



He Whānau Manaaki o Taranaki
Free Kindergarten Association Incorporated

Statement of Service Performance and Financial Statements for the Year ended 30 June 2024

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



Statement of Service Performance and Financial Statements for the year ended 30 June 2024

Directory

Board Members:

Jessica Firmin	
Genia Kohrt	Resigned September 2023
Hayley Galo	
Iona To'omaga-Iona	Resigned September 2023
Kathleen Cooper	
Ashley Newson	
Martin Robinson	
Miranda Zander	
Daniel Wark	
Natasha Munro	
Anna Faasolo	
Anne Prescott	Appointed September 2023
Emma McGregor	Appointed September 2023

Registered Office:

Unit F
15 John Seddon Drive
Elsdon
PORIRUA 5022

Nature of Business:

Provision of Early Childhood Education services

Charities Commission Registration Number:

CC11092

Independent Auditor:

Grant Thornton New Zealand Audit Limited
Grant Thornton House
215 Lambton Quay
WELLINGTON 6011



Statement of Service Performance for the year ended 30 June 2024

Introduction

The reporting entity is Whānau Manaaki o Tararua Free Kindergarten Association (WMK). WMK operates 108 kindergartens and a homebased network.

WMK is an Incorporated Society with Charitable Status. As such, it is governed by an elected board and bound by a set of rules captured in our constitution. The objectives of WMK, as detailed in the constitution are:

- a. To provide quality, inclusive and accessible early childhood education environments that are warm and welcoming and where learning is fun.
- b. To establish, maintain and administer free kindergartens and other early childhood services in Aotearoa.
- c. To do all such other things as are incidental or conducive to the attainment of any of the above objects, including (but not limited to) working to improve the health and wellbeing of children enrolled with the Association, and their communities.

To give effect to these objectives, WMK has developed in consultation with our membership (parents and whānau), staff, leadership and board, Te Rautakina | Our Strategic Plan which sets out our vision, our values, and our strategic intentions to ensure those objectives are realised.

The service performance statements are aligned to the WMK Whāinga | Strategic Intentions, as the operational action-based focus of WMK planning and service delivery. The Whāinga | Strategic Intentions are:

1. Improve access for children, their parents and whānau to increasingly relevant services.
2. Improve quality and effectiveness of our relationships with our communities.
3. Innovate and continuously improve teaching and learning.
4. Strengthen our financial and organisational health
5. Strengthen our capability and capacity as a Te Tiriti o Waitangi led organisation

Reported in reference to the Whānau Manaaki Whāinga | Strategic Intentions

Whāinga Tahi | Strategic Intention One

Improve access for children, their parents and whānau to increasingly relevant services.

- 1.1 *This whāinga is intended to support whānau to access services that increase participation of children in ECE.*
- 1.2 *The specific measure associated with this whāinga is the proportion of kindergartens that offer a diversified operational model.*

Proportion of kindergartens with diversified models

Current Period 2023/24	Prior Period 2022/23	Change from prior period	Expected Trend	Note
47.2%	47.2%	→ 0.0%	Stable or Increasing Trend	1

This statement should be read in conjunction with the notes to the statement of service performance.



Statement of Service Performance for the year ended 30 June 2024

Reported in reference to the Whānau Manaaki Whāinga | Strategic Intentions

Whāinga Rua | Strategic Intention Two

Improve quality and effectiveness of our relationships with our communities.

- 2.1 *This whāinga is intended to support active engagement with our communities through specific channels and processes.*
- 2.2 *The specific measure associated with this whāinga is the proportion of parents/whānau engaging with StoryPark (i.e. enrolment, viewing, liking or commenting on entries).*

Proportion of parents/whānau engaging with StoryPark

Current Period 2023/24	Prior Period 2022/23	Change from prior period	Expected Trend	Note
91.6%	93.4%	↓ -1.8%	Greater than 85 percent	2

Whāinga Toru | Strategic Intention Three

Innovate and continuously improve teaching and learning.

- 3.1 *This whāinga is intended to support and promote teaching and learning innovations*
- 3.2 *The specific measure associated with this whāinga is the proportion of staff who attend professional learning and development (PLD) courses.*

Proportion of staff who attend PLD courses

Current Period 2023/24	Prior Period 2022/23	Change from prior period	Expected Trend	Note
66.3%	72.0%	↓ -5.7%	Stable or Increasing Trend	3

Whāinga Whā | Strategic Intention Four

Strengthen our financial and organisational health

- 4.1 *This whāinga is intended to encourage activities that can increase our market position within the areas our services are situated.*
- 4.2 *The specific measure associated with this whāinga is the market share that Whānau Manaaki has in all regions that it operates.*

Market share that Whānau Manaaki has in all regions where it operates

Current Period 2023/24	Prior Period 2022/23	Change from prior period	Expected Trend	Note
18.9%	18.8%	→ 0.1%	Stable or Increasing Trend	4

This statement should be read in conjunction with the notes to the statement of service performance.



Statement of Service Performance for the year ended 30 June 2024

Reported in reference to the Whānau Manaaki Whāinga | Strategic Intentions

Whāinga Rima | Strategic Intention Five

Strengthen our capability and capacity as a Te Tiriti o Waitangi led organisation

- 5.1 *This whāinga is intended to encourage activities that result in increasing the level of te reo Māori used by our people.*
- 5.2 *The specific measure associated with this whāinga is the percentage of services using te reo Māori more than 11% of the time, as measured by the Ministry of Education.*

Percentage of services using te reo Māori more than 11% of the time

Current Period 2023/24	Prior Period 2022/23	Change from prior period	Expected Trend	Note
48.1%	34.9%	↑ 13.2%	Stable or Increasing Trend	5, 6

Notes to the Statement of Service Performance for the year ended 30 June 2024

Note 1 Diversified Services

Diversified in this context refers to any kindergarten offering full year, or full day sessions, or with some other special character. Examples of special character include where the programme is offered in a language other than English or where the kindergarten shares a location with another organisation like a community centre or marae.

