

**SECOND NATURE CHARITABLE TRUST**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 March 2021**

## **SECOND NATURE CHARITABLE TRUST**

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**FOR THE YEAR ENDED 31 MARCH 2021**

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## **SECOND NATURE CHARITABLE TRUST**

### **DIRECTORY**

#### **FOR THE YEAR ENDED 31 MARCH 2021**

Settlor	Sir Barry Curtis
Date Settled	2 October 2000
Trustees	John Bongard ONZM - Chairman Sir Noel Robinson KNZM (resigned 9 June 2020) Emma Lewisham Chelsea Herbert Martin Cooper Jeremy Hay Tori Ngataki Walter Fraser Sky Cai Mark Robinson
Chief Executive Officer	David Comery
Solicitors	Denham Bramwell Lawyers Auckland
Bankers	BNZ Bank Auckland
Address	770 Great South Road Manukau City
Accountants	RSM New Zealand (Auckland) Highbrook
Auditors	RSM Hayes Audit
Registered Charity Number	CC10294

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
<i>Exchange revenue</i>			
Sponsorship recognised	8	568,225	600,000
Interest		145	163
Trading Income		3,069,594	6,396,879
Sundry Income	12	62,595	18,671
		<u>3,700,559</u>	<u>7,015,713</u>
<i>Non-exchange revenue</i>			
Grants recognised	8	192,484	147,742
RFA Service Contract	9	376,723	365,750
Sundry Income	12	489,469	20,488
		<u>1,058,676</u>	<u>513,492</u>
<b>TOTAL REVENUE</b>		<b><u>4,759,235</u></b>	<b><u>7,549,693</u></b>
Direct Costs for trading		1,208,965	2,758,531
Direct Costs for trading – employee benefits		478,757	629,379
Employee benefits		1,518,604	1,619,429
Depreciation	3	2,581,861	2,592,179
Repairs and Maintenance		259,557	506,939
Interest and finance charges		27,581	80,861
Utilities		285,676	376,223
Marketing, promotion and community programme costs		164,247	473,410
Insurance, communications and other operating overheads		795,481	997,071
<b>TOTAL EXPENDITURE</b>		<b><u>7,320,728</u></b>	<b><u>10,034,022</u></b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE TO ACCUMULATED FUNDS</b>		<b><u>(2,561,493)</u></b>	<b><u>(2,484,329)</u></b>

This statement must be read in conjunction with the audit report and the accompanying statement of accounting policies and notes to the financial statements.

**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
Accumulated Funds at Beginning of the Year		63,730,365	66,214,694
Add Surplus/(Deficit) for the Year		(2,561,493)	(2,484,329)
ACCUMULATED FUNDS AT END OF THE YEAR		<u>61,168,872</u>	<u>63,730,365</u>
Settled Fund		10	10
<b>TOTAL EQUITY</b>		<u><b>61,168,882</b></u>	<u><b>63,730,375</b></u>

This statement must be read in conjunction with the audit report and the accompanying statement of accounting policies and notes to the financial statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	2021	2020
<b>EQUITY</b>			
Settled Fund		10	10
Trustees Accumulated Funds		61,168,872	63,730,365
		<u>61,168,882</u>	<u>63,730,375</u>
Represented by:			
<b>CURRENT ASSETS</b>			
Bank	10	279,456	678,512
Accounts Receivable from exchange transactions	16	100,506	186,688
Prepayment		45,518	0
Goods & Services Tax Receivable		<u>4,215</u>	<u>0</u>
		429,694	865,200
<b>LESS CURRENT LIABILITIES</b>			
Trade and Other Payables	15	514,750	303,256
Accruals		312,412	216,649
Employee Entitlements	17	157,140	195,697
Unearned Income		595,344	793,194
Deposits Held		484,180	560,612
Goods & Services Tax Payable		<u>0</u>	<u>30,004</u>
		2,063,826	2,099,412
WORKING CAPITAL		(1,634,131)	(1,234,212)
<b>ADD NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	3	63,449,595	65,850,468
Capital Works in Progress	4	<u>106,418</u>	<u>222,119</u>
		63,556,013	66,072,587
<b>LESS NON-CURRENT LIABILITIES</b>			
BNZ Loan	19	680,000	1,108,000
Business Cashflow Loan	20	<u>73,000</u>	<u>0</u>
		753,000	1,108,000
<b>NET ASSETS</b>		<u><b>61,168,882</b></u>	<u><b>63,730,375</b></u>

