



Annual Financial Statements

**For the year to
31 March 2023**

THE TRUSTS COMMUNITY FOUNDATION LTD
Financial Statements
for the year ended 31 March 2023

Table of Contents

| | |
|--|---------|
| Statement of Service Performance | 1 |
| Statement of Financial Performance | 3 |
| Statement of Comprehensive Revenue and Expense | 4 |
| Statement of Changes in Undistributed Funds | 4 |
| Balance Sheet | 5 |
| Statement of Cash Flows | 6 |
| Accounting Policies | 7 - 10 |
| Notes to the Financial Statements | 11 - 21 |
| Audit Report | |

The Trusts Community Foundation Ltd

Directors Approval


The Trusts Community Foundation Ltd (the "Foundation") is a not-for-profit, Limited Liability Company registered under the Companies Act 1993.

The Company was formed on 16 October 2009 and commenced business after 1 April 2010 with the progressive transfer of the assets and trading activities from The Trusts Charitable Foundation Incorporated (TTCF Inc.)


The Foundation is involved in the gaming industry, and its principal trading activities are the ownership and operation of gaming machines, and the distribution of profits arising from these activities to community groups either within the region from which the profits originated, or to organisations which provide services nationally. The Foundation was granted a class 4 gaming machine operators license by the Department of Internal Affairs on 11 June 2010.

The financial statements for The Trusts Community Foundation are for the year ended 31 March 2023, and were approved by the Directors on 20 June 2023.

Signatures:



.....
Director
Date: 20 / 6 / 2023



.....
Director
Date: 20 / 6 / 2023

The Trusts Community Foundation Ltd

Directory

Directors:

Janet Mary Clews (Resigned 31 January 2023)

Ross Ian Clow (Appointed 31 January 2023)

Warren William Flaunty

Warwick Keith Hodder (Appointed 1 August 2022)

Graeme Hugh McAuley

Gary Mark Thomas Williams

Nature of business:

Distribution of profits to community groups from the ownership and operation of gaming machines.

Auditors:

Deloitte Limited.

Bankers:

Bank of New Zealand.

Company Number:

2338151

Registered office:

Mataura Licensing Trust
25 Trafford Street
Gore 9710

Statement of Service Performance

Who are we: The Trusts Community Foundation Limited (TTCF) is a not-for-profit company established primarily to distribute the profits generated from Class 4 gambling machines operating in bars and restaurants in many parts of New Zealand. TTCF pride ourselves on keeping the funds local and therefore seldom support applications from areas in which we do not have a presence.

TTCFs objectives: TTCF has the following key objectives

- To conduct its affairs in accordance with the Gambling Act 2003 and any related legislation
- To apply for and hold a class 4 operator's licence under the Gambling Act 2003
- To generate funds via class 4 gambling as defined in the Gambling Act 2003
- To distribute the net proceeds of all funds generated via class 4 gambling solely for authorised purpose of class 4 gambling as defined by the Gambling Act 2003

Key Judgements: In preparing the Statement of Service Performance and Annual Report, significant judgement is required with regard to the elements of service performance reported and how those elements are measured or described. Management have elected to report on performance measures that reflect the objectives of TTCF as stated in the constitution.

Performance Measures: What did TTFC do during the 2023 financial year to help work towards the overall objectives?

Venues

TTCF and the funding it derives is driven based off the venues that TTCF have relationships with and machines in. Keeping venues is a priority for TTCF management, and as part of the venue agreements TTCF make payments to venues for having their machines in them, and also have a capital expenditure budget to assist with the fit out of gaming rooms and maintain machines.

| Performance Measure | Target 2024 | 2023 | 2022 (unaudited) |
|-------------------------------------|----------------|-----------|---------------------|
| Number of Venues | 33 | 35 | 36 |
| Capital expenditure spent on venues | \$1,500,000 | 2,477,395 | 737,495 |
| Venue payments | \$3,900,800 | 3,606,021 | 3,012,602 |
| Number of Gaming Machines | 352 | 376 | 390 |

Class 4 gaming licence

Holding a class 4 gaming licence is imperative to TTCFs existence. Class 4 gaming licences are highly regulated by the DIA and require the licence holder to comply with a number of conditions. By holding a class 4 gaming licence TTCF needs to be conducting its affairs in accordance with the Gambling Act 2003 and the respective legislation.

