

2015
Annual
Report





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Our Mission:

to be the conduit for
*individuals, community,
business and government*

to co-operate in providing
**food, clothing and
basic healthcare**

to enable disadvantaged
*New Zealand children
to reach their potential*



Our Vision:

our distinctive ability to
fund, source and distribute

**food, clothing and meet
basic healthcare needs,**

will improve educational outcomes
*for disadvantaged
New Zealand children*



“I personally feel that, in this great country, all who can pitch in to help wipe out child poverty, should pitch in.”

TRISTIAN STEWART, IN OUR OWN BACKYARD™ SUPPORTER



From the Chairman

Looking back on a decade of making a difference, it is astonishing that so much has been achieved by so few in such a short time. From a garage in Greenhithe the KidsCan Charitable Trust has grown into a nationwide organisation assisting thousands of children in 500 schools across New Zealand.

When founder Julie Chapman saw a need and found a way to fill it, the impact her actions would have for so many of New Zealand's children was never visualised. Julie was deservedly selected as a finalist for New Zealander of the Year in 2015, but she would be first to acknowledge that the success of her innovative scheme, to support the disadvantaged children of New Zealand, has been dependent on the hard work of a small team and the generous long term commitment of major sponsors.

The past year has been a period of further improvement of KidsCan's systems and processes and expanding of the clothing, food and health programmes, which enhance the lives of disadvantaged children in New Zealand's lower decile schools.

Community support of the In Our Own Backyard™ programme grew by 15% more than budgeted. As a result of this funding KidsCan is meeting the basic needs of thousands more children throughout New Zealand, so they are ready and able to make the most of the educational facilities in which our community invests so much. But the need also continues to grow and there are constantly schools being added to the waitlist.

In response to a growing health problem in our schools, further funding has also been received from the Government for the Nit Buster programme.

An improved KidsCan website was launched in November and the new Orchards in Schools programme was rolled out to 17 schools. Under this programme KidsCan provides and plants fruit trees on school grounds so the children and community have a learning opportunity that gives them access to the freshest fruit at school.

Once again I would like to extend our heartfelt gratitude to the committed support of our suppliers, individual supporters, partners, and particularly the Ministry of Social Development, Meridian Energy and Trillian Trust as key funders in 2015.

I also want to record my appreciation of the continually impressive and entirely voluntary contributions of fellow board members, Glenda Hughes, John Kensington, and Nigel Hampton QC. I also thank the management team, our full and part-time staff, and the many volunteers for their dedication and well demonstrated commitment to achieving our mission and vision.

Regards,

BILL BIRNIE
CHAIRMAN KIDSCAN CHARITABLE TRUST



From the CEO

In 2015 KidsCan celebrated its 10th anniversary and as I look back over the year I'm thrilled with the progress made in increasing assistance for children living in hardship across New Zealand.

Founded on the belief that education equals opportunity, KidsCan helps children achieve better futures for themselves by providing them with food, clothing, healthcare and adequate nutrition within their school environment, ensuring they have the necessities to engage in their learning. This year we extended our programmes to a further 53 schools, taking the number receiving support to 500.

I'm pleased to report that across our partner schools KidsCan has distributed 42,506 raincoats, 23,614 pairs of shoes and 47,228 pairs of socks to ensure children can arrive at school warm and dry. We have also provided 2,295,857 items of food to meet the needs of 18,000 hungry children a week. Our Nit Busters programme treating head lice now operates in 111 schools covering 24,000 children.

Fundraising to ensure our programmes remain sustainable and can continue to grow was a key focus for 2015. We invested a lot of time into bolstering the regular giving programme In Our Own Backyard™ and I'm proud to say more donors than ever are joining.

In addition, a stronger focus on major gifts resulted in a number of individuals and families committing to substantial ongoing financial support. This has enabled us to take schools off our waiting list and we are grateful to these generous donors.

Our major donors and corporate partners appreciate our ability to report on the measurable impact our support has made to children over the last decade. We have some great success stories from young adults who benefited from our support when they attended primary school and we look forward to sharing these with you in 2016.

