

**Toi Foundation
Financial Statements
for the year ended 31 March 2023**

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Foundation directory

Settlement	30 May 1988
Principal place of business	21 Dawson Street New Plymouth
Discretionary beneficiaries	As per the Trust Deed
Trustees	Harvey Dunlop (retired as Chairperson 11th May 2022) Chris Ussher (appointed as Chairperson 11th May 2022) Sophie Braggins Robin Brockie Peter Dalziel Iqbal Haque Nicola Ngarewa Liana Poutu Guy Roper (resigned on 31st October 2022) Ryan Eagar (appointed 31st October 2022) Wharehoka Wano
Auditors	KPMG Wellington
Bankers	TSB Bank New Plymouth
Solicitors	Buddle Findlay Wellington

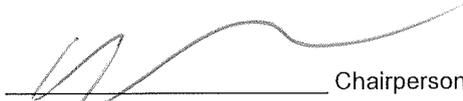
Toi Foundation
Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2023

Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2023

	Note	2023 \$	2022 \$
Revenue			
Revenue from exchange transactions	6	<u>28,677,872</u>	<u>30,038,484</u>
Total Revenue		<u>28,677,872</u>	<u>30,038,484</u>
Expenses			
Audit fees		(90,130)	(60,800)
Depreciation and amortisation	8	(137,310)	(114,548)
Grants	10	(22,666,306)	(22,325,627)
Personnel		(1,540,092)	(1,002,044)
Consultancy fees		(496,939)	(501,655)
Trustee honoraria		(114,703)	(113,500)
Trustee expenses		(34,356)	(35,056)
Other expenses	7	(925,785)	(815,599)
Total Expenses		<u>(26,005,621)</u>	<u>(24,968,829)</u>
Finance income	9	<u>1,363,324</u>	<u>1,117,796</u>
Fair value of investment	17	<u>(16,768)</u>	<u>397</u>
Surplus for the year		<u>4,018,807</u>	<u>6,187,848</u>

These financial statements have been issued for and on behalf of the Trustees on 26th July 2023 by:


_____ Chairperson


_____ Trustee

Summary of significant accounting policies and the accompanying notes form part of these financial statements

Toi Foundation
Statement of Changes in Net Assets
For the year ended 31 March 2023

Statement of Changes in Net Assets
For the year ended 31 March 2023

	Foundation Capital \$	Reserve Fund \$	Retained earnings \$	Total Equity \$
Balance as at 1 April 2022	10,000,100	11,938,000	13,888,612	35,826,712
Surplus / (deficit) for the year	-	-	4,018,807	4,018,807
Prior Year Adjustment	-	-	(25)	(25)
Transfer to / (from) reserves in the year	-	<u>496,500</u>	<u>(496,500)</u>	<u>-</u>
Balance as at 31 March 2023	<u>10,000,100</u>	<u>12,434,500</u>	<u>17,410,894</u>	<u>39,845,494</u>

	Foundation Capital \$	Reserve Fund \$	Retained earnings \$	Total Equity \$
Balance as at 1 April 2021	10,000,100	9,253,000	10,385,764	29,638,864
Surplus / (deficit) for the year	-	-	6,187,848	6,187,848
Transfer to / (from) reserves in the year	-	<u>2,685,000</u>	<u>(2,685,000)</u>	<u>-</u>
Balance as at 31 March 2022	<u>10,000,100</u>	<u>11,938,000</u>	<u>13,888,612</u>	<u>35,826,712</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements

