



World Vision

Building a better world for children

World Vision of New Zealand Trust Board

Financial Statements

For the year ended 30 September 2019

WORLD VISION OF NEW ZEALAND TRUST BOARD
TRUSTEES' RESPONSIBILITY STATEMENT
For the year ended 30 September 2019

The Trustees are responsible for ensuring that the financial statements fairly present the financial position of the World Vision of New Zealand Trust Board ("Trust") as at 30 September 2019 and its financial performance and cash flows for the year ended on that date.

The Trustees consider that the financial statements of the Trust have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Trustees believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Trust and facilitate compliance with New Zealand generally accepted accounting practice.

The Trustees consider they have taken steps to safeguard the assets of the Trust and prevent fraud and other irregularities.

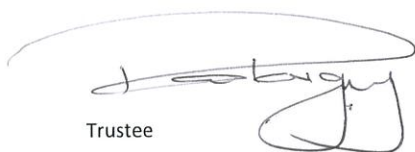
The Trustees have pleasure in presenting the financial statements set out on pages 5 - 12 for the year ended 30 September 2019.

The Board of Trustees of World Vision of New Zealand Trust Board authorised these financial statements for issue on 25 November 2019.

For and on behalf of the Board



Trustee



Trustee



Independent auditor's report

To the Trustees of World Vision of New Zealand Trust Board

We have audited the financial statements which comprise:

- the statement of financial position as at 30 September 2019;
- the statement of comprehensive revenue and expenses for the year then ended;
- the statement of changes in trust funds for the year then ended;
- the statement of cash flows for the year then ended;
- the reconciliation of surplus/(deficit) for the year to net operating cash flows; and
- the notes to the financial statements, which include significant accounting policies.

Our opinion

In our opinion, the accompanying financial statements of World Vision of New Zealand Trust Board ("the Trust"), present fairly, in all material respects, the financial position of the Trust as at 30 September 2019, its financial performance and its cash flows for the year then ended in accordance with the Public Benefit Entity Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Trust in the areas of treasury related financial market risk analysis and commentary and agreed upon procedures. The provision of these other services has not impaired our independence as auditor of the Trust.

Information other than the financial statements and auditor's report

The Trustees are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 the Trust, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards, and for such internal control as the Trustees 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 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) and ISAs 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 our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

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

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Samuel Shuttleworth.

For and on behalf of:



Samuel Shuttleworth

Chartered Accountants
25 November 2019

Auckland

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES
For the year ended 30 September 2019

	Note	2019 \$000	2018 \$000
Revenue			
Revenue from New Zealand donors			
Child sponsorship income		23,187	24,354
Private donations		12,210	14,589
Grant income	5	4,157	5,592
Humanitarian appeals		1,157	709
		<u>40,711</u>	<u>45,244</u>
Interest and other income		467	485
Total revenue from New Zealand		<u>41,178</u>	<u>45,729</u>
Multilateral grant income	2	26,276	23,179
Total revenue		<u>67,454</u>	<u>68,908</u>
Relief and development project costs	3	56,283	57,488
Operating expenditure			
Engagement		7,279	7,488
Accountability		3,892	3,932
	4	<u>11,171</u>	<u>11,420</u>
Net surplus/(deficit)		<u>-</u>	<u>-</u>
Other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expenses		<u>-</u>	<u>-</u>
Total operating expenditure as % of:			
Total revenue		16.6%	16.6%

STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		2019 \$000	2018 \$000
Current assets			
Cash and cash equivalents	6	4,897	8,015
Term and secured deposits	7	2,870	2,830
Prepayments and other receivables		168	181
Total current assets		7,935	11,026
Non-current assets			
Property, plant and equipment	9	2,328	2,375
Intangibles	10	1,206	1,756
Total non-current assets		3,534	4,131
Total assets		11,469	15,157
Trade payables, accruals and other liabilities		1,033	671
Employee entitlements		713	640
Deferred grant income	5	1,374	1,526
Funding to be remitted to WVI	3	3,473	7,444
Total current liabilities		6,593	10,281
Trust funds	8	4,876	4,876
Total liabilities and trust funds		11,469	15,157

