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WHANGANUI COMMUNITY FOUNDATION INCORPORATED

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

Whanganui Community Foundation Inc

Consolidated Statement of Comprehensive Income
For the Year ended 31st March 2009

REVENUE	Note	2009	2008
Other Income		3,714	6,021
Rent Received		30,300	23,777
Investment Income		(5,802,755)	(1,557,077)
Less Investment Administration		(35,033)	(51,260)
Less Brokerage		0	(10,232)
Total Income (Deficit)		(5,803,774)	(1,588,771)
Less Expenses			
Accident Compensation Levy		567	702
Advertising		8,851	9,534
Audit Fees		7,929	7,843
Communication		4,058	4,641
Consulting Fees		16,866	3,909
Computer Expenses		389	1,255
Donations Management System		7,129	0
General Expenses		2,629	4,129
Insurance		4,375	3,555
Occupancy Costs		6,283	8,472
Printing and Stationery		2,838	2,073
Professional Development		9,431	3,345
Promoting Generosity	7	10,750	28,835
Subscriptions		3,476	3,000
Travelling Expenses		1,997	1,345
Trustees Fees and Expenses		59,295	47,144
Wages & Salaries		117,805	115,417
Total Expenses		264,668	245,199
Net Surplus / (Deficit) Before Depreciation		(6,068,442)	(1,833,970)
Less Depreciation Adjustments			
Depreciation		4,086	5,416
		<u>4,086</u>	<u>5,416</u>
COMMUNITY DISTRIBUTIONS			
Community Support		3,986	18,229
Donations	2	1,080,850	1,207,452
Less Prior Year Grants Cancelled or Returned		(13,521)	(500)
Total Community Distributions		<u>1,071,315</u>	<u>1,225,181</u>
NET SURPLUS (DEFICIT) FOR THE YEAR		<u>(7,143,843)</u>	<u>(3,064,567)</u>

NOTE: This statement is to be read in conjunction with the Notes to the Financial Statements.

Whanganui Community Foundation Inc

Consolidated Statement of Changes in Equity For the Year ended 31st March 2009

	Note	2009	2008
EQUITY AT START OF YEAR		34,672,449	37,737,016
Net Surplus / (Deficit) excluding building revaluation		(7,143,843)	(3,064,567)
Total Income and expenses recognised for the year		(7,143,843)	(3,064,567)
Property Revaluation Reserve Movement	3	(30,000)	0
EQUITY AT END OF YEAR		<u>27,498,606</u>	<u>34,672,449</u>

NOTE: This statement is to be read in conjunction with the Notes to the Financial Statements.

Whanganui Community Foundation Inc

Consolidated Balance Sheet for the Year ended 31st March 2009

	Note	2009	2008
ASSETS			
Current Assets			
Cash and Cash Equivalents			
- Westpac Trust		147,639	81,995
- On Call Account		1,526,491	705,511
- Term Deposits	5	2,220,000	3,000,000
Accrued Income		87,445	88,963
GST		2,874	4,039
Total Current Assets		<u>3,984,449</u>	<u>3,880,508</u>
NON CURRENT ASSETS			
Property, Plant & Equipment	6	583,936	618,024
INVESTMENTS			
State Street Global Assets	5	16,244,947	23,014,555
Term Deposit	5	2,000,000	2,600,000
Bonds	5	5,363,513	5,386,903
Total Non Current Assets & Investments		<u>23,608,460</u>	<u>31,619,482</u>
TOTAL ASSETS		<u>28,176,842</u>	<u>35,499,990</u>
LIABILITIES			
Trust Funds Held			
Heart Fund		4,866	6,300
Youth Fund		51,717	51,717
Disaster Recovery Fund		20,500	20,500
Tindall Foundation		15,000	13,500
TOTAL TRUST FUNDS HELD		<u>92,083</u>	<u>92,017</u>
CURRENT LIABILITIES			
Accounts Payable		21,461	29,052
Donations Not Yet Uplifted		559,152	697,521
Accrued employee entitlements		5,540	8,951
Total Current Liabilities		<u>586,153</u>	<u>735,524</u>
TOTAL LIABILITIES		<u>678,236</u>	<u>827,541</u>
NET ASSETS		<u>27,498,606</u>	<u>34,672,449</u>
Represented by : EQUITY			
Capital		27,101,630	34,245,473
Property Revaluation Reserve		396,976	426,976
TOTAL EQUITY		<u>27,498,606</u>	<u>34,672,449</u>

Signed on Behalf of the Board

Trustee _____

Trustee _____

Date _____

Date _____

NOTE: This statement is to be read in conjunction with the Notes to the Financial Statements.

WHANGANUI COMMUNITY FOUNDATION INC
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009	2008 \$
Cashflows from Operating Activities			
Cash was provided from:			
Drawings from Fund Managers		0	3,000,000
Drawings from Term Deposits		600,000	400,000
Rent Received		30,300	23,777
Other Income		3,714	6,021
Interest payments		991,759	781,303
Donations Received for Specific Trust		22,000	22,000
		<u>1,647,773</u>	<u>4,233,101</u>
 This cash was used to :			
Provide Donations and Community Support		1,209,684	1,559,160
Purchase Goods and Services		250,244	253,222
Pay Trustees Honoraria		59,295	47,144
Trust Funds Paid		21,934	25,105
Purchase of Bonds and Term Deposits		0	3,584,586
		<u>1,541,157</u>	<u>5,469,217</u>
 Net Cash Inflow (Outflow) from Operating Activities	4	106,616	(1,236,116)
 Cashflows from Investing Activities			
Cash was Investment in :			
Net Purchase of Fixed Assets		0	7,799
 Net Cash Inflow (Outflow) from Investing Activities		0	(7,799)
 Which resulted in an increase (decrease) in cash of :		106,616	(1,243,915)
Add cash as at 1 April 2008		<u>3,787,506</u>	<u>5,031,421</u>
 Closing Cash Balance		<u>3,894,122</u>	<u>3,787,506</u>

The notes to the Financial Statements are to be read in conjunction with this Consolidated Statement of Cashflows.

