



Annual Report of the

CHRISTCHURCH

EARTHQUAKE APPEAL TRUST

for the year ended 30 June 2020

This annual report and the audited financial statements are also available at
christchurchappealtrust.org.nz

The Christchurch Earthquake Appeal Trust was established on 11 March 2011 to manage money raised by a public appeal to provide relief to the community of Christchurch and the Canterbury region from the adverse effects of the earthquakes of 4 September 2010 and 22 February 2011 and associated aftershocks or earthquakes.

This report is produced by the Christchurch Earthquake Appeal Trust secretariat with costs met by the New Zealand Government through the Department of Internal Affairs.

No appeal donations were used.

The Christchurch Earthquake Appeal Trust is a charitable trust established under the Charities Act, registration number CC46329.

ISSN 2324-1683

Christchurch Earthquake Appeal Trust

Website: www.christchurchappealtrust.org.nz

Email: christchurchearthquakeappeal@dia.govt.nz

P O Box 805
45 Pipitea Street
Wellington 6140
New Zealand

CONTENTS

| | Page |
|--------------------------------|------|
| Trustees | 1 |
| Report from the Trustees | 2 |
| Funding allocation | 3 |
| Projects still to be completed | 3 |
| Financial Statements | 4 |
| Independent Auditor’s Report | 20 |

TRUSTEES

The Trustees' role is to promote or advance the objects of the Christchurch Earthquake Appeal Trust. The Trustees are appointed by the Crown. Until the Crown decides otherwise, two of the trustees are the holders of the positions of Secretary to the Treasury and Secretary for Internal Affairs.

Dr Rod Carr (appointed 6 April 2011)

Rod Carr has extensive experience in both public and private sector governance and leadership. He served as Chair and non-executive director of the Reserve Bank of New Zealand having previously served as Deputy Governor and for a time Acting Governor of the Bank. He was the founding Chair of the National Infrastructure Advisory Board and for over a decade was a non-executive director of the Canterbury Employers' Chamber of Commerce. He led the University of Canterbury as Vice Chancellor for ten years before retiring in February 2019 having substantially completed the recovery from the earthquakes of 2010 and 2011. Rod is currently the Chair of the Climate Change Commission, a director of ASB Bank Ltd and of Ōtākaro Ltd, as well as a Trustee of the Arts Centre of Christchurch. Rod holds a PhD in Insurance and Risk Management, an MA in Applied Economics and Managerial Science, an MBA in Money and Finance and honours degrees in law and in economics.

Paul James (appointed 1 October 2018) Secretary for Internal Affairs

Paul James was appointed a Trustee on 1 October 2018 when he was commenced his appointment as Chief Executive and Secretary for Internal Affairs.

Paul's previous role was the Chief Executive for Manatū Taonga Ministry for Culture and Heritage. Before joining Manatū Taonga in 2015, Paul was the Deputy Chief Executive, Policy, Regulatory and Ethnic Affairs (now Policy, Regulation and Communities) at Te Tari Taiwhenua Department of Internal Affairs from 2011. He was also responsible for negotiating treaty settlements as the Director of Office of Treaty Settlements at the Ministry of Justice. Paul's other public sector roles have included policy roles at the Ministry of Justice, the Treasury, the Accident Compensation Corporation and Te Puni Kōkiri.

Dr Caralee McLiesh (appointed 16 September 2019) Secretary to the Treasury

Caralee McLiesh was appointed a Trustee when she joined the Treasury as Chief Executive and Secretary to the Treasury in September 2019.

Caralee's previous role was as Managing Director at Technical and Further Education (TAFE) New South Wales (NSW), Australia, where she led the transformation of TAFE NSW to become a more modern, competitive and sustainable organisation.

Prior to this, from 2008-2018 Caralee held several Deputy Secretary roles at the NSW Treasury. During her time there, she led the development of State Budgets covering AUS\$80 billion operating expenditure and AUS\$350 billion in assets. In her most recent role at NSW Treasury (Deputy Secretary for the Fiscal and Economic Group), Caralee advised the Treasurer (NSW's equivalent of the Minister of Finance) and government agencies on fiscal and economic policy, coordination of the Budget and state sector accounts, taxation, intergovernmental relations, and balance sheet management.