Toi Foundation
Statement of Financial Position
As at 31 March 2023

Statement of Financial Position
As at 31 March 2023

	Note	2023 \$	2022 \$
Current Assets			
Cash and cash equivalents	11	828,284	946,336
Trade and other receivables	12	52,896	76,842
Other financial assets	17	1,300,000	3,659,900
Receivables from related parties	13	<u>35,256,310</u>	<u>28,419,742</u>
Total Current Assets		<u>37,437,490</u>	<u>33,102,820</u>
Non-Current Assets			
Property, plant & equipment	15	470,446	456,123
Intangible assets	16	39,753	29,137
Other financial assets	17	65,672	16,701
Investment in related parties	14	<u>10,099,999</u>	<u>10,099,999</u>
Total Non-Current Assets		<u>10,675,870</u>	<u>10,601,960</u>
Total Assets		<u>48,113,360</u>	<u>43,704,780</u>
Current Liabilities			
Payables under exchange transactions	18	92,559	268,606
Accruals		221,868	99,130
Employee entitlements	19	63,428	58,382
Grants payable		<u>7,890,011</u>	<u>7,451,950</u>
Total current liabilities		<u>8,267,866</u>	<u>7,878,068</u>
Total Liabilities		<u>8,267,866</u>	<u>7,878,068</u>
Net Assets		<u>39,845,494</u>	<u>35,826,712</u>
Equity			
Foundation capital	21	10,000,100	10,000,100
Retained earnings		17,410,894	13,888,612
Reserve fund	22	<u>12,434,500</u>	<u>11,938,000</u>
Total Equity		<u>39,845,494</u>	<u>35,826,712</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements

Toi Foundation
Statement of Cash Flows
For the year ended 31 March 2023

Statement of Cash Flows
For the year ended 31 March 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
<i>Cash was provided from/(applied to):</i>			
Dividends received		28,603,000	29,943,271
Interest received		1,363,323	1,118,193
Other income		346,613	95,213
Grants paid		(22,228,244)	(18,856,414)
Operating expenses		(1,530,306)	(947,092)
Payments to employees		(1,853,079)	(979,589)
Payments to trustees		(114,703)	(113,500)
Net cash flow from operating activities	24	<u>4,586,604</u>	<u>10,260,082</u>
Cash flows from investing activities			
<i>Cash was provided from/(applied to):</i>			
Net cash movement of term investments		2,294,161	1,083,299
Purchase of property, plant and equipment		(111,626)	(67,711)
Purchase of intangible assets		(50,623)	(42,468)
Net cash flow from investing activities		<u>2,131,912</u>	<u>973,120</u>
Cash flows from financing activities			
<i>Cash was provided from/(applied to):</i>			
Net related party borrowings provided		(6,836,568)	(10,443,591)
Net cash flow from financing activities		<u>(6,836,568)</u>	<u>(10,443,591)</u>
Net increase / (decrease) in cash and cash equivalents		(118,052)	789,611
Cash and cash equivalents at beginning of the year		<u>946,336</u>	<u>156,725</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	11	<u>828,284</u>	<u>946,336</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements

1 Reporting entity

These financial statements comprise the financial statements of Toi Foundation (the "Foundation") for the year ended 31 March 2022. With effect from 28 April 2021, the name of the Foundation changed from TSB Community Trust to Toi Foundation. The Foundation is domiciled in New Zealand and incorporated under the Charitable Trust Act 1957. The Foundation is a community trust as defined in the Community Trusts Act 1999.

The nature of the Foundation's operations is investment and application of the Foundation funds for community benefit. The Foundation has been established to carry on activities for the exclusive benefit of the community within Taranaki.

The financial statements were authorised for issue by the Trustees on 26th July 2023.

2 Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards (NZ IPSAS) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The financial statements of the Foundation comply with PBE Standards. The Foundation is deemed a public benefit entity for financial reporting purposes, as the Foundation's primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for assets and liabilities that have been measured at fair value. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars. All numbers are rounded to the nearest dollar.

(d) Comparatives

The comparative financial period is 12 months.

(e) Changes in accounting policies

There have been no changes in accounting policies.

(f) New standards and amendments issued but not yet adopted

At the date of authorisation of these financial statements, certain new PBE Standards and amendments to existing standards have been published but are not yet effective, and have not been adopted early by the Foundation. The reported results and financial position of the Foundation is not expected to change on adoption of these pronouncements as they do not result in any changes to the Foundation's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements.

3 Summary of Significant Accounting Policies

The accounting policies of the Foundation have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call, and other short term highly liquid investments which are subject to an insignificant risk of changes in value.

(b) Debtors and Other Receivables

Trade debtors and other receivables are measured at their costs less any impairment losses.

An allowance for impairment is established where there is objective evidence the Foundation will not be able to collect all amounts due according to the original terms of the receivable.

(c) Creditors and Other Payables

Trade creditors and other payables are stated at cost.

(d) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions and Subsequent Costs

Subsequent costs and the cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Foundation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is reclassified to accumulated funds.

