

MAYOR'S WELFARE FUND CHARITABLE TRUST

ANNUAL  
REPORT  
2018-19

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## Statement of comprehensive revenue and expense

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue	1	333,259	358,269
Expenses	2	187,981	351,728
<b>Net Surplus/(deficit)</b>		<u>145,278</u>	<u>6,541</u>
Other comprehensive income		-	-
<b>Total comprehensive revenue and expense</b>		<u><u>145,278</u></u>	<u><u>6,541</u></u>

## Statement of changes in net assets/equity

FOR THE YEAR ENDED 30 JUNE 2019

	Reserve Funds \$
Balance at 1 July 2017	887,324
Total comprehensive revenue and expense	<u>6,541</u>
Balance at 30 June 2018/ 1 July 2018	<u>893,865</u>
Total comprehensive revenue and expense	<u>145,278</u>
Balance at 30 June 2019	4 <u><u>1,039,143</u></u>

*The accompanying notes form part of and are to be read in conjunction with these financial statements.*

## Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
		\$	\$
<b>Cash flows from operating activities</b>			
Operating Revenue		318,028	345,324
Interest received		15,281	12,936
Payments to suppliers		(187,981)	(351,728)
Net cash inflow/(outflow) from operating activities	8	<u>145,328</u>	<u>6,532</u>
<b>Cash flows from investing activities</b>			
Purchase of Investments		(11,562)	93,132
Net cash inflow/ (outflow) from investing activities		<u>(11,562)</u>	<u>93,132</u>
Net cash inflow/ (outflow) from financing activities		<u>-</u>	<u>-</u>
Net inflow/ (outflow) of cash		133,767	99,664
Cash and cash equivalents at the beginning of the period		222,318	122,654
Represented by:			
<b>Cash and cash equivalents at the end of the period</b>	3	<u><u>356,085</u></u>	<u><u>222,318</u></u>

*The accompanying notes form part of and are to be read in conjunction with these financial statements.*

## Statement of financial position

AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	3	356,085	222,318
Accrued revenue		-	50
Short term deposits invested with CCC		683,058	671,497
<b>Total current assets</b>		<b>1,039,143</b>	<b>893,865</b>
<b>Net assets</b>			
		<b>1,039,143</b>	<b>893,865</b>
<b>Equity</b>			
Accumulated comprehensive revenue and expense	4	1,039,143	893,865
<b>Total equity</b>		<b>1,039,143</b>	<b>893,865</b>

*The accompanying notes form part of and are to be read in conjunction with these financial statements.*



Anne Galloway  
Chairperson  
Mayor's Welfare Fund Committee  
(on behalf of Christchurch City Council)



Sam Callander  
Team Leader Community Funding  
Mayor's Welfare Fund

6 December 2019.

Date

6 Dec '19

Date

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## Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2019

### 1. REVENUE

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Interest	15,231	12,946
Grants and donations	318,028	345,323
<b>Total revenue</b>	<u>333,259</u>	<u>358,269</u>

Interest of \$15,231 (2018: \$12,946) was received from the Council and the trust's bank accounts.

Grants of \$145,577 (2018: \$150,000) were received from the Council.

Donations of \$61,300 (2018: \$61,300) were received from Christchurch City Holdings Ltd ("CCHL").

Donations of \$70,000 (2018: \$96,958) were received from Christchurch NZ Ltd.

Donations of \$24,321 were received from Glenn Livingstone as a Councillor (2018: \$25,537). Councillor Livingstone donated his directors' fees from Transwaste Canterbury Limited to the Mayor's Welfare Fund (MWF).

The trust was set up to provide relief. All revenue received apart from bank interest was to pay grants.

**2. EXPENSES**

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Operational Costs</b>		
Bank Fee	10	66
Other Expenses	-	15
	<u>10</u>	<u>81</u>
<b>Donations</b>		
Electricity	65,878	129,006
Rent and Rates	71,459	146,385
Furniture	550	269
Telephone	2,976	915
Child Care Subsidy & Child enrichment	5,046	12,564
Medical	10,942	31,213
Firewood	14,765	14,865
Clothing	-	539
Funerals	2,036	3,282
Sundry	14,319	12,609
<b>Total Donation Expense</b>	<u>187,971</u>	<u>351,647</u>
<b>Total Expenses</b>	<u><u>187,981</u></u>	<u><u>351,728</u></u>

Following the larger expenditure in FY 17-18, MWF Trust Representatives chose to tighten the criteria and reduce the staff delegation. This had the desired effect of reducing expenditure and thus accumulating funds. Following the terror attacks of 15 March 2019, MWF experienced a marked increase in demand due to the stress so many Christchurch residents felt, particularly those already vulnerable due to financial hardship. At this same time the MWF Trust Representatives resolved to remove the requirement of a MSD decline letter to be given an appointment; coupled with increased situation appropriate use of the Team Leader's \$800 delegation, this has seen numbers in the last quarter of the financial year bounce back to FY 2017-18 levels.