REPORT FROM THE TRUSTEES

A global public appeal raised the Christchurch Earthquake Appeal Trust around \$94 million¹. Since then interest on funds held and some small donations have lifted the total to nearly \$105 million.

The majority of the approximately 280 funded projects are now operating for the benefit of the Canterbury community, or in the case of events, or interim activities and social services support, have fulfilled their objectives to provide relief to the Canterbury communities adversely effected by the 2010-11 Canterbury earthquakes.

In 2019/20 grant payments of around \$4.2 million were made, compared to \$2 million in 2018/19. The Trustees were pleased to see the construction stage be reached, with funding then able to be released, for the new surf club facilities at South Brighton and Taylors Mistake, and the Kaiapoi Cure Boating Club rebuild. The Kaiapoi riverbanks redevelopment project received the last payment of its \$2.3 million grant.

Other grant payments were made to the restoration of the Thomas Edmonds Band Rotunda, the relocation of the Citizens' War Memorial which is currently fenced off in Cathedral Square, and the construction and installation of the observatory dome on the Arts Centre Observatory Tower.

The August 2019 approval of the Ōkātaro Avon Regeneration Plan enabled the Trustees to agree to kick start infrastructure projects along the river corridor through an allocation of \$13.8 million to the Christchurch City Council. This will fund the construction of a landing at the Dallington stretch of the river, and replacement footbridges at Medway and Snell Place, and a new footbridge in Aranui. An initial grant payment of \$1.5 million has enabled design and consultation to get underway.

The Trustees have also pledged \$2 million towards a community-led development programme in the greater Brighton area. This area was badly affected in the earthquakes and is still waiting on many projects to begin work due to issues around land remediation and redevelopment. As such, the Trustees were particularly keen to set aside funding for this area of the city. A community-led development programme enables the community to decide for themselves what is important for the community as a whole.

Of the total funding allocated to projects and activities, \$19.44 million remains to be paid out as at the end of the financial year. The bulk of this has been allocated to the Ōkātaro Avon River infrastructure projects identified above. A small number of other projects have been approved but funding is dependent on reaching specific milestones. In some cases there have been delays in achieving these milestones as a result of prior work that has to be undertaken by other parties. Examples here include the resolution of legal issues and externally-imposed consultation requirements before detailed project planning can be implemented.

The Covid-19 pandemic lockdown had an impact on projects, particularly those that were at the construction stage. While this has created delays in some projects (and related payments), no major concerns have been identified.

As at the end of the financial year approximately \$0.66 million was still to be allocated to specific projects.

The Trustees wish to acknowledge the contribution that volunteers, individuals and organisations have made to projects funded by the Trust that were completed this year, and/or to resolving issues that have enabled the remaining projects to move closer to completion.

Dr Rod Carr
Paul James
Dr Caralee McLiesh

Trustees

¹The Trust is not registered for GST, therefore all amounts in this Annual Report are GST inclusive.

FUNDING ALLOCATION

Since 2011 the Trust has directed funds raised across seven portfolio categories as follows. In 2019 it introduced the category, community-led development (CLD), to recognise the unique features of a community-led development programme.

| Portfolio Category | No of projects | % projects | Funds \$millions | % \$ |
|------------------------------|----------------|------------|------------------|------|
| Large Permanent | 8 | 3% | \$35.2 | 34% |
| Community Permanent | 3 | 1% | \$1.8 | 2% |
| Economic Revitalisation | 6 | 2% | \$2.5 | 3% |
| Hardship/Spiritual and Faith | 92 | 33% | \$13.6 | 13% |
| Education/Youth | 69 | 25% | \$4.6 | 4% |
| Sport and Recreation | 78 | 28% | \$22.3 | 21% |
| Heritage and Culture | 20 | 7% | \$22.3 | 21% |
| Community-led development | 1 | 1% | \$2.0 | 2% |
| Total | 277 | | \$104.3 | |

