

# MASSEY UNIVERSITY FOUNDATION

Annual Report

For the Year Ended 31 December 2021

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Massey University Foundation

Statement of Trustees Responsibility

For the Year Ended 31 December 2021


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The Trustees of Massey University Foundation (the Foundation) accept responsibility for the preparation of the annual report and the judgments used in these statements.


The Trustees accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Foundation's financial reporting.

In the opinion of the Trustees the annual report for the financial year ended 31 December 2021 fairly reflects the financial position and operations of the Foundation.

The Foundation's annual report was adopted by the Trustees on 17 May 2022

  
(Trustee)

  
\_\_\_\_\_

  
(Trustee)

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# Massey University Foundation

Foundation Directory  
As at 31 December 2021

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## Registered Office

Massey University  
Tiritea Campus  
Tennant Drive  
Palmerston North

## Trustees

Dr Russell Ballard (Chair)  
Dianne Kidd  
Cathy Magiannis (until April 2021)  
Prof Wayne McIlwraith  
Bryan Mogridge  
Prof Jan Thomas  
Ben Vanderkolk  
Shelley Turner (from November 2021)

## Auditors

Audit New Zealand  
On behalf of the Auditor-General

## Bankers

Bank of New Zealand  
Westpac

## Nature of Business

Charitable Trust – Charities Commission registration number CC27593

## Location of Business

Tiritea House  
Palmerston North

## Solicitor

Buddle Findlay, Auckland

Massey University Foundation

Statement of Comprehensive Revenue and Expense  
For the Year Ended 31 December 2021

	<i>Note</i>	<i>2021</i>	<i>2020</i>
		<i>\$'000</i>	<i>\$'000</i>
<b>Revenue</b>			
Gifts	3	4,438	2,484
Legacies	3	814	733
Grants	3	594	893
Distributions from Invested Funds	3, 6	778	432
Net gains from Invested Funds at fair value through surplus or deficit	3, 6	2,969	5,390
Interest	3, 6	22	116
Other Revenue	3	36	30
<i>Total Revenue</i>		<i>9,651</i>	<i>10,079</i>
<b>EXPENSES</b>			
Audit Fees		19	18
Distributions and Grants	4	7,958	2,586
Investment Management Fees		267	311
Bank Fees		0	2
<i>Total Expenses</i>		<i>8,244</i>	<i>2,917</i>
<b>Total Comprehensive Revenue and Expense</b>	<b>2</b>	<b>1,408</b>	<b>7,161</b>

The accompanying Notes to the Financial Statements form part of and are to be read in conjunction with these statements.

Massey University Foundation

Statement of Changes in Equity  
For the Year Ended 31 December 2021

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	<i>Note</i>	<i>2021</i>	<i>2020</i>
		\$ '000	\$ '000
Balance at 1 January		54,616	47,454
Total Comprehensive Revenue and Expense		1,408	7,161
<b>Balance at 31 December</b>	<b>2</b>	<b>56,023</b>	<b>54,616</b>

The accompanying Notes to the Financial Statements form part of and are to be read in conjunction with these statements.



Massey University Foundation

Statement of Financial Position

As At 31 December 2021

	Note	2021 \$ '000	2020 \$ '000
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5, 9	2,054	2,053
Debtors and Other Receivables	7, 9	335	76
Other Financial Assets	6, 9	52,785	51,719
<i>Total Current Assets</i>		<i>55,174</i>	<i>53,848</i>
<b>NON-CURRENT ASSETS</b>			
Other Financial Assets	6, 9	1,680	1,004
<i>Total Non-Current Assets</i>		<i>1,680</i>	<i>1,004</i>
<b>TOTAL ASSETS</b>		<b>56,854</b>	<b>54,852</b>
<b>CURRENT LIABILITIES</b>			
Creditors and Other Payables	8, 9	831	237
<i>Total Current Liabilities</i>		<i>831</i>	<i>237</i>
<b>NET ASSETS</b>		<b>56,023</b>	<b>54,616</b>
Represented by:			
<b>FOUNDATION EQUITY</b>			
Foundation Equity	2	56,023	54,616
<b>TOTAL EQUITY</b>		<b>56,023</b>	<b>54,616</b>

For and on behalf of the Foundation:

  
 \_\_\_\_\_  
 (Trustee)

17.5.22.  
 \_\_\_\_\_  
 (Date)

  
 \_\_\_\_\_  
 (Trustee)

17.5.22  
 \_\_\_\_\_  
 (Date)

The accompanying Notes to the Financial Statements form part of and are to be read in conjunction with these statements.