Depreciation

The cost amount of property, plant and equipment less the estimated residual value is depreciated over their useful lives on a straight line basis. Depreciation is recognised as an expense in the reported surplus or deficit. The following depreciation estimated useful lives have been used:

Furniture and fittings	4 - 14 years
Information technology (IT)	2 - 5 years
Leasehold improvements	4 - 14 years
Other fixed assets	2 - 14 years

The residual values, useful life, and depreciation methods of property, plant and equipment are reviewed and adjusted if appropriate at each balance date.

Assets are reviewed for indications of impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Any impairment or write-down is recognised in surplus or deficit as an expense.

3 Summary of Significant Accounting Policies (continued)

(e) Intangibles

Intangible assets acquired separately are initially recognised at cost.

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Amortisation is recognised on a straight-line basis over the estimated useful life of the asset, from the date they are available for use and expensed in the reported surplus or deficit for the year.

Realised gains and losses arising from the disposal of intangible assets are recognised in statement of comprehensive revenue and expense in the year in which the disposal occurs.

Intangible assets with finite useful lives

Intangible assets acquired by the Foundation which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised on a straight-line basis over the estimated useful life of the asset, from the date they are available for use and expensed in the reported surplus or deficit for the year.

The following amortisation estimated useful lives have been applied to each class of intangible assets:

Software	2 - 4 years
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Residual values and useful lives are assessed at each reporting date.

Intangible assets with finite useful lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Disposals

Gains or losses on de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the surplus or deficit for the year.

(f) Impairment of Non-Financial Assets

Impairment of cash generating units

At each reporting date, the Foundation assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Foundation estimates the asset's recoverable amount. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

Where the carrying amount of an asset or the cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised immediately in surplus or deficit.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Foundation estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

Impairment of non-cash generating units

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

3 Summary of Significant Accounting Policies (continued)

Impairment losses are recognised immediately in surplus or deficit.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Foundation's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

(g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, investments and trade creditors and other payables.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value, net of transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

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

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Foundation transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition into one of three categories defined below, and re-evaluates this designation at each reporting date.

All financial assets except for those classified as fair value through profit or loss are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

The classification of financial instruments into one of the three categories below, determines the basis for subsequent measurement and whether any resulting movements in value are recognised in the reported surplus and deficit or other comprehensive revenue and expense.

(i) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Foundation's cash and cash equivalents, trade debtors and most other receivables fall into this category of financial instruments.

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(ii) Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Foundation has the intention and ability to hold them until maturity. The Foundation currently holds investments designated into this category.

3 Summary of Significant Accounting Policies (continued)

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in surplus or deficit.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Equity investments are measured at cost less any impairment charges, where the fair value cannot currently be estimated reliably.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive revenue and expenses and reported within the "available-for-sale revaluation reserve" within equity, except for impairment losses which are recognised in the surplus or deficit for the year.

When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive revenue and expenses is reclassified from the equity reserve to the surplus or deficit and presented as a reclassification adjustment within other comprehensive revenue and expenses.

Interest income or dividends on available-for-sale financial assets are recognised in the surplus or deficit.

Available-for-sale financial instruments are reviewed at each reporting date for objective evidence that the investment or a group investment is impaired. Objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

(h) Employee entitlements

Short-term employee benefits

Employee benefits, previously earned from past services that the Foundation expects to be settled within 12 months of reporting date are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Foundation and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The Foundation assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Foundation's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expenses.

The following specific recognition criteria must be met before revenue is recognised:

Revenue from non-exchange transactions

A non-exchange transaction is where the Foundation either receives value from another entity without directly giving approximate equal value in exchange, or gives value to another entity without directly receiving approximate equal value in exchange.

Where non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised. When non-exchange revenue is received with restrictions attached, but no requirements to return the asset if not deployed as specified, then revenue is recognised on receipt.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3 Summary of Significant Accounting Policies (continued)

Dividend income

Dividend income is recognised on an accrual basis when the Foundation's right to receive payment has been established.

Overhead recovery income

Overhead recovery income is recognised to reflect the Foundation's subsidiaries contribution towards the overheads provided.

(j) Grants

Grants to eligible organisations are recognised as an expense in the Statement of Comprehensive Revenue and Expenses when they are approved by the Board of Trustees. Grants covering multiple years are recognised proportionately in each year they relate. Any grants approved by the Board of Trustees with any additional specified restrictions or conditions are recognised initially as contingent liabilities and are subsequently recognised as expenditure when the specified criterion for the grant has been met.