Note 2 StoryPark

StoryPark is a web based application designed specifically to share tamariki teaching and learning experiences with parents and whānau. The adult or adults named on tamariki enrolment forms are invited to StoryPark and encouraged to access their child's learning stories.

Note 3 Professional Learning and Development

During the period most heavily impacted by the COVID-19 pandemic, WMK elected not to run our all staff conference and many third party PLD providers ceased to offer their courses. As these offerings account for a significant number of professional learning and development opportunities, there was a marked drop in the number of our people that could access what was available.

Note 4 Market Share - Territorial Local Authority (TLAs)

Reported TLAs: Carterton, Clutha District, Horowhenua, Kapiti Coast, Lower Hutt City, Masterton, Porirua, Ruapehu, South Wairarapa, Upper Hutt City, Wellington, Whanganui.

Note 5 Language Used - Territorial Local Authority (TLAs)

Reported TLAs: Carterton, Clutha District, Horowhenua, Kapiti Coast, Masterton, Porirua, Ruapehu, South Wairarapa, Upper Hutt City, Wellington, Whanganui.



Notes to the Statement of Service Performance for the year ended 30 June 2024

Note 6 Language Used - Caveat

Reported TLAs do not include Lower Hutt City as available data is not sufficiently granular to extract the two WMK kindergartens in the region. Inclusion of the Lower Hutt TLA would result in a significant over-reporting the number of services and impact the proportionality of language use.

The two omitted services do not represent a significant or material impact to the overall proportionality of the use of te reo Māori across WMK services.

All remaining TLAs capture exclusively WMK kindergartens.

Note 7 Judgements and Estimates made in Statement of Service Performance Reporting

In preparing the Statement of Service Performance for the year ended 30 June 2023, WMK has made a number of significant judgements about what information is presented, based on an assessment of what information would be most meaningful to support the understanding of those engaging with reporting for the purpose of assessing performance against the WMK Whāinga | Strategic Intentions.

Due to the diverse nature of WMK activities, decisions about what service performance information to present were made in consultation with the Governance Board and Senior Leadership. They were chosen to ensure a meaningful focus on what is most important to our members, those areas that may have collateral impacts for funding, and where the data available was reliably collected and already retained for operational monitoring purposes.

In consultation with the Governance Board and Senior Leadership, WMK has decided not to report a broader range of performance measures, at this time, as the data are not easily available, reliable or independently verifiable.



He Whānau Manaaki o Tararua
Free Kindergarten Association Incorporated

Financial Statements
for the year ended 30 June 2024

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2024

	Note	Year ended 30 June 2024 \$000s	Year ended 30 June 2023 \$000s
Revenue From Non-Exchange Transactions			
Ministry of Education Funding	4	66,729	58,092
Donations	5	597	508
Fundraising		305	256
Grants		274	155
Gain on Acquisitions	20	0	2,891
Other Revenue		3,800	4,144
Total Revenue From Non-Exchange Transactions		71,705	66,046
Revenue From Exchange Transactions			
Fees		3,732	3,491
Other Revenue		1,444	1,200
Interest Revenue		629	421
Total Revenue From Exchange Transactions		5,805	5,112
Total Revenue		77,510	71,158
Expenses			
Employee Benefits	6	65,567	56,636
Kindergarten Operating	8	5,073	4,400
Head Office Operating	7	2,734	2,452
Homebased Operating	9	597	605
Property		1,241	1,219
Community Support		1,313	1,583
Depreciation		2,373	2,253
Amortisation		53	53
Total Expenses		78,951	69,201
Total (Deficit)/Surplus for the Year		(1,441)	1,957
Other Comprehensive Revenue and Expenses		0	0
Total Comprehensive Revenue and Expenses		(1,441)	1,957

These financial statements should be read in conjunction with the notes to the financial statements.



Statement of Changes in Net Assets for the year ended 30 June 2024

	Retained Surplus	Asset Revaluation Reserve	Total Equity
Note	\$000s	\$000s	\$000s
Opening Balance at 1 July 2023	17,548	15,664	33,212
Deficit for the Year	(1,441)	0	(1,441)
Other Comprehensive Revenue and Expenses	<u>0</u>	<u>0</u>	<u>0</u>
Closing Equity at 30 June 2024	<u>16,107</u>	<u>15,664</u>	<u>31,771</u>
Opening Balance at 1 July 2022	15,591	15,664	31,255
Surplus for the Year	1,957	0	1,957
Other Comprehensive Revenue and Expenses	<u>0</u>	<u>0</u>	<u>0</u>
Closing Equity at 30 June 2023	<u>17,548</u>	<u>15,664</u>	<u>33,212</u>

These financial statements should be read in conjunction with the notes to the financial statements.

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



**Statement of Financial Position
as at 30 June 2024**

	Note	As at 30 June 2024 \$000s	As at 30 June 2023 \$000s
Current Assets			
Cash and Cash Equivalents	10	3,050	5,778
Receivables from Exchange Transactions	11	787	758
Receivables from Non-Exchange Transactions	11	2,212	1,973
Total Current Assets		6,049	8,509
Non-Current Assets			
Property, Plant and Equipment	12	29,869	30,091
Finance Lease Asset	16	1,111	1,164
Work in Progress		289	46
Total Non-Current Assets		31,269	31,301
Total Assets		37,318	39,810
Current Liabilities			
Employee Entitlements	14	4,221	4,800
Trade and Other Payables	13	603	365
Revenue in Advance		694	1,405
Other Liabilities		29	28
Total Current Liabilities		5,547	6,598
Net Assets		31,771	33,212
Equity			
Retained Surplus		16,107	17,548
Asset Revaluation Reserve		15,664	15,664
Total Equity		31,771	33,212

Signed as approved on behalf of the Board of He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated

Martin Robinson
Chair
7 October 2024

Amanda Coulston
Chief Executive
7 October 2024

These financial statements should be read in conjunction with the notes to the financial statements.