| Performance Measure | Target | 2023 | 2022 (unaudited) |
|--|--------|------|---------------------|
| Gaming licence held | Yes | Yes | Yes |
| Financial statement audit in accordance with the Gambling Act 2003 | Yes | Yes | Yes |
| Working Capital Ratio | 1.33 | 1.23 | 1.74 |

Distribution of funds

The Gambling Act 2003 specifies that at least 40% of the “specified sum” of gaming proceeds should be distributed to the community in line with the grant funding framework. Given the need for funding in the community, TTCF often have more applications for the proceeds of class 4 gaming than it has money to distribute, so the TTCF Directors approve and decline applications based on the TTCF process.

| Performance Measure | Target 2024 | 2023 | 2022 (unaudited) |
|---|--------------------|-------------|-----------------------------|
| Total grants distributed | \$10,146,000 | \$9,766,019 | \$7,910,977 |
| Number of applications received | | 1,029 | 863 |
| Number of applications approved | | 637 | 527 |
| Distributions based off the specified sum | 41.56% | 41.83% | 40.71% |

The Trusts Community Foundation Ltd.
Statement of Financial Performance
For the year ended 31 March 2023

| | Note | 2023 \$ | 2022 \$ |
|---|------|-------------------|-------------------|
| <u>Revenue from non-exchange transactions</u> | | | |
| Revenue | 1 | 23,199,035 | 19,222,076 |
| <u>Revenue from exchange transactions</u> | | | |
| Other income | 2 | 135,235 | 210,218 |
| Total revenue | | <u>23,334,270</u> | <u>19,432,294</u> |
| Less operating expenses | | | |
| Administration | 3a | 1,514,999 | 1,375,108 |
| Depreciation | | 1,258,800 | 1,283,672 |
| Gaming machine duty | | 5,335,778 | 4,421,078 |
| Problem gambling levies | | 269,248 | 172,422 |
| Venue payments | | 3,606,021 | 3,012,602 |
| Other operating expenses | 3c | 1,247,726 | 1,304,465 |
| Total operating expenses | | <u>13,232,572</u> | <u>11,569,347</u> |
| Operating surplus before finance income / (expenses) | | <u>10,101,698</u> | <u>7,862,947</u> |
| Finance income | 4 | 14,292 | 1,306 |
| Finance (expenses) | 4 | - | - |
| Net finance income / (expense) | | <u>14,292</u> | <u>1,306</u> |
| Operating surplus before grants and donations | | <u>10,115,990</u> | <u>7,864,253</u> |
| Grants to community groups | 5 | 9,766,019 | 7,910,977 |
| Net (deficit) / surplus for the year | | <u>349,971</u> | <u>(46,724)</u> |

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

The Trusts Community Foundation Ltd.
Statement of Comprehensive Revenue and Expenses
For the year ended 31 March 2023

| | 2023 \$ | 2022 \$ |
|---|----------------|-----------------|
| Net (deficit) / surplus for the year | 349,971 | (46,724) |
| Other Comprehensive Revenue and Expense | - | - |
| Total Comprehensive Revenue and Expense | <u>349,971</u> | <u>(46,724)</u> |

Statement of Changes in Undistributed Funds
for the year ended 31 March 2023

| | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| Balance at 1 April | 2,787,028 | 2,833,752 |
| Total Comprehensive Revenue and Expense | 349,971 | (46,724) |
| Balance at 31 March | <u>3,136,999</u> | <u>2,787,028</u> |

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

The Trusts Community Foundation Ltd.
Balance Sheet
For the year ended 31 March 2023

| | Note | 2023 | 2022 \$ |
|--|------|-----------|------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 1,288,509 | 2,129,818 |
| Trade and other receivables from non-exchange transactions | 7 | 435,999 | 300,336 |
| Total Current Assets | | 1,724,508 | 2,430,155 |
| LESS CURRENT LIABILITIES | | | |
| <u>Payables From Exchange Transactions</u> | | | |
| Trade and other payables | 8 | 370,697 | 473,118 |
| GST payable | | 307,065 | 259,425 |
| Employee entitlements | 19 | 78,129 | 92,664 |
| <u>Payables From Non-Exchange Transactions</u> | | | |
| Gaming duty payable | | 611,870 | 549,776 |
| Problem gambling levy payable | | 33,041 | 21,441 |
| Total Current Liabilities | | 1,400,803 | 1,396,424 |
| WORKING CAPITAL (DEFICIT) | | 323,704 | 1,033,731 |
| NON-CURRENT ASSETS | | | |
| Property plant and equipment | 9 | 2,829,893 | 1,769,913 |
| Total Non-Current Assets | | 2,829,893 | 1,769,913 |
| LESS NON-CURRENT LIABILITIES | | | |
| Employee Entitlements | 19 | 16,599 | 16,616 |
| Total Non-Current Liabilities | | 16,599 | 16,616 |
| Net Assets | | 3,136,999 | 2,787,029 |
| Undistributed Funds | 11 | 3,136,999 | 2,787,029 |
| Total Undistributed Funds | | 3,136,999 | 2,787,029 |

