

Financials
2015

Behind
every grant
there is a
story



**FOUNDATION
NORTH**
*Te Kaitiaki Pūtea o
Tāmaki o Tai Tokerau*

Chair's Introduction

Ken Whitney



Kia ora tātou and welcome to Foundation North's annual report.

The past year has been a particularly eventful and exciting one. We changed our name and rebranded; our investment portfolio returned \$137.6 million (up from \$81.7 million in the previous year); our total grants since inception in 1988 reached \$864 million and we launched the Centre for Social Impact.

Our name change and rebrand followed the ending of our naming agreement with ASB Bank in May 2014. We wanted a name and brand that reflected our connection to the communities of Auckland and Northland. Foundation North is simple, easily remembered and speaks of what we are and where we work. The people of Auckland and Northland are at the heart of our new brand with its by-line "Behind every grant there is a story". Our new name also conveys the in-perpetuity nature of the trust, our nearly \$900m contribution to supporting the communities of Auckland and Northland over the last 27 years, and our long association with the history and development of the North.

The Foundation received a very good return for the year on its endowment. The income from the Foundation's diversified investment portfolio totalled \$137.6 million reflecting a return (net of fees) of 12.3% which was 1.5% in excess of the Foundation's benchmark return of 10.8%. This excellent result, arising from strong investment performance, supports our strategic grants programme and allows us to continue building our reserves to enable a consistent level of grants at times when the investment markets are less accommodating.

Our total net assets as at 31 March 2015 were \$1.22 billion, well ahead of the previous year's total of \$1.12 billion.

The launch of the Centre for Social Impact as a wholly owned subsidiary of the Foundation is the outcome of a journey towards increasingly strategic grant-making that began in 2006. The decision by the Foundation then to invest \$20 million in exploring innovative solutions to support Māori and Pacific educational achievement was our first step towards developing expertise in high engagement philanthropy. The combination of multi-year grants and organisational support delivered some outstanding results. Today we have a dedicated multi-year funding programme, Catalysts for Change, which encourages innovative responses to complex social issues in our region. The Centre for Social Impact supports our Catalysts for Change partners to deliver on their vision, and allows other organisations investing in social change to access a range of skills and experience to achieve superior outcomes and credibly evaluate their social impact.

I would like to conclude by expressing my thanks to our trustees for being a supportive and cohesive team making a real contribution to our progress, and to our CEO Jennifer Gill for her unwavering dedication and leadership in the operations of the Foundation. Thanks to the combined efforts of our trustees and staff I am pleased to report that the Foundation has never been in a stronger position and is well placed to face the future with confidence.

CEO's Introduction

Jennifer Gill



At the end of each financial year we look back at what our grants have been able to support in Auckland's and Northland's communities.

It's an annual reminder of the work put in by thousands of people across our region to protect and enhance the places we love; strengthen our communities; and deliver the many sporting, cultural and entertainment opportunities which so many of us enjoy.

A huge amount of voluntary effort is involved in the not-for-profit organisations that we support. That's why, as funders, we continue to work to make the process for our community sector of getting funds and reporting on outcomes as straightforward as possible. Over the last year we launched our new online application process. Applicant organisations can now register their details rather than having to enter them anew with each grant application. Information entered into a grant application can be saved so the application can be worked on over several days, and by various people, without any information being lost. This streamlined process has been welcomed, particularly by the hundreds of small organisations who apply for one of our Quick Response grants of less than \$20,000. A major survey of applicants showed a high level of satisfaction with our grants process, ranging from the information available, to the application and impact reporting process.

The Foundation's engagement with the organisations applying for major multi-year grants has also been enhanced over the last year by support we have commissioned for them from our subsidiary, the Centre for Social Impact.

The Centre has worked alongside organisations to help them develop their investment plans for presentation to the Foundation.

This benefits our trustees, who receive high quality information to inform their decision-making. It also benefits the applicant community organisations, allowing them to identify what they need to do to become "grant ready". For successful applicants, the combination of funding from the Foundation, and capacity development from the Centre for Social Impact, creates the conditions for significant achievements and insights.

The value of this "high engagement" approach to philanthropic investment has been demonstrated by the Foundation's \$20 million Māori and Pacific Education Initiative (MPEI). Multi-year funding and support since 2009 for organisations such as The Leadership Academy of A Company in Whangarei, Rise UP Trust in South Auckland, and C-Me Mentoring Trust, and initiatives such as Sylvia Park School's Mutukaroa project and Manaiakalani in East Auckland, resulted in significant measurable improvements in education outcomes. As a result, substantial investment from other funders has been secured to sustain their work and support further innovation.

