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WHANGANUI COMMUNITY FOUNDATION INCORPORATED

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

Whanganui Community Foundation Inc

Annual Financial Statements for the year ended 31 March 2011

Consolidated Statement of Comprehensive Income for the Year ended 31st March 2011

Revenue	Note	2011	2010
Investment Income		2,700,351	6,392,071
less Investment Administration		-39,540	-36,207
Rent Received		31,391	23,291
Other Income		2,487	4,196
		<u>2,694,689</u>	<u>6,383,351</u>
Less Expenses			
Accident Compensation Levy		493	688
Advertising		5,589	5,718
Audit Fees		8,017	8,734
Communication		4,133	3,891
Consulting fees		3,036	394
Computer Expenses		3,184	993
Donations Management System		9,694	480
General Expenses		944	3,381
Insurance		3,650	3,500
Occupancy Costs		11,662	15,581
Printing and Stationery		3,637	2,070
Professional Development		4,892	2,958
Promoting Generosity	7	5,199	4,344
Subscriptions		3,000	3,178
Travelling Expenses		4,805	2,313
Trustees' Fees and Expenses		52,183	50,278
Wages and Salaries		131,364	123,689
Total Expenses		<u>255,482</u>	<u>232,190</u>
Net Surplus (Deficit) before depreciation		2,439,207	6151,161
Depreciation		5,077	3,544
Community Distributions			
Community Support		5,562	20,585
Donations	2	973,042	827,492
Less prior year grants cancelled or returned		(55,640)	0
Total Community Distributions		<u>922,964</u>	<u>848,077</u>
Net profit for the Year and total comprehensive income		<u>1,511,166</u>	<u>5,299,540</u>

Consolidated Statement of Changes in Equity for the Year ended 31st March 2011

2011	Revaluation Reserves	Retained earnings	Total Equity
Comprehensive Income		1,511,166	
Total movements in equity		1,511,166	
Equity at beginning of year	4,400,000	396,796	27,498,606
Equity at end of year	4,400,000	396,796	29,512,516

2010	Revaluation Reserves	Retained earnings	Total Equity
Comprehensive Income		5,299,540	
Total		5,299,540	
Equity at beginning of year	4,400,000	396,796	22,701,810
Equity at end of year	4,400,000	396,796	28,001,350

Consolidated Statement of Financial Position for the Year ended 31st March 2011

	2011	2010
Assets		
Current Assets		
Cash and Cash Equivalents		
- Westpac	126,620	143,712
- On Call Account	1001,838	1,027,130
- Term Deposits	5 1,780,000	1,780,000
Accrued Income	20,267	34,971
GST	4,864	4,841
WRPHO Loan	50,000	50,000
Database loan	25,000	16,080
Total Current Assets	3,008,589	3,056,734
Non Current Assets		
Property Plant and Equipment	6 588,876	586,115
Investments		
State Street Global Assets	5 23,556,052	21,502,981
Term Deposit	5 1,500,000	2,000,000
Bonds	5 5,695,191	5,748,891
WRPHO Loan	375,000	420,833
Total Non Current Assets	31,715,199	30,258,820
Total Assets	34,723,708	33,315,554
Liabilities		
Trust Funds Held		
Heart Fund	1,385	3,364
Youth Fund	18,000	18,000
Disaster Recovery Fund	51,717	51,717
Tindall Foundation		1,400
Total Trust Funds held	71,102	74,481
Current Liabilities		
Accounts Payable	26,740	33,091
Donations not yet uplifted	305,915	403,630
Accrued employee entitlements	10,639	6,206
Total Current Liabilities	343,294	442,927

Total Liabilities	414,396	517,408
Net Assets	34,309,312	32,798,146
Represented by Equity		
Capital	33,912,336	32,401,170
Property Revaluation Reserve	396,976	396,976
	34,309,312	32,798,146

Signed on Behalf of the Board

Trustee _____ Trustee _____

Date _____ Date _____

Consolidated Statement of Cashflows for the year ended 31 March 2011

	note	2011	2010
Cashflows from Operating Activities			
Cash was provided from			
Drawings from Term deposits		500,000	
Rent received		31,391	23,291
Other Income		2,487	4,196
Interest Payments		715,684	801,130
Loan Repayments		36,913	0
		1,286,475	828,617
This cash was used to			
Provide donations and community support		1,020,679	1,003,599
Purchase goods and services		244,780	207,782
Pay trustees honoraria		52,183	50,278
Trust funds paid		3,379	17,602
		1,321,021	1,279,261
Net cash outflow from investing activities			
Purchase fixed assets		7,838	5,723
Make loans			486,913
		7,838	492,636
Which resulted in an increase of cash of		(42,384)	(943,280)
Add cash at 1 April 2010		2,950,842	3,894,122
Closing cash balance		2,908,458	2,950,842