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

The Trusts Community Foundation Ltd.
Statement of Cashflows
For the year ended 31 March 2023

| | Note | 2023 | 2022 \$ |
|---|------|-------------|-------------|
| Cash flows from operating activities | | | |
| Receipts from gaming machines | | 23,063,372 | 19,331,355 |
| Net GST | | 47,640 | 110,310 |
| Payments to suppliers | | (6,316,968) | (5,710,870) |
| Payments of gaming duty | | (5,273,684) | (4,427,692) |
| Payments of problem gambling levies | | (257,649) | (172,682) |
| Grants to community groups | | (9,766,019) | (8,753,909) |
| Net cash provided by / (used in) operating activities | 18 | 1,496,693 | 376,512 |
| Cash flows from investing activities | | | |
| Interest received | | 14,292 | 1,306 |
| Interest paid | | - | - |
| Disposal of property, plant and equipment | | 249,250 | 301,923 |
| Purchase of property, plant and equipment | | (2,601,546) | (1,498,810) |
| Net cash provided by / (used in) investing activities | | (2,338,003) | (1,195,581) |
| Cash flows from financing activities | | | |
| Repayments to TTCF Ltd | | - | - |
| Net cash provided by / (used in) financing activities | | - | - |
| Net increase / (decrease) in cash held | | (841,310) | (819,069) |
| Cash at the beginning of the year | | 2,129,818 | 2,948,887 |
| Cash at the end of the year | | 1,288,509 | 2,129,818 |
| Represented by: | | | |
| Cash and cash equivalents | 6 | 1,288,509 | 2,129,818 |

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

The Trusts Community Foundation Ltd

Significant Accounting Policies For the year ended 31 March 2023

Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP").

These financial statements comply with Not For Profit Public Benefit Entity Accounting Standards (PBE Standards (NFP)). The financial statements have been prepared in accordance with Tier 2 PBE Standards (NFP).

For the purposes of these financial statements, the Foundation has been designated as a public benefit entity (PBE). Public benefit entities (PBEs) are reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

Basis of preparation

The Foundation has elected to apply Tier 2 Public Benefit Entity Standards (Not-For-Profit) on the basis that it does not have public accountability and has in recent years had total annual expenses less than \$30m.

A key significant assumption underlying the preparation of the Foundation's financial statements under the going concern assumption is that the Foundation will continue to have its Class 4 Gambling License renewed annually by the Department of Internal Affairs

The financial statements are presented in New Zealand currency, rounded to the nearest whole dollar.

The financial statements have been prepared on the historic cost basis. Cost is based on the fair value of consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been consistently applied in preparing the financial statements for the year ended 31 March 2023.

Estimates and judgements

In the application of the Foundation's accounting policies the Directors are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by Directors that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are:

- The assessment that assets owned by the Foundation show no indications of impairment

The Trusts Community Foundation Ltd

Significant Accounting Policies For the year ended 31 March 2023

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of these financial statements:

a) **Property plant and equipment**

- **Owned assets**

Property plant and equipment comprise gaming machines and associated equipment, including security and air-conditioning systems, which are stated at historic cost less accumulated depreciation (see below) and any impairment losses assessed (refer accounting policy d).

- **Subsequent costs**

The Foundation recognises in the carrying amount of individual gaming machines the cost of replacing part of such an item when that cost is incurred and if it is probable that the future economic benefits embodied within the item will flow to the Foundation and the cost of the item can be measured reliably.

All other costs are recognised in the Statement of Financial Performance as the expense is incurred.

- **Depreciation**

Depreciation is charged to the Statement of Financial Performance on a straight-line basis over the estimated useful lives of the gaming machines.