Link to the full list of projects:

<http://www.christchurchappealtrust.org.nz/Running-list>

PROJECTS STILL TO BE COMPLETED

| Recipient | Portfolio | Purpose | Payable as at 30/6/20 |
|------------------------------------|----------------------|--|-----------------------|
| Connecting the City to Sea project | Large Permanent | Allocation available for yet to be identified projects to bring life back to the corridor from Fitzgerald Ave through eastern Christchurch to the sea. | \$1.49m |
| Christchurch City Council | Large Permanent | Towards the construction of replacement footbridges at Medway and Snell Place and a new footbridge at Aranui, and a landing at Dallington | \$12.27m |
| Greater Brighton Community | CLD | Towards a community-led development project(s) | \$2.00m |
| Coastguard Lyttelton | Sport and Recreation | Towards a replacement coastguard facility in Lyttelton. | \$1.20m |
| New Brighton Surf Life Saving Club | Sport and Recreation | Towards the construction of a new surf club facility | \$0.91m |
| Sports House | Sport and Recreation | Towards the fit-out of the Sports House administration hub in the Metro Centre to provide a home for regional sporting organisations displaced by the earthquakes. | \$0.29m |
| Oterepo Te Kohangā Reo | Education/ Youth | To build a playground at their new Kohangā Reo, which was demolished subsequent to the earthquakes. | \$0.03m |
| Christchurch Arts Centre | Heritage and Culture | Towards the reconstruction of the Observatory Tower Dome | \$0.08m |
| Christchurch City Council | Heritage and Culture | Towards the restoration of the Thomas Edmonds Band Rotunda | \$0.75m |
| Church Property Trustees | Heritage and Culture | Towards the relocation and reinstatement of the Citizens' War Memorial | \$0.42m |
| Total | | | \$19.44m |

Christchurch Earthquake Appeal Trust
Financial Statements
For the year ended
30 June 2020

Contents

| | Page |
|--|-----------|
| Non-Financial Information: | |
| Entity Information | 5 |
| Statement of Purpose | 6 |
| Statement of Responsibility | 8 |
| Financial Information: | |
| Statement of Financial Position | 9 |
| Statement of Comprehensive Revenue and Expense | 10 |
| Statement of Changes in Equity | 11 |
| Statement of Cash Flows | 12 |
| Statement of Accounting Policies | 13 |
| Notes to the Financial Statements | 16 |
| Independent Auditor's Report | 20 |

Christchurch Earthquake Appeal Trust

Entity Information

For the year ended

30 June 2020

Legal Name and Entity:

Christchurch Earthquake Appeal Trust.

The Trust was established by Deed dated 11 March 2011.

It is a registered charity [Registration Number: CC46329].

Administrative Entity:

The Department of Internal Affairs provides secretariat, advisory and financial services to the Trustees.

Economic Entity:

The reporting entity is the Christchurch Earthquake Appeal Trust, a registered charity under the Charities Act 2005. The Christchurch Earthquake Appeal Trust is domiciled and operates in New Zealand and is primarily involved in the provision of relief to the community of Christchurch and Canterbury region from the adverse effects of the earthquakes on 22 February 2011 and 4 September 2010. The Trust is a public benefit entity.

Christchurch Earthquake Appeal Trust

Statement of Purpose

For the year ended

30 June 2020

Background

The Christchurch Earthquake Appeal Trust (Trust) was established on 11 March 2011 by deed of trust to provide relief to the community of Christchurch and the Canterbury region from the adverse effects of the earthquakes on 22 February 2011 and 4 September 2010 (and associated events, including any aftershocks and earthquakes).

Purpose of the trust fund

When the 2010 and 2011 earthquakes struck Canterbury, community facilities which took decades of fundraising to put in place, such as sports fields, parks, community buildings and historic buildings, were ruined within hours. Communities were destroyed and people were distraught.

The Christchurch Earthquake Appeal Trust was set up to complement emergency support provided by other charitable agencies, and core government responsibilities.