Notes to the Consolidated Financial Statements for the
Year Ended 31 March 2011

1. Summary of Significant Accounting Policies

Reporting Entity

The Whanganui Community Foundation Inc, is a Trust established pursuant to section 14(1) of the Trustee Banks Restructuring Act 1988. This Act has since been repealed and replaced by the Community Trusts Act 1999. Pursuant to the Act the Whanganui Community Foundation is incorporated under the Charitable Trusts Act 1957.

The Group consists of Whanganui Community Foundation Inc and its subsidiary Whanganui Charitable Foundation Ltd. The Whanganui Community Foundation Incorporated is a tax exempt entity pursuant to sCW44 of the Income Tax Act 2004.

The Whanganui Charitable Foundation Ltd is a limited liability company registered as a charitable entity under the Charities Act 2005 (CC21727)

The Foundation is a Public Benefit Entity which makes grants to qualifying not for profit entities in the Whanganui, Rangitikei, Waimarino and Southern Taranaki regions.

Accounting Policies

The measurement basis adopted is that of historical cost except for financial assets and liabilities which are recorded at fair value.

Statement of Compliance The consolidated financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZGAAP) as represented by the New Zealand equivalents to the international financial reporting standards (NZIFRS). For this purpose the incorporation has designated itself a public benefit entity. The financial statements comply with the international financial reporting standards issued by the International Accounting Standards Board.

Reliance is placed on the fact that the Foundation is a going concern. The Financial Statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993.

The Foundation's functional currency is New Zealand Dollars.

Basis of Preparation

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense. The estimates and associated 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 about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements are made by management in the application of NZ IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 9: Financial Assets and Liabilities.

Consolidated financial statements

The Consolidated Statements include the Foundation's wholly owned subsidiary, Whanganui Charitable Foundation Ltd.

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line by line basis. All balances and transactions between the Whanganui Community Foundation and Whanganui Charitable Foundation are eliminated on consolidation.

Cash Flow Statement

Cash comprises cash at bank and call deposits but does not include cash or deposits held by the Fund Managers. Therefore the Cash Flow Statement does not reflect the cash flows within the Fund Managers' portfolios.

Revenue - Dividends, Pooled Funds and Interest

Income from Pooled Funds is recognised on declaration date. Interest is recognised on an accrual basis.

Grants

Approval of a grant by Trustees results in the recognition of that grant within the Foundation's financial statements whether or not payment has been made.

Committed grants are payable on the satisfaction of any conditions placed on the recipients. Grants no longer required or not fully utilised by grant recipients are shown separately in the Income Statement.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, other short term highly liquid investments with original maturities of twelve months or less, which are held to meet short term cash requirements.

Property, Plant & Equipment

Property, Plant & Equipment are valued at cost, less accumulated depreciation and accumulated impairment losses except for Freehold land and buildings which are subsequently revalued on a cyclical basis, with no individual Land and Building being recognised at a valuation undertaken more than 3 years previously.

Valuations are at net current value, as determined by an independent valuer. Any revaluation surplus arising on the revaluation of an asset is transferred directly to the asset revaluation reserve. A revaluation deficit in excess of the asset revaluation reserve balance for the asset is recognised in the income statement in the period it arises. Revaluation surpluses which reverse previous revaluation deficits recorded in the income statement are recognised as revenue in the income statement.

Property, Plant & Equipment are reviewed annually to determine any impairment losses. Impairment losses are recognised in the Income Statement.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in the income statement and is calculated as the difference between the sale price and the carrying value of the item.

Depreciation, Amortisation and Impairment Losses

Depreciation is provided over the useful life of the assets. Buildings have not been depreciated as the impairment assessment is that there has been no impairment in value. Other Plant and Equipment are depreciated on a diminishing value basis. The rates used are those approved by Trustees as follows:

Land	Nil
Buildings	Nil
Office Equipment & Furniture	15% to 48%

There were no impairment allowances at year end

Foreign Currency Transactions and Balances

Foreign Currency transactions are recorded in New Zealand dollars at the spot exchange rate applying at the date of the transaction.

All amounts denominated in foreign currencies at balance date are translated to New Zealand dollars at the balance date closing exchange rate.