For financial reporting purposes, the Foundation has determined that the estimated useful life of all gaming equipment is 3 years.

b) **Borrowing costs**

Borrowing costs directly attributable to the acquisition or installation of non-current assets are capitalised as part of the cost of those assets.

c) **Software**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring it to use. Gaming machine licences are renewable annually. For this reason, expenditure on the acquisition or renewal of gaming machine licences is expensed in the Statement of Financial Performance, and is not carried forward to future accounting periods as an Intangible Asset. The software component of each gaming machine is not separately identifiable and is considered to be an integral part of the associated hardware. For this reason it is not treated as an intangible asset.

d) **Impairment of property, plant and equipment**

The carrying amounts of the Foundation's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is the higher of fair value less costs to sell, and value in use. When assessing value in use, estimated future cash flows are discounted to their present value

The Trusts Community Foundation Ltd

Significant Accounting Policies For the year ended 31 March 2023

using a pre-tax discount rate to reflect market assessments of the time-value of money and the risks specific to the asset for which estimated future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount, and an impairment loss is recognised immediately in the Statement of Financial Performance.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset previously. A reversal of impairment loss is recognised immediately in the Statement of Financial Performance.

e) Trade and other receivables

Trade and other receivables are recorded at the actual amounts due, less any allowance for impairments. An estimate of impairments is made when collection of the full amount due is no longer probable. Bad debts are written off when these are identified.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current and short-term deposit accounts maintained by the Foundation with external banking institutions.

Bank overdrafts that are repayable on demand and which form an integral part of the Foundation's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

g) Income tax

The Foundation is exempt from income tax under section CW48 of the 'Income tax act' 2007.

h) Trade and other payables

Trade and other payables are recognised when the Foundation becomes obliged to make future payments resulting from the purchase of goods and services, or from the approval of community grants. They are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

i) Provisions

A provision is recognised on the face of the balance sheet when the Foundation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Trusts Community Foundation Ltd

Significant Accounting Policies For the year ended 31 March 2023

j) Revenue

- **Receipts from gaming machines**

Net revenue from the operation of gaming machines is recognised when funds have been transferred to and received by the Foundation in terms of agreements with site operators. Deposits in transit from site operators are treated as part of Cash and cash equivalents.

- **Interest revenue**

Interest revenue is recognised on a time proportionate basis taking into account the effective yield on the financial asset.

k) Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are reported inclusive of GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is recognised as receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

l) Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. The following terms are used in the statement of cash flows:

- Operating activities are the principal revenue producing activities of the company and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents and;
- Financing activities are activities that result in changes in the size and composition of borrowing of the entity

m) Distribution to Authorised Purposes

Distributions to authorised purposes are recognised when director's approval is given. As part of its regular business activities, the company regularly receives refunds and partial refunds of amounts previously distributed, some of which may relate to previous accounting periods. Refunds are recognised when they are received.

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

1 Revenue

Revenue comprises the net proceeds of gaming machines owned and operated by the Foundation after the deduction of the prizes paid to participants in the gaming activities. Operators of sites at which gaming machines are situated are members of the Foundation.

| | 2023 | 2022 |
|-------------------------------|-------------|-------------|
| | \$ | \$ |
| Receipts from gaming machines | 23,199,035 | 19,222,076 |

2 Other Income

Other Income represents revenue other than that arising from gaming machines and from financial activities.

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Gains on disposal of gaming machine assets | 135,235 | 210,218 |
| Total other income | 135,235 | 210,218 |

3a Administration

Administration expenses include the following specific costs:

| | | 2023 | 2022 |
|-------------------------------|------|-------------|-------------|
| | Note | \$ | \$ |
| Accounting fees | 12 | 257,070 | 257,070 |
| Legal fees | | 16,403 | 8,303 |
| Directors fees and expenses | 14 | 156,454 | 136,905 |
| Wages & salaries | | 783,513 | 718,746 |
| Other costs | | 301,559 | 254,084 |
| Total Administration expenses | | 1,514,999 | 1,375,108 |

3b Employee Remuneration

Numbers of employees and former employees who received in excess of \$100,000 by way of remuneration and other benefits during the financial year are as follows:

| | 2023 | 2022 |
|-----------------------|-------------|-------------|
| Remuneration band | | |
| \$100,000 - \$110,000 | 1 | 2 |
| \$110,000 - \$120,000 | 1 | - |
| \$250,000 - \$260,000 | - | 1 |
| \$270,000 - \$280,000 | 1 | - |