STATEMENT OF CHANGES IN TRUST FUNDS

For the year ended 30 September 2019

	2019 \$000	2018 \$000
Trust funds at beginning of year	4,876	4,876
Total comprehensive revenue and expenses for the year	-	-
Trust funds at end of year	4,876	4,876

Trustee

Date: 25 November 2019

Trustee

Date: 25 November 2019

STATEMENT OF CASH FLOWS

For the year ended 30 September 2019

	Note	2019 \$000	2018 \$000
Cash flows from operating activities:			
<i>Cash was provided from:</i>			
Donations		36,554	39,652
Grant income	5	3,987	6,010
Interest received		281	291
Revenue from exchange transactions		186	194
<i>Cash was disbursed to:</i>			
Field project costs overseas	3	(31,648)	(29,639)
Payment to suppliers and employees		(11,838)	(12,138)
Net operating cash flows		(2,478)	4,370
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangibles	9	(600)	(1,008)
(Decrease)/Increase in Term Deposits		(40)	(559)
Net investment cash flows		(640)	(1,567)
Net movement in cash and cash equivalents		(3,118)	2,803
Cash and cash equivalents at beginning of the year	6	8,015	5,212
Cash and cash equivalents at the end of the year	6	4,897	8,015

RECONCILIATION OF SURPLUS/(DEFICIT) FOR THE YEAR TO NET OPERATING CASH FLOWS

For the year ended 30 September 2019

		2019 \$000	2018 \$000
Surplus for the Year		-	-
Adjusted for non-cash items:			
Depreciation and amortisation	4	1,197	1,520
(Decrease)/Increase in funding to be remitted to WVI		(3,971)	2,871
Movements in deferred income		(152)	272
Other working capital movements		448	(293)
Net operating cash flows		(2,478)	4,370

1. WVNZ financial statements

These financial statements set out the performance, position and cash flows of World Vision New Zealand Trust Board (the "Trust") for the year ended 30 September 2019. The financial statements are presented in New Zealand Dollars rounded to the nearest thousand dollars and net of GST. The historical cost method has been observed in the preparation of WVNZ's financial statements.

Reporting entity

World Vision New Zealand ("WVNZ") is a Christian relief, development and advocacy organisation dedicated to working with children, families and communities to overcome poverty and injustice.

Vision and values:

"OUR VISION FOR EVERY CHILD, LIFE IN ALL ITS FULLNESS, OUR PRAYER FOR EVERY HEART, THE WILL TO MAKE IT SO"

The World Vision of New Zealand Trust Board ("the Trust") is a charitable trust established in October 1974 by a Deed of Trust and subject to the provisions of the Charitable Trusts Act 1957. The Trust is registered under the Charities Act 2005 and its registration number is CC25984.

The Trust is not liable for income taxation as it is a charitable organisation as defined by the Income Tax Act 2007.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("GAAP"). They comply with Public Benefit Entity Accounting Standards ("PBE Standards") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with GAAP, WVNZ is a public benefit Not-For-Profit entity and is applying Tier 1 Not-For-Profit- PBE Standards on the basis that it does not have public accountability and is defined as large.

The financial statements have been prepared on a going concern basis.

The accounting policies have been applied consistently with prior periods. There are no accounting standards that are expected to have a material impact on these financial statements, and that have been issued but are not yet effective.

The financial statements have been approved by the Board of Trustees who do not have power to amend the financial statements once issued.

Financial assets and liabilities are categorised as 'loans and receivables' and 'financial liabilities at amortised cost', respectively.

All non-financial assets are non-cash generating.

There were no contingent liabilities or capital commitments at reporting date (2018: none).

There were no amendments to the Deed of Trust during the 2019 financial year.

Revenue from exchange transactions

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

All other income is recognised as revenue upon receipt.

Revenue from non-exchange transactions

Revenue from non-exchange transactions is where income is received and there is no direct benefit of equal value given in return. For example, donations, grants, gifted goods in kind.

