

## 7. EQUITY

	2023	2022
	\$	\$
<i>Accumulated comprehensive revenue and expense</i>		
Opening balance 1 January	7,630,724	8,555,380
Prior Period error adjustment	148,374	122,000
Adjusted Opening Equity	7,779,098	8,677,380
Comprehensive income and expense for the year	511,859	(1,046,657)
<b>Closing balance</b>	<b>8,290,956</b>	<b>7,630,724</b>

## 8. COMMITMENTS

As at balance date, Ara Foundation owed grant applicants \$nil (2022: \$143,259)

## 9. CONTINGENT LIABILITIES

The Foundation did not have contingent liabilities at year end (2022: \$nil)

## 10. RELATED PARTY TRANSACTIONS

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

- A chair honorarium of \$2,500 (2022: \$5,174) was paid in remuneration for services by Annemarie Mora in the role of Chairperson of Trustees.
- At 31/12/2023 Ara owed the Foundation \$148,374 for earthquake repair insurance



proceeds. The Foundation has recognised this asset from 2023, following advice from Ara. This asset has been brought in via a prior period adjustment, having been recognised in the Ara Financial Statements since 2018.

## **11. EVENTS AFTER BALANCE DATE5**

There were no significant events subsequent to balance date (2022: \$nil).