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

3c Other Operating Expenses

Other operating expenses include the following specific costs:

| | 2023 | 2022 |
|------------------------------------|------------------|------------------|
| | | \$ |
| Gaming machine licence fees | 304,299 | 324,229 |
| Loss on sale of non-current assets | 53,400 | 91,555 |
| Monitoring fees | 246,266 | 228,194 |
| Service contracts | 309,940 | 322,385 |
| Other expenses | 333,821 | 338,102 |
| Total other operating expenses | <u>1,247,726</u> | <u>1,304,465</u> |

3d Covid 19 related wage subsidy

TTCF Ltd received payments of \$2,400 in the 2022-23 financial year under the Ministry of Social Development's Covid leave support scheme.

| | 2023 | 2022 |
|-----------------------|----------------|----------------|
| Wages and Salaries | | |
| Wages and salaries | 800,465 | 808,038 |
| Changes to provisions | (14,552) | 32,586 |
| Covid 19 Subsidy | (2,400) | (121,878) |
| | <u>783,513</u> | <u>718,746</u> |

4 Finance Income and Expenditure

Income derived from the Foundation's investments with external parties comprises:

| | 2023 | 2022 |
|----------------------------------|---------------|--------------|
| | \$ | \$ |
| Interest earned on bank deposits | 14,292 | 1,306 |
| Total Finance Income | <u>14,292</u> | <u>1,306</u> |

Income paid from the Foundation's borrowings with external parties comprises:

| | 2023 | 2022 |
|-----------------------|----------|----------|
| | \$ | \$ |
| Interest expense | - | - |
| Total Finance Expense | <u>-</u> | <u>-</u> |

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

5 Grants to Community Groups

Profits derived from the Foundation's operating activities are required, in terms of the Constitution and the Gambling Act 2003 to be made available for community purposes, either within the region from which the funds were sourced, or for organisations which provide community services nationally.

| | 2023 | 2022 |
|--|-----------|-----------|
| | \$ | \$ |
| Grants provided to community groups amounted to: | 9,766,019 | 7,910,977 |
| Grants as a percentage of total Revenue | 41.83% | 40.71% |
| Grants as a percentage of operating profit | 96.54% | 100.59% |

Included in the Grants to community groups above is \$ nil (2022: \$nil) approved but unpaid as at 31 March 2023.

6 Cash and cash equivalents

| | 2023 | 2022 |
|------------------|-----------|-----------|
| | \$ | \$ |
| Current accounts | 695,311 | 1,128,674 |
| Cash reserve | 593,197 | 1,001,144 |
| Total | 1,288,509 | 2,129,818 |

Cash reserve

| | | |
|-------------------|-----------|-----------|
| Opening Balance | 1,001,144 | 1,500,399 |
| Distribution | (413,448) | (500,000) |
| Interest received | 5,501 | 746 |
| Closing Balance | 593,197 | 1,001,144 |

Investment terms:

Interest is paid on the daily balance of the Foundation's call deposits at a rate fixed at 2.10% (2022: 0.1%). At balance date, the Foundation's investment earned 2.10% p.a.

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

7 Trade and other receivables from non exchange transactions

| | 2023 | 2022 |
|-----------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Trade and other receivables | - | - |
| Sundry Receivables | 435,999 | 298,029 |
| | <u>435,999</u> | <u>298,029</u> |
| Prepayments | - | 2,307 |
| Total Debtors | <u><u>435,999</u></u> | <u><u>300,336</u></u> |

In normal circumstances, the Foundation only recognises trade and other receivables relating to the sale of gaming machines.

8 Trade and other payables

| | 2023 | 2022 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Purchase of plant & equipment | 14,047 | 129,397 |
| Operating expenses | 356,651 | 343,721 |
| | <u>370,697</u> | <u>473,118</u> |

Grants are regarded as due for payment when the Directors have approved the distribution of funds.