(k) Income tax

The Foundation is exempt from income tax under section CW 52 of the Income Tax Act 2007.

(l) Goods and services tax

The financial statements have been prepared on a GST inclusive basis as the Foundation is not registered for GST.

4 Significant accounting judgements, estimates, and assumptions

The preparation of financial statements in conformity with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the Foundation that have a significant effect on the financial statements:

Impairment

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to the future events and circumstances.

Recognition of grants payable

The criteria used to determine whether or not a grant is payable or recognised as a contingent liability only is disclosed in paragraph 3 (j). There are grants payable at year end of \$7,890,011 (2022: \$7,451,950).

5 Capital management policy

The Foundation's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objective of the Foundation's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The Foundation manages its capital by effectively managing income and expenses, assets and liabilities, and investments to ensure it achieves its charitable objectives and purpose. As a part of this process the Foundation maintains a minimum reserve fund (Note 22) that is invested in New Zealand investment securities and bank deposits.

6 Revenue from Exchange and Non-Exchange Transactions

	2023	2022
Note	\$	\$
<i>Revenue from exchange transactions</i>		
Dividend revenue - Toi Foundation Holdings Limited	28 28,603,000	29,943,271
Overhead recovery revenue	74,872	89,995
Other revenue	-	5,218
Total revenue from exchange transactions	<u>28,677,872</u>	<u>30,038,484</u>
Total revenue from exchange and non exchange transactions	<u>28,677,872</u>	<u>30,038,484</u>

7 Other Operating Expenses

	2023	2022
	\$	\$
Accounting fees	34,627	17,377
Communication expenses	266,492	262,585
Facility and office expenses	72,489	98,383
General expenses	232,657	115,274
IT costs	198,444	112,430
Rent under operating leases	109,443	96,039
Research	11,500	113,511
Total other operating expenses	<u>925,652</u>	<u>815,599</u>

8 Depreciation and Amortisation

	2023	2022
	\$	\$
Depreciation of property, plant and equipment	97,304	81,646
Amortisation of intangibles	40,006	32,902
Total directly attributable depreciation and amortisation by group of activity	<u>137,310</u>	<u>114,548</u>

9 Net Surplus from Finance Activities

	2023	2022
	\$	\$
<i>Finance income</i>		
Interest income on term investments	89,576	143,377
Interest income on Toi Foundation Holdings	1,273,748	974,419
Net surplus from finance activities	<u>1,363,324</u>	<u>1,117,796</u>

10 Grants

	2023	2022
	\$	\$
Total grants committed	23,071,483	22,333,360
Less grants refunded / withdrawn from prior years	(405,177)	(7,733)
	<u>22,666,306</u>	<u>22,325,627</u>

10 Grants (continued)

Toi Foundation granted \$23,071,483 for the financial year ended 31 March 2023 (2022: \$22,333,360). However, 24 organisations either refunded or withdrew grants from prior years totalling \$405,177 (2022: \$7,733 was refunded from one organisation).

11 Cash and Cash Equivalents

	2023 \$	2022 \$
Cash at bank and in hand	<u>828,284</u>	<u>946,336</u>
	<u>828,284</u>	<u>946,336</u>

The carrying amount of cash and cash equivalents approximates their fair value.

Cash at bank earns interest at floating rates on a daily deposit basis.

12 Receivables from Exchange Transactions

	2023 \$	2022 \$
Other related party receivable	<u>8,729</u>	<u>21,015</u>
Prepaid expenses	<u>44,167</u>	<u>55,827</u>
Total receivables from exchange transactions	<u>52,896</u>	<u>76,842</u>

Trade receivables and other receivables are non-interest bearing. Therefore the carrying value of trade receivables and other receivables approximates its fair value.

At balance date, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure. The maximum exposure to credit risk at the reporting date is the carrying amount receivables as disclosed above. The Foundation does not hold any collateral as security.

13 Receivables from related parties

	2023 \$	2022 \$
Current portion		
Inter-Company Loan to Toi Foundation Holdings Limited	<u>35,256,310</u>	<u>28,419,742</u>
	<u>35,256,310</u>	<u>28,419,742</u>

The receivable from related parties arise from Toi Foundation Holdings Limited acting as treasurer under a Treasury Services Agreement. The receivable is unsecured in nature. The loan is charged interest at 3.75% (2022: 3.75%). No provisions are held against receivables from related parties (2022: Nil).