Our rebrand as Foundation North signifies a coming of age for us as the community trust for Auckland and Northland and as one of the largest philanthropic funders in Australasia. While we continue to support our long-established community groups and projects, we are now a strategic funder of both established key community partners and innovative initiatives which are emerging to address significant regional issues. Through our own social enterprise, the Centre for Social Impact, we're nurturing the region's social innovators, learning how philanthropy can deliver more for our communities, and sharing what we're learning with other funders.

We're well positioned to serve our rapidly growing and increasingly diverse population.

Total Grants Awarded

1 April 2014-31 March 2015

Community Support Grants
(Quick Response Grants) \$5,456,600
(Over 20k) \$18,176,300



People
(Quick Response Grants) \$2,423,600
(Over 20k) \$5,155,900



Places
(Quick Response Grants) \$726,900
(Over 20k) \$8,554,900



Participation
(Quick Response Grants) \$2,306,100
(Over 20k) \$4,465,500



Key Community Partnerships
\$6,972,103



Catalysts for Change
\$4,918,469



Iconic & Innovative Projects
\$1,300,000



Total
\$36,823,472

Foundation Governance

Foundation North operates under its Trust Deed and the Community Trusts Act 1999.

Board Membership

The Board of Trustees comprises 15 Trustees appointed by the Minister of Finance for a four year term.

Conflicts of Interest

It is recognised that Trustees will have a wide range of involvement with the community and the potential for conflict of interest will arise from time to time.

To cover this eventuality, any Trustee who has an interest in any matter before the Foundation must record that interest in the Trust's Register of Interests.

That Trustee is not counted in the quorum present at the meeting. They may not vote in respect of the matter they have an interest in and must absent themselves from any discussion or consideration of it.

Before the conduct of business, the Chair of any meeting of the Trustees asks for the disclosure of any interest in the upcoming business. The minutes of the meeting record any disclosure of interest made, the entry in the Register of Interests of that disclosure and the absence of the Trustee from the meeting while the matter is dealt with.

Board Committees 2014/15 Financial Year

The Board has subcommittees to assist with the operation of the Trust:

Grants committees

These committees review all applications which have been assessed by the grants team and make recommendations to the full Board of the Foundation. They also consider policy and strategy development.

Investment committee

This committee considers the investment policy, objectives, strategies and asset allocations of the Foundation and makes recommendations to the full Board. The committee reviews the portfolio against benchmarks and fund managers' performance against their benchmarks.

Audit Finance and Risk committee

This committee reviews annual budgets and monthly and annual financial statements and information prior to submission to the Board. It is also responsible for identifying, assessing and managing business and organisational risk and assisting the Board in the discharge of financial reporting responsibilities.

Centre for Social Impact

The Foundation Trustees appoint the board of the Foundation's wholly owned charitable company, the Centre for Social Impact. The Centre for Social Impact board provides governance to the Centre on behalf of Foundation North. The majority of the members of the Centre's board are also Foundation Trustees.

Trustee Meeting Attendance

Name	Date Appointed	Total Board Meetings Available to Attend	Board Meetings Attended	Committee Meetings Available to Attend	Committee Meetings Attended	Other Meetings Available to Attend	Other Meetings Attended
E Auva'a	Jun 2010	11	7	11	6	5	2
A Bell	Jun 2011	11	9	10	10	13	13
M Brickell	Jun 2010	11	10	8	8	13	12
M Broadbelt	Sept 2012	11	11	11	11	5	4
P Clark	Oct 2012	11	9	5	4	12	12
V Garg	Jun 2013	11	6	8	4	5	4
B Leveloff	Dec 2009	11	9	12	10	6	6
L Lim	Jun 2010	11	11	13	13	7	6
I McDougall	Jun 2010	11	10	8	8	5	5
T Millar	Jun 2011	11	10	8	7	7	7
M Milne	Jun 2010	11	10	11	9	5	3
B Plunkett	Jun 2011	11	8	11	9	5	2
J Slater	Sept 2012	11	11	14	14	5	5
K Whitney	Oct 2009	11	10	17	14	6	6
K Wright	Sept 2012	11	10	9	9	15	14
TOTAL		165	141	156	136	114	101