Revenue from New Zealand donors includes child sponsorship, private donations and humanitarian appeals and are recognised as revenue upon receipt.

Grant revenue includes grants given by the New Zealand Government, other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as deferred income and released to revenue as the conditions are fulfilled. Grant contributions to New Zealand costs are recognised as incurred or evenly over the term of the contract.

Multilateral grants are recognised as income when it has been confirmed by the WV partner that the conditions of the grant have been complied with. Multilateral grant income includes food and other commodities donated by the World Food Programme and other parties. WVNZ is involved in organising the distribution of these commodities, and the development of infrastructures to enable the distribution, to famine affected regions. WVNZ recognises income, for the donated items, at the value as determined by the World Food Program, once confirmation has been received that the commodities have been received and distributed.

All other receipts are accounted for as income or recoveries as they are received.

Foreign currency

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items held at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair values that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised as profit or loss in the period in which they arise.

Significant accounting estimates and judgements

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- i. The condition of the asset.
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii. The nature of the processes in which the asset is deployed.
- iv. Availability of funding to replace the asset.
- v. Changes in the market in relation to the asset.

Useful lives are reviewed annually for reasonableness.

2. Multilateral grant income

	2019	2018
	\$000	\$000
World Food Programme food commodities	13,106	11,611
Other multilateral commodities (vegetable, crop and fishing kits)	-	2,799
Indirect cash income	13,170	8,769
	<u>26,276</u>	<u>23,179</u>

3. Relief and development projects costs

	2019	2018
	\$000	\$000
Opening balance	(7,444)	(4,573)
Available for relief and development	(56,283)	(57,488)
Dispositions		
Cash remitted overseas	31,648	29,639
Multilateral grants	26,276	23,179
New Zealand based field costs	1,656	1,297
New Zealand based education and advocacy	674	502
Total applied to relief and development projects	<u>60,254</u>	<u>54,617</u>
Closing balance to be remitted to WVI	<u>(3,473)</u>	<u>(7,444)</u>

World Vision International ("WVI") assists WVNZ by facilitating the coordination, implementation and monitoring of overseas programmes to ensure the funds provided by donors are used to directly benefit people in need.

4. Operating expenditure

Employee entitlements relating to salaries and wages, annual leave and other benefits are recognised when they accrue to employees at the amount expected to be paid. All other expenses are recognised on an accrual basis.

	2019	2018
	\$000	\$000
People costs	5,995	6,100
Sales and marketing	2,168	1,755
Depreciation, amortisation and disposal of assets	1,197	1,520
ICT costs	848	858
Occupancy	351	352
Administration	269	275
Travel and accommodation	206	304
Consultancy	137	256
	<u>11,171</u>	<u>11,420</u>

Auditor remuneration has been disclosed as part of 'consultancy', refer below for breakdown.

Auditor remuneration - PwC

- Audit of financial statements	-	-
- Other services - performed by PwC:		
- Provision of treasury related financial market risk analysis and commentary	16	16
	<u>16</u>	<u>16</u>

5. Grant income

	Development Grant		Relief Grant	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Grant funding received in current year (excl. GST)	3,303	4,906	684	1,104
Less: Administration and assessment costs	(317)	(397)	(68)	(85)
Funding allocated to projects	2,986	4,509	616	1,019
Deferred grant income	(1,102)	(1,526)	(272)	-
Prior year deferred grant income	1,526	959	-	295
Grant income for the year	3,410	3,942	344	1,314
Allocation of grant income by country				
Bangladesh	-	-	23	474
Cambodia	302	263	-	-
Jordan - Syria refugees	-	-	-	49
Indonesia	-	-	316	-
Myanmar	339	1,622	-	-
Papua New Guinea	1,073	681	-	540
Solomon Islands	387	(5)	5	5
South Sudan	-	-	-	246
Sudan	243	-	-	-
Timor-Leste	-	239	-	-
Vanuatu	501	601	-	-
Vietnam	565	541	-	-
Grant income for the year	3,410	3,942	344	1,314

	2019	2018
	\$000	\$000
Subtotal - grant income (non-exchange transactions)	3,754	5,256
Add: grant income (exchange transactions)	403	336
Total grant income	4,157	5,592
Total deferred grant income (non-exchange)	1,374	1,526

Grant revenue includes grants given by the government entities, other charitable and philanthropic organisations, and businesses. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions, the corresponding amount is recognised as deferred income.