14 Investment in Related Parties

	2023 \$	2022 \$
Shares in Toi Foundation Holdings Limited	<u>10,099,999</u>	<u>10,099,999</u>
	<u>10,099,999</u>	<u>10,099,999</u>

15 Property, Plant and Equipment

	Building Fit Out \$	IT \$	Furniture & Fittings \$	Other Fixed Assets \$	Total \$
2023					
<i>Gross carrying amount</i>					
Opening balance	561,373	178,430	103,051	196,015	1,038,869
Additions	-	54,664	13,044	44,619	112,327
Disposals	-	-	-	-	-
Prior Year adjustment	-	4,340	-	(5,014)	(674)
Closing balance	<u>561,373</u>	<u>237,434</u>	<u>116,095</u>	<u>235,620</u>	<u>1,150,522</u>
<i>Accumulated depreciation</i>					
Opening balance	(223,624)	(137,466)	(60,422)	(161,234)	(582,746)
Depreciation charge for the year	(39,344)	(35,780)	(11,268)	(10,912)	(97,304)
Balance as at 31 March 2023	<u>(262,968)</u>	<u>(173,246)</u>	<u>(71,690)</u>	<u>(172,146)</u>	<u>(680,050)</u>
As at 31 March 2023	<u>298,405</u>	<u>64,163</u>	<u>44,405</u>	<u>63,473</u>	<u>470,446</u>
2022					
<i>Gross carrying amount</i>					
Opening balance	561,373	135,521	103,051	171,215	971,160
Additions	-	42,909	-	24,800	67,709
Closing balance	<u>561,373</u>	<u>178,430</u>	<u>103,051</u>	<u>196,015</u>	<u>1,038,869</u>
<i>Accumulated depreciation</i>					
Opening balance	(184,281)	(113,290)	(49,959)	(153,571)	(501,101)
Depreciation charge for the year	(39,343)	(24,176)	(10,463)	(7,663)	(81,645)
Closing balance	<u>(223,624)</u>	<u>(137,466)</u>	<u>(60,422)</u>	<u>(161,234)</u>	<u>(582,746)</u>
As at 31 March 2022	<u>337,749</u>	<u>40,964</u>	<u>42,629</u>	<u>34,781</u>	<u>456,123</u>

16 Intangible Assets

Movements in the carrying value of intangible assets are as follows:

	2023	2022
	\$	\$
<i>Gross carrying amount</i>		
Balance as at 1 April	325,339	282,871
Additions	<u>50,623</u>	<u>42,468</u>
Balance as at 31 March	<u>375,962</u>	<u>325,339</u>
<i>Accumulated amortisation and impairment</i>		
Balance as at 1 April	(296,203)	(263,301)
Amortisation charge for the year	<u>(40,006)</u>	<u>(32,902)</u>
Balance as at 31 March	<u>(336,209)</u>	<u>(296,203)</u>
<i>Net book value</i>		
Gross carrying amount	375,962	325,339
Accumulated amortisation	<u>(336,209)</u>	<u>(296,202)</u>
Balance as at 31 March	<u>39,753</u>	<u>29,137</u>

17 Other Financial Assets

	2023	2022
	\$	\$
<i>Current assets</i>		
<i>Loans and receivables</i>		
Term investments	<u>1,300,000</u>	<u>3,659,900</u>
Total current other financial assets	<u>1,300,000</u>	<u>3,659,900</u>
	2023	2022
	\$	\$
<i>Impact Investment</i>		
Opening Balance	16,701	-
Additions	65,739	16,304
Change in fair value (loss) / gain	<u>(16,768)</u>	<u>397</u>
Total Impact Investment	<u>65,672</u>	<u>16,701</u>

Toi Foundation invests in an Affordable Housing Project in which loans are provided to assist whanau into home ownership. The loans are fair valued annually on a rolling 10 year average, as at 31 March 2023 a capital growth rate of 4.19% was applied (6.6% at 31 March 2022) and an interest rate of 6.49% (6.39% at 31 March 2022).

