

SECOND NATURE CHARITABLE TRUST
(renamed WAKA PACIFIC TRUST)

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2022**

SECOND NATURE CHARITABLE TRUST

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FOR THE YEAR ENDED 31 MARCH 2022

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SECOND NATURE CHARITABLE TRUST

DIRECTORY

FOR THE YEAR ENDED 31 MARCH 2022

Settlor	Sir Barry Curtis
Date Settled	2 October 2000
Trustees	John Bongard ONZM, CRSNZ - Chairman 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

SECOND NATURE CHARITABLE TRUST

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022	2021
<i>Exchange revenue</i>			
Sponsorship recognised	8	540,000	568,225
Interest		1,124	145
Trading Income		4,230,224	3,069,594
Sundry Income	12	60,939	62,595
		<u>4,832,287</u>	<u>3,700,559</u>
<i>Non-exchange revenue</i>			
Grants recognised	8	627,752	192,484
AU Service Contract	9	380,490	376,723
Sundry Income	12	539,920	489,469
		<u>1,548,162</u>	<u>1,058,676</u>
TOTAL REVENUE		6,380,449	4,759,235
Direct Costs for trading		2,090,096	1,208,965
Direct Costs for trading – employee benefits		480,119	478,757
Employee benefits		1,714,606	1,518,604
Depreciation	3	2,574,063	2,581,861
Repairs and Maintenance		343,101	259,557
Interest and finance charges		28,788	27,581
Utilities		281,825	285,676
Marketing, promotion and community programme costs		126,176	164,247
Insurance, communications and other operating overheads		739,986	795,481
TOTAL EXPENDITURE		8,378,760	7,320,728
TOTAL COMPREHENSIVE REVENUE AND EXPENSE TO ACCUMULATED FUNDS		<u>(1,998,311)</u>	<u>(2,561,493)</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.

SECOND NATURE CHARITABLE TRUST**STATEMENT OF CHANGES IN NET ASSETS/EQUITY****FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022	2021
Accumulated Funds at Beginning of the Year		61,168,872	63,730,365
Add Surplus/(Deficit) for the Year		(1,998,311)	(2,561,493)
ACCUMULATED FUNDS AT END OF THE YEAR		<u>59,170,561</u>	<u>61,168,872</u>
Settled Fund		10	10
TOTAL EQUITY		<u>59,170,571</u>	<u>61,168,882</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.

SECOND NATURE CHARITABLE TRUST**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

	Note	2022	2021
EQUITY			
Settled Fund		10	10
Trustees Accumulated Funds		59,170,561	61,168,872
		<u>59,170,571</u>	<u>61,168,882</u>
Represented by:			
CURRENT ASSETS			
Bank	10	640,024	279,456
Accounts Receivable from exchange transactions	16	92,533	100,506
Prepayments		0	45,518
Goods & Services Tax Receivable		19,635	4,215
		<u>752,193</u>	<u>429,694</u>
LESS CURRENT LIABILITIES			
Trade and Other Payables	15	382,764	514,750
Accruals		299,084	312,412
Employee Entitlements	17	225,637	157,140
Unearned Income		787,444	595,344
Deposits Held		349,592	484,180
Goods & Services Tax Payable		0	0
		<u>2,044,521</u>	<u>2,063,826</u>
WORKING CAPITAL		(1,292,329)	(1,634,131)
ADD NON-CURRENT ASSETS			
Property, Plant and Equipment	3	60,962,282	63,449,595
Capital Works in Progress	4	553,618	106,418
		<u>61,515,900</u>	<u>63,556,013</u>
LESS NON-CURRENT LIABILITIES			
BNZ Loan	19	980,000	680,000
Business Cashflow Loan	20	73,000	73,000
		<u>1,053,000</u>	<u>753,000</u>
NET ASSETS		<u>59,170,571</u>	<u>61,168,882</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.