Objectives of the trust

- the relief of poverty;
- the advancement of education;
- the advancement of religion;
- the advancement of any other purposes beneficial to the community; and
- the advancement of any other purposes that are charitable under the law of New Zealand.

The Trust Deed anticipates that the Trust's legal life-time would be at least ten years. The Trust has allocated available funds to portfolios and is no longer receiving requests for funding.

Structure

Trustees

The Trustees are subject to the Trust Deed and the Trustee Act 1956. The Trustees are responsible for the allocation of Appeal funds to support earthquake recovery initiatives. There are three Trustees. Two of the Trustees are the Secretary to the Treasury and Secretary for Internal Affairs, which are positions held by the Chief Executives of those government departments. An independent Trustee, who acts as the Chair, was appointed by the Ministers of Finance and Internal Affairs.

Advisory Board

The Trustees appointed an Advisory Board of community representatives to provide the Trustees with additional local perspective and advice on specific proposals. The Advisory Board had its last meeting on the 12th of March 2014.

Support services

The New Zealand Government lends support by covering the administration costs of the Trust. All money received by the Appeal has been put towards the earthquake recovery effort and is audited by the Office of the Auditor-General New Zealand for transparency.

Main sources of cash and resources

The Christchurch Earthquake Appeal was launched by the Government on 27 February 2011. The Appeal was a global fundraiser for the recovery effort for Christchurch and the Canterbury region. The Trust is responsible for the allocation of the money raised by the Christchurch Earthquake Appeal to support earthquake recovery initiatives. Income is earned on the investment of funds in accordance with the Trust Deed.

Main methods used to raise funds

The Trust has discontinued fund raising activity. The occasional small unsolicited donation is received.

Christchurch Earthquake Appeal Trust
Statement of Responsibility
For the year ended
30 June 2020

The Trustees are responsible for the preparation and presentation of the Christchurch Earthquake Appeal Trust's financial statements and the judgements made in them.

The Trustees have the responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Trust's opinion, these financial statements fairly reflect the financial position and operations of the Christchurch Earthquake Appeal Trust for the year ended 30 June 2020.

Signed on behalf of the Trust:



Dr Rod Carr
Trustee



Paul James
Trustee

Date: 28 October 2020

Christchurch Earthquake Appeal Trust

Statement of Financial Position

As at
30 June 2020

| | Note | Actual 2020 \$ | Actual 2019 \$ |
|---|------|----------------------|----------------------|
| Assets | | | |
| Current Assets | | | |
| Bank accounts and call deposits | | 202,431 | 1,065,338 |
| Short term bank term deposits | 6 | 19,650,000 | 21,800,000 |
| Accrued interest | | 240,322 | 285,209 |
| Total Current Assets | | 20,092,753 | 23,150,547 |
| Non-Current Assets | | | |
| Loans and advances | 7 | - | 600,000 |
| Total Assets | | 20,092,753 | 23,750,547 |
| Liabilities | | | |
| Current Liabilities | | | |
| Grants payable | 8 | 19,435,000 | 23,718,295 |
| Total Current Liabilities | | 19,435,000 | 23,718,295 |
| Non-Current Liabilities | | | |
| | | - | - |
| Total Liabilities | | 19,435,000 | 23,718,295 |
| Total Assets less Total Liabilities (Net Equity) | | 657,753 | 32,252 |
| Equity | | | |
| Contributed capital | | 1 | 1 |
| Accumulated comprehensive revenue and expense - unrestricted funds | | 657,752 | 32,251 |
| Total Equity | | 657,753 | 32,252 |