18 Payables under Exchange Transactions

	2023	2022
	\$	\$
<i>Current</i>		
Accounts payables	<u>92,559</u>	<u>268,606</u>
Total creditors and other payables from exchange transactions	<u>92,559</u>	<u>268,606</u>

Accounts payable are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

19 Employee Entitlements

	2023	2022
	\$	\$
Annual leave entitlements	<u>63,428</u>	<u>58,382</u>
	<u>63,428</u>	<u>58,382</u>

Employee entitlements represent the Foundation's obligation to its current employees that are expected to be settled within 12 months of balance date. These consist of accrued holiday pay entitlements at the reporting date.

20 Operating Leases

Operating leases are held for premises used for office space.

	2023	2022
	\$	\$
Non-cancellable operating leases are payable as follows:		
Less than one year	113,666	24,193
Between one and five years	142,083	-
More than five years	-	-
	<u>255,749</u>	<u>24,193</u>

A lease right of renewal has been negotiated commencing 1 July 2022 and expiring on 1 July 2025.

21 Foundation Capital

	2023	2022
	\$	\$
Foundation capital	100	100
Equity	<u>10,000,000</u>	<u>10,000,000</u>
	<u>10,000,100</u>	<u>10,000,100</u>

Equity comprises 20,000,000 fully paid shares at 50 cents each.

22 Reserve Fund

The reserve fund has been established as a contingency fund against fluctuation in the Toi Foundation Holdings Limited annual dividends. This fund shall be sufficient to meet 150% of annual operating costs offset by 150% of annual interest income, operational grants for two years. Multi-year grants cannot exceed 75% of the closing reserve fund and 20% of forecasted dividends for the year. The balance at 31 March 2023 is \$12,434,500 (2022: \$11,938,000).

23 Financial Instruments

(a) Financial instrument risk management

The Foundation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Foundation is exposed to market risk through its use of financial instruments and specifically to interest rate risk, and certain other price risks, which result from both its operating and investing activities.

The Foundation has a series of policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into and the Foundation is not actively engaged in the trading of financial instruments. As part of this policy, limits of exposure have been set and are monitored on a regular basis.

(i) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Foundation, causing the Foundation to incur a loss. Financial instruments which potentially subject the Foundation to credit risk principally consist of cash and cash equivalents, loans and receivables and investments. The Foundation manages its exposure to credit risk on an ongoing basis.

The Foundation has a significant concentration of credit risk with TSB Bank Limited. The Foundation's policy is to keep investments with the TSB Bank Limited conditional upon the bank's credit rating remaining at a predetermined level.

Maximum exposures to credit risk at balance date are the carrying amounts of financial assets in the statement of financial position.

(ii) Liquidity risk

Liquidity risk represents the Foundation's ability to meet its contractual obligations as they fall due. The Foundation manages liquidity risk by managing cash flows.

The Foundation's policy for management of liquidity risk is to vary the amount and duration of its investments, taking into consideration the grant cycles and operational needs of the Foundation. The Foundation manages its risk by monitoring investments on an ongoing basis. The Foundation considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Foundation's existing cash resources and trade receivables significantly exceed the current cash outflow requirements.

The Foundation's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Carrying Amounts \$	Total Contractual Cash Flows \$	0 - 6 months \$	6-12 months \$
2023				
Non-derivative financial liabilities				
Trade payables and other payables	386,355	386,355	386,355	-
Total	<u>386,355</u>	<u>386,355</u>	<u>386,355</u>	<u>-</u>
2022				
Non-derivative financial liabilities				
Trade payables and other payables	426,118	426,118	426,118	-
Total	<u>426,118</u>	<u>426,118</u>	<u>426,118</u>	<u>-</u>

23 Financial Instruments (continued)

(a) Financial instrument risk management (continued)

(iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(iv) Interest rate risk

Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates.

The Foundation is exposed to interest rate risk primarily on its interest bearing financial assets. Management actively review exposure to interest rate risk. The Foundation's interests in bonds and term investments all pay fixed interest rates and the interest risk exposure is considered immaterial.

Interest rate risk profile

At the reporting date the interest rate profile of interest-bearing financial instruments was:

The attributable interest rates on financial assets depend on the category. Cash and cash equivalents are at 0.00%. A term deposit of \$180,000 with an interest rate of 4.60% matures on 23 September 2027 (2022: \$2,359,900 with an interest rate of 4.20%), and a term deposit of \$1,300,000 with an interest rate of 5.00% matures on 11 August 2023 (2022: \$1,300,000 with an interest rate of 1.65%).