Statement of Cash Flow for the year ended 30 June 2024

		Year ended 30 June 2024	Year ended 30 June 2023
	Note	\$000s	\$000s
Cash Flow From Operating Activities			
Ministry of Education Funding		76,889	64,760
Other Receipts		10,414	10,611
Interest Receipts		629	421
Employee Benefit Payments		(66,277)	(54,680)
Supplier Payments		<u>(21,630)</u>	<u>(20,026)</u>
Net Cash Flow From Operating Activities	22.1	<u>25</u>	<u>1,086</u>
Cash Flow From Investing Activities			
Cash Acquired	20	0	1,135
Sale of Property, Plant & Equipment		42	16
Payment for Property, Plant & Equipment		<u>(2,795)</u>	<u>(2,381)</u>
Net Cash Flow used in Investing Activities		<u>(2,753)</u>	<u>(1,230)</u>
Net (Decrease) in Cash and Cash Equivalents		<u>(2,728)</u>	<u>(144)</u>
Cash and Cash Equivalents at the Start of the Year		5,778	5,922
Net (Decrease) in Cash and Cash Equivalents		(2,728)	(144)
Cash and Cash Equivalents at the End of the Year	10	<u>3,050</u>	<u>5,778</u>

These financial statements should be read in conjunction with the notes to the financial statements.



Notes to the Financial Statements for the year ended 30 June 2024

Note 1 Reporting Entity

The reporting entity is He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated ("WMK"). WMK is domiciled in New Zealand and is a charitable organisation registered under the Charities Act 2015. WMK was incorporated under the Incorporated Societies Act 1908 on 21 August 1984.

The financial statements of WMK are presented for the year ended 30 June 2024.

The reporting entity consists of the WMK Offices and its constituent kindergartens and the principal activity of WMK is the provision of Early Childhood Education. The financial statements have been prepared on the assumption that WMK is a going concern. They have been approved and were authorised for issue by the Board on 7 October 2024.

Note 2 Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards issued by the New Zealand Accounting Standards Board for Not-For-Profit entities. For the purpose of complying with NZ GAAP WMK is a public benefit not-for-profit entity and is applying Tier 1 Not-For-Profit PBE IPSAS as it has expenditure of more than \$33 million. The Board has elected to report and is compliant with Tier 1 Not-For-Profit PBE IPSAS Standards.

Note 3 Summary of Accounting Policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

3.1 Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for assets and liabilities acquired through business combinations which have been recorded at fair value.

3.2 Functional and Presentation Currency

The financial statements are presented in New Zealand dollars which is WMK's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

3.3 Use of Judgements and Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of WMK's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about judgements and estimates that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3.7	Financial Assets - Allowance for doubtful debts
Note 3.9	Property, Plant and Equipment - Depreciation
Note 20	Acquisitions - Fair value of assets and liabilities



Notes to the Financial Statements for the year ended 30 June 2024

Note 3 Summary of Accounting Policies (continued)

3.4 Business Combinations

WMK accounts for business combinations using the acquisition method when control is transferred to WMK. The acquisition method involves recognising at acquisition date the identifiable assets acquired and the liabilities assumed. The consideration transferred at the acquisition is measured at fair value, as are the identifiable net assets acquired. Any gain on acquisition is recognised in the surplus immediately and any transaction costs are expensed as incurred.

3.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to WMK and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Ministry of Education Funding

Ministry of Education Funding received for Kindergarten, Homebased or Playgroup services is recognised as earned by reference to actual enrolled child hours. Other funding received from the Ministry of Education is recognised as received except where "use or return" conditions are attached in which case a liability is recognised and extinguished to revenue when the conditions are met.

Donations and Fundraising

Donations and Fundraising are recognised as revenue on receipt as this is when the revenue is reliably measurable. Due to the difficulty in reliably determining the value of services donated by kindergarten volunteers, donated services are not recognised in these financial statements.

Grants

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to a grant have been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled. In the case where there is no return obligation specified the grant is recognised as revenue.

Revenue from exchange transactions

Fees

WMK provides Early Childcare Services for children over and above the 20 free hours provided by the Government. In this instance an additional fee is charged at an hourly rate. Fee revenue of this nature is recognised as incurred by reference to actual enrolled child hours.

Interest

Interest revenue is recognised as it accrues, using the effective interest rate method.



Notes to the Financial Statements for the year ended 30 June 2024

Note 3 Summary of Accounting Policies (continued)

3.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank accounts with entities where there is an insignificant risk of changes in value.

3.7 Financial Assets

WMK's financial assets include Cash and Cash Equivalents, Fee Receivables, Ministry of Education Funding Receivables and Trade and Other Receivables. Classification and measurement of WMK's financial assets has been determined by applying the sole payments of principal and interest ('SPPI') test and the business model test.

All WMK financial assets are classified as 'amortised cost' because the cashflows WMK is entitled to receive are limited to the agreed receivable amount. WMK does not have any financial assets classified as 'fair value through surplus or deficit' or 'fair value through comprehensive revenue and expenses'.

All receivables are initially recognised at the invoiced amount, or the amount entitled to be received under the relevant contract agreements and then this value is reduced by any allowance for doubtful debts. The level of doubtful debt allowance is based on expected credit losses which management determines with reference to past due dates. Receivables are considered doubtful when they become 60 days past due and any losses arising when a financial asset is derecognised is immediately recorded in the statement of comprehensive revenue and income.

3.8 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. If there is objective evidence that a financial asset or group of financial assets is impaired then any impairment losses are recognised in the surplus or deficit within the statement of comprehensive revenue and expenses. In the case where impairment losses are considered to have reversed, the amount of the reversal is recognised in the statement of comprehensive revenue and expenses, but only to the extent that impairment losses have been recorded in prior reporting periods.