Trustee Remuneration

Name	2015 \$	2014 \$
E Auva'a	17,000	18,700
A Bell	18,700	18,558
M Brickell	18,700	18,700
M Broadbelt	18,700	18,700
P Clark	17,000	17,000
V Garg	17,000	14,167
P Kearns	-	1,558
B Leveloff	18,700	18,700
L Lim	21,250	21,250
I McDougall	17,000	17,000
T Millar	17,000	17,000
M Milne	18,700	18,700
B Plunkett	17,000	17,000
J Slater	17,000	17,000
K Whitney	34,000	34,000
K Wright	18,700	17,000
TOTAL	\$286,450	\$285,033

Consolidated summary statement of comprehensive income for the year ended 31 March 2015

	2015 \$000	2014 \$000
Revenue from investments	137,579	81,686
Less:		
Fund Management, Custodian and Advisory Fees	(1,189)	(1,138)
Investment Margin	136,390	80,548
Other Income	591	2,132
Administration Expenses	(4,340)	(5,760)
Activity Costs	(1,298)	-
Grants Committed during the year to Community Groups	(36,823)	(34,913)
Grants Written Back	735	605
Grant Refunds Received	253	15
SURPLUS FOR THE YEAR	95,508	42,627
Other Comprehensive Income		
Revaluation Loss on Land and Buildings	-	(152)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	95,508	42,475

Consolidated summary statement of financial position at 31 March 2015

	2015 \$000	2014 \$000
Cash at Bank	4,387	1,911
Investments	1,235,226	1,141,180
Fixed Assets	8,452	8,648
Other Assets	769	892
TOTAL ASSETS	1,248,834	1,152,631
Less:		
Liabilities (including Outstanding Grants Payable \$32.25 million (2014: \$31.34 million))	33,113	32,418
NET ASSETS AT 31 MARCH	1,215,721	1,120,213
Represented by:		
FUNDS		
Original Capital	579,106	579,106
Capital Maintenance Reserve	328,481	327,574
General Reserve	22	-
Reserve for Grants	100,515	72,804
Asset Revaluation Reserve	359	359
Retained Surplus	207,238	140,370
FUNDS AT 31 MARCH	1,215,721	1,120,213

Consolidated summary statement of changes in group funds for the year ended 31 March 2015

	Original Capital	Capital Maintenance Reserve	Real Capital	General Reserve	Reserve for Grants	Asset Revaluation Reserve	Retained Surplus	Total Funds
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening Balance at 1 April	579,106	327,574	906,680	-	72,804	359	140,370	1,120,213
Total Comprehensive Income:								
Surplus for the year	-	-	-	-	-	-	95,508	95,508
Total Comprehensive Income for the year	-	-	-	-	-	-	95,508	95,508
Transfer to Capital Maintenance Reserve	-	907	907	-	-	-	(907)	-
Net Transfer to/(from) Reserves	-	-	-	22	27,711	-	(27,733)	-
CLOSING BALANCE AT 31 MARCH	579,106	328,481	907,587	22	100,515	359	207,238	1,215,721

Consolidated summary statement of changes in group funds for the year ended 31 March 2014

	Original Capital	Capital Maintenance Reserve	Real Capital	General Reserve	Reserve for Grants	Asset Revaluation Reserve	Retained Surplus	Total Funds
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening Balance at 1 April	579,106	314,175	893,281	-	58,739	511	125,207	1,077,738
Total Comprehensive Income:								
Surplus for the year	-	-	-	-	-	-	42,627	42,627
Revaluation Loss on Land and Buildings	-	-	-	-	-	(152)	-	(152)
Total Comprehensive Income for the year	-	-	-	-	-	(152)	42,627	42,475
Transfer to Capital Maintenance Reserve	-	13,399	13,399	-	-	-	(13,399)	-
Net Transfer to/(from) Reserves	-	-	-	-	14,065	-	(14,065)	-
CLOSING BALANCE AT 31 MARCH	579,106	327,574	906,680	-	72,804	359	140,370	1,120,213

Consolidated summary statement of cash flows for the year ended 31 March 2015

	2015 \$000	2014 \$000
Net cash inflow (outflow) from operating activities	2,617	634
Net cash outflow from investing activities	(141)	(1,517)
Net cash (outflow) inflow from activities	2,476	(883)
Add: Cash at Bank at 1 April	1,911	2,794
CASH AT BANK AT 31 MARCH	4,387	1,911
Cash at Bank at 31 March comprises:		
CASH AT BANK	4,387	1,911

Notes

1. The information set out in these Summary Consolidated Financial Statements has been prepared in compliance with FRS 43: Summary Financial Statements. It has been extracted from Foundation North's (the Foundation), formerly ASB Community Trust's, Consolidated Financial Statements, which have been prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for Public Benefit Entities, and dated 29 June 2015.