Massey University Foundation

Statement of Cash Flows

For the Year Ended 31 December 2021

	<i>Note</i>	2021 \$ '000	2020 \$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from</b>			
Gifts, Legacies & Grants		5,583	4,423
Interest		27	138
Distributions from Invested Funds		778	432
Other Revenue		36	30
Net GST		-	23
		<u>6,424</u>	<u>5,047</u>
<b>Cash was applied to</b>			
Distributions and Grants		7,303	2,565
Net GST		32	-
Payments to suppliers		314	302
<i>Net Cash Flows from/ (to) Operating Activities</i>		<u>(1,225)</u>	<u>2,180</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from</b>			
Withdrawal of Investments		1,595	1,014
Withdrawal of Term Deposits		2,775	6,838
<b>Cash was applied to</b>			
Purchase of Term Deposits		421	4,822
Purchase of Investments		2,723	4,067
<i>Net Cash Flows from / (to) Investing Activities</i>		<u>1,227</u>	<u>(1,037)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was provided from</b>			
Capital Injection		-	-
<b>Cash was applied to</b>			
Distribution of Retained Revenue		-	-
<i>Net Cash Flows from/ (to) Financing Activities</i>		<u>-</u>	<u>-</u>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>		<b>1</b>	<b>1,143</b>
Cash and Cash Equivalents at the beginning of the year		2,053	910
<b>Cash and Cash Equivalents at the end of the year</b>	<b>5</b>	<b><u>2,054</u></b>	<b><u>2,053</u></b>

The accompanying Notes to the Financial Statements form part of and are to be read in conjunction with these statements.



# Massey University Foundation

## NOTES TO THE FINANCIAL STATEMENTS

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# Massey University Foundation

## 1. Statement of Accounting Policies

### Reporting entity

Massey University Foundation (the Foundation) is domiciled in New Zealand and is a charitable trust for the benefit of Massey University. It has held charitable status since 2004. The Foundation has designated itself as a public benefit entity with all applicable public benefit entity exemptions being adopted.

The financial statements of the Foundation are for the year ended 31 December 2021. The financial statements were authorised for issue by the Trustees on 17 May 2022.

### BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

### Statement of Compliance

The financial statements are prepared in accordance with the trust deed, the Charities Act 2005 and New Zealand Generally Accepted Accounting Practice (NZ GAAP) where defined. The financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards as appropriate for a Tier 2 Public Benefit Entity in accordance with the Tier 2 Public Benefit Entity reduced disclosure regime (RDR). The Foundation qualifies as a Tier 2 reporting entity as it does not have public accountability and is not 'large' as defined by XRB A1.

### Measurement Base

The financial statements have been prepared on an historical cost basis except for Managed Funds and Private Equity which have been measured at fair value.

### Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Foundation is New Zealand dollars (NZ\$).

### Summary of Significant Accounting Policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

### Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Non-exchange Gift Revenue – refer to Note 3.

# Massey University Foundation

## 1 Statement of Accounting Policies (continued)

### Goods and Services Tax

The Foundation is GST registered. All of the amounts included in the Statement of Comprehensive Revenue and Expense and Statement of Financial Position are stated on a GST exclusive basis except debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

### Income Tax

The Foundation has received confirmation from the Commissioner of Inland Revenue for Exemption from Income Tax and Resident Withholding Tax by way of Charitable Status. The Foundation is registered with the Charities Commission as a charitable organisation. Accordingly, no charge for income tax has been provided for.