SECOND NATURE CHARITABLE TRUST**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2022**

	2022	2021
Cash Flows from Operating Activities		
Proceeds Received :		
Receipts from Customers	4,717,463	3,722,844
Grants and Donations	1,167,752	619,142
COVID Wage Subsidy	548,120	264,100
Payments Made :		
To suppliers	3,669,508	2,487,280
To employees	2,126,228	2,035,918
Net GST Paid	15,421	34,218
Net Cash Inflow/(Outflow)from Operating Activities	622,178	48,670
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(533,948)	(65,287)
Net Cash Inflow/(Outflow)from Investing Activities	(533,948)	(65,287)
Cash Flows from Financing Activities		
Proceeds from Drawdown of Loans	0	73,000
Drawdown of Loans	300,000	0
Interest Received	1,124	145
Repayment of Loans	0	(428,000)
Interest Paid	(28,789)	(27,581)
Net Cash Inflow/(Outflow)from Financing Activities	272,335	(382,436)
Net Cash Inflow/(Outflow)	360,565	(399,053)
Opening Cash and Cash Equivalents	279,459	678,512
Closing Cash and Cash Equivalents	640,024	279,459
Represented by:		
Cash & Cash Equivalents	640,024	279,459

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.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. STATEMENT OF ACCOUNTING POLICIES

GENERAL ACCOUNTING POLICIES

Reporting Entity

Second Nature Charitable Trust is a Charitable Trust (renamed Waka Pacific Trust after balance date) 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 2022.

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 2022 year.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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
- 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 \$1,998,311 (2021: deficit of \$2,561,493). This deficit is due to the level of depreciation, support to community and promotion of the venue. The 2022 financial year continued to be 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 \$1,292,329 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.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Going Concern Assumption (cont)

Based on the results during such an extreme situation, the positive results since balance date, 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 based on the Trust receiving the ongoing support of sponsors, effectively using its cash balances of \$640,024 and working within the \$1,000,000 contingency facility available from BNZ Bank.

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 2022

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 2022

3. Property, Plant and Equipment

2022	Cost	Depn	Accum Depn	Closing Book Value
Artwork	608,421	7,912	121,486	486,935
Computers & Software	319,359	15,573	303,983	15,376
Furniture	1,169,141	42,486	1,002,601	166,540
Motor Vehicle	129,991	15,624	121,506	8,485
Multi-Purpose Event Centre	50,965,003	1,474,648	23,414,712	27,550,291
Office Equipment	40,903	0	40,903	0
Other	34,725	1,042	17,710	17,015
Project Sponsored Art	84,700	3,399	84,700	0
Technical	276,147	1,440	272,227	3,920
Vector Wero Building	6,991,078	139,822	771,485	6,219,593
Vector Wero Whitewater Course	28,469,881	569,298	3,415,177	25,054,705
Vector Wero Whitewater Equipment	3,224,685	302,820	1,785,264	1,439,421
	92,314,035	2,574,063	31,351,754	60,962,282

2022	Opening Book Value	Additions/ (Disposals)	Depn	Closing Book Value
Artwork	494,847	0	7,912	486,935
Computers & Software	17,341	13,608	15,573	15,376
Furniture	193,776	15,250	42,486	166,540
Motor Vehicle	24,110	0	15,624	8,485
Multi-Purpose Event Centre	29,013,739	11,200	1,474,648	27,550,291
Other	18,057	0	1,042	17,015
Project Sponsored Art	3,399	0	3,399	0
Technical	5,360	0	1,440	3,920
Vector Wero Building	6,359,414	0	139,822	6,219,593
Vector Wero Whitewater Course	25,618,041	5,962	569,298	25,054,705
Vector Wero Whitewater Equipment	1,701,514	40,725	302,820	1,439,421
	63,449,598	86,746	2,574,063	60,962,282

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

3. Property, Plant and Equipment (cont)

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	3,183,956	295,519	1,482,445	1,701,511
	92,238,485	2,581,860	28,788,891	63,449,595

4. CAPITAL WORK IN PROGRESS

2022

2021

Work in Progress

\$553,618

\$106,418

There is \$553,618 (2021: 106,418) work in progress recorded as at balance date that relates to the WERO Climb project and the replacement of the WERO filtration system. 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 (2021 : \$nil).