3.9 Property, Plant and Equipment

Property, Plant and Equipment is reflected at modified historical cost less accumulated depreciation and impairment losses. Land, Buildings and Fitouts are carried at modified historical cost having previously been revalued by an independent valuer, last valued in 2005.

The cost of an item of Property, Plant and Equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to WMK and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Gains or losses on disposal of Property, Plant and Equipment (as determined by comparing proceeds of disposal with the carrying value of the asset) are recorded in the statement of comprehensive revenue and expenses. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to retained earnings.



Notes to the Financial Statements for the year ended 30 June 2024

Note 3 Summary of Accounting Policies (continued)

3.9 Property, Plant and Equipment (continued)

Depreciation is provided on all Property, Plant and Equipment with the exception of Land. Depreciation is provided on a straight line basis so as to write off the cost of an asset, less any expected residual value, over its useful life. The following straight line depreciation rates have been applied to Property, Plant and Equipment:

Buildings and Fitouts	2% to 8%
Motor Vehicles	22%
Office Equipment	3% to 19%
Computer Equipment	36%
Play Equipment	12% to 24%

The estimated useful lives and residual values of Property, Plant and Equipment, as well as depreciation rates, are reviewed at the end of each reporting period.

3.10 Asset Revaluation Reserve

The asset revaluation reserve was created when revaluations were last performed in 2005. It then increased with the addition of the asset revaluation reserve from the Rimutaka Kindergarten Association when the merger with Wellington Region Free Kindergarten Association occurred in 2014. On transition to PBE IPSAS, WMK elected to transition to a "deemed cost" basis of accounting for Land and Buildings. The asset revaluation reserve will be extinguished on disposal or retirement of the relevant assets and its use is not restricted. It may be used for any purposes intended by the Association.

3.11 Impairment of Property, Plant and Equipment

Property, Plant and Equipment are assessed for indicators of impairment at the end of each reporting period. If there is objective evidence that these assets are impaired then any impairment losses are recognised in the statement of comprehensive revenue and expenses. In the case where impairment losses are considered to have reversed the amount of the reversal is recognised in the statement of comprehensive revenue and expenses, but only to the extent that impairment losses have been recorded in prior reporting periods.

3.12 Financial Liabilities

Financial liabilities of WMK include Trade and Other Payables and Revenue in Advance.

Financial liabilities are recognised when WMK becomes a party to the contractual arrangements of the instrument and are measured at amortised cost. Financial liabilities are initially recognised at the invoiced amount or the amount entitled to be paid under the relevant contract agreements.

All interest related charges are recognised as finance expenses in the statement of comprehensive revenue and expenses.



Notes to the Financial Statements for the year ended 30 June 2024

Note 3 Summary of Accounting Policies (continued)

3.13 Employee Entitlements

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave and long service leave where it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits are recorded at nominal values. The value of provisions recognised reflect accrued entitlements at balance date calculated at the prevailing rates of pay.

3.14 Income Tax

WMK is a registered Charitable Trust. Inland Revenue has determined that WMK is exempt from paying Income Tax.

3.15 Goods and Service Tax (GST)

All items in the financial statements are recorded exclusive of GST, except for Receivables and Trade Payables which are recorded as inclusive of GST.

3.16 Changes In Accounting Policy

There have been no changes in accounting policy since the prior period.



Notes to the Financial Statements for the year ended 30 June 2024

	Year ended 30 June 2024 \$000s	Year ended 30 June 2023 \$000s
Note 4 Ministry of Education Funding		
Kindergarten Bulk Funding	64,000	55,430
Equity Funding	1,178	1,137
Homebased Funding	940	964
Targeted Funding For Disadvantage	326	303
Engaging Priority Families Funding	285	258
	<u>66,729</u>	<u>58,092</u>
Note 5 Donations		
Whānau Contributions	532	464
Other Donations	65	44
	<u>597</u>	<u>508</u>
Note 6 Employee Benefits		
Employee Salaries	62,423	54,617
Kiwisaver and GSF Employer Contributions	1,656	1,339
Other Employee Expenses	443	323
ACC Levies	432	303
Movement in Annual and Long Service Leave Liabilities	613	54
	<u>65,567</u>	<u>56,636</u>
Note 7 Head Office Operating		
Information Technology	931	853
Administration	611	561
Professional Development	707	510
Communication, Marketing & Community Events	169	237
Finance and Legal	146	173
Auditor Remuneration - Statutory Audit Only	55	54
Board Remuneration	49	41
Strategy and Relationships	11	0
Other Head Office Operating	55	23
	<u>2,734</u>	<u>2,452</u>

The auditor of He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated is Grant Thornton.



Notes to the Financial Statements for the year ended 30 June 2024

	Note	Year ended 30 June 2024 \$000s	Year ended 30 June 2023 \$000s
Note 8 Kindergarten Operating			
Cleaning and Waste		1,869	1,666
Resources and Equipment		1,019	849
Rent and Utilities		768	689
Insurance		391	322
Administration		288	258
Children's Activities		224	213
Fundraising Expenses		107	74
Other Kindergarten Operating Expenses		407	329
		<u>5,073</u>	<u>4,400</u>
Note 9 Homebased Operating			
Payments to Educators		390	419
Transport		102	98
Administration		88	82
Property and Equipment		8	3
Educator Training		9	3
		<u>597</u>	<u>605</u>
Note 10 Cash and Cash Equivalents			
Bank accounts and cash on hand		3,050	5,778
		<u>3,050</u>	<u>5,778</u>
Represented By			
Unrestricted Cash Balances		757	3,351
Ringfenced Kindergarten Fund Balances	22.2	2,293	2,427
		<u>3,050</u>	<u>5,778</u>
Note 11 Receivables			
Receivables from Exchange Transactions			
Fee Receivables		289	309
GST Receivable		498	449
		<u>787</u>	<u>758</u>
Receivables from Non-Exchange Transactions			
Ministry of Education Funding Receivable		1,605	1,756
Trade and Other Receivables		607	217
		<u>2,212</u>	<u>1,973</u>

Receivables are non-interest bearing and are normally settled on 30 day terms, therefore, the carrying value of receivables approximate their fair value.