Signed on behalf of the Board of Trustees:

Trustee

Date

Trustee

Date

This statement must be read in conjunction with the audit report and the accompanying statement of accounting policies and notes to the financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021	2020
<b>Cash Flows from Operating Activities</b>			
Proceeds Received :			
Receipts from Customers		3,722,844	7,690,613
Grants and Sponsorships		619,142	747,742
COVID Wage Subsidy		264,100	245,828
Payments Made :			
To suppliers		2,487,280	5,264,900
To employees		2,035,918	2,286,304
Net GST Paid		34,218	1,437
<b>Net Cash Inflow/(Outflow)from Operating Activities</b>		<b>48,670</b>	<b>1,131,542</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sale of Property		0	1,075,400
Purchase of Property, Plant and Equipment		(65,287)	(575,623)
<b>Net Cash Inflow/(Outflow)from Investing Activities</b>		<b>(65,287)</b>	<b>499,777</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Drawdown of Loans		73,000	0
Interest Received		145	163
Repayment of Loans		(428,000)	(1,274,000)
Interest Paid		(27,581)	(80,861)
<b>Net Cash Inflow/(Outflow)from Financing Activities</b>		<b>(382,436)</b>	<b>(1,354,698)</b>
Net Cash Inflow/(Outflow)		(399,053)	276,621
Opening Cash and Cash Equivalents		678,512	401,891
<b>Closing Cash and Cash Equivalents</b>		<b>279,456</b>	<b>678,512</b>
Represented by:			
<b>Cash &amp; Cash Equivalents</b>		<b>279,456</b>	<b>678,512</b>

The GST (net) components of operating activities reflect the net GST paid and received with Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

This statement must be read in conjunction with the audit report and the accompanying statement of accounting policies and notes to the financial statements.

# STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 1. STATEMENT OF ACCOUNTING POLICIES

### GENERAL ACCOUNTING POLICIES

#### Reporting Entity

Second Nature Charitable Trust is a Charitable Trust incorporated under the Charitable Trusts Act 1957. The Trust is considered to be a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

The financial statements and the accompanying notes summarise the financial results of activities carried out by the Trust.

These financial statements were authorised for issue by the Trustees on 22 June 2021.

#### Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Charities Act 2005 which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP").

The Trust is a registered charity in New Zealand. The Trust is a public benefit entity for the purpose of financial reporting as the underlying principle of any registered charity is the carrying out of a charitable purpose. For the purposes of complying with NZ GAAP, the Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-for-Profit PBE IPSAS RDR on the basis that it does not have public accountability and it is not defined as large. All reduced disclosure regime exemptions have been adopted.

#### Measurement Base

The general accounting policies for the measurement and reporting of results and financial position under the historical cost method have been adopted in the preparation of these financial statements.

#### Functional and presentation currency

The financial statements are presented in New Zealand Dollars (\$), which is the functional and presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Trust during the year.

#### Changes in Accounting Policy

There are no significant changes to accounting policies in the 2021 year.



# STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## Significant Judgements and estimates

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

## *Judgements:*

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- Revenue recognition – non-exchange revenue (conditions vs. restrictions)
- Useful lives of property, plant and equipment
- Classification of non-financial assets as cash generating or non-cash generating assets for the purposes of assessing impairment indicators and impairment testing.
- Going concern – refer to the going concern assumption policy note.

## Goods and Services Tax

The Statement of Comprehensive Revenue and Expense has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST with the exception of receivables and payables which include GST as invoiced.

## Taxation

The Trust is an approved charitable organisation registered with the Department of Internal Affairs Charities and recognised by the Inland Revenue Department. As such it is exempt from income tax on income derived by the Trust for charitable purposes.

## Accounts Receivable

Accounts Receivable are valued at expected realisable value.

## Grant and Sponsorship Income

Grant and sponsorship income is recognised when monies are received or receivable from donors or sponsors and any conditions of the funding have been met.