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Christchurch Earthquake Appeal Trust
Statement of Comprehensive Revenue and Expense
For the year ended
30 June 2020

| | Note | Actual 2020 \$ | Actual 2019 \$ |
|---|------|----------------------|----------------------|
| Revenue | | | |
| Donations | | 139 | 620 |
| Interest | 4 | 601,569 | 811,453 |
| Write back provision for doubtful debts | | 623,842 | - |
| Grants refunded/cancelled | | - | 2,875,000 |
| Total Revenue | | 1,225,551 | 3,687,073 |
| Expenses | | | |
| Grants approved during the period | | - | 4,188,000 |
| Return of tagged donations held in trust | | - | 1,250,000 |
| Bank fees | | 50 | 50 |
| Amortisation of advance | 7 | 600,000 | 600,000 |
| Total Expenses | | 600,050 | 6,038,050 |
| Surplus for the Period | | 625,501 | (2,350,977) |
| Other Comprehensive Revenue and Expense | | | |
| <i>Donated Goods and Services</i> | | | |
| Administration costs funded by the Government | | 51,471 | 66,000 |
| Donation of goods and services | | - | - |
| <i>Total Donated Goods and Services</i> | 5 | 51,471 | 66,000 |
| <i>Administration Costs of the Trust</i> | | | |
| Administration costs provided by the Department of Internal Affairs | | (51,471) | (66,000) |
| Administration expenses | | - | - |
| <i>Total Administration Costs</i> | | (51,471) | (66,000) |
| Deficit from the Administration of the Trust | | - | - |
| Total Comprehensive Revenue and Expense for the Period | | 625,501 | (2,350,977) |

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Christchurch Earthquake Appeal Trust
Statement of Changes in Equity
For the year ended
30 June 2020

| | Actual 2020 \$ | Actual 2019 \$ |
|---|----------------------|----------------------|
| Opening Equity | 32,252 | 2,383,229 |
| Net comprehensive revenue and expense for the period | 625,501 | (2,350,977) |
| Closing Equity | 657,753 | 32,252 |
| Comprising: | | |
| Capital Fund | 1 | 1 |
| Accumulated funds - unrestricted funds | 657,752 | 32,251 |
| Total Equity per Statement of Financial Position | 657,753 | 32,252 |
| | Actual 2020 \$ | Actual 2019 \$ |
| Movements in Equity | | |
| Closing Equity | 657,753 | 32,252 |
| Represented by: | | |
| Capital | | |
| Opening balance | 1 | 1 |
| Closing balance | 1 | 1 |
| Accumulated Funds | | |
| Opening balance | 32,251 | 2,383,228 |
| Net comprehensive revenue and expense for the period | 625,501 | (2,350,977) |
| Closing balance | 657,752 | 32,251 |
| Total Equity at 30 June | 657,753 | 32,252 |

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Christchurch Earthquake Appeal Trust
Statement of Cash Flows
For the year ended
30 June 2020

| | Note | Actual 2020 \$ | Actual 2019 \$ |
|---|----------|----------------------|----------------------|
| Cash Flows from Operating Activities | | | |
| Cash was provided from: | | | |
| Interest received | | 646,457 | 999,081 |
| Donations received | | 139 | 620 |
| Cash was disbursed to: | | | |
| Grants paid | | 4,283,295 | 1,941,719 |
| Return of tagged donations held in trust | | - | 1,250,000 |
| Bank fees and bank audit confirmation report | | 50 | 50 |
| Net Cash Flows from Operating Activities | 9 | (3,636,749) | (2,192,068) |
| Cash Flows from Investing and Financing Activities | | | |
| Cash was Provided from: | | | |
| Proceeds from maturity of investments | | 25,866,904 | 28,600,000 |
| Receipts from Restart the Heart Trust | | 623,842 | - |
| Cash was Disbursed to: | | | |
| Purchase of investments | | 23,716,904 | 30,400,000 |
| Net Cash Flows from Investing and Financing Activities | | 2,773,842 | (1,800,000) |
| Net (Decrease) in Cash and Cash Equivalents | | (862,907) | (3,992,068) |
| Opening Cash and Cash Equivalents | | 1,065,338 | 5,057,406 |
| Closing Cash and Cash Equivalents | | 202,431 | 1,065,338 |
| Comprising of: | | | |
| Bank accounts and call deposits | | 202,431 | 1,065,338 |
| Total Cash and Cash Equivalents | | 202,431 | 1,065,338 |

The notes form an integral part of, and should be read in conjunction with, these financial statements.