Notes to the Financial Statements for the year ended 30 June 2024

Note 12 Property, Plant and Equipment

As at 30 June 2024	Land \$000s	Buildings and Fitouts \$000s	Motor Vehicles \$000s	Office Equipment \$000s	Computer Equipment \$000s	Play Equipment \$000s	Total \$000s
At Cost or Valuation							
Balance at 1 July 2023	5,583	37,012	1,145	1,440	1,376	3,965	50,521
Additions	0	1,356	86	92	172	456	2,162
Disposals	0	0	(141)	(3)	(101)	0	(245)
Balance at 30 June 2024	5,583	38,368	1,090	1,529	1,447	4,421	52,438

Accumulated Depreciation							
Balance at 1 July 2023		14,761	711	1,140	1,000	2,818	20,430
Depreciation Expense		1,360	130	122	257	504	2,373
Recovered on Disposals		0	(141)	(3)	(89)	(1)	(234)
Balance at 30 June 2024		16,121	700	1,259	1,168	3,321	22,569

Net Book Value							
Balance at 1 July 2023	5,583	22,251	434	300	376	1,147	30,091
Balance at 30 June 2024	5,583	22,247	390	270	279	1,100	29,869

As at 30 June 2023	Land \$000s	Buildings and Fitouts \$000s	Motor Vehicles \$000s	Office Equipment \$000s	Computer Equipment \$000s	Play Equipment \$000s	Total \$000s
At Cost or Valuation							
Balance at 1 July 2022	5,544	33,965	760	1,351	1,447	3,291	46,358
Acquired Assets	39	2,248	0	35	13	98	2,433
Additions	0	810	418	58	287	576	2,149
Disposals	0	(11)	(33)	(4)	(371)	0	(419)
Balance at 30 June 2023	5,583	37,012	1,145	1,440	1,376	3,965	50,521

Accumulated Depreciation							
Balance at 1 July 2022		13,477	653	1,022	1,087	2,340	18,579
Depreciation Expense		1,290	88	121	276	478	2,253
Recovered on Disposals		(6)	(30)	(3)	(363)	0	(402)
Balance at 30 June 2023		14,761	711	1,140	1,000	2,818	20,430

Net Book Value							
Balance at 1 July 2022	5,544	20,488	107	329	360	951	27,779
Balance at 30 June 2023	5,583	22,251	434	300	376	1,147	30,091



Notes to the Financial Statements for the year ended 30 June 2024

	Year ended 30 June 2024 \$000s	Year ended 30 June 2023 \$000s
Note 13 Trade and Other Payables		
Trade Payables	343	183
Accrued Expenses	260	182
	<u>603</u>	<u>365</u>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore, the carrying value of trade and other payables approximate their fair value.

Note 14 Employee Entitlements

Annual Leave Entitlements	2,975	2,363
Accrued Employee Salary Expenses	1,246	2,437
	<u>4,221</u>	<u>4,800</u>

All employee entitlements are current and short-term in nature.

Note 15 Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets at 30 June 2024 (30 June 2023: \$Nil).

Note 16 Finance Lease Asset - Johnsonville (Waitohi) Kindergarten

In 2017 WMK entered into an agreement with the Wellington City Council ("WCC") to sell Johnsonville Kindergarten at 6 Wanaka Street in exchange for a 25 year "rent free" lease on a new kindergarten in the Johnsonville Library complex. Settlement of the transaction occurred on commencement of the lease on 5 August 2019.

Accounting for the transaction involved the derecognition of WMK's 6 Wanaka Street property (and related asset revaluation reserve) and recognition of a "right to lease" asset in accordance with PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 13 Leases. The Finance Lease Asset is being depreciated on a straight-line over 25 years (the lease term) and it's value in the Financial Statements is:

Right of Use Asset at Fair Value (present value of minimum lease payments)	1,322	1,322
Accumulated Amortisation	(211)	(158)
Finance Lease Asset	<u>1,111</u>	<u>1,164</u>

Note 17 Leases

17.1 Leasing Arrangements

Most operating leases relate to office and kindergarten land and buildings with remaining lease terms of between 1 and 18 years. These lease agreements require WMK to pay contractual annual rent. Contingent rent is payable in relation to seven land leases WMK hold with the Wellington City Council. Rent for these leases are based on 1% of per annum kindergarten income. The amount of rent reflected in the Statement of Financial Performance for these leases is the contingent rent amount paid in the period.



Notes to the Financial Statements for the year ended 30 June 2024

	As at 30 June 2024 \$000s	As at 30 June 2023 \$000s
Note 17 Leases (continued)		
17.2 Operating Lease Rental Expenses		
Operating Lease Rental Expense for the Period	378	344
	<u>378</u>	<u>344</u>

17.3 Non-Cancellable Operating Lease Payments

The future aggregate minimum lease payments to be made under non-cancellable operating lease payments are as follows:

Not Longer Than 1 Year	472	310
Longer Than 1 Year and Not Longer Than 5 Years	1,505	308
Longer Than 5 Years	300	46
	<u>2,277</u>	<u>664</u>

Note 18 Related Party Transactions

18.1 Key Management Personnel

Key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures are the members of the Board and the Senior Leadership Team. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

Board

Total Remuneration	37	35
Number of Persons	13	13

Senior Leadership Team

Total Remuneration	952	892
Number of Persons	5	5

18.2 Remuneration and Compensation Provided to Close Family Members of Key Management Personnel

During the reporting period, total remuneration and compensation of \$1,219,401 (2023: \$1,090,140) was provided by WMK to employees who are close family members of key management personnel.