SNCT did not purchase any products or services from entities the Trustees are related to. Parties related to the Trustees have hired the facilities of SNCT on normal commercial terms during the 2021 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 (2021: \$16,200) to the Rising Foundation, who John Bongard, Second Nature Trust Trustee is Chairman of.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

5. RELATED PARTY DISCLOSURES (cont)

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 (2021: \$ 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 of \$540,000 (2021: \$568,225) were received from various sponsors in the 2022 financial year including Vodafone, Vector, Coca Cola and other corporate entities.

Grants in 2022 include the amount of \$535,000 received and applied to the new filtration system project (2021: nil).

9. INVESTMENT PARTNERSHIP

During the current financial year, the Trust received \$380,490 (2021: \$376,723) from Auckland Unlimited (AU). 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.

11. TRADING INCOME

	2022	2021
Trading Income	4,230,224	3,069,594
Less: Trading Expenses	<u>2,570,215</u>	<u>1,687,722</u>
Gross Trading Surplus	1,660,009	1,381,873
Less: Overheads	2,736,417	2,599,760
Repairs and Maintenance	<u>343,105</u>	<u>259,557</u>
Net Trading Operating (Deficit) / Surplus	(1,419,514)	(1,477,444)

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

11. TRADING INCOME (cont)

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 and billboard income. It also includes resurgence payments from the government and wages subsidies from the Ministry of Social Development for \$539,920 (2021: \$489,469) 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 \$403,217 (2021: \$438,376) from VEC and \$459,381 (2021: \$941,700) from WERO. This amount is not recognised in revenue and expense. Since opening in 2005 this figure is now \$12.2m.

14. CONTINGENT LIABILITIES

There were no contingent liabilities at balance date (2021 : \$ nil).

15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2022	2021
Trade Payables	380,992	513,574
Sundry Creditors	<u>1,772</u>	<u>1,176</u>
Total Payables from Exchange Transactions	382,764	514,750

16. ACCOUNTS RECEIVABLE FROM EXCHANGE TRANSACTIONS

	2022	2021
Trade Receivables	89,163	99,776
Sundry Debtors	<u>3,370</u>	<u>730</u>
Total Receivables from Exchange Transactions	92,533	100,506

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

17. EMPLOYEE ENTITLEMENTS

	2022	2021
Annual Leave	93,349	77,509
Salary and wages accrual	<u>132,288</u>	<u>79,631</u>
	225,637	157,140

18. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The carrying values of financial instruments are as follows:

	2022	2021
Loans and Receivables		
Cash and Cash Equivalents	640,026	279,459
Accounts Receivable	<u>89,163</u>	<u>99,776</u>
Total Loans and Receivables	729,189	379,235
 Financial Liabilities at Amortised Cost		
Trade and Other Payables	<u>382,764</u>	<u>514,750</u>
Total Finance Liabilities at Amortised Cost	382,764	514,750

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 \$980,000 was drawn down. In April 2022 the BNZ confirmed extension of the term of the facility to April 2025, 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.

SECOND NATURE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 was repaid in full in May 2022, 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.

	2022	2021
Trustees		
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 (2021: 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.

Leadership Team

	2022	2021
Remuneration	\$909,225	\$ 791,478
Full Time Equivalent members	7	7

RSM Hayes Audit

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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 2022;
- 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 2022, and its financial performance and its cash flows for the year ending 31 March 2022 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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 economic 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 handwritten signature in blue ink that reads 'RSM'.

RSM Hayes Audit
Auckland

04 July 2022