All realised and unrealised gains and losses on foreign currency transactions are recognised in the Income Statement.

Financial Assets

Financial instruments are recognised in the balance sheet when the Foundation becomes party to a financial contract. They include cash balances, investments, deposits, bank overdraft, bills payable, receivables, payables and intercompany balances.

All assets that are financial instruments are recognised in the Balance Sheet.

All investments are initially recognised at fair value, being the fair value of consideration paid. After initial recognition, financial assets designated at fair value through profit or loss are revalued to fair value at each reporting date.

For investments that are actively traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the Statement of Financial Position date.

All realised and unrealised gains or losses on investments are recognised in the Income Statement.

Investments in pooled funds are valued at the unit exit price determined by the Fund Manager at the close of business on the Balance Sheet date.

Investment transactions are recorded by Fund Managers on a transaction date basis.

Financial assets are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Foundation, as disclosed in Note 9.

The Foundation uses financial instruments to reduce exposure to fluctuations in foreign currency denominated assets. Forward exchange contracts are entered into to hedge foreign currency denominated assets. These are converted to the New Zealand dollar rate at balance date with all realised and unrealised gains and losses being recognised in the Statement of Financial Performance.

The Foundation ceases to recognise a financial asset when and only when the contractual rights to cash flows from the financial asset expire.

The nature of investments is that the value will fluctuate over time. The passive strategy of the Whanganui Community Foundation means that fluctuations will be in line with overall market movements. The value of global equities and bonds at 30 June 2011 was \$28,046,021 (2010, \$25,644,047)

Impairment

If the recoverable amount of an item of property, plant and equipment is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at historical cost is recognised as an expense in the income statement. When a revalued item is written down to recoverable amount, the write down is recognised as a downward revaluation to the extent of the corresponding revaluation reserve, and any balance recognised in the income statement.

The carrying amount of an item of property, plant and equipment that has previously been written down to recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down. The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to recoverable amount had not occurred.

Reversals of impairment write downs are accounted for as follows:

- On property, plant and equipment that are not revalued, the reversal is recognised in the income statement; and
- On revalued property, plant and equipment, the reversal is recognised as an upward revaluation.

There were no impairment allowances at year end

Taxation

The Income Tax Act 1994 provides exemption from income tax for Community Trusts established under the Trustee Banks Restructuring Act 1988. The amendment applied from the 2005 income year, and consequently no taxation has been provided for in these financial statements. The Whanganui Charitable Foundation Ltd is a limited liability company registered as a charitable entity under the Charities Act 2005 (CC21727)

Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis except for the amounts included for accounts receivable and accounts payable.

Accounts Receivable and Payable

Receivables and payables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts). All accounts receivable are considered to be receivable in full and therefore there has been no requirement to provide a provision for doubtful debts.

Employee benefits

Liabilities for annual leave, sick leave and long-service leave are accrued and recognised in the balance sheet.

Annual leave and sick leave are recorded at the undiscounted amount expected to be paid for the entitlement earned. For sick leave this is based on the unused entitlement accumulated at balance date and expected to be utilised in the future.

For long-service leave the liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

Changes in accounting policies

There have been no changes in accounting policies

2 Grants

	2011	2010
	\$	\$
Committed and Disbursed	874,937	654,122
Committed but unpaid	93,585	173,370
Grants cancelled	4,520	0
Total grants approved and committed this year	973,042	827,492

3 Trust Funds and Reserves**Trust Capital**

The Original Capital of the Foundation arose from the sale of shares in Trust Bank Limited. The Original Capital and the Capital Maintenance Reserve form the Trust Capital. Trustees have resolved to preserve the Trust Capital for the benefit of present and future generations. This is achieved by setting aside each

year sufficient sums from Reserves to increase the Trust Capital by the annual rate of inflation as measured by the Consumer Price Index and the rate of population growth in the region served by the Foundation.