### Statement of Trust Relationship

The Foundation Trust Deed sets out the specific powers of the board in the First Schedule. Under the First Schedule of the Trust Deed the Board's powers may only be exercised to further the charitable purposes of the Foundation or to further purposes which are incidental or ancillary to the charitable purposes of the Foundation.

### Effects of Covid-19 on Trust Operations

The ongoing Coronavirus pandemic has the potential to impact on global economies and therefore future income from invested funds, and the future value of invested funds remains uncertain. The Massey University Foundation continues to maintain a medium to long term investment strategy.

## 2. Equity

### Accounting policy

Equity is measured as the difference between total assets and total liabilities.

	01/01/21			31/12/21	
FOUNDATION EQUITY	Opening			Funds	Closing
	Balance	Transfers	Surplus	Movement	Balance
	\$000	\$000	\$000	\$000	\$000
Retained Earnings	54,616	-	1,408	-	56,023
<b>TOTAL FUNDS EMPLOYED</b>	<b>54,616</b>	<b>-</b>	<b>1,408</b>	<b>-</b>	<b>56,023</b>

	01/01/20			31/12/20	
FOUNDATION EQUITY	Opening			Funds	Closing
	Balance	Transfers	Surplus	Movement	Balance
	\$000	\$000	\$000	\$000	\$000
Retained Earnings	47,454	-	7,161	-	54,616
<b>TOTAL FUNDS EMPLOYED</b>	<b>47,454</b>	<b>-</b>	<b>7,161</b>	<b>-</b>	<b>54,616</b>

## Massey University Foundation

### 2 Equity (continued)

Section 8.2 of the trust deed states: If the Board accepts a Designated Gift it must keep that Designated Gift and any income derived from it separate from the general assets of the Trust Fund, and administer (or appoint a committee in accordance with rule 15 of the Second Schedule to administer) it as a separate specific trust in terms of the trust under which it was given.

	2021	2020
	\$000	\$000
Total amount of Trust funds held for specific purpose	55,931	54,496
Total amount of Trust funds held for general purpose	<u>92</u>	<u>120</u>
	<b>56,023</b>	<b>54,616</b>

Trust funds have been categorised by their primary distribution type.

#### Trust Categories

	1/01/2021			31/12/2021
	Opening Balance	Income	Expenditure	Closing Balance
	\$000	\$000	\$000	\$000
Scholarships	27,598	4,047	2,072	29,572
Research	17,038	3,346	1,203	19,181
Other	6,979	1,339	1,760	6,558
Prizes	442	287	29	699
Capital	2,558	633	3,179	12
<b>Total</b>	<b>54,616</b>	<b>9,651</b>	<b>8,244</b>	<b>56,023</b>

### 3. Revenue

#### Accounting Policy

Revenue is measured at the fair value of consideration received or receivable.

The specific accounting policies for significant revenue items are explained below:

#### Revenue from Exchange Transactions

Exchange transactions are those where there has been an exchange of resources of approximately equal value between the Foundation and another party.

Distributions and gains and losses from financial instruments are recognised at fair value through surplus or deficit.

Interest income is recognised using the effective interest method.

#### Revenue from Non-Exchange Transactions

Non-exchange transactions are those where the Foundation receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

Donations and bequests are recognised as income when the right to receive the fund or asset has been established. For grants, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied.

Pledges are not recognised as assets or revenue until the pledged item is received.

## Massey University Foundation

### 3. Revenue (continued)

#### Critical judgements in applying accounting policies

##### Non-Exchange Gift Revenue

Judgement is required in determining the timing of revenue recognition for arrangements that span a balance date and multi-year arrangements. In this case consideration is given to the nature of the arrangement, any conditions attached, past practice of the parties and enforceability of the arrangement.