9 Property Plant and Equipment

| | 2023 | 2022 |
|-------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Cost / Valuation | | |
| Opening balance | 3,648,184 | 5,842,599 |
| Acquisitions | 2,477,395 | 737,495 |
| Disposals Writeback | (1,368,561) | (4,545,778) |
| Cost Adjustment | - | 1,613,868 |
| Closing balance | <u><u>4,757,018</u></u> | <u><u>3,648,184</u></u> |

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

Accumulated Depreciation

| | | |
|-------------------------|-------------------------|-------------------------|
| Opening balance | 1,878,271 | 3,354,730 |
| Depreciation expense | 1,258,800 | 1,283,672 |
| Disposals | (1,209,945) | (4,373,999) |
| Depreciation Adjustment | - | 1,613,868 |
| Closing balance | <u>1,927,125</u> | <u>1,878,271</u> |
| Net Book Value | <u><u>2,829,893</u></u> | <u><u>1,769,913</u></u> |

10 Reserves

| | Note | 2023 \$ | 2022 \$ |
|--|------|------------------|------------------|
| Undistributed funds | 11 | 3,136,999 | 2,787,028 |
| | | <u>3,136,999</u> | <u>2,787,028</u> |
| Undistributed funds as a percentage of Revenue | | 13.44% | 14.34% |

11 Undistributed Funds

The Foundation considers it prudent to retain a portion of its operating surplus to provide working capital to ensure that its normal operations can continue.

| | 2023 \$ | 2022 \$ |
|--------------------------------------|------------------|------------------|
| Opening balance | 2,787,028 | 2,833,752 |
| Net (deficit) / surplus for the year | 349,971 | (46,724) |
| Closing balance | <u>3,136,999</u> | <u>2,787,028</u> |

12 Related parties

The company has three directors who also reside on the boards of licensing trusts whose venues house gaming machines owned by the company. These are:

Waitakere Licensing Trust - Warren Flaunty (Trustee)
Mataura Licensing Trust - Graeme McAuley (President)
Portage Licensing Trust - Ross Clow (Trustee)

The company also has a relationship with the Mataura Licensing Trust which provides accounting and administrative services.

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

The company receives revenue from these venues via agreement to place it's gaming machines on

The Licensing Trust's recommendations are considered by the Foundation's net proceeds committee prior to a final decision on funding being made. Distribution of funds is at the sole discretion of the directors.

| | Revenue during the year 2023 | Revenue during the year 2022 |
|---------------------------|--|--|
| Portage Licensing Trust | 3,808,838 | 2,456,212 |
| Waitakere Licensing Trust | 3,330,086 | 2,673,951 |
| Mataura Licensing Trust | 1,655,843 | 1,433,547 |
| | Grants during the year 2023 | Grants during the year 2022 |
| Portage Licensing Trust | 1,470,629 | 1,124,365 |
| Waitakere Licensing Trust | 1,339,332 | 1,177,738 |
| Mataura Licensing Trust | 696,885 | 431,525 |
| | Venue Payments during the year 2023 | Venue Payments during the year 2022 |
| Portage Licensing Trust | 605,730 | 394,485 |
| Waitakere Licensing Trust | 525,149 | 420,555 |
| Mataura Licensing Trust | 258,003 | 220,787 |
| | Service Fees during the year 2023 | Service Fees during the year 2022 |
| Mataura Licensing Trust | 257,070 | 257,070 |

The balance of unpaid service fees outstanding as at 31 March 2023 is \$ 24,636 (2022: \$24,636)

During the year, the Foundation made distributions to the following entities in which the directors held an interest. In all cases, the director concerned absented themselves from decisions concerning the entity.

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

| | Grants during the year 2023 | Grants during the year 2022 |
|---|--------------------------------|--------------------------------|
| Warren Flaunty | | |
| Patron of the following organisation: | | |
| Patron of the following organisations: | | |
| Massey Rugby Union & Sports Club | 44,694 | 25,000 |
| Member of the following organisations: | | |
| Riverhead Bowling Club | 15,000 | |
| Massey & Birdwood Settlers Assn. | 7,261 | - |
| Trustee of the following organisation: | | |
| West Auckland Hospice | | 124,000 |
| Horace McAuley | | |
| Patron of the following organisation: | | |
| Tapanui Outdoor Bowling Club | - | 31,670 |
| Tapanui West Otago Promotions | 1,445 | - |
| Ross Clow | | |
| Life Member of the following organisations: | | |
| Bay Olympic Sports Club | 15,000 | - |
| Janet Clews | | |
| Patron of the following organisations: | | |
| Glen Eden Tennis Club | 4,500 | 4,000 |
| Waitakere Auckland Brass Inc. | 40,000 | 55,000 |

Members of the Foundation

Members of the Foundation include Licensing Trusts, independently owned hotels, and other sites.