In 2016 evaluation will be a key focus for KidsCan as it is vital that we monitor the impact our programmes have on learning and educational outcomes in our partner schools. Working in partnerships is the most effective way to achieve results for children in need. As we celebrate 10 years I'd like to make special mention of our partners Meridian Energy, Trillian Trust, McConnell Dowell, GSK and the Ministry of Social Development whose continued support is very invaluable.

Thanks also to everyone who supported us in 2015, you've enabled us to make significant headway this year and your contributions are very much valued.

Regards,

JULIE CHAPMAN
CEO & CO-FOUNDER KIDSCAN CHARITABLE TRUST

"I'm glad that I'm warm and cosy and I'm not soaking wet. My tummy is not empty with hunger, it is full and happy. If I could tell you this in real life, that would be an honour."

WESTPORT NORTH SCHOOL

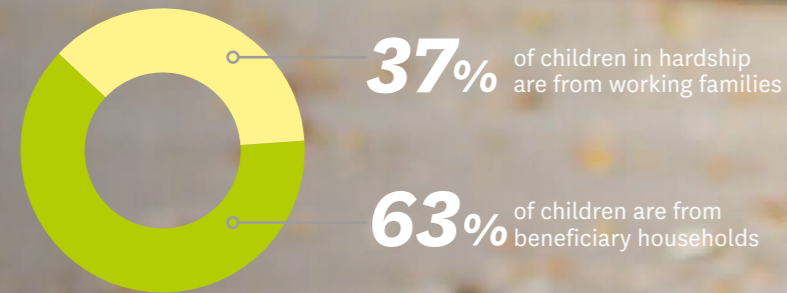


Child Hardship in New Zealand

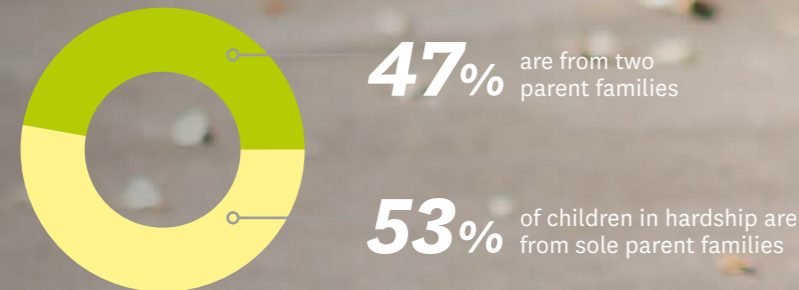
305,000 
Kiwi kids live in hardship

148,000 
Kiwi kids regularly go without the things they need - warm clothing, food, bedding, shoes

On average: Children in hardship by household income:



On average: Children in hardship by family type:



On average: Children in hardship by ethnicity



In **1984**
child hardship was **15%**

In **2015**
child hardship was **29%**

Source: Child Poverty Monitor 2015

“No child under any circumstances should be denied their basic needs. Everyone’s situations are different, but if a child is suffering and not having their basic needs met then that is not OK and it is up to us to help that child.”

REBECCA LAMBORN, IN OUR OWN BACKYARD™ SUPPORTER

The Cycle of Disadvantage

Low-income families

Experiencing material hardship during childhood, and the difficulties that come with it (being cold, hungry, not having adequate clothing), can have a lasting negative impact and lead to underachieving in school and poor health.

Poorer educational outcomes for children

The lack of basics, and missing school because of it, leaves children ill-equipped to achieve and reach their potential at school. This can lead to social exclusion, such as missing out on school outings or sports activities.



Poor overall life outcomes

Being unable to get ahead in life, facing hardship throughout childhood, education and finding a job, leads to inter-generational hardship.

Difficulty getting a job

Missing school, or leaving early and not gaining qualifications, leads to reduced employment prospects, lower earnings, poorer health and higher rates of criminal offending during adulthood.