#### Breakdown of Exchange and Non-Exchange Revenue

	2021 \$ '000	2020 \$ '000
<b>Revenue from Non-Exchange Transactions</b>		
Gifts	4,438	2,484
Legacies	814	733
Grants	594	893
Other Revenue	19	18
<i>Total Revenue from non-exchange transactions</i>	5,865	4,130
<b>Revenue from Exchange Transactions</b>		
Distributions from Invested Funds	778	432
Net gains from Invested Funds at fair value through surplus of deficit	2,969	5,390
Interest	22	116
Other Revenue	18	12
<i>Total Revenue from exchange transactions</i>	3,786	5,949
<b>Total Revenue</b>	<b>9,651</b>	<b>10,079</b>

### 4. Distributions and Grants

#### Accounting Policy

Distributions and grants are recognised once the application has been approved and any terms of the distribution or grant have been met. Applications are assessed to ensure that distributions and grants are made in accordance with the donor's intentions and are consistent with the Foundation's charitable purpose. A payable liability is recognised for any distributions and grants that have been approved, for which terms are met but are not yet paid at year end.

#### Breakdown of Distributions and Grants

	2021 \$'000	2020 \$'000
Research	731	565
Scholarships	1,469	945
Academic Chairs	734	375
Capital Projects	3,600	0
Donations, Grants, Prizes	911	305
Other	512	397
<b>Total Distributions and Grants</b>	<b>7,958</b>	<b>2,586</b>

## Massey University Foundation

### 5. Cash and Cash Equivalents

#### Accounting Policy

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

	2021	2020
	\$ '000	\$ '000
Cash at Bank	788	364
Call Deposits	1,266	617
Term Deposits with maturity less than 3 months	-	1,072
<b>Total</b>	<b>2,054</b>	<b>2,053</b>

### 6. Other Financial Assets

#### Accounting Policy

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purposes of measurement:

- fair value through surplus or deficit; and
- loans and receivables.

#### *Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition as at fair value through surplus or deficit. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short-term or is part of a portfolio that are managed together and for which there is evidence of short-term profit-taking. A financial asset is classified as designated upon initial recognition as at fair value through surplus or deficit in order to avoid a measurement inconsistency that would otherwise arise from measuring it on a different basis.

#### **Investment in Managed Funds**

The Foundation invests most of its portfolio of assets with Nikko Asset Management Limited (formerly Tyndall Investment Management Limited). As part of the regular meeting schedule the trustees discuss the asset mix and weighting of the portfolio making recommendations on a best endeavours approach based on the current investment environment and likely future. Any adjustments that are recommended are discussed with Nikko Asset Management Limited before being enacted. The fair value of investments traded in an active market is based on quoted market prices as at balance date. The quoted market price used is the current bid price.

6. Other Financial Assets (continued)

**Investment in Private Equity**

The Foundation invests a small portion of its portfolio of assets with Continuity Capital, a private equity fund manager. The Foundation is a limited partner in two funds – Fund 4 and Fund 6 - for which 72.5% and 15% of the total agreed investments have been called respectively as at 31 December 2021. The remaining funds are expected to be called over the next four years. The fair value of this investment is determined using valuation techniques as the investment is not traded in an active market. These techniques comply with the International Private Equity and Venture Capital Valuation Guidelines.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as current assets. After initial recognition financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit. Fair values are determined by market prices.

All other financial assets are designated as being at fair value through surplus or deficit at initial recognition and are classified as non-current assets. After initial recognition these assets are valued at fair value which is based on the Net Asset Value unit price. The Net Asset Value is determined by the fund managers using industry best practice as set out in the Private Equity and Venture Capital Valuation Guidelines.

*Loans and receivables (including cash and cash equivalents and debtors and other receivables)*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition loans and receivables are measured at amortised cost using the effective interest method less any provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

**Impairment of financial assets**

At each balance date, the Foundation assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in surplus or deficit.

*Loans and receivables (including cash and cash equivalents and debtors and other receivables)*

Impairment of a loan or a receivable is established when there is objective evidence that Foundation will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). For other financial assets, impairment losses are recognised directly against the instruments carrying amount.