	2023 \$	2022 \$
<i>Fixed Interest Instruments</i>		
Financial assets	<u>2,128,284</u>	<u>4,606,236</u>
Total	<u>2,128,284</u>	<u>4,606,236</u>

24 Reconciliation of Cash Flows from Operating Activities

	2023 \$	2022 \$
Surplus for the year	4,018,807	6,187,848
<i>Add non-cash items</i>		
Depreciation and amortisation	137,310	114,548
<i>Add/(deduct) movements in working capital</i>		
(Increase) in other receivables	2,907	329,456
Increase / (Decrease) in creditors and other payables	393,252	3,610,290
Increase in employee entitlements	<u>5,046</u>	<u>17,940</u>
Net cash inflow/(outflow) from operating activities	<u>4,557,322</u>	<u>10,260,082</u>

25 Contingent Assets and Contingent Liabilities

The Foundation has no material contingent assets (2022: Nil).

	2023	2022
	\$	\$
Multi-year commitments	10,932,245	5,437,000
Conditional grants	-	150,000
Total contingent liabilities	<u>10,932,245</u>	<u>5,587,000</u>

Contingent grants are donations approved but the distribution is subject to the donees meeting certain conditions.

26 Commitments

Capital commitments

As at 31st March 2023 Toi Foundation has approved a \$1.8m loan commitment to an Affordable Housing Impact Investment Initiative (2022: \$1.8m). As at 31 March 2023 \$82,440 had been drawn down (2022: \$16,701) leaving a balance of \$1.718m (2022: \$1.783m) which is expected to be drawn over the next two financial years.

27 Events After the Reporting Date

There are no material events subsequent to balance date which are otherwise not disclosed in the financial statements of the Foundation.

Toi Foundation has loaned Tutaki Youth Inc Trust through its Impact Investment Fund an amount of \$100,000 on 6th April 2023. This loan has an interest rate of 5.00% per annum, calculated on a monthly basis. Principal and interest repayments are to be made in line with the loan agreement.

28 Related Party Transactions

Related party transactions arise when an entity or person has the ability to significantly influence the financial and operating policies of the Foundation.

The Foundation has a related party relationship with its Trustees and other key management personnel.

The Foundation is the ultimate parent of Toi Foundation Holdings Limited (formerly TSB Group Limited). Toi Foundation Holdings Limited is the sole shareholder of TSB Bank Limited. The Foundation holds various term investments with TSB Bank Limited. Toi Foundation Holdings Limited also owns 100% of shares in Toi Foundation Investments Limited. Toi Foundation Investments Limited has an 66.01% investment in subsidiary, FFML TopCo Limited.

On 1 December 2022 Toi Foundation Investments Limited acquired a further 10% shareholding of Fisher Funds Management Limited from its parent company Toi Foundation Holdings Limited bringing Toi Foundation Investments Limited investment in its subsidiary Fisher Funds Management Limited from 56.01% to 66.01%.

Toi Foundation Investments Limited entered into an agreement on 1 December 2022 to transfer the existing shareholding of Fisher Funds Management Limited to FFML TopCo Limited, a newly established entity. As at 31 March 2023 Toi Foundation Investments Limited Company holds an ownership of 66.01% in FFML TopCo Limited.

The effect of the share transfer to FFML TopCo Limited is considered to be a common control combination given ultimate ownership by Toi Foundation is maintained. There is no substantive change in the reporting entity or its assets and liabilities. Under this view, the purchase method is inappropriate because, in substance, there is no purchase. NZ IFRS 3 Business Combinations does not apply and as a result, the predecessor value method will apply and the investment in FFML TopCo Limited has been transferred and recorded at previous carrying value and no fair value adjustments will be made.

FFML TopCo Limited was established to hold 100% of the ownership of FFML Holdco Limited which was also established as at 1 December 2022. FFML Holdco Limited holds 100% of the shares of Fisher Funds Management Limited. The establishment of the new holding companies were as a result of Fisher Funds Management Limited acquiring an ownership of 100% in Kiwi Wealth Management Limited as at 1 December 2022.