## Property, Plant and Equipment

Buildings, items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Trust and the cost of the item can be measured reliably.

## Going Concern Assumption

These financial statements disclose a deficit of \$2,561,493 (2020: deficit of \$2,484,329). This deficit is due to the level of depreciation, support to community and promotion of the venue. The 2021 financial year was negatively affected by the pandemic. The trustees and management team closely monitored the situation, regularly reviewing the level of events and expected cash flows and made changes to the operations as appropriate. While the Trust has a working capital deficit of \$1,634,131 its operating cash flow remained positive for the year due to the changes implemented during the lock downs and subsequent reopening and government wage subsidies received.

# STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2021

### Going Concern Assumption (cont)

Based on the results during such an extreme situation and the expected continued support of the sponsors and bank, the trustees retain confidence in the viability of the Trust, and that preparing the financial statements on a going concern basis is appropriate. The continued use of the going concern assumption is dependent on the Trust receiving the ongoing support of sponsors, effectively using its cash balances of \$279,545 and working within the \$1,300,000 undrawn balance of the total \$1,980,000 facility and no extended return to Level 3 and 4 lock down.

### Depreciation

Depreciation has been calculated on a straight line basis at rates that will write off the cost of the assets to their estimated residual values over their estimated useful lives.

Depreciation rates used are as follows:

	Rate	
Buildings & Multi-Purpose Event Centre	2% - 8.4%	SL
Artwork & Project Sponsored Art	1%	SL
Furniture	3.6% - 67%	SL
Computers and software	7.8% - 67%	SL
Motor Vehicles	13.5% - 21%	SL
Office Equipment	21% - 25.2%	SL
Other	3%	SL
Technical	6.6% - 36%	SL
Vector Wero Whitewater Course	2%	SL
Vector Wero Whitewater Equipment	3% - 67%	SL
Vector Wero Building	2%	SL

### Employee Benefits

#### *Short Term employee benefits*

Short-term employee benefit liabilities are recognised when the Trust has a legal or constructive obligation to remunerate employees for services provided with 12 months of reporting date, and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

#### *Long term employee benefits*

Long-term employee benefit obligations are recognised when the Trust has a legal or constructive obligation to remunerate the employees for services provided beyond 12 months of reporting date. The Trust did not have any long term employee benefits during the current financial period.

### Revenue

#### *Services*

Exchange revenue from the rendering of services is recognised upon performance of services to the customer. Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### *Non-exchange revenue – Grants, donations, legacies and bequests*

Non-exchange revenue from grants, donations, legacies and bequests is recognised upon receipt unless any conditions attached to the inflow of resources received are yet to be completed, which then creates a liability (i.e. present obligation).

## SECOND NATURE CHARITABLE TRUST

### STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2021

Stipulations that specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated results in the recognition of a non-exchange liability until the conditions are satisfied.

Stipulations may exist that are in essence restrictions - which do not specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated. Such stipulations therefore do not result in the recognition of a non-exchange liability, and do result in the immediate recognition of non-exchange revenue.

#### Interest Income

Interest income is recognised when received.

#### Expenditure

##### *Operating lease payments*

Payments made under operating lease are recognised in the statement of comprehensive revenue and expense on a straight-line basis over the term of the lease. Lease incentives are recognised in the surplus or deficit over the term as an integral part of the total lease expense.

##### *Borrowing Costs*

Borrowing costs are recognised in the surplus or deficit using the effective interest rate method.

##### *Foreign Currency Transactions*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to NZD at the foreign exchange rate ruling at that balance date. Foreign exchange differences arising on their translation are recognised in the surplus or deficit.

#### Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

## 2. PRINCIPAL ACTIVITY

The objects for which the Trust is established are:

- To establish a multi-purpose complex in the Counties Manukau Sub-Region to provide for the cultural community and recreational needs of the diverse Counties Manukau Community and the public at large;
- To operate and administer the multi-purpose complex in a prudent commercial basis so that it is a financially independent community asset; and
- To support clubs, societies and other organisations based on the Counties Manukau Sub-Region that are providing for the cultural community and recreational needs of the diverse Counties Manukau Community; such support to include by way of illustration, but not limitation, grants and/or loans either with or without interest.