Note 19 Financial Instruments

Financial Assets Measured at Amortised Cost

Cash and Cash Equivalents	3,050	5,778
Receivables from Exchange Transactions	787	758
Receivables from Non-Exchange Transactions	2,212	1,973

Financial Liabilities Measured at Amortised Cost

Trade and Other Payables	603	365
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All financial instruments to which WMK is a party are recognised in the financial statements.



Notes to the Financial Statements for the year ended 30 June 2024

Note 19 Financial Instruments (continued)

WMK has policies in place to manage the risks associated with financial instruments. As an organisation WMK is risk adverse and seeks to minimise its exposure to financial instrument risk. There are no changes from the previous year in how WMK manages its credit risk, interest rate risk, liquidity risk and currency risk.

19.1 Credit Risk Management

In the normal course of business WMK incurs credit risk from trade and other receivables and transactions with banking institutions. WMK manages its exposure to credit risk by holding cash and cash equivalents with New Zealand registered banking institutions and maintaining credit control procedures over trade and other receivables.

WMK has no significant concentrations of credit risk, other than all its operations are undertaken in the Wellington, Wairarapa, Whanganui and Central Plateau. The maximum exposure at balance date is equal to the total amount of cash and cash equivalents and trade and other receivables disclosed in the Statement of Financial Position. WMK does not require any collateral or security to support financial instruments it holds due to the low risk associated with the realisation of these instruments.

19.2 Interest Rate Risk Management

WMK is exposed to interest rate risk on cash and cash equivalents held at fixed interest rates. WMK is not exposed to significant fair value or cash flow risks due to the organisations minimal use of fixed interest investments. A sensitivity analysis has not been performed on cash and cash equivalent interest received. As an organisation WMK has limited reliance on interest revenue to fund its activities and therefore movement would be immaterial.

19.3 Currency Risk Management

WMK manages its risk to foreign exchange rates by not entering into significant foreign currency transactions in the normal course of business.

19.4 Liquidity Risk Management

WMK manages its exposure to liquidity risk by maintaining sufficient cash levels to meet operating and capital commitments as they fall due, as well as keeping credit lines from registered New Zealand banking institutions available. WMK uses robust cash flow forecasting techniques to identify and monitor future liquidity risk.

WMK relies heavily on revenue provided by the Government to fund its operations. It is inherently exposed to liquidity risk through changes in Government policy that impact funds available to the Early Childhood Education Sector.

19.5 Carrying Amount

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

19.6 Capital Management

WMK's capital is significantly affected by changes in Early Childhood Education funding rates. The Board manages WMK's exposure to changes in Government funding by maintaining adequate liquidity within the organisation, closely monitoring costs, and maintaining a focus on developing other sources of revenue. The impact of funding rate changes or strategic decisions on forecast capital are assessed monthly using cashflow and capital modelling tools.



Notes to the Financial Statements for the year ended 30 June 2024

Note 20 Acquisitions

During the 2022/23 year members of Mount Cook Preschool Incorporated ("MCP") and South Otago Free Kindergarten Association Incorporated ("SOKA") resolved to transfer the operations of their services to WMK. The WMK Board ratified these decisions, meaning that on agreed dates both MCP and SOKA transferred all their assets, liabilities and contractual obligations to WMK for a nominal value of \$1.

The effective date of the MCP transfer was 1 November 2022 and the effective date of the SOKA transfer was 3 April 2023. The merger transactions were recorded in the 2022/23 financial statements and are included in the 2022/23 comparative results reported in the 2023/24 financial statements. The impact of the transactions was recorded in the Statement of Financial Position and the Statement of Comprehensive Revenue and Expenses as follows:

	MCP 1 Nov 2022 \$000s	SOKA 3 Apr 2023 \$000s	Total \$000s
Current Assets			
Cash and Cash Equivalents	47	1,088	1,135
Receivables from Exchange Transactions	3	23	26
Receivables from Non-Exchange Transactions	26	3	29
Total Current Assets	76	1,114	1,190
Non-Current Assets			
Property, Plant and Equipment	382	2,051	2,433
Total Non-Current Assets	382	2,051	2,433
Total Assets	458	3,165	3,623
Current Liabilities			
Employee Entitlements	0	90	90
Trade and Other Payables	2	134	136
Revenue in Advance	0	506	506
Total Current Liabilities	2	730	732
Net Assets/Gain on Acquisitions	456	2,435	2,891

Property, Plant and Equipment was transferred to WMK at fair value. This was determined by registered valuers from TrueBridge Partners Limited and Telfer Young (from CBRE) at the date of transfer. The carrying value of all other assets and liabilities were deemed as fair value at the transfer date. Depreciation on Property, Plant and Equipment has been calculated in line with depreciation policies set out in Note 3.9.



Notes to the Financial Statements for the year ended 30 June 2024

Year ended 30 June 2024	Year ended 30 June 2023
\$000s	\$000s

Note 21 Segment Reporting

The primary function of WMK is the provision of Early Childhood Education services in New Zealand. It does not operate in any other segment.

Note 22 Additional Cash Flow Statement Information

22.1 Reconciliation of Comprehensive Revenue and Expenses to Net Cash Flow From Operating Activities

Total Comprehensive Revenue and Expenses	(1,441)	1,957
(Increase)/Decrease in Current Assets		
Receivables	(268)	(1,994)
Increase/(Decrease) in Current Liabilities		
Employee Entitlements	(579)	2,140
Trade and Other Payables	238	17
Revenue in Advance	(711)	(108)
Other Liabilities	1	28
GST on Investing Activities	359	308
Adjustment for Non Cash Items		
Depreciation	2,373	2,253
Amortisation	53	53
Acquired Current Assets	0	55
Acquired Current Liabilities	0	(732)
Gain on Acquisitions	0	(2,891)
Net Cash Flow from Operating Activities	25	1,086



Notes to the Financial Statements for the year ended 30 June 2024

Note 22 Additional Cash Flow Statement Information (continued)

22.2 Restrictions on Cash and Cash Equivalents (continued)

Cash received from Grants is restricted for the purpose for which the grant was approved.