2015 Key Output Statistics

601
Hand sanitiser units
installed in classrooms

23,614
Pairs of shoes
provided for children

47,228
Pairs of socks
provided for children

186,600
Hot meals provided to children

81%
of our expenditure in 2015 went
into our programmes for children

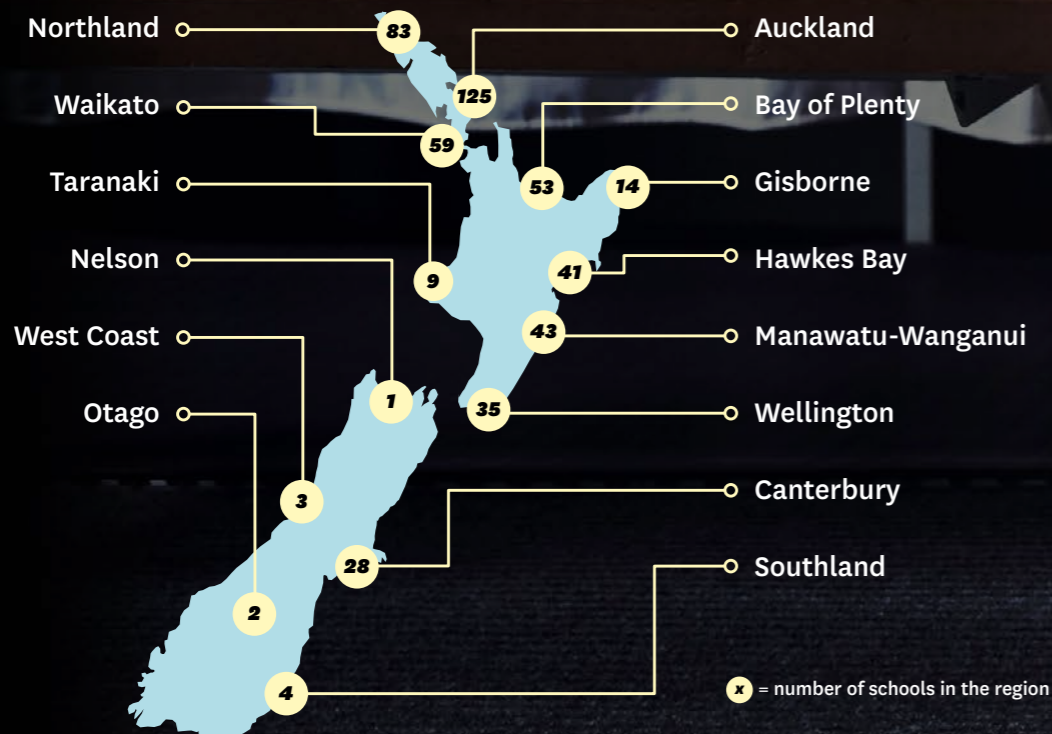
OVER
24,000
children have access to
the Nit Busters programme
and more than 1,400 children
a week are checked by
KidsCan Health Champions.

42,506
Waterproof fleece
lined raincoats
provided for children

90,848
Basic health & hygiene
products to help prevent
illness

2,295,857
Food items provided to
children who experience
regular food insecurity

Where our Programmes Operate



“Thank you so much for having the time to come to our school... Thank you to the Vodafone Warriors for coming and surprising us. It was honestly the best thing that ever happened to me and our school. We will never forget.”

TE KURA AKONGA O MANUREWA

Key Areas of Focus

KidsCan creates long term practical and sustainable programmes that ensure more than 115,000 Kiwi kids, across 500 schools, are able to achieve strong educational outcomes and reach their potential. The three core areas of focus are: clothing, nutrition and health.

Clothing

Vodafone Warriors branded raincoats keep children warm and dry. Distributing the raincoats to every child in school helps develop a sense of belonging (as it becomes part of the school uniform), while shoes and socks allow children to participate in sports and school trips and to focus on learning.

More than 40,000 raincoats, 20,000 pairs of shoes and 40,000 pairs of socks were given to children in schools across the country throughout 2015.

Food

The Food for Kids programme is a targeted programme that supports children most in need in school environments. The programme relieves the pressure of food insecurity by providing KidsCan partner schools with food such as yoghurt, fresh bread, spreads, baked beans, fruit pottles and scroggin.