## SECOND NATURE CHARITABLE TRUST

### STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

#### 3. Property, Plant and Equipment

2021	Cost	Depn	Accum Depn	Closing Book Value
Artwork	608,421	7,607	113,574	494,847
Computers & Software	305,751	15,571	288,410	17,341
Furniture	1,153,890	49,380	960,114	193,776
Motor Vehicle	129,991	20,950	105,882	24,110
Multi-Purpose Event Centre	50,965,003	1,473,911	21,951,265	29,013,739
Office Equipment	40,903	0	40,903	0
Other	34,725	1,042	16,668	18,057
Project Sponsored Art	84,700	7,115	81,301	3,399
Technical	276,147	1,665	270,787	5,360
Vector Wero Building	6,991,078	139,822	631,664	6,359,414
Vector Wero Whitewater Course	28,463,919	569,278	2,845,878	25,618,041
Vector Wero Whitewater Equipment	3,183,959	295,519	1,482,445	1,701,514
	92,238,488	2,581,860	28,788,891	63,449,597

2021	Opening Book Value	Additions/ (Disposals)	Depn	Closing Book Value
Artwork	502,454	0	7,607	494,847
Computers & Software	25,352	7,560	15,571	17,341
Furniture	225,813	17,343	49,380	193,776
Motor Vehicle	45,060	0	20,950	24,110
Multi-Purpose Event Centre	30,462,170	25,480	1,473,911	29,013,739
Other	19,099	0	1,042	18,057
Project Sponsored Art	10,514	0	7,115	3,399
Technical	7,025	0	1,665	5,360
Vector Wero Building	6,499,236	0	139,822	6,359,414
Vector Wero Whitewater Course	26,187,320	0	569,278	25,618,041
Vector Wero Whitewater Equipment	1,866,425	130,606	295,519	1,701,514
	65,850,467	180,988	2,581,860	63,449,597

## SECOND NATURE CHARITABLE TRUST

### STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

2020	Cost	Depn	Accum Depn	Closing Book Value
Artwork	608,421	4,256	105,967	502,454
Computers & Software	298,191	18,531	272,839	25,352
Furniture	1,136,548	63,697	910,735	225,813
Motor Vehicle	129,991	20,950	84,931	45,060
Multi-Purpose Event Centre	50,939,524	1,461,660	20,477,353	30,462,170
Office Equipment	40,903	0	40,903	0
Other	34,725	1,042	15,626	19,099
Project Sponsored Art	84,700	7,115	74,186	10,514
Technical	276,147	11,230	269,122	7,025
Vector Wero Building	6,991,078	139,793	491,842	6,499,236
Vector Wero Whitewater Course	28,463,919	569,158	2,276,600	26,187,320
Vector Wero Whitewater Equipment	3,053,352	294,747	1,186,926	1,866,426
	92,057,498	2,592,180	26,207,031	65,850,468

#### 4. CAPITAL WORK IN PROGRESS

2021

2020

Work in Progress

\$106,418

\$222,119

There is \$106,418 (2020: \$222,119) work in progress recorded as at balance date that relates to the WERO Climb project and renovation in the event centre. The WERO Climb project was put on hold due to COVID-19, but the trust is looking to resume this project which is currently in the design phase in the coming year.

#### 5. RELATED PARTY DISCLOSURES

The Second Nature Charitable Trust (SNCT) entered into a lease agreement with the Manukau City Council (now Auckland Council) for the use of the land on which the Indoor Event Centre and the Stage 2 "Wero" is situated. The lease is for 99 years at an annual lease charge of \$1, if demanded.

No grants or sponsorships were received from entities for whom SNCT Trustees work for or have Trusteeship roles (2020 : \$20,000).

SNCT did not purchase any products or services from entities the Trustees are related to. In 2020 \$19,982 was paid on arm's length commercial terms to an entity that trustee Jeremy Hay is related to.

Parties related to the Trustees have hired the facilities of SNCT on normal commercial terms during the 2020 year.