WMK maintains a record of funds ringfenced for specific kindergarten use. These funds include amounts donated and fundraised by communities for a specific kindergarten and purpose (kindergarten funds) as well as equity funding income allocated specifically for the use of an individual kindergarten. While ultimately these funds will be used for the benefit of the respective kindergarten there is no specific timeframe or obligation upon WMK to spend these funds. The following information provides details of ringfenced kindergarten funds at 30 June 2024:

	Kindergarten Funds	Targeted Funds	Grant Funds	Equity Funds	Total Funds
Kindergarten	\$	\$	\$	\$	\$
Adventure	10,715	0	0	0	10,715
Aramoho	430	7,504	500	10,328	18,762
Arohanui	15,320	895	0	3,881	20,096
Ascot Park	22,806	21,739	500	13,476	58,521
Awatea	17,517	1,077	220	23,853	42,667
Balclutha	13,784	561	3,755	439	18,539
Barsanti	3,528	8,587	0	13,478	25,593
Bellevue	26,417	0	0	0	26,417
Berhampore	3,296	16,633	228	0	20,157
Betty Montford	20,965	16,823	720	6,145	44,653
Birchville	28,773	0	0	0	28,773
Brian Webb	683	0	0	0	683
Brooklyn	6,800	0	1,976	0	8,776
Brown Owl	4,400	940	358	6,165	11,863
Campbell	23,027	0	493	0	23,520
Carterton	14,185	2,299	4,663	0	21,147
Central	2,889	82	0	5,410	8,381
Churton Park	9,606	0	500	0	10,106
Cottle	1	549	5,483	0	6,033
Discovery	13,673	0	0	0	13,673
Doris Nicholson	15,671	1,918	178	0	17,767
Durie Hill	5,583	1,371	0	0	6,954
East Harbour	7,918	0	4,625	0	12,543
Fanau Pasifika	20,798	13,373	500	58,469	93,140
Goldfields	16,527	0	250	1,432	18,209
Gonville	15,639	2	0	18,576	34,217
Greytown	7,622	2,264	6,254	0	16,140
Harriette Vine	3,408	49	500	0	3,957
Hataitai	75,125	0	1,000	0	76,125
Heretaunga	9,804	0	1,464	0	11,268
Irmgard Ritchie	14,654	0	245	0	14,899
Carried Forward Total	431,564	96,666	34,412	161,652	724,294

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated


Notes to the Financial Statements for the year ended 30 June 2024

Note 22 Additional Cash Flow Statement Information (continued)

22.2 Restrictions on Cash and Cash Equivalents (continued)

	Kindergarten Funds	Targeted Funds	Grant Funds	Equity Funds	Total Funds
Kindergarten	\$	\$	\$	\$	\$
Island Bay	14,713	0	0	0	14,713
Johnsonville West	16,678	874	500	0	18,052
Kahurangi	20,831	0	0	0	20,831
Karori	8,291	1,863	500	0	10,654
Katoa	1,597	5,298	500	53,203	60,598
Khandallah	37,190	0	1,000	0	38,190
Lansdowne	10,363	4,298	5,633	0	20,294
Lyall Bay	5,094	5,772	500	0	11,366
Manaia	8,090	1,185	1,000	1,352	11,627
Maraeroa	(8,898)	3,128	9,447	1,942	5,619
Marie McFarland	9,784	280	0	35,765	45,829
Martinborough	16,528	0	246	0	16,774
Masterton West	2,904	1,994	934	0	5,832
Matairangi	5,782	0	0	0	5,782
Matariki	2,804	0	0	0	2,804
Meta Riddiford	11,550	26,293	500	41,632	79,975
Milton	13,952	5,007	197	3,795	22,951
Miramar Central	15,185	0	268	0	15,453
Miramar North	26,794	0	500	0	27,294
Moira Gallagher	19,279	5,444	101	16,272	41,096
Mt Cook Preschool	9,244	3,326	287	8,084	20,941
Newlands	11,641	5	520	0	12,166
Ngahina	21,057	3,415	0	0	24,472
Ngaio	9,412	0	500	0	9,912
Northland	28,995	0	500	0	29,495
Nuanua	8,740	2,187	3,500	5,158	19,585
Ohakune	1,209	832	3,647	1,264	6,952
Onslow	22,499	0	282	0	22,781
Otaki	17,380	2,935	17,850	2,600	40,765
Owhiro Bay	3,999	0	2,000	0	5,999
Pakaraka	9,744	3,158	0	0	12,902
Papakowhai	9,089	0	0	0	9,089
Paparangi	23,035	0	500	0	23,535
Paraparaumu	10,522	0	500	0	11,022
Paremata	16,399	0	500	0	16,899
Paremata Creche	17,446	0	1,403	0	18,849
Parsons Ave	23,131	4,496	0	8,761	36,388
Petone	1,481	30	0	0	1,511
Petone Beach	4,629	0	0	0	4,629
Carried Forward Total	919,727	178,486	88,227	341,480	1,527,920



Notes to the Financial Statements for the year ended 30 June 2024

Note 22 Additional Cash Flow Statement Information (continued)