6. Cash and cash equivalents

Cash and cash equivalents are on-demand, highly liquid investments with original maturities less than 3 months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2019	2018
	\$000	\$000
Cash at bank and on hand	1,947	1,865
Liquid investments with a maturity of less than 3 months	2,950	6,150
	4,897	8,015

7. Term and secured deposits

Term deposits are interest-bearing investments placed with financial institutions with original maturities of more than 3 months. The interest income on term deposits is calculated using the effective interest method and is recognised in the statement of comprehensive revenue and expenses.

	2019	2018
	\$000	\$000
Term deposits	2,550	2,550
Secured deposit	320	280
	2,870	2,830

Designated use of cash and term deposits (Note 6 and 7)

	2019	2018
	\$000	\$000
Government grants deferred and committed to projects (Note 5)	1,374	1,526
Funding to be remitted to WVI (Note 3)	3,473	7,444
Working capital to meet liabilities	2,920	1,875
	7,767	10,845

8. Trust funds

The Trust's capital is its trust funds, which comprise accumulated comprehensive revenue and expenses.

The Trust manages its capital by prudently managing revenues, expenses, disbursements to World Vision programmes, assets and liabilities to ensure that WVNZ effectively achieves its objectives and purpose, while remaining a going concern.

The Trust is not subject to any externally imposed capital requirements.

9. Property, plant and equipment

Land is carried at cost and is not depreciated. Equipment includes computer hardware, motor vehicles, office equipment and furniture and fittings, and is carried at cost less accumulated depreciation. Buildings and equipment are depreciated on a straight-line basis over their estimated useful lives and reviewed annually for any indications of impairment.

	2019 \$000				2018 \$000			
	Land	Buildings	Equipment	Total	Land	Buildings	Equipment	Total
Opening net book value	795	1,401	179	2,375	795	1,505	204	2,504
Additions & Transfers	-	-	193	193	-	-	113	113
Disposals	-	-	-	-	-	-	-	-
Depreciation	-	(103)	(137)	(240)	-	(104)	(138)	(242)
Impairment	-	-	-	-	-	-	-	-
Closing net book value	795	1,298	235	2,328	795	1,401	179	2,375
Cost	795	3,087	1,074	4,956	795	3,086	938	4,819
Accumulated depreciation	-	(1,789)	(839)	(2,628)	-	(1,685)	(759)	(2,444)
Net book value	795	1,298	235	2,328	795	1,401	179	2,375
Estimated useful lives (years)	N/A	5-30 years	2-5 years		N/A	5-30 years	3-5 years	

10. Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. They are amortised on a straight line basis over 3 years and assessed for impairment whenever there is an indication that the asset may be impaired.

Where direct costs, by way of salaries or support costs are incurred in relation to the development of software that will generate probable future economic benefits to WVNZ, these costs are capitalised as Work in Progress. They are not amortised until the asset is put in use and tested annually for impairment.

	2019 \$000				2018 \$000			
	Work in Progress	Computer Software	Website Development	Total	Work in Progress	Computer Software	Website Development	Total
Opening net book value	-	550	1,206	1,756	-	997	1,142	2,139
Additions	183	91	133	407	895	-	-	895
Transfers	(183)	4	179	-	(895)	36	859	-
Disposals	-	-	-	-	-	-	-	-
Depreciation	-	(321)	(636)	(957)	-	(483)	(795)	(1,278)
Impairment	-	-	-	-	-	-	-	-
Closing net book value	-	324	882	1,206	-	550	1,206	1,756
Cost	-	4,585	2,126	6,711	-	4,639	1,818	6,457
Accumulated depreciation	-	(4,261)	(1,244)	(5,505)	-	(4,089)	(612)	(4,701)
Net book value	-	324	882	1,206	-	550	1,206	1,756

11. Risk management

(a) Credit risk

Credit risk is the risk that a third party will default on its obligations to the Trust, causing it to incur a loss.