**Notes to the Consolidated Financial Statements for the
Year Ended 31 March 2009**

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.

In December 2002 the New Zealand Accounting Standards Review Board announced that New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) will apply to all New Zealand entities for financial reporting periods commencing on or after 1 January 2007.

The financial statements of the Foundation for the year ended 31 March have been prepared in accordance with and comply with the International Financial Reporting Standards.

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%

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.

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.

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.

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).

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

	2009	2008
	\$	\$
Committed and Disbursed	728,698	838,452
Committed but unpaid	352,152	369,000
Total grants approved and committed this year	1,080,850	1,207,452

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 2009	Group 2008
	\$	\$
Surplus / (Deficit) for the Year	(7,143,843)	(3,064,553)
Add (Less) Non Cash Items		
Depreciation	4,088	5,416
Changes in Investment Values	6,792,996	2,150,682
	(346,759)	(908,455)
Working Capital Movements		
(Increase) decrease in Investments	600,000	0
(Increase) decrease in Accounts Receivable	2,680	13,808
Increase (decrease) in Accounts Payable	(11,002)	(4,385)
Increase (decrease) in Donations not yet Uplifted	(138,369)	(333,979)
Increase (decrease) in Trust Funds held	66	(3,105)
	453,375	(327,661)
Net Cash Inflow (Outflow) from Operating Activities	(106,616)	(1,236,116)

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:

	2009	%	Allocation
	\$		
Global Equities	16,244,947	62.90	57% to 77%
Bonds and Term Deposits	9,583,513	37.10	23% to 43%
	25,828,460	100.0	

	2008	%	Allocation
	\$		
Global Equities	23,014,555	67.7	57% to 77%
Bonds and term Deposits	10,986,903	32.3	23% to 43%
	34,001,458	100.0	

6 Property, Plant & Equipment

2009	Cost	Depreciation	Revaluation	Accumulated Depreciation	Book Value
Land and Buildings	173,024	0	396,976	0	570,000
Office Equipment and Furniture	75,138	4,086	0	61,202	13,936
	248,162	4,086	396,976	61,202	583,936

2008	Cost	Depreciation	Revaluation	Accumulated Depreciation	Book Value
Land and Buildings	173,024	0	426,976	0	600,000
Office Equipment and Furniture	76,940	5,416	0	58,916	18,024
	249,964	5,416	426,976	58,916	618,024

Reconciliation of Carrying value of assets.

	2009	2008
Book value at 1 April	618,024	615,639
Plus additions	0	7,801
+Depreciation written back	0	0
Revaluations	(30,000)	0
Less depreciation	4,086	5,416
Book value at 31 March	583,938	618,024

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:

	2009	2008
Salaries	3,625	20,800
Other expenses	7,125	8,035
Total	\$10,750	\$28,835

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:

	2009	2008
	\$	\$
Graham Adams	3258	0
Prue Anderson	6696	4,898
Bob Dempsey	3875	3,175
Pam Erni	4049	3,525
Jim Farley	4225	3,175
Kate Joblin	0	1,678
Sally Sisson	4450	4,275
Cherryl Smith	3175	1,983
Richard Thompson	11800	11,176
Nancy Tuaine	4000	2,825
Di Valentine	617	3,350
Graham Wood	6242	4,850
Total	52,387	44,910

13 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 Index, 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	2009	2008
Corporate Bonds	27%	41%	14%	18%	5,571,088	5,386,903
Term Deposits	100%				4,220,000	5,600,000

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 \$697,521. These committed but unpaid grants had the following profile:

Financial Year Approved	Number of Grants Outstanding	Value \$
2006	1	197,000
2007	1	10,000
2009	22	352,152
Total		559,152

Committed but unpaid grants at 31 March 2008 had the following profile:

Financial Year Approved	Number of Grants Outstanding	Value \$
2005	1	3,000
2006	3	215,000
2007	3	100,521
2008	8	379,000
Total		697,521

11 Capital Commitments and Contingent Liabilities

Other than committed grants, the Foundation has no other capital commitments or contingent liabilities (2008 Nil).

12 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 2009 (2008 Nil).

13 Whanganui Regional PHO - Loan

The Foundation has approved a loan of \$500,000 to Whanganui Regional PHO subject to certain conditions being met. The Loan has not yet been uplifted at balance date.

SILKS
Chartered Accountants

AUDIT REPORT

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

We have audited the financial report on pages 5 to 8 and 11 to 23. The financial report provides information about the past financial performance of the Foundation and Group and its financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 11 to 15.

This report is provided solely for your exclusive use and solely for the purpose of expressing an opinion on the financial statements for the year ended 31 March 2009. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence.

Board of Trustees' Responsibilities

The Board of Trustees is responsible for the preparation of a financial report which gives a true and fair view of the financial position of the Foundation and Group as at 31 March 2009 and of the results of operations and cash flows for the year then ended.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial report presented by the Board of Trustees and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Board of Trustees in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Foundation and the Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

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

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Foundation as far as appears from our examination of those records; and
- the financial report on pages 5 to 8 and 11 to 23
 - complies with generally accepted accounting practice;
 - complies with International Financial Reporting Standards; and
 - gives a true and fair view of the financial position of the Foundation and Group as at 31 March 2009 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 17 August 2009 and our unqualified opinion is expressed as at that date.

Silks
Chartered Accountants
Wanganui