Members of the Foundation conduct business with the Foundation in relation to gaming machines located on their premises in accordance with standard agreements on a normal commercial basis.

13 Remuneration of auditors

The Foundation's auditor is Deloitte Limited.

| Audit fees comprise: | 2023 \$ | 2022 \$ |
|--------------------------|------------|------------|
| Annual financial audit | 28,000 | 28,000 |
| Other assurance services | 9,000 | 9,366 |
| | 37,000 | 37,366 |

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

14 Directors fees and expenses

The Foundation's Directors are remunerated based on their attendance at meetings of the Foundation and any personal expenditure incurred in relation to their positions is reimbursed.

Remuneration and expenses paid during the year amounted to:

| | 2023 | 2022 |
|-----------------------------------|-------------|-------------|
| | \$ | \$ |
| Fees paid to Directors: | | |
| Janet Clews | 20,077 | 31,200 |
| Ross Clow | 6,415 | - |
| Warren Flaunty | 66,666 | 43,200 |
| Graeme McAuley | 31,773 | 31,200 |
| Gary Williams | 31,523 | 31,305 |
| Total Directors fees and expenses | 156,454 | 136,905 |

15 Commitments for expenditure

Capital commitments

At balance date the Foundation had commitments for capital expenditure amounting to \$14,047 (2022: \$129,397) for the purchase of gaming machines.

Approved grants

There were no commitments for approved grants and donations that have not been disclosed as part of Trade and other payables.

16 Contingent liabilities and assets

Contingent liabilities

The entire amount of the Foundation's Undistributed Funds are effectively held in trust on behalf of the members of the foundation. These funds may be called upon for distribution for charitable purposes at the sole discretion of the directors in terms of the constitution.

17 Financial instruments

The Foundation's main financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise or hold funds to support the Foundation's operations.

The Foundation has various other financial instruments such as accounts receivable and payable which arise from time to time directly from its operating activities.

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

The main risks arising from the Foundation's financial instruments are interest rate risk, liquidity risk and credit risk.

The Board reviews and agrees policies for each of these risks and these are summarised below.

Interest rate risk

The Foundation is exposed to interest rate risk related to funds deposited with external parties, and manages this risk by maintaining an appropriate mix between short-term and floating 'on-call' interest rate deposits.

Short term and "on-call" deposits amount to \$1,288,509 (2022: \$2,129,818) with an average interest rate of 2.10% (2022: 0.10%)

Interest rate sensitivity

This analysis has been determined based on the exposure to interest rates for bank deposits at the balance sheet date with the changes stipulated taking place at the beginning of the financial year and being held constant throughout the period for deposits with floating rates.

Had interest rates been either 0.5% higher or lower, and all other variables been held constant, the Foundation's operating profit would have increased (or decreased) by approximately \$7,750 (2022 \$6,500).

Credit risk

Maximum exposures to credit risk at balance date are:

| | 2023 | 2022 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| a Bank accounts | 1,288,509 | 2,129,818 |
| a Short term deposits | - | - |
| b Trade and other receivables | 435,999 | 300,336 |
| | <u>1,724,508</u> | <u>2,430,155</u> |

Credit risk arises primarily from the potential default of the counterparty. The maximum exposure to credit risk in such instances is equal to the carrying amount of the assets listed above.

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

a Cash and cash equivalents are

Bank accounts include funds in transit, but not yet deposited by site operators. Site operators are subjected to normal credit verification processes prior to completing site agreements.

Balances due from site operators are monitored on an ongoing basis and, should payment not be made within the time-frames specified in site agreements, the Foundation may suspend operations of the gaming machines at the site in question remotely.

The Foundation carries, and requires site operators to carry, adequate insurance cover for employee dishonesty and defalcation.

Trade and other receivables normally only arise in relation to the sale of gaming machines. The Foundation seeks to trade only with recognised credit-worthy external third parties, and has adopted policies requiring customers to be subjected to credit verification processes when applying for credit facilities. Balances due from debtors are monitored on an ongoing basis with the result that the Foundation does not have a significant exposure to potential bad or doubtful debts.

Concentration of Credit Risk

At balance date the Foundation was exposed to a concentration of credit risk, in that \$1,288,509 (2022: \$2,129,818) was held either with the Bank of New Zealand, or was awaiting deposit with that institution.

Liquidity risk

The Foundation's objective is always to maintain a balance between continuity and flexibility of funding through maintaining an appropriate mix between fixed short-term and floating 'on-call' interest rate deposits.