The Trust is exposed to credit risk from cash and deposits held with financial institutions. The maximum credit exposure is best represented by the carrying amount in the Statement of financial position. The risk exposure is not considered significant, as the balances are with financial institutions with Board approved credit ratings of no less than AA- as issued by Standard and Poor's Rating Agency.

Counterparties with credit ratings	2019	2018
Cash and cash equivalents, Term and secured deposits	\$000	\$000
AA-	<u>7,767</u>	<u>10,845</u>

(b) Foreign exchange risk

Foreign currency risk is the risk from movement in the New Zealand dollar against other currencies which WVNZ uses. The Trust does not have any material exposure to foreign exchange risk.

(c) Interest rate risk

Interest rate risk is the risk that the value of its financial assets or liabilities will fluctuate as a result of changes in interest rates. The Trust's exposure is limited to deposits held at fixed interest rates.

(d) Liquidity risk

Liquidity risk is the risk that WVNZ will encounter difficulty raising liquid funds to meet commitments as they fall due. WVNZ manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

All financial liabilities are due within 6 months.

(e) Fair values

At reporting date, the carrying value of financial assets and liabilities approximates their fair value.

12. Related party transactions

During the year the organisation provided cash funding to WVI of \$31.6 million (2018: \$29.6 million) and non-cash funding of \$26.3 million (2018: \$23.2 million).

Key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body comprising the Board of Trustees and members of the Senior Leadership Team.

The board of Trustees is comprised of 9 individuals, with total remuneration (including benefits) of \$0 (2018: nil).

Senior Leadership Team expenses include the following:	2019	2018
	\$000	\$000
Total remuneration including benefits	1,162	1,172
No. of persons	6	6

No remuneration was provided to employees who are close family members of key management personnel (2018: nil).

13. Contingent asset

In 2012 WVNZ was named a residual beneficiary of an estate. The assets of the estate are held in Trust and administered by its trustees. WVNZ expects to receive a final distribution from this Trust however, due to claims made in the High Court, the exact timing and value of this distribution was not known at balance date. We estimate between \$2.0m and \$6.0m.

14. Subsequent events

On 11 November 2019 a settlement was reached on a benefactor's estate (as per note 13) which enables the residual of the estate to be distributed. WVNZ expects to receive between \$2.0m and \$6.0m. The amount and timing of receipt are uncertain pending the sale of properties.

WORLD VISION OF NEW ZEALAND TRUST BOARD
Five Year Summary (Unaudited)

Revenue	2019	2018	2017	2016	2015
Revenue from New Zealand donors	\$000	\$000	\$000	\$000	\$000
Child sponsorship income	23,187	24,354	26,760	29,322	30,672
Private donations	12,210	14,589	10,499	13,017	8,366
Grant income	4,157	5,592	5,410	6,646	4,086
Humanitarian appeals	1,157	709	1,870	1,380	4,975
	40,711	45,244	44,539	50,365	48,099
Interest and other income	467	485	457	733	516
Total revenue from New Zealand	41,178	45,729	44,996	51,098	48,615
Multilateral grant income	26,276	23,179	21,767	22,159	20,130
Total revenue	67,454	68,908	66,763	73,257	68,745
Relief and development project costs	56,283	57,488	54,279	59,943	55,634
Operating expenditure					
Engagement	7,279	7,488	6,972	8,568	8,268
Accountability	3,892	3,932	5,512	4,746	4,843
	11,171	11,420	12,484	13,314	13,111
Net surplus/(deficit)	-	-	-	-	-
Other comprehensive revenue and expenses	-	-	-	-	-
Total comprehensive revenue and expenses	-	-	-	-	-
Total operating expenditure as % of:					
Total revenue	16.6%	16.6%	18.7%	18.2%	19.1%