Revaluation Reserves

The sole reserve is an amount of \$396,976 which arose on the revaluation of a building

4 Reconciliation of Reported Surplus to Cashflow from Operating Activities

	Group 2011	Group 2010
	\$	\$
Surplus / (Deficit) for the Year	1,511,166	5,299,540
Add (Less) Non Cash Items		
Depreciation	5,077	3,544
Changes in Investment Values	(1,499,371)	(5,643,412)
	16,870	(340,328)
Working Capital Movements		
(Increase) decrease in Accounts Receivable	14,681	50,507
Increase (decrease) in Accounts Payable	(1,918)	12,293
Increase (decrease) in Donations not yet Uplifted	(97,715)	(155,522)
Increase (decrease) in Trust Funds held	(3,379)	(17,602)
	(88,331)	(110,323)
Fixed Asset Movements		
(Increase) decrease in Fixed Assets	(7,838)	(5,723)
(Increase) decrease in loans	36,913	(486,913)
Net Cash Inflow (Outflow) from Operating Activities	(42,384)	943,288

5 Investments

The Statement of Investment Policies and Objectives states:

3.1 Given the objectives and nature of the Foundation the capital base will be invested based on the following long-term benchmark allocation and will generally be maintained within the ranges indicated. The benchmark and ranges will be reviewed as circumstances change and will be reassessed as appropriate.

3.2 The assets shall be invested according to the following table:

Long-term investment strategy (including cash holdings)		
Asset class *	Benchmark allocation	Allowable range
Overseas shares	67%	57% to 77%
NZ bonds and cash	33%	23% to 43%

The following were the allocations as at balance date:

	2011	%	Allocation
Global Equities	23,556,052	72.4	57% to 77%
Bonds and Term Deposits	8,975,191	27.6	23% to 43%
	32,531,243	100.0	

	2010	%	Allocation
	\$		
Global Equities	21,502,981	67.1	57% to 77%
Bonds and term Deposits	10,556,021	32.9	23% to 43%
	32,059,002	100.0	

6 Property, Plant & Equipment

2011	Cost	Depreciation	Revaluation	Accumulated Depreciation	Book Value
Land and Buildings	173,024	0	396,976	0	570,000
Office Equipment and Furniture	93,026	5,077	0	74,150	18,876
	266,050	5,077	396,976	74,150	588,876

2010	Cost	Depreciation	Revaluation	Accumulated Depreciation	Book Value
Land and Buildings	173,024	0	396,976	0	570,000

Office Equipment and Furniture	86,338	3544		70223	16,115
	259,362	3,544	396,976	70,223	586,115

Reconciliation of Carrying value of assets.

	2011	2010
Book value at 1 April 2010	586,115	583,938
Plus additions	7,838	5,721
+Depreciation written back	0	0
Revaluations	0	
Less depreciation	5,077	3,544
Book value at 31 March 2011	588,876	586,115

Valuation

The freehold land and buildings was revalued at 31 March 2009 at fair value as determined by an independent registered valuer, K D Pawson, of the firm Morgans Property Advisers. All values were determined directly by reference to observable prices in an active market.

7. Promoting Generosity

The Trustees believe that promoting the giving of time, money and spirit are important in a strong community and use resources to achieve this purpose. Resources were spent as follows:

	2011	2010
Other expenses	5,199	4,344
	5,199	4,344

8. Related Party Information

The Trustees are key management personnel of the Foundation as defined by NZ IAS 24: Related Party Disclosures. As the Trustees are not employees of the Foundation, they do not receive short term employee benefits, post employment benefits, other long term benefits, or termination benefits. Trustees are appointed by the New Zealand Government and remunerated at rates set by the Government. These rates were last set in June 2002. During the year Trustees received honoraria and meeting fees as follows:

	2011	2010
		\$
Graham Adams	4,375	4,375
Prue Anderson	7,326	6,066
Philippa Baker-Hogan	3,850	1,675
Caryl Blomkvist	4,275	1,675
Bob Dempsey	0	1,675
Pam Erni	3,775	3,350
Jim Farley	0	1,675
Sally Sisson	3,850	2,825
Cherryl Smith	575	2,825
Richard Thompson	13,000	10,920
Esther Tinirau	0	2,000
Graham Wood	6,175	5,606
Total	47,201	44,667

The Whanganui Community Foundation received no funding from its subsidiary during the year. The amount outstanding at balance date was \$692,233 (2010; \$1,649,275) which is payable by the Whanganui Community Foundation to the Whanganui Charitable Foundation. There are no fixed terms for repayment.

The Whanganui Community Foundation paid \$480 to Claire Timpany M.CGD for design services. Claire Timpany is the daughter of Judith Timpany who is CE of the Whanganui Community Foundation

No related party debts have been written off or provided for as doubtful.

9 Key Personnel Compensation

	Group		Parent	
	2011	2010	2011	2010
	(\$000)	(\$000)	(\$000)	(\$000)
Salaries	111	111	111	111
Trustee Fees	47	45	47	45
Pension fund contributions	4	4	4	4
Total Compensation	162	160	162	160

10 Loans

A loan has been made to the Whanganui Regional Primary Health Authority. In accordance with policy the loan is secured and regular monthly payments are made. The loan is at a concessionary interest rate and the difference between the required rate of 6% and the concessionary rate is accounted for as a donation with interest foregone being added back to income.