SNCT has provided free office space and associated utilities in the Momentum hub commencing in February 2017 with an estimated annual value of \$16,200 (2020: \$15,000) to each of;

- the Rising Foundation, who John Bongard, Second Nature Trust Trustee is Chairman of and

## SECOND NATURE CHARITABLE TRUST

### STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

#### 5. RELATED PARTY DISCLOSURES (cont)

- the John Walker Find Your Field of Dreams Foundation who works in conjunction with SNCT on school programmes providing subsidised entry cost to children in the programme for water safety education. Sir Noel Robinson, who was the Chairman of the Second Nature Charitable Trust was also a Trustee of the Foundation. Sir Noel Robinson resigned from both these positions during the 2021 financial year.

All the related party transactions were at arm's length. All the transactions were approved by the Board of Trustees. Trustees have removed themselves from discussion where there has been an interest in regards to any decision made.

#### 6. CAPITAL COMMITMENTS

The Trust has no contractual commitment at balance date (2020: \$ nil).

The Trust is still fundraising for funds towards further enhancement of the facility including the WERO Climb project which is in the last stage of design and repaying the BNZ finance facility.

#### 7. THE ORIGINAL ART SALE LIMITED

The Original Art Sale Limited is an inactive company wholly owned by Second Nature Charitable Trust. Sir Noel Robinson (former Trust Chairman) and David Comery (CEO) of Second Nature Charitable Trust are also Directors of The Original Art Sale Limited.

#### 8. SPONSORSHIP AND GRANTS

Sponsorship and grants of \$619,141 (2020: \$747,742) was received from various sponsors in the 2021 financial year including Vodafone, Vector, Coca Cola and other corporate entities.

#### 9. INVESTMENT PARTNERSHIP

During the current financial year, the Trust received \$376,723 (2020: \$365,750) from Auckland Unlimited (AU) (previously known as Regional Facilities Auckland). AU have confirmed that this support will continue on an ongoing basis to support the event centre community aspirations but not be allocated toward Vector Wero operations.

#### 10. BANK

Bank balances are held in accounts with BNZ Bank.

## SECOND NATURE CHARITABLE TRUST

### STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

11. TRADING INCOME

	2021	2020
Trading Income	3,069,594	6,396,879
Less: Trading Expenses	<u>1,687,722</u>	<u>3,387,910</u>
Gross Trading Surplus	1,381,873	3,008,969
Less: Overheads	2,599,760	2,986,373
Repair and Maintenance	<u>259,557</u>	<u>506,939</u>
<b>Net Operating (Deficit) / Surplus</b>	<b>(1,477,444)</b>	<b>(484,343)</b>

Net Trading operating surplus / (deficit) is the position achieved before non-event income such as sponsorship, grants or interest income and before the recognition of interest costs, depreciation and non-operational charges. The repair and maintenance cost covers current operational expenses.

Furthermore the trading income does not include the AU Service Contract as noted in Note 9; although some operating costs for delivery of AU Service Contract outputs are included in the aforementioned operating overheads.

12. SUNDRY INCOME

Sundry income received by the Trust during the year includes rental income from Eventfinda annual licence, billboard income and wages subsidies from the Ministry of Social Development for \$489,469 (2020: \$20,488) to aid the impact of Covid-19 on its operation.

13. COMMUNITY GOOD

During the year the Trust provided access to its facilities to a large number of schools, charities and other community focused groups. The Trust's total sponsorship or forgone revenue for discounts given in providing continued community access to the centre in this way was \$438,376 (2020: \$431,176) from VEC and \$941,700 (2020: \$888,478) from WERO. Since opening in 2005 this figure is now \$11,380,440.

14. CONTINGENT LIABILITIES

There were no contingent liabilities at balance date (2020 : \$ nil).

15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2021	2020
Trade Payables	513,574	301,358
Sundry Creditors	<u>1,176</u>	<u>1,898</u>
<b>Total Payables from Exchange Transactions</b>	<b>514,750</b>	<b>303,256</b>

16. ACCOUNTS RECEIVABLE FROM EXCHANGE TRANSACTIONS

	2021	2020
Trade Receivables	99,776	122,636
Sundry Debtors	<u>730</u>	<u>64,052</u>
<b>Total Receivables from Exchange Transactions</b>	<b>100,506</b>	<b>186,688</b>