Christchurch Earthquake Appeal Trust

Statement of Accounting Policies

For the year ended
30 June 2020

Note 1: Statement of Accounting Policies

Reporting entity

The reporting entity is the Christchurch Earthquake Appeal Trust, a registered charity under the Charities Act 2005. The Trust is domiciled and operates in New Zealand and is primarily involved in the provision of relief to the community of Christchurch and Canterbury region from the adverse effects of the earthquakes on 22 February 2011 and 4 September 2010. The Trust is a Public Benefit Entity (PBE).

Reporting Period

The financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Trustees on 28 October 2020.

Note 2: Basis of Preparation

Statement of Compliance

The Christchurch Earthquake Appeal Trust is a public benefit entity (PBE). The Trust has elected to apply Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$30 million. The financial statements comply with New Zealand generally accepted accounting practice and are prepared in accordance with, and comply with, Tier 2 Public Benefit Entity (PBE) accounting standards. All transactions in the Financial Statements are reported using the accrual basis of accounting. The Financial Statements are prepared on the assumption that the entity will continue to operate in the foreseeable future.

Measurement Base

The financial statements have been prepared on an historical cost basis.

Functional and Presentation Currency

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

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year (2019: nil).

Critical Accounting Judgements and Estimates

The preparation of financial statements in conformity with Tier 2 PBE accounting standards requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if revision affects both current and future periods.

Comparatives

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Note 3: Significant Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied.

Revenue

The Trust derives income from public donations and interest on bank balances and short-term investments. Interest income is recognised when earned and is reported in the period to which it relates. Interest income is recognised in the surplus/(deficit) as it accrues, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the next carrying amount of the financial asset.

Revenue from public donations and pledges is deemed to be non-exchange revenue as per the definition in the PBE standard IPSAS 23. Donations are recognised as revenue upon receipt and include donations from the public, donations received for specific programmes or services and donated goods in-kind. Donations in-kind include donations received for professional services and are recognised as both revenue and an expense when the goods are received. Donations in-kind are measured at their fair value as at the date of acquisition, ascertained by reference to the expected cost that would otherwise be incurred by the charity.

Revenue from direct investment of funds with banks is deemed to be exchange revenue as per the definition in the PBE standard IPSAS 9.

Expenditure

Grants are recognised as expenditure when approved by the Trustees. The Crown fund the Department of Internal Affairs to provide administrative services to the Trust. Any reimbursement of costs incurred by the Trust are treated as donation of goods and services and reported as such in the Statement of Comprehensive Revenue and Expense.

Taxation

The Trust is exempt from income tax under section CW 42(1) (a) of the Income Tax Act 2007. The Trust has been granted tax exempt status and is registered as a Charity under the Charities Act 2005. The Trust holds a certificate of exemption from Resident Withholding Tax.

Goods and Services Tax (GST)

The Christchurch Earthquake Appeal Trust is not registered for GST, therefore amounts recorded in the financial statements are inclusive of GST (if any).

Receivables

Receivables are recorded at the amount due, less an allowance for credit losses. Receivables are written off when there is no reasonable expectation of recovery.

Financial Instruments

Non-derivative financial instruments comprise investments in cash and cash equivalents, trade receivables, trade and other payables and other liabilities.

Financial assets and financial liabilities are measured at fair value plus transaction costs. Any

profits or losses from these financial transactions are recognised in the Statement of Comprehensive Revenue and Expense.

Cash and Cash Equivalents

The Trust treats cash and cash equivalents based on the term of the term deposit, not term to maturity from balance date. Cash and cash equivalents includes cash on hand, cash in transit, deposits held on call with banks and other short-term, highly liquid investments, with maturities of three months or less. The carrying value of these assets approximates their fair value.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. They are impaired where there is objective evidence that the estimated future cash flows have been impacted. Objective evidence could include:

- Significant financial difficulty of the counterparty;
- Default or late payments; or
- It becoming probable that the counterparty will enter bankruptcy or financial re-organisation.