The Foundation is a Public Benefit Entity, an "in perpetuity" Community Trust operating under the Community Trusts Act 1999, and is a corporate body registered under the Charitable Trusts Act 1957. It seeks to enhance the lives of the people of Auckland and Northland by wisely allocating, equitably sharing, and responsibly managing the resources that are held in trust for present and future generations of the Auckland and Northland region.

2. The Foundation makes grants to qualifying organisations resident in its region, and is domiciled in Auckland, New Zealand. Its registered office is Allendale House, 50 Ponsonby Road, Auckland. The Summary Consolidated Financial Statements comprise the Foundation and its subsidiaries, Foundation North Grants Limited (formerly ASB Community Trust Charitable Purposes Limited), Centre for Social Impact New Zealand Limited and ASB Community Trust Limited (formerly ASB Trusts Amateur Public Sports Promotion Limited). Collectively, these entities referred to as the Group, make up the reporting entity.

3. Because of their summary nature, these Summary Consolidated Financial Statements cannot provide a full understanding of the financial performance, financial position and cash flows of the Group. This understanding can only be obtained by reference to the Group's Financial Statements. A copy of the Group's Consolidated Financial Statements may be obtained on request from the Group's office (telephone 09 360 0291, mail PO Box 68 048 Newton Auckland) or downloaded from the Group's website.
www.foundationnorth.org.nz

4. Subsidiaries are entities controlled by the Foundation. The financial statements of the subsidiaries are included in the Group financial statements from the date control commences until the date that control ceases. The Group financial statements have been prepared using uniform accounting policies for like transactions. Intra-group balances and income and expenses arising from intra-group transactions are eliminated in preparing Group financial statements. The Foundation's subsidiary company, ASB Community Trust Limited has not operated since incorporation. Foundation North Grants Limited commenced operating during the 2009/10 financial year, and is a charity registered under the Charities Act 2005 (Registration # CC38999). Centre For Social Impact New Zealand Limited (a charity registered under the Charities Act 2005, Registration # CC 50226) commenced operating on 1 April 2014.

5. Committed Grants are recognised as an expense and Grants Written Back and Grant Refunds Received are recognised as income in the Statement of Comprehensive Income. Grants to Community Organisations are classified in the Statement of Cash Flows as cash

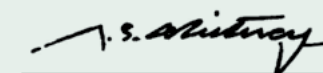
outflows from operating activities.

6. These Group summary financial statements are prepared in New Zealand Dollars which is the presentation and functional currency.

7. The Group's Consolidated Financial Statements have been audited by KPMG, who has issued an unmodified audit opinion in respect of them.

8. The Trustees authorised the publication of the Group's Summary Consolidated Financial Statements on 29 June 2015.

Approved on behalf of the Board:



Chair



Audit, Finance and Risk Committee Chair



Independent auditor's report on the summary financial statements

To the Trustees of Foundation North

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 March 2015 and the summary consolidated statement of comprehensive income, changes in group funds and cash flows for the year then ended and notes, are derived from the audited consolidated financial statements of Foundation North and its subsidiaries ("the Group") for the year ended 31 March 2015. We expressed an unmodified audit opinion on those financial statements in our audit report dated 9 July 2015.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Group.

Trustees' responsibility for the consolidated financial statements

The trustees are responsible for the preparation of a summary of the audited consolidated financial statements, in accordance with FRS-43 Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 Engagements to Report on Summary Financial Statements.

Our firm has also provided other services to the Group in relation to taxation and policy development during the year ended 31 March 2015. In addition to these services, during 2014 Foundation North and our firm entered into a memorandum of understanding ("the Agreement"). Under this Agreement, the firm may provide professional advice, pro bono, to selected beneficiaries as identified by Foundation North should these beneficiaries align with the objectives of the firm's national communities programme.

This Agreement does not represent a business relationship between the firm and the Group, nor does it create any obligation upon either party, however, it may result in our firm providing service, pro bono, to a grantee of the Group. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Opinion

In our opinion, the summary consolidated financial statements, derived from the audited consolidated financial statements of Foundation North and its subsidiaries ("the Group") for the year ended 31 March 2015, are a fair summary of those financial statements, in accordance with FRS-43 Summary Financial Statements.



9 July 2015
Auckland

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Foundation North The community trust for Auckland and Northland has over a billion dollars invested to support our region's not-for-profit sector today, and in the future.

Grants for the special organisations, events and places that make this such a great place to live.



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