The Whanganui Community Foundation is currently part of a consortium developing a Grants Management System. Payments for the building of the system currently show as a loan. Once completed the amount will convert to a share of the value of the system.

11 Financial Instruments

Risks arising from the Foundation's financial assets and liabilities are inherent in the nature of the Foundation's activities, and are managed through an ongoing process of identification, measurement and monitoring. The Foundation is exposed to credit risk, liquidity risk, and market risk (including currency, interest rate and pricing risks).

The Foundation's income is generated from its financial assets. Liabilities which arise from its operations are met from cash flows provided by these assets. Information regarding the fair value of assets and liabilities exposed to risk is regularly reported to the Foundation's management, the Foundation's Investment Audit and Compliance Committee and ultimately to the Board of Trustees. The Investment Portfolio is regularly rebalanced to ensure that asset classes remain within the Strategic Asset Allocation set out in the Foundation's Statement of Investment Policy and Objectives (SIPO).

The SIPO sets out the Foundation's investment objectives. These can be summarised as:

- to ensure that the investment fund is invested prudently;
- to provide inter-generational equity with regard to distribution levels over time;
- to ensure that money is available for distribution, as required, to meet the needs and distribution policies of the Foundation;
- to maintain the value of the investment fund's capital base in real terms and to grow such capital value at a level equal to the population base growth of the region. Real in this context relates to the changes in the Consumer Price Index (CPI);

The Investment Portfolio

The Foundation manages its Investment Portfolio in terms of its SIPO. The SIPO is monitored on a regular basis by the Board of Trustees and, as required, amended to reflect international best investment practice. The Portfolio's strategic asset allocation is reviewed at three yearly intervals. The strategic asset allocation was last reviewed in 2007. Michael Chamberlain and Associates assists both management and Trustees with investment advice and portfolio monitoring.

Portfolio Characteristics

The Foundation is not directly involved with the analysis, sale or purchase of individual asset securities other than bonds and term deposits. Investments are made into either pooled funds or segregated accounts with Fund Managers. The performance of each asset class is measured against an appropriate internationally accepted standard or index for each asset class.

Global Equities:

This portfolio is measured against the MSCI World Indices, and is 50% hedged back to New Zealand Dollars.

New Zealand Bonds:

The New Zealand Bond Portfolio is managed in house. The Investment Guidelines provide strict limits on the underlying investment categories, along with credit and duration restrictions. The portfolio is measured against the NZX Government Stock Index.Cash:

The Cash Portfolio is managed in house. The investment guidelines places limits on the underlying investment categories, along with credit and duration restrictions. The portfolio is measured against the NZX 90 day bank bill index.

The Statement of Investment Policies and Objectives sets out the following risks and mitigations:

Risk	Definition	Foundation's Management Policies
Interest rate risk	The risk that the value of a security, particularly a bond, will temporarily decrease in value as a result of a rise in interest rates.	Bonds are generally held to maturity. Such temporary decreases are therefore unrealised. Bond holdings are to the extent practical diversified by maturity date. The cash levels are set to minimise the potential needs to realise a bond to meet distribution needs.
Re-investment risk	The risk that interest, or dividends, received from an investment may not be able to be re-invested in such a way that they earn the same rate of return, or more, as the investment that generated them. Also, that at the time an investment matures, interest rates have fallen preventing the capital to be re-invested at the same yield	Bonds are structured to maximise diversification by duration and minimise the level of investments that mature at any point in time. New investments can be deferred if interest rates are low.
Default Risk	The possibility that an issuer of a bond will fail to make a principal and/or interest payment in a timely manner on the due date.	Bond investments are restricted to investment grade or better, or the equivalent. Investments are diversified over a range of companies, industries and maturities. Exposure to any one issuer is limited.
Currency Risk	The risk that changes in exchange rates will reduce the value of the assets.	Currency risks from shares are generally hedged, within controlled limits under the currency management policy.
Inflation Risk	The risk that inflation increases the size of the requests for distribution. The risk that a high level of inflation makes unexpected significant demands for capital base increases.	Part of the assets are invested in shares that provide a natural hedge against inflation. The Foundation looks to regularly increase the capital base over time to maintain it in real terms.
Market volatility	The risk that the investments will decrease in value with general market movements over the short term.	Investments are diversified across the asset classes, countries, industries and companies. Cash holdings are set to limit the need to realise assets and therefore market volatility does not impact on short-term distribution. The reserving policy helps minimise the impact market volatility on the distribution policy. The reserves of the Foundation above the 29% threshold are invested in cash/bond assets. Cash holdings are increased as opportunities arise to ensure that assets need not be sold for distribution.
Market downturn risk	The risk that the markets suffer a severe and prolonged periods of negative performance.	Cash and bond assets are held to ensure that distributions can be maintained short-term. Assets are diversified across the asset classes and across the economic regions of the world. The Foundation seeks specific independent advice on the market outlook as required, but at least annually.