## SECOND NATURE CHARITABLE TRUST

### STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

17. EMPLOYEE ENTITLEMENTS

	2021	2020
Annual Leave	77,509	93,707
Salary and wages accrual	<u>79,631</u>	<u>101,990</u>
	<b>157,140</b>	<b>195,697</b>

18. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The carrying values of financial instruments are as follows:

	2021	2020
<b>Loans and Receivables</b>		
Cash and Cash Equivalents	279,459	678,512
Accounts Receivable	<u>99,776</u>	<u>122,636</u>
<b>Total Loans and Receivables</b>	<b>379,235</b>	<b>801,148</b>
 <b>Financial Liabilities at Amortised Cost</b>		
Trade and Other Payables	<u>514,750</u>	<u>303,256</u>
<b>Total Finance Liabilities at Amortised Cost</b>	<b>514,750</b>	<b>303,256</b>

The Trust is a party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, receivables and payables.

#### Credit Risk

In the normal course of its business, the Trust incurs credit risk from receivables and from transactions with financial institutions. The Trust has no significant concentrations of credit risk. No collateral or security is held or given to support financial instruments.

#### Interest Rate Risk

The Trust has minimal interest rate risk, as all cash funds that earn interest are with a registered bank.

#### Fair Value

The estimated fair values of all financial assets and liabilities are equivalent to the carrying amounts disclosed in the statement of financial position.

#### Creditors and Other Payables

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms. The carrying value of creditors and other payables approximates their fair value. All creditors and other payables are from exchange transactions.

19. BNZ LOAN FACILITY

The Trust has had a BNZ facility loan facility for over five years and at balance date \$680,000 was drawn down. Subsequent to balance date the BNZ has extended the term of the facility for a further 3 years and set the facility at \$1.98m. The terms of the facility are commercial and the face value is considered to represent fair value. There are no set repayment requirements.



**STATEMENT OF ACCOUNTING POLICIES  
AND NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

**20. GOVERNMENT BUSINESS CASHFLOW LOAN**

Second Nature Charitable Trust had suffered a loss of revenue during the pandemic and was therefore eligible to apply for the COVID-19 Small Business Cashflow. An advance of \$73,000 was received and the loan is intended to be repaid by June 2023 within the interest free period as offered by the scheme.

**21. KEY MANAGEMENT PERSONNEL AND COMPENSATION**

Key management and personnel are considered to be the board of trustees and the leadership team.

	<b>31 March 21</b>	<b>31 March 20</b>
<b>Trustees</b>		
Full time equivalent members	0.5	0.5

During the year no Trustee received any form of payment or honorarium. Trustees have collectively donated over 1,000 hours of their own time during this period (2020: over 1,000 hours) which is considered to be equivalent of 0.5 FTE.

The Trustees meet 6 times per year. Meeting and preparation is 8 hours per Trustee per meeting. The Chairman spends approximately 4 hours per week in addition to this.

	<b>2021</b>	<b>2020</b>
<b>Leadership Team</b>		
Remuneration	\$791,478	\$ 750,594
Full Time Equivalent members	7	7

# Independent Auditor's Report

## To the Trustees of

## Second Nature Charitable Trust

### Opinion

We have audited the financial statements of Second Nature Charitable Trust ("trust"), which comprise:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the statement of accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements on pages 3 to 16 present fairly, in all material respects, the financial position of Second Nature Charitable Trust as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). 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 trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* 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.

An affiliated RSM entity has provided other services to Second Nature Charitable Trust in the areas of certain accounting and advisory services, as well as compilation of the year-end financial statements. The provision of these other services has not impaired our independence as auditor of the trust. Except in these regards, and other than in our capacity as auditor, the firm has no other relationship with, or interests in, Second Nature Charitable Trust.

### Other information

The trustees are responsible for the other information. The other information comprises the Directory on page 2 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements 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, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the trustees for the financial statements**

The trustees are responsible, on behalf of Second Nature Charitable Trust, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible, on behalf of the trust, for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the trust 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 decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

### **Who we report to**

This report is made solely to the trustees, as a body. Our audit has been undertaken so that we might state to the trustees those matters 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 trust and the trustees as a body, for our work, for this report, or for the opinions we have formed.

A stylized, handwritten signature of 'RSM' in blue ink.