The recoverable amount of the Trust's receivables carried at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment, being the difference between carrying amount and recoverable amount, is recognised in the Statement of Comprehensive Revenue and Expense.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

Grants Payable

Grants approved by the Trustees in the financial period are recognised as an expense in the Statement of Comprehensive Revenue and Expenses when approved by the Trustees.

Loans and Advances

The Trustees have the expectation that the advances will be written down over the period of the agreement as certain covenants are met. Accordingly, these amounts are adjusted to reflect the fair value.

Christchurch Earthquake Appeal Trust

Notes to the Financial Statements

For the year ended

30 June 2020

Note 4: Analysis of Revenue

| | | 2020 | 2019 |
|------------------|-------------------------------|----------------|----------------|
| Revenue Item | | \$ | \$ |
| Interest revenue | Call and cheque accounts | 60,343 | 66,997 |
| | Short-term investments | 541,226 | 744,456 |
| | Total Interest Revenue | 601,569 | 811,453 |

Note 5: Donated Goods and Services

| | | 2020 | 2019 |
|---|---|---------------|---------------|
| Expense Item | | \$ | \$ |
| The administrative costs comprise of donated goods and services | Department of Internal Affairs (by appropriation) | 51,471 | 66,000 |
| | Total Administrative Costs | 51,471 | 66,000 |

Note 6: Bank Term Deposits

| | | 2020 | 2019 |
|--|---|-------------------|-------------------|
| Asset Item | Analysis | \$ | \$ |
| Term = original maturity date over 90 days | BNZ | 11,150,000 | 14,000,000 |
| | Kiwibank | - | 3,800,000 |
| | ANZ | 4,500,000 | 4,000,000 |
| | ASB | 4,000,000 | - |
| | Total Term Deposits - greater than 90 days | 19,650,000 | 21,800,000 |

Note 7: Advances

| Asset Item | | 2020 | 2019 |
|-------------------|-----------------------------------|----------|----------------|
| | | \$ | \$ |
| Advances | Advances | - | 2,005,108 |
| | Less provision for doubtful debts | - | |
| | Total Advances | - | 600,000 |

The value of the amount advanced to Restart the Heart Trust had been adjusted to reflect the fair value on a discounted basis. The Trustees gave consent for Restart the Heart Trust to wind up. A final payment was made to the Christchurch Earthquake Appeal Trust which represented the remaining funds held by Restart the Heart Trust after final costs were met.

The Trustees had the expectation that \$3m advanced to Canterbury Cricket Trust relating to a pavilion for Hagley Oval would be written off over a period of five years, assuming certain covenants were met. In financial year 2020 the covenants were met, accordingly a final rebate of \$600,000 was amortised through profit and loss.

Note 8: Grants Payable

| | Actual | Actual | |
|---|-----------------------------|-------------------|-------------------|
| | 2020 | 2019 | |
| | \$ | \$ | |
| Connecting the City to the Sea | 1,484,500 | 17,250,000 | |
| Christchurch City Council - Avon/Ōtākaro river corridor | 12,265,500 | - | |
| Brighton Community Led Development | 2,000,000 | | |
| Kaiapoi Riverbanks | - | 411,545 | |
| Surf Life Saving New Zealand | - | 2,065,989 | |
| Thomas Edmonds Band Rotunda | - | 1,000,000 | |
| Coastguard Lyttelton | - | 1,203,815 | |
| Other Grants | 3,685,000 | 1,786,946 | |
| | Total Grants Payable | 19,435,000 | 23,718,295 |

On 9 December 2019 the Trustees reallocated \$14,265,500 from the Connecting the City to the Sea allocation. \$12,265,500 was allocated to the Christchurch City Council and will fund the construction of three footbridges and one landing in the Ōtākaro/Avon River corridor. \$2,000,000 will fund a community-led development programme in the Brighton area.