Manager Risk	The risk that the discretionary active decisions of a single manager prove to be wrong or that the manager fails.	Where discretionary decisions are delegated, a specific mandate documents their application. The exposure to any single manager is limited. An index approach is adopted for overseas shares. Assets are held separate to the manager's own assets under trust.
Timing Risk	The risk that investments are made as the market is about to fall, or sold as the markets are about to rise.	Money is moved into new investments or volatile assets classes over time in multiples typically no more than 5%.

The credit quality of Foundation's New Zealand Bond portfolio is managed by the Foundation using Standard & Poor's rating categories.

NZ Bonds and Term Deposits	AAA to A	A+to A-	BBB	NR	2011	2010
Corporate Bonds	27%	41%	14%	18%	5,695,191	5,748,891
Term Deposits	100%				3,280,000	3,780,000

Hedging:

Hedging is managed by State Street Global Advisors under the following guidelines:

The ideal currency hedged position, solely from a return point of view, is to be unhedged when the NZ dollar is depreciating and to be hedged when it is appreciating. The Foundation's policy looks to set the actual hedging level relative to that shown below:

Currency level relative to the long-term average level	Medium term trend/momentum	
	Upwards	Downwards
Above +2 standard deviations	50% hedging	25% hedging
+1 to +2 standard deviations	50% hedging	25% hedging
0 to +1 standard deviations	63% hedging	25% hedging
-1 to 0 standard deviations	75% hedging	37% hedging
-2 to -1 standard deviations	75% hedging	50% hedging
Below -2 standard deviations	75% hedging	50% hedging

Liquidity Risk

Liquidity Risk is the risk that the Foundation will encounter difficulties in meeting the obligations associated with its financial liabilities. This risk is managed through the Foundation's investment in a diversified portfolio of financial assets.

The Foundation's investment portfolio during the year under review consisted of only listed securities which under normal market conditions are readily convertible to cash. In addition the Foundation maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Foundation's financial liabilities comprise trade and other payables, and committed but unpaid grants.

At balance date, all trade and other payables were current, and are normally settled on the 20th of the month following invoice date.

Committed but unpaid grants are held as current liabilities pending the satisfaction of conditions under which the grant was made. At balance date Committed but unpaid Grants totalled \$305,915. These committed but unpaid grants had the following profile:

Financial Year Approved	Number of Grants Outstanding	Value \$
2006	1	182,050
2009	1	10,000
2010	2	20,280
2011	6	93,585
Total		305,915

Committed but unpaid grants at 31 March 2010 had the following profile:

Financial Year Approved	Number of Grants Outstanding	Value \$
2006	1	187,700
2007	2	25,000
2009	4	17,200
2010	24	173,730
Total		403,630

12 Capital Commitments and Contingent Liabilities

\$25,000 has been capitalised as a loan for the development of a grants management system in conjunction with 11 other community trusts. This loan will be converted into shares in a limited partnership. (2010 \$25,000)

13 Material Events after balance date

There were no material events after balance date which required adjustment to the Financial Statements for the year ended 31 March 2011 (2010 Nil).

SILKS AUDIT

Chartered Accountants



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New Zealand

INDEPENDENT AUDITORS REPORT

To the Trustees of Whanganui Community Foundation Incorporated ("The Foundation")

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www.silksaudit.co.nz

Report on the consolidated financial statements

We have audited the consolidated financial statements of Whanganui Community Foundation Incorporated on pages 5 to 27 which comprise the consolidated statement of financial position as at 31 March 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustee's Responsibility for the consolidated financial statements

The Trustees are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Trustee's determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in the Foundation or its subsidiary.

Opinion

In our opinion the consolidated financial statements present give a true and fair view of the financial position of Whanganui Community Foundation Incorporated as at 31 March 2011, and of its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Silks Audit
Chartered Accountants
Wanganui, New Zealand

Date: 18 July 2011