Massey University Foundation

6. Other Financial Assets (continued)

	2021 \$ '000	2020 \$ '000
<b>Current Portion</b>		
<b>Short-term deposits with maturities of 4-12 months</b>		
Opening Balance	3,369	5,385
<b>Capital</b>		
New Funds	408	4,790
<b>Investment Activity</b>		
Interest Earned	13	32
Funds Withdrawn	(2,775)	(6,838)
	<u>(2,354)</u>	<u>(2,016)</u>
<b>Closing Balance</b>	<b>1,014</b>	<b>3,369</b>
<b>Invested Funds at Fair Value through Surplus or Deficit</b>		
Opening Balance	48,350	40,126
<b>Capital</b>		
New Funds	1,188	3,506
Funds withdrawn	(1,273)	(1,014)
	<u>(85)</u>	<u>2,492</u>
<b>Investment Activity</b>		
Distributions from Invested Funds	456	386
Net gains/(losses) from Invested Funds at fair value through surplus or deficit	3,050	5,346
	<u>3,506</u>	<u>5,732</u>
<b>Closing Balance</b>	<b>51,771</b>	<b>48,350</b>
Represented by:		
Capital Stable Assets		
Cash New Zealand	2,057	2,126
Fixed Interest New Zealand	9,364	9,293
Fixed Interest Off Shore	5,088	4,966
	<u>16,509</u>	<u>16,385</u>
Equities		
Equities New Zealand	10,971	10,561
Equities Off Shore	19,610	17,031
	<u>30,580</u>	<u>27,592</u>
Alternatives		
Multi Strategy	2,159	2,033
Wholesale Option	2,522	2,340
	<u>4,681</u>	<u>4,373</u>
	<u>51,771</u>	<u>48,350</u>
<b>Total Current Portion of Other Financial Assets</b>	<b>52,785</b>	<b>51,719</b>



## Massey University Foundation

### 6. Other Financial Assets (continued)

	2021 \$'000	2020 \$'000
<b>Non-Current Portion</b>		
<b>Invested Funds at Fair Value through Surplus or Deficit</b>		
Opening Balance	1,004	786
Capital		
New Funds	757	175
Funds withdrawn	(322)	-
	<u>435</u>	<u>175</u>
<b>Investment Activity</b>		
Distributions from Invested Funds	322	-
Net gains/(losses) from Invested Funds at fair value through surplus or deficit	(82)	44
	<u>240</u>	<u>44</u>
<b>Closing Balance</b>	<b><u>1,680</u></b>	<b><u>1,004</u></b>
Represented by:		
Private Equity Investment	<u>1,680</u>	<u>1004</u>
<b>Total Non-Current Portion of Other Financial Assets</b>	<b><u>1,680</u></b>	<b><u>1,004</u></b>

### 7. Debtors and Other Receivables

#### Accounting Policy

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

Debtors and Other Receivables were made up of Foundation revenue (including related party revenue) and prepaid expenses.

At balance date there were no debtors past due.

	2021 \$'000	2020 \$'000
Debtors from Non-Exchange Transactions	190	24
Other Receivables from Non-Exchange Transactions	143	45
<i>Total Receivables from Non-Exchange Transactions</i>	<u>333</u>	<u>70</u>
Other Receivables from Exchange Transactions	2	7
<i>Total Receivables from Exchange Transactions</i>	<u>2</u>	<u>7</u>
<b>Total Debtors and Other Receivables</b>	<b><u>335</u></b>	<b><u>76</u></b>

# Massey University Foundation

## 8. Creditors and Other Payables

### Accounting Policy

Short-term creditors and other short-term payables are recorded at their face value.

Creditors and other Payables were made up of research grants, scholarships, donations and fees. They are non-interest bearing and are normally settled on 30-day terms.