At balance date, the entire balance of Accounts Payable amounting to \$370,697 (2022: \$473,118) was due for payment within 12 months.

Trade payables are paid as they fall due. Approved grants to community organisations are paid as and when the Foundation has the funds available. Such payments may be delayed or paid in installments upon receipt of accountability documents from the applicant.

Fair values

The Foundation considers that financial instruments reported in the financial statements are carried at their fair values. The means by which those fair values have been established are detailed in the respective explanatory notes.

Categories of Financial Instruments

All Financial Instruments are carried at amortised cost.

The Trusts Community Foundation Ltd.
Notes to the Financial Statements
For the year ended 31 March 2023

18 Reconciliation from the net (loss) / profit to net cash flows from operations

| | 2023 | 2022 |
|--|------------------|----------------|
| | \$ | \$ |
| Net surplus / (deficit) for the year | 349,971 | (46,724) |
| <i>Adjust for items classified as investing activities</i> | | |
| Interest income | (14,292) | (1,306) |
| <i>Adjust for non-cash items</i> | | |
| Depreciation and Amortisation | 1,258,800 | 1,283,672 |
| Gains on disposal of non-current assets | (135,235) | (210,218) |
| Losses on disposal of non-current assets | 53,400 | 91,555 |
| <i>Changes in net assets and liabilities</i> | | |
| <i>(Increase) / decrease in Assets</i> | | |
| Trade and other receivables | (135,662) | 73,419 |
| <i>Increase / (decrease) in Liabilities</i> | | |
| Deferred Grants | - | (842,932) |
| Trade and other payables | (1,622) | (74,389) |
| Gaming duty | 62,094 | (6,614) |
| Problem gaming levy | 11,600 | (259) |
| GST | 47,640 | 110,310 |
| Net cash flows from operating activities | <u>1,496,693</u> | <u>376,512</u> |

19 Provision for Employee Entitlements

| | 2023 | 2022 |
|--------------------------------------|---------------|----------------|
| | Unvested | Unvested |
| | leave | leave |
| | \$ | \$ |
| Balance at 1 April | 109,280 | 77,072 |
| Additional provision recognised | 74,691 | 77,210 |
| Reduction arising from payments | (85,386) | (45,001) |
| Reduction arising from terminations | (3,858) | - |
| Balance at 31 March | <u>94,728</u> | <u>109,280</u> |
| Disclosed as a current liability | 78,129 | 92,664 |
| Disclosed as a non-current liability | 16,599 | 16,616 |

20 Events Subsequent to Balance Date

The Foundation's gaming license expires on 31 July 2023. It is intended that the documents for the renewal of the license will be filed with the Department of Internal Affairs no later than 30 June 2023, and that the license will be renewed for a further period of 12 months.

Independent Auditor's Report

To the Shareholders of The Trusts Community Foundation Limited

Opinion

We have audited the general purpose financial report ('financial report' of The Trusts Community Foundation Limited (the 'entity'), which comprise the financial statements on pages 3 to 21, and the statement of service performance on pages 1 to 2. The complete set of financial statements comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive revenue and expense, the statement of changes in undistributed funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial report presents fairly, in all material respects:

- the financial position of the The Trusts Community Foundation Limited as at 31 March 2023, and its financial performance and cash flows for the year then ended; and
- the service performance for the year ended 31 March 2023 in accordance with the entity's service performance criteria

in accordance with Public Benefit Entity Standards ('PBE Standards') issued by the New Zealand Accounting Standards Board.

Other matter

The corresponding service performance information in the statement of service performance for the year ended 31 March 2022 is unaudited.

Basis for opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 *The Audit of Service Performance Information* ('NZ AS 1'). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We are independent of the The Trusts Community Foundation Limited 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 we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor, we have no relationship with or interests in the entity, except that partners and employees of our firm deal with the entity on normal terms within the ordinary course of trading activities of the business of the entity.

Board of Directors responsibilities for the financial report

The Board of Directors are responsible on behalf of the The Trusts Community Foundation Limited for:

- the preparation and fair presentation of the financial statements and the statement of service performance in accordance with PBE Standards;
- service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards; and
- such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Directors are responsible for assessing the The Trusts Community Foundation Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance 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 conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/>

This description forms part of our auditor's report.

Deloitte Limited

Dunedin, New Zealand
20 June 2023