28 Related Party Transactions (continued)

Transactions with related parties

The following transactions were carried out with related parties:

	2023	2022
	\$	\$
a) Revenue		
Toi Foundation Holdings Limited	346,613	395,676
Toi Foundation Holdings Limited - Dividend income	28,603,000	29,943,271
Toi Foundation Holdings Limited - Interest income	1,273,748	974,419
TSB Bank Limited - Interest income	<u>110,590</u>	<u>143,377</u>
	<u>30,333,951</u>	<u>31,456,743</u>

Toi Foundation recovers a portion of staff costs from entities within the group for the support functions provided on an annual basis at an agreed total amount that is estimated at the beginning of each year. This is recovered through Toi Foundation Holdings Limited.

During the year a number of grants have been paid by Toi Foundation to various community organisations where key management has a position which is considered to be part of the control of the benefiting organisation.

	2023	2022
	\$	\$
b) Expenses		
Other related parties - Services	<u>7,849</u>	-
	<u>7,849</u>	-

Services were received during the year from entities which had a member of Toi Foundation key management in a position which was considered to be a position of control.

	2023	2022
	\$	\$
c) Donations to related interests		
Donations paid	8,746,769	3,284,748
Donations made with conditions	<u>1,595,834</u>	<u>1,168,600</u>
	<u>10,342,603</u>	<u>4,453,348</u>

The above related interests have been compiled based on a specific definition of related interests where staff and/or trustees hold a position of control within a community organisation. Such conflicts are disclosed by the trustees and during consideration of any grants, connected staff and/or trustees have no involvement in such decisions.

	2023	2022
	\$	\$
d) Year end balances with related parties		
<i>Receivables from related parties:</i>		
Receivables -Toi Foundation Holdings Limited	-	-
Receivables Loan - Toi Foundation Holdings Limited	35,256,310	28,419,742
Receivables- TSB Bank Limited	8,729	21,015
Term investments- TSB Bank Limited	<u>1,300,000</u>	<u>3,659,900</u>
	<u>36,565,039</u>	<u>32,100,657</u>

28 Related Party Transactions (continued)

The receivables from related parties arise from Toi Foundation Holdings Limited acting as treasurer under a Treasury Services Agreement. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2022: Nil).

e) Key management personnel compensation

The Foundation has a related party relationship with its key management personnel. Key management personnel include the Foundation's Board of Trustees, and the Leadership team. There are 10 appointed Trustees on the Foundation's Board.

Key management personnel compensation includes the following expense:

	2023 \$	2022 \$
Salaries - Leadership team	<u>884,406</u>	<u>690,112</u>
Number of full time equivalent individuals recognised as key management personnel:	6.0	4.0
Trustees honoraria	<u>114,703</u>	<u>113,500</u>

29 Separate Financial Statements

The Foundation has prepared these separate financial statements to provide more relevance to users, as the size and presentation of the consolidated financial statements does not facilitate a meaningful comparison of the Foundation's results for those users.

The Foundation has 100% ownership of Toi Foundation Holdings Limited, a company incorporated in New Zealand. The Foundation holds 100% of the voting power.

The investment is accounted for at cost.

The consolidated financial statements of the Foundation can be obtained from the Foundation Chief Executive, PO Box 667, New Plymouth or by telephoning (06) 769-9471.

30 Publishing Requirements

A comprehensive list itemising all grant recipients will be on the Foundation's Website in July 2023.

A copy of the list of grants is available to anyone upon request from the Foundation's office, PO Box 667, New Plymouth and is also listed on our website <https://www.toifoundation.org.nz/grants/grants-paid>.



Independent Auditor's Report

To the Trustees of Toi Foundation

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Toi Foundation (the 'Foundation') on pages 3 to 22 present fairly, in all material respects:

- i. the Foundation's financial position as at 31 March 2023 and its financial performance and cash flows for the year ended on that date;
- ii. in accordance with Public Benefit Entity Standards (Not For Profit) issued by the New Zealand Accounting Standards Board.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2023;
- the statements of comprehensive revenue and expenses, changes in net assets and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.

Basis for opinion

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

We are independent of the Foundation in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other than as our capacity as auditor we have no relationship with, or interest in, the Foundation

Other information

The Trustees, on behalf of the Foundation, are responsible for the other information included in the entity's Foundation Directory. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information 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 materially misstated. If, based on the work we have performed, 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.



Use of this independent auditor's report

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



Responsibilities of the Trustees for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.



KPMG
Wellington

26 July 2023