**3. CASH AND CASH EQUIVALENTS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
BNZ Mayors Welfare Trust	91,689	137,632
BNZ Mayors Welfare Call	264,396	-
ANZ Cheque Account	-	84,036
ANZ On Call Account	-	650
	<u>356,085</u>	<u>222,318</u>

**4. MOVEMENT IN RESERVE FUNDS**

	<b>MWF</b>	<b>Other Fund</b>	<b>Total Reserves</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Closing balance 1 July 2017	887,309	15	887,324
Receipts/Donations	358,269	-	358,269
Trust Expenses & Distributions	(351,713)	(15)	(351,728)
Transfer	-	-	-
Closing balance 30 June 2018 / 1 July 2018	893,865	-	893,865
Receipts/Donations	333,259	-	333,259
Trust Expenses & Distributions	(187,981)	-	(187,981)
Closing balance 30 June 2019	<u>1,039,143</u>	<u>-</u>	<u>1,039,143</u>



## 5. RELATED PARTIES

The Council is the ultimate controlling party of the Trust, and provides administrative services to the Trust at no cost to the Trust.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favorable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

Grants of \$145,577 (2018: \$150,000) were received from the Council.

Donations of \$61,300 (2018: \$61,300) were received from Christchurch City Holdings Ltd ("CCHL").

Donations of \$70,000 (2018: \$96,958) were received from Christchurch NZ Ltd.

Donations of \$24,321 were received from Glenn Livingstone as a Councillor (2018: \$25,537). Councillor Livingstone donated his directors' fees from Transwaste Canterbury Limited to the Mayor's Welfare Fund (MWF).

The Council pays the annual audit fee on behalf of the Trust.

## 6. COMMITMENTS

There are no commitments outstanding at balance date (2018: nil).

## 7. CONTINGENCIES

There are no contingent liabilities or assets (2018: nil).

## 8. NOTES TO THE CASH FLOW STATEMENT

	2019	2018
	\$	\$
<b>Reconciliation of surplus for the period to net cash flows from operating activities</b>		
Net surplus/deficit for the period	145,278	6,541
<b>Changes in net assets and liabilities</b>		
(Increase) / decrease in receivables	50	(9)
Increase / (decrease) in payables	-	-
Net changes in net assets and liabilities	<u>50</u>	<u>(9)</u>
Net cash from operating activities	<u><u>145,328</u></u>	<u><u>6,532</u></u>

## **9. FINANCIAL INSTRUMENTS**

Financial instruments include bank deposits (see Note 3), and short-term deposits. The investment carries an average interest rate of 1.5% (2018: 1.75%).

### **Risk**

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimize exposure from its treasury activities.

### **Interest rate risk**

The Trust is exposed to interest rate risk on funds invested at both fixed and floating interest rates. The risk is managed by restricting investments to investment grade quality, pursuant to the Council's investment policy.

### **Credit risk**

Credit risk refers to the risk that a third party will default on its contractual obligations to the Trust, causing the Trust to incur loss. Financial instruments which potentially subject the Trust to credit risk consist principally of cash and short-term investments, and accounts receivable.

The trust places its cash and short-term investments with banking institutions that have a strong credit rating. Therefore are considered to be low credit risk investments.

## **10. SUBSEQUENT EVENTS**

There were no material events subsequent to year end.

## Statement of Accounting Policies

### REPORTING ENTITY

These are the financial statements of the Mayor's Welfare Fund Charitable Trust (the Trust), a Charitable Trust created by the Christchurch City Council (the Council) in 1992.

On this basis, the Trust is considered a public benefit entity for purposes of financial reporting.

The financial statements of the Trust are for the year ended 30 June 2019. The financial statements were approved for issue by the Board of Trustees on

### BASIS OF FINANCIAL STATEMENT PREPARATION

The financial statements for the year ended 30 June 2019 have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the Tier 2 PBE standards.