Note 9: Reconciliation of Net Cash Flows from Operating Activities to Total Comprehensive Revenue and Expense

| | 2020 | 2019 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Reported comprehensive revenue and expense | 625,501 | (2,350,977) |
| Adjustment for fair value adjustment of advances | (623,842) | - |
| Adjustments for movements in working capital items: | | |
| Decrease/(Increase) in accrued interest | 44,887 | 187,629 |
| (Decrease) in grants payable | (4,283,296) | (628,720) |
| Decrease in loans and advances | 600,000 | 600,000 |
| Net Cash Flows from Operating Activities | (3,636,749) | (2,192,068) |

Note 10: Financial Risk Management

All assets of the Trust are classified as Loans and Receivable and the carrying values are equal to the fair values. All Liabilities are classified as Financial Liabilities at amortised cost and the carrying values are equal to their fair values.

Off Balance Sheet Exposure

The Trust had no off balance sheet exposure at 30 June 2020 (2019: nil).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The cash flow risk is managed by maintaining the majority of the interest bearing instruments at fixed rates. The term deposits are made for varying periods depending on the cash requirements of the Trust and earn interest at the respective short term deposit rates. The Board does not consider that there is significant interest rate risk exposure on the Trust's investments.

Foreign Currency Risk

All grants are paid in New Zealand currency. Any donations received in a foreign currency are translated to New Zealand dollars on the date of receipt. Any currency movement would have no effect on the Trust.

Fair Value

All current financial instruments recognised in the statement of financial position are stated at carrying amounts that are also a reasonable approximation of their fair values.

Credit Risk

Credit risk is the risk that a third party will default on its obligation causing a loss.

Credit risk is reduced by investing only in New Zealand registered banks under the Reserve Bank of New Zealand Act 1989.

Liquidity Risk

In meeting its liquidity requirements, the Christchurch Earthquake Appeal Trust maintains a target level of investments that must mature within specified timeframes to meet projected grants.

Note 11: Related Party Transactions and Key Management Personnel

All transactions were carried out on an arm's length basis. There were no related party transactions entered into during the year to 30 June 2020.

The key management personnel are the three Trustees. No fees have been paid to these members during the year.

Note 12: Commitments

There were no commitments as at 30 June 2020 (2019: nil).

Note 13: Contingent Assets - Pledged Donations

There were no contingent assets for pledged donations at 30 June 2020 (2019: nil).

Note 14: Contingent Liabilities and Guarantees

There were no contingent liabilities or guarantees as at 30 June 2020 (2019: nil).

Note 15: Significant Events

On 11 March 2020 the World Health Organisation declared a global pandemic in response to the COVID-19 virus outbreak. Following establishment of a foothold within the New Zealand population, on 26 March 2020 the New Zealand Government initiated a full societal (Alert Level 4) lockdown with significant isolation requirements and movement restrictions imposed on citizens (with only essential services permitted to operate).

The impact of the virus has meant that there was no work on some Trust grant funded construction projects during the lockdown period. The Trustees will continue to monitor and assess the financial and non-financial implications of the virus.

Note 16: Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Financial Statements.



INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
CHRISTCHURCH EARTHQUAKE APPEAL TRUST'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

The Auditor-General is the auditor of Christchurch Earthquake Appeal Trust (the Trust). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG, to carry out the audit of the financial statements of the Trust on his behalf.

Opinion

We have audited the financial statements of the Trust on pages 12 to 23, that comprise the statement of financial position as at 30 June 2020, 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 Trust:

- present fairly, in all material respects:
 - its financial position as at 30 June 2020; 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 Public Benefit Entity Standards with disclosure concessions.

Our audit was completed on 28 October 2020. 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.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to Note 15 to the financial statements, which explains the impact of the Covid-19 pandemic on the Trust. On 11 March 2020 the World Health Organisation declared a global pandemic in response to the COVID-19 virus outbreak. The impact of the virus has meant that there was no work on some Trust grant funded construction projects during the lockdown period.

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 Trust 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 Trust for assessing the Trust'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 wind-up the Trust or to cease operations, or have no realistic alternative but to do so.

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 Trust'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 Trust'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 Trust 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 1 to 6, 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 Trust 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 Trust.

A handwritten signature in blue ink, appearing to read 'G Edwards', written over a light blue grid background.

Graeme Edwards
KPMG
On behalf of the Auditor-General
Wellington, New Zealand