22.2 Restrictions on Cash and Cash Equivalents (continued)

	Kindergarten Funds	Targeted Funds	Grant Funds	Equity Funds	Total Funds
Kindergarten	\$	\$	\$	\$	\$
Piko Piko	5,038	0	0	0	5,038
Plimmerton	(8,458)	0	0	0	(8,458)
Poupoutunoa	13,636	0	516	1,093	15,245
Pukerua Bay	30,548	0	5,000	0	35,548
Putiki	5,912	2,492	0	0	8,404
Raumati Beach	21,413	0	575	0	21,988
Raumati South	12,198	0	514	0	12,712
Rosebank	32,632	0	0	1,824	34,456
Seatoun	4,549	0	150	0	4,699
Silverstream	11,593	0	0	0	11,593
South End	22,802	482	500	17,088	40,872
St Johns Hill	14,514	0	336	0	14,850
Strathmore Park	25,753	2,194	0	0	27,947
Sunshine	24,012	0	0	0	24,012
Tai Tamariki	41,819	0	500	0	42,319
Taihape	28,093	0	46	7,131	35,270
Tairangi	(2,579)	12,521	500	25,132	35,574
Taitoko	37,449	26,419	500	24,524	88,892
Tawa Central	3,363	0	500	0	3,863
Te Manawanui	6,673	6,904	340	41,435	55,352
Te O Newtown	2,095	179	1,015	0	3,289
Te Puna Ako Ki Totara Puku	24,094	112	5,095	0	29,301
Te Timatanga Hou	388	10,456	1,000	2,960	14,804
Titahi Bay	8,603	568	250	5,373	14,794
Toru Fetu	(25,857)	3,438	1,000	15,575	(5,844)
Totara Park	2,262	1,095	5,665	0	9,022
Trentham	1,089	1,642	360	0	3,091
Tui Park	6,956	5,796	2,923	11,835	27,510
Una Williams	(1,975)	4,741	315	2,374	5,455
Upper Hutt	2,220	1,849	500	0	4,569
Wadestown	17,297	0	321	0	17,618
Waikanae	5,833	0	2,000	0	7,833
Waionuru	1,544	0	499	6,726	8,769
Waitangirua	21,398	3,121	500	11,491	36,510
Waitohi	6,875	105	0	0	6,980
Wanganui East	1,749	153	500	22,581	24,983
Wellington South	12,068	4,067	0	0	16,135
York Street	14,029	14,864	880	0	29,773
	1,351,355	281,684	121,027	538,622	2,292,688

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated



Grant Funding

He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated wishes to acknowledge and thank those organisations that continue to give generously to our kindergartens. We rely heavily on grants from community organisations to keep our kindergartens well resourced and assist with their ongoing development and maintenance.

Your gifts are appreciated by us, our communities and most importantly those children who benefit from attending our kindergartens.

In the year to 30 June 2024 the following organisations contributed to our kindergartens:

Pelorus Trust	67,701	Terawhiti Trust	3,000
Thomas George MaCarthy Trust	51,500	Eastbourne-Bays Community Trust	2,840
Philipp Family Foundation	17,850	South Wairarapa District Council	2,500
Air Rescue Services Ltd	16,399	South Wairarapa Rotary Club	2,500
The Trusts Community Foundation	16,395	Warwick Anderson	2,500
Hutt Mana Charitable Trust	14,311	Clegg Family Charitable Trust	2,250
Trillian Trust	9,900	Kingston Sedgfield (NZ) Charitable Trust	2,107
Four Regions Trust	8,000	Eastern & Central Community Trust	2,000
Greytown Trust Lands Trust	6,023	The Vogelmorn Foundation	1,500
Alexander McMillan Trust	5,669	Waikanae Baptist Church	1,500
Clutha Valley School	5,000	The BRC Charitable Trust	1,255
Dunedin Casino Charitable Trust	5,000	M G Martin Charitable Trust	1,000
Four Winds Foundation	5,000	Masterton District Council	1,000
Wellington City Council	4,667	Balclutha Round Table	809
The Lion Foundation	4,500	Otago Masonic Charitable Trust	608
Trust House Foundation	4,500	Greater Wellington Regional Council	210
Carterton District Council	4,100	Waihikurangi Trust	75

Aku mihi nui ki a koe

Thank you

Independent Auditor's Report

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To the Board Members of He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements and statement of service performance of He Whānau Manaaki o Tararua Free Kindergarten Association Incorporated (the "Association") which comprise:

- a. the financial statements set out on pages 8 to 28, which comprise the statement of financial position as at 30 June 2024, and the statement of comprehensive revenue and expense, statement of changes in net assets, and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and
- b. the statement of service performance on page 3 to 7.

In our opinion, the accompanying financial statements and statement of service performance present fairly, in all material respects:

- a. the financial position of the Association as at 30 June 2024 and its financial performance and cash flows for the year then ended; and
- b. the service performance for the year ended 30 June 2024 in accordance with the Association's service performance criteria

in accordance with the Public Benefit Entity International Public Sector Accounting Standards (Not-for-profit) issued by the New Zealand Accounting Standards Board.

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 International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000 (Revised) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 interest in, the Association.



Other Information Other than the Financial Statements and Auditor's Report thereon

The Board are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and statement of service performance and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements and statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and statement of service performance, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and statement of service performance, or our knowledge obtained in the audit of otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

Responsibilities of Those Charged with Governance for the Financial Statements

Those charged with governance are responsible on behalf of the Association for:

- (a) the preparation and fair presentation of the financial statements and statement of service performance in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not-for-profit) issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not-for-profit); and
- (c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board on behalf of the Association are responsible for assessing the Association'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 those charged with governance either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 conducted in accordance with ISAs (NZ) 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 economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the service performance information, 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 the Association's internal control.
- 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 Association's internal control.

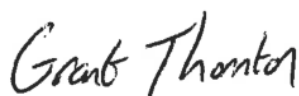
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association'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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and the service performance information, including the disclosures, and whether the financial statements and the service performance information represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with those charged with governance 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.

Restriction on use of our report

This report is made solely to the Association's Board members, as a body. Our audit work has been undertaken so that we might state to the Association's Board member, as a body, those matters which we are required to state to them in an 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 Association and its Board member, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



N Breckell

Partner

Christchurch

7 October 2024

WHĀNAU MANAAKI

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