	2021 \$ '000	2020 \$ '000
Creditors and Other Payables from Non-Exchange Transactions	742	86
<i>Total Creditors and Other Payables from Non-Exchange Transactions</i>	<u>742</u>	<u>86</u>
Creditors and Other Payables from Exchange Transactions	89	150
<i>Total Creditors and Other Payables from Exchange Transactions</i>	<u>89</u>	<u>150</u>
<b>Total Creditors and Other Payables</b>	<b>831</b>	<b>237</b>

## 9. Financial Instrument categories

	2021 \$ '000	2020 \$ '000
<b>FINANCIAL ASSETS</b>		
<b>Fair Value through Surplus or deficit</b>		
Managed Funds	51,771	48,350
Private Equity	1,680	1,004
<i>Total Fair Value through Surplus or Deficit</i>	<u>53,451</u>	<u>49,355</u>
<b>Loans and Receivables</b>		
Cash and Cash Equivalents	2,054	2,053
Term deposits with maturities over 3 months	1,014	3,369
Debtors and Other Receivables	335	76
<i>Total Loans and Receivables</i>	<u>3,403</u>	<u>5,498</u>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial Liabilities at Amortised Cost</b>		
Creditors and Other Payables	831	237
<i>Total Financial Liabilities at Amortised Cost</i>	<u>831</u>	<u>237</u>
<b>Maturity analysis and effective interest rate</b>		
Short-term deposits with maturities under 3 months	-	1,072
Weighted average interest rate	-	0.35%
Short-term deposits with maturities over 3 months	1,014	3,369
Weighted average interest rate	1.11%	0.83%
<b>The fair value of Term Deposits are as follows:</b>		
Short-term deposits with maturities under 3 months	-	1,072
Short-term deposits with maturities over 3 months	1,014	3,369

## Massey University Foundation

### 10. Related Parties

The Foundation is a controlled entity of Massey University, as the Trustees of the Foundation are appointed by the Vice-Chancellor of the University.

Massey University paid and provided staffing, provision of buildings and equipment to the value of \$742,437 (2020 \$657,904). This was not on charged to the Foundation.

The Foundation provided \$3,600,000 in funding to Massey University for the Restoration of Refectory project. This funding was the result of a multi-year fundraising effort by the Foundation and was paid to Massey University at the completion of the project.

Related party disclosures have not been made for transactions with Massey University that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that are reasonable to expect that the Foundation would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with Massey University are not disclosed as related party transactions when they are consistent with the normal operating arrangements between such entities and undertaken on the normal terms and conditions for such transactions.

There were no other transactions between the Foundation and other related parties.

#### *Key Management Personnel*

The director is a full time equivalent of 0.8 and remuneration is paid by Massey University. The director is the only member of key management personnel.

#### *Board remuneration.*

The full-time equivalent for board members has been determined based on the frequency and length of board meetings and the estimated time for members to prepare for meetings. This has been calculated as 0.05 of a full time equivalent for all board members combined. None of the board members are remunerated

### 11. Commitments

At 31 December 2021, the Foundation had commitments of \$3,031,250 (2020: \$787,500) relating to the uncalled portions of the private equity investments. The remaining calls on these investments are expected to be made over the next four years.

Massey University Foundation

Report of the Auditor-General

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## Independent Auditor's Report

### To the readers of the Massey University Foundation's financial statements for the year ended 31 December 2021

The Auditor-General is the auditor of the Massey University Foundation (the Foundation). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Foundation on his behalf.

#### Opinion

We have audited the financial statements of the Foundation on pages 5 to 19, that comprise the statement of financial position as at 31 December 2021, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Foundation:

- present fairly, in all material respects:
  - its financial position as at 31 December 2021; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime.

Our audit was completed on 17 May 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information and we explain our independence.

#### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

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

The Trustees are responsible on behalf of the Foundation for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they 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 Foundation for assessing the Foundation's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from clauses 19 and 20 of the Second Schedule of the Trust Deed of the Foundation.

### **Responsibilities of the auditor 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## **Other information**

The Trustees are responsible for the other information. The other information comprises the information included on pages 2 to 4, but does not include the financial statements, and our auditor's report thereon.

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. In doing so, we 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 our work, 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.

## **Independence**

We are independent of the Foundation in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of

Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the Foundation.

Two handwritten signatures in blue ink. The first signature is a stylized, cursive 'S B Lucy'. The second signature is a more abstract, cursive scribble.

S B Lucy  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand