

Halberg Foundation

Financial Statements
For the year ended 30 June 2019

Halberg Foundation

DIRECTORY FOR THE YEAR ENDED 30 JUNE 2019

Founder	Sir Murray Halberg
Executive Board	Carolyn Steele (Chair) Kevin Malloy (Deputy Chair) Meg Matthews (Chair Audit & Risk Committee) Bryan Andrews Dr Lance O'Sullivan Raylene Bates Matthew Cooper
Chief Executive	Shelley McMeeken
Nature of Business	The Halberg Foundation is a charitable organisation founded in 1963 by Olympic legend, Sir Murray Halberg (ONZ) which aims to enhance the lives of physically disabled young people through sport and recreation. The core work of the Foundation includes a team of regional Advisers who connect physically disabled young people to sports and recreation opportunities. The Advisers also deliver an inclusive training course and work with schools and sport and recreation organisations on inclusive programmes and events. The Foundation hosts the Halberg Games a national, three-day sports competition for physically disabled young people.
Registered Office & Postal Address	PO Box 11-487, Ellerslie, Auckland 1542 Level 5, 56 Cawley Street, Ellerslie, Auckland 1051
Telephone	09-579-9931
Charities Commission Number	CC35558
Date of Incorporation	30 June 2008 (established 1963)
Auditors	Deloitte Limited
Solicitors	Buddle Findlay

Halberg Foundation

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2019

	Notes	2019	2018
Revenue			
Revenue from Non-Exchange Transactions	4	2,420,049	2,039,332
Revenue from Exchange Transactions	4	451,484	424,941
Total Revenue		2,871,533	2,464,273
Expenses			
Disability Sport - Delivery		1,144,182	1,058,235
Disability Sport - Activity Fund		169,975	163,090
Occupancy, depreciation and administration		592,541	477,155
Marketing & Communication	12	112,630	38,097
Function & Events expenditure		414,000	311,985
Function & Events support		212,193	184,211
Fundraising & Sponsorship		161,633	209,767
Total expenses		2,807,154	2,442,540
Surplus before finance income and impairment		64,379	21,733
Finance income		26,860	27,099
Endowment Fund impairment	13	(37,033)	-
Surplus for the year		54,206	48,832
Other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expenses for the year		54,206	48,832

The notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Halberg Foundation

Statement of Changes in Net Assets / Equity for the year ended 30 June 2019

	Contributed capital	Accumulated revenue and expense	Total
Balance 1 July 2017	1,000,000	195,686	1,195,686
Total comprehensive revenue and expense for the year	-	48,832	48,832
Balance 30 June 2018	1,000,000	244,518	1,244,518
Balance 1 July 2018	1,000,000	244,518	1,244,518
Total comprehensive revenue and expense for the year	-	54,206	54,206
Balance 30 June 2019	1,000,000	298,724	1,298,724

The notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Halberg Foundation

Statement of Financial Position as at 30 June 2019

	Notes	2019	2018
ASSETS			
Current assets			
Cash and cash equivalents	5a	387,098	305,600
Term deposits	5b	800,000	800,000
Prepayments		26,818	3,830
Receivables from exchange transactions	6	102,916	98,132
Accrued non-exchange revenue		130,001	130,001
Total current assets		1,446,833	1,337,563
Non current assets			
Investment in Halberg Endowment Fund	13	262,967	300,000
Property, plant & equipment	7	48,964	39,844
Total non current assets		311,931	339,844
TOTAL ASSETS		1,758,764	1,677,407
LIABILITIES			
Current liabilities			
Payables from exchange transactions	8	157,664	140,822
Non-exchange liabilities	9	135,049	123,686
Lead agency funding	10	87,482	107,550
Employee benefit liability	11	79,845	60,831
Total current liabilities		460,040	432,889
TOTAL LIABILITIES		460,040	432,889
NET ASSETS		1,298,724	1,244,518
EQUITY			
Contributed capital	18	1,000,000	1,000,000
Accumulated revenue and expense		298,724	244,518
TOTAL EQUITY		1,298,724	1,244,518

The notes to the Financial Statements form part of and are to be read in conjunction with this statement.



Carolyn Steele
Executive Board Chair
8 October 2019



Meg Matthews
Chair of Audit & Risk Committee
8 October 2019

Halberg Foundation

Statement of Cash Flows for the year ended 30 June 2019

	Notes	2019	2018
Cash flows from operating activities			
Proceeds from grants and donations		2,856,696	2,182,104
Payments to suppliers and employees		(2,605,493)	(2,230,864)
Lead agency funding received		333,000	333,000
Lead agency funding paid		(353,068)	(279,500)
Activity Fund grants distributed		(148,340)	(140,786)
Net cash generated by/(used in) operating activities		82,795	(136,046)
Cash flows from investing activities			
Interest received		26,641	27,252
Payments for property, plant and equipment		(27,938)	(10,962)
Investment in controlled entity		-	-
Net cash generated by/(used in) investing activities		(1,297)	16,290
Cash flows from financing activities			
Net cash generated by financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		81,498	(119,756)
Cash and cash equivalents at the beginning of the year	5a	305,600	425,356
Cash and cash equivalents at the end of the year	5a	387,098	305,600

The notes to the Financial Statements form part of and are to be read in conjunction with this statement.

Halberg Foundation

Notes to the financial statements for the year ended 30 June 2019

1. General information

Halberg Foundation ("Halberg") is a registered charity under the Charities Act 2005 and is domiciled in Auckland, New Zealand. Halberg is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

The Halberg Foundation was set up in 1963 by Sir Murray Halberg for the benefit of children with disabilities. Halberg pays or applies in New Zealand the income and the capital of Halberg in such amounts, at such times, and subject to such terms and conditions, as the Executive Board may decide for the benefit, education, advancement in life, or personal support in any way whatsoever of children with disabilities (including, without limitation, to enhance the lives of physically disabled younger New Zealanders by enabling them to participate in sport and recreation).

The purpose of Halberg is to enhance the lives of physically disabled New Zealanders by enabling them to participate in sport and recreation.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity Accounting Standards Reduced Disclosure Requirements ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted. Halberg qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

Halberg is required by its Trust Deed and the Charities Act 2005 to prepare general purpose financial statements.

These financial statements were authorised for issue by the Executive Board on 8 October 2019.

(b) Measurement basis

The financial statements have been prepared on a historical cost basis and are presented in New Zealand dollars.

(c) Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the financial statements include the following:

- Revenue recognition – non-exchange revenue (conditions vs restrictions)
- Whether there is control over an investee
- Whether Halberg is acting as an agent of Sport NZ for lead agency funding received
- Whether the investment in Halberg Endowment Fund is impaired

Halberg Foundation

Notes to the financial statements for the year ended 30 June 2019

(d) Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$), which is the entity's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Halberg.

(a) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Foundation. Revenue is measured at the fair value of consideration received or receivable.

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. This includes revenue from grants, donations, fundraisers, and sponsorships. No revenue is recognised for services or donations-in-kind.

Sponsorships, donations, fundraisers, and grants

The recognition of non-exchange revenue from sponsorships, donations, fundraisers, and grants depends on the nature of any stipulations attached to the funds received.

Stipulations that are 'conditions' specifically require the Foundation to return the funds received if they are not utilised in the way stipulated. Stipulations that are 'restrictions' do not specifically require the Foundation to return the funds received if they are not utilised in the way stipulated.

Revenue is recognised when any conditions attached to the sponsorship, donation, fundraising, or grant have been complied with. Where there are unfulfilled conditions attached to the sponsorship, donation, fundraising, or grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

If no conditions are attached to the sponsorship, donation, fundraising, or grant, revenue is recognised when the money is received.

Sponsorships

Sponsorship revenue includes revenue from partners.

Donations

Donations include donations from general public and other organisations.

Fundraising revenue

Fundraising revenue includes revenue received from organised events.

Grants

Grants includes grants from Sport NZ, charitable organisations and other businesses.

Revenue from exchange transactions

Revenue from exchange transactions consists of ticket proceeds. Ticket proceeds is earned from selling seats to the annual Halberg Awards and other events.

Revenue received from events is recognised in surplus or deficit when the event occurs. Amounts received in advance for events held in future are recognised as a liability until such time as the event occurs. It is measured at the fair value of the consideration received or receivable.

Halberg Foundation

Notes to the financial statements for the year ended 30 June 2019

(b) Finance income

Finance income is earned on short term deposits held with Westpac and recognised on an accrual basis using the effective interest method.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand.

(d) Investment in Halberg Endowment Fund

During the year ended 30 June 2016 Halberg contributed \$300,000 towards the establishment of the Halberg Endowment Fund ("the Fund"). Halberg has control over the Fund as the Executive Board of Halberg appoints the Fund's Board of Trustees.

The investment in the Fund is recognised as a non-cash generating asset and is stated at the recoverable amount. The investment in the Fund is assessed for indicators of impairment at least annually.

(e) Property, plant & equipment

Items of property plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value at date of acquisition.

All of Halberg's items of property, plant and equipment are subsequently measured in accordance with the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in surplus or deficit on a diminishing value basis over the estimated useful life an item of property, plant and equipment. The diminishing value depreciation rates are:

Computer equipment

Laptops and tablets	50%
Networking equipment	50%
Projectors	25%

Office equipment

Office fit out	10 - 16%
Furniture	16 - 25%
Other equipment	40 - 67%

Motor vehicles

Cars (used)	30%
Trailers	13%

(f) Accounts payable

Trade payables and other accounts payable are recognised when Halberg becomes obliged to make future payments resulting from the purchase of goods and services.

(g) Non-exchange liabilities

Non-exchange liabilities relate to grants, donations, and sponsorships received to which there are stipulated conditions attached. Non-exchange revenue in relation to this balance is recognised at the point-in-time as each stipulated condition is satisfied.

Halberg Foundation

Notes to the financial statements for the year ended 30 June 2019

(h) Lead agency funding

Where Halberg holds cash which it considers to be assets held in trust on behalf of others as Lead Agency, the funds received are recorded within cash at bank and a corresponding liability is recorded on the balance sheet until distributed to third parties. As these amounts are held in trust on behalf of others, Halberg is acting as an agent and no amounts are recognised within the surplus or deficit.

(i) Financial instruments

Halberg initially recognises financial instruments when Halberg becomes a party to the contractual provisions of the instrument.

Halberg derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Halberg derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, Halberg has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, receivables, and lead agency funding. Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

Amortised cost financial liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise payables, lead agency funding and grants approved but not yet paid.

(j) Goods and services taxation

These financial statements have been prepared on a GST exclusive basis of accounting with the exception of receivables and payables.

(k) Operating leases

Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease.

(l) Income tax

No income taxation is payable by the Foundation in terms of Section 61 of the Income Tax Act which exempts charitable trusts.

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Notes to the financial statements for the year ended 30 June 2019

(m) Activity fund

The Activity Fund is a grants programme that helps physically disabled young New Zealanders to overcome financial barriers that prevent them from participating in sport and recreation. The Activity Fund is generously supported primarily by the Eagles Golfing Society.

(n) Changes in accounting policies

No changes in accounting policies occurred during the year.

(o) Prior year comparatives

Where necessary certain prior year comparatives have been restated to ensure consistency with current year presentation.

4. Revenue

Revenue earned from non-exchange and exchange transactions is detailed below:

	2019	2018
Non-exchange revenue		
Sponsorship	436,239	151,583
Donations	347,324	357,433
Fundraising revenue	179,453	219,472
Grants	1,457,033	1,310,844
	<u>2,420,049</u>	<u>2,039,332</u>
Exchange revenue		
Ticket proceeds	401,691	398,954
Other revenue	49,793	25,987
	<u>451,484</u>	<u>424,941</u>

5(a). Cash and cash equivalents

	2019	2018
Cash at bank	387,098	305,600
Cash held for restricted purposes	87,482	107,550

Cash held for restricted purposes relates to lead agency funding received but not yet paid (see also note 10).

5(b). Term deposits

Short-term deposits	800,000	800,000
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There are two short term deposits, one for \$400,000 with a term of 6 months that matured on 11 July 2019 and one for \$400,000 with a term of 180 days that is due to mature on 27 November 2019.

6. Receivables from exchange transactions

Receivables from exchange transactions are as detailed below:

	2019	2018
Trade receivables	53,883	61,983
GST receivable	41,671	29,006
Interest receivable	7,362	7,143
	<u>102,916</u>	<u>98,132</u>

Halberg Foundation

Notes to the financial statements for the year ended 30 June 2019

7. Property, plant and equipment

Cost	Computer Equipment	Office Equipment	Motor Vehicles	Total
Balance 1 July 2017	67,085	46,748	15,652	129,486
Additions	4,830	6,132	-	10,962
Disposals	-	-	-	-
Balance 30 June 2018	71,915	52,880	15,652	140,447
Balance 1 July 2018	71,915	52,880	15,652	140,447
Additions	12,456	11,226	4,256	27,938
Disposals	-	-	-	-
Balance 30 June 2019	84,371	64,106	19,908	168,385
Accumulated Depreciation	Computer Equipment	Office Equipment	Motor Vehicles	Total
Balance 1 July 2017	51,186	19,646	15,652	85,663
Depreciation expense for the year	10,367	4,573	14,831	14,940
Accumulated depreciation on disposals	-	-	-	-
Balance 30 June 2018	61,553	24,219	14,831	100,603
Balance 1 July 2018	61,553	24,219	14,831	100,603
Depreciation expense for the year	11,589	6,874	355	18,818
Accumulated depreciation on disposals	-	-	-	-
Balance 30 June 2019	73,142	31,093	15,186	119,421
Net Book Value	Computer Equipment	Office Equipment	Motor Vehicles	Total
Balance 30 June 2018	10,362	28,661	15,652	39,844
Balance 30 June 2019	11,229	33,013	4,722	48,964

Halberg Foundation

Notes to the financial statements for the year ended 30 June 2019

8. Payables from exchange transactions

Payables from exchange transactions are as detailed below:

	2019	2018
Trade payables and credit card	150,239	123,264
Accrued expenses	7,425	17,558
	<u>157,664</u>	<u>140,822</u>

9. Non-exchange liabilities

Non-exchange liabilities are detailed below:

	2019	2018
Deferred revenue from grants	70,062	80,334
Activity Fund grants approved not yet paid	64,987	43,352
	<u>135,049</u>	<u>123,686</u>

10. Lead agency funding

	2019	2018
Balance brought forward	107,550	54,050
Payments received	333,000	333,000
Grants paid	(353,068)	(264,800)
Grants approved but not yet paid	-	(14,700)
Closing balance	<u>87,482</u>	<u>107,550</u>

Lead agency funding received in advance is contractually restricted to be distributed in accordance with specific guidelines outlined by Sport New Zealand. Sport New Zealand has allocated \$333,000 (2018: \$333,000) during the year for Halberg to distribute to third parties it identifies as important to supporting the delivery of outcomes to physically disabled New Zealanders. Sport New Zealand has confirmed that Halberg Foundation as the lead agency is effectively holding these funds in trust for distribution to third parties rather than on the Halberg Foundation's own account.

11. Employee benefits

The liabilities recognised for employee benefits comprises annual leave totalling \$79,845 (2018: \$60,831).

12. Marketing & Communication

	2019	2018
Marketing	97,582	22,703
Communication	15,048	15,394
	<u>112,630</u>	<u>38,097</u>

Marketing expenses incurred in the current year include costs associated with the Halberg brand refresh and implementation of a new major sponsor.

13. Endowment Fund impairment

	2019	2018
Impairment	(37,033)	-
	<u>(37,033)</u>	<u>-</u>

In 2019, Halberg has identified an impairment of \$37,033 which has reduced the carrying value of the investment to align with the total net assets of the Fund. Refer to Halberg's accounting policy at note 3d.

Halberg Foundation

Notes to the financial statements for the year ended 30 June 2019

14. Operating lease commitments

The future non-cancellable minimum lease payments of operating leases as lessee at reporting date are detailed in the table below:

	2019	2018
Not later than one year	240,335	187,986
Later than one year and not later than five years	240,180	262,893
Later than five years	-	-
Total non-cancellable operating lease payments	<u>480,515</u>	<u>450,879</u>

Halberg sub-leases its leased premises to external third parties.

15. Related party transactions

Halberg is the controlling entity of the Halberg Endowment Fund ("the Fund"). During the year Halberg paid \$3,750 of expenses on behalf of the Fund (2018: 5,351) and was paid \$10,000 (2018:10,000) of administration fees from the Fund. As at period end, the Fund owes Halberg Foundation \$33,466 (2018: \$17,653) included in trade payables.

Key Management Personnel Remuneration

The Group classifies its key management personnel in the following classes:

Executive Board
Senior Management

The Executive Board members are not paid an annual fee.

The Senior Management members are employed as employees on normal employment terms and are responsible for reporting to the Board.

	2019	2019	2018	2018
	Remuneration	FTEs	Remuneration	FTEs
Senior Management	\$553,607	4.5	\$571,080	4.75

16. Contingent assets

As at 30 June 2019 there are no contingent assets (2018: nil).

17. Contingent liabilities and commitments

As at 30 June 2019 contingent liabilities are nil (2018: nil) and commitments are nil (2018: nil).

18. Contributed capital

Contributed capital consists of funds contributed with the establishment of the Halberg Foundation and is classified as net assets/equity.

19. Events subsequent to reporting date

There were no events subsequent to reporting date.