As the Trust has elected to report under Tier 2 PBE standards, it has applied disclosure concessions, where available. The criteria under which the Trust is eligible to report under Tier 2 PBE Standards are as follows:

- the Trust is not publicly accountable; and
- the Trust's total expenses for the period being reported are below the \$30 million threshold for Tier 1 reporting.

Where disclosure concessions have been applied by the Trust, these are discussed in the accounting policies affected.

### FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements presented are in New Zealand dollars. The functional currency of the Trust

is New Zealand dollars (NZ\$). All figures are rounded to the nearest dollar.

### REVENUE

#### Grants/contributions/donations

Grants/contributions/donations received from the Council and other appointer organizations are the primary source of funding to the Trust and are restricted for the purpose of the Trust meeting its objectives as specified in the Trust Deed. These receipts are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the payment are not met. If there is such an obligation, the receipts are initially recorded as income received in advance, and recognised as revenue when conditions are satisfied.

#### Other revenue

Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

### EXPENDITURE

Expenses are recognized as they are incurred.

### GRANT POLICY

Grants are recognized as an expense when paid.

### INVESTMENTS

Investments are initially measured at fair value plus transaction costs.

After initial recognition, investments are classified as loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and other short-term highly liquid investments with maturities of three months or less.

### **TRADE AND OTHER RECEIVABLES**

Trade and other receivables are initially measured at fair value less any recognition of any expected credit loss over the life of the assets less any provision for impairment.

### **CREDITORS AND OTHER PAYABLES**

Short - term creditors and other short term payables are recorded at their fair value.

### **GOODS AND SERVICES TAX**

The Trust is not registered for GST. The financial statements are prepared inclusive of GST.

Where GST is not recoverable as an input tax it is recognized as part of the related asset and expense.

### **INCOME TAX**

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

### **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances

### **ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following new standard has been issued but not yet effective as at 30 June 2019. Mayor's Welfare Fund Charitable trust has not early adopted this standard.

#### *PBE FRS 48 Service Performance Reporting*

This standard establishes requirements to PBEs to select and present service performance information. This standard is effective from the year ending 30 June 2022, and does not have any material impact on the Trust.



## EARLY ADOPTION OF PBE IFRS FINANCIAL INSTRUMENTS

Mayors Welfare Fund Charitable trust has early adopted all requirements of PBE IFRS 9 *Financial Instruments* (PBE IFRS 9) as of 1 July 2018. PBE IFRS 9 supersedes part of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* (PBE IPSAS 29). PBE IFRS 9 includes two areas of change that affect these financial statements:

### CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

Mayors Welfare Fund Charitable trust determines the classification of financial assets at initial recognition. Classification is driven by Mayors Welfare Fund Charitable trust business model for managing the financial assets and their contractual cash flow characteristics.

Mayors Welfare Fund Charitable trust completed a detailed assessment of its financial assets and liabilities as at 1 July 2018 and there has been no change in classifications under the new standard. All Mayors Welfare Fund Charitable trust financial instruments remain measured at amortised cost.

### NEW IMPAIRMENT MODEL

PBE IFRS 9 prescribes an 'expected credit loss' model instead of a previous incurred loss model, so it is no longer necessary for a trigger event to have occurred before recognising credit losses. NZ IFRS 9 requires Mayors Welfare Fund Charitable trust to base the measurement of expected credit losses on forward-looking information, as well as current and historic information. There was no expected credit loss allowance recognised as a result of adoption, as Mayors Welfare Fund Charitable trust has not experienced a history of significant credit losses, and no current or forward-looking information at 30 June 2019 indicated a significant increase in credit risk.

## **Independent Auditor's Report**

### **To the readers of Christchurch City Mayors Welfare Fund Charitable Trust's financial statements for the year ended 30 June 2019**

The Auditor-General is the auditor of Christchurch City Mayors Welfare Fund Charitable Trust (the Trust). The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on his behalf.

#### **Opinion**

We have audited the financial statements of the Trust on pages 2 to 12, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expenses, statement of changes in net assets/equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Trust on pages 2 to 12:

- present fairly, in all material respects:
  - its financial position as at 30 June 2019; and
  - its cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Our audit was completed on 6 December 2019. This is the date at which our opinion is expressed.

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

#### **Basis for opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing

(New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of the Trustees for the financial statements**

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intends to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from the Trust Deed of the Trust.

## **Responsibilities of the auditor for the audit of the financial statements**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001 and the Trust Deed of the Trust.

## **Independence**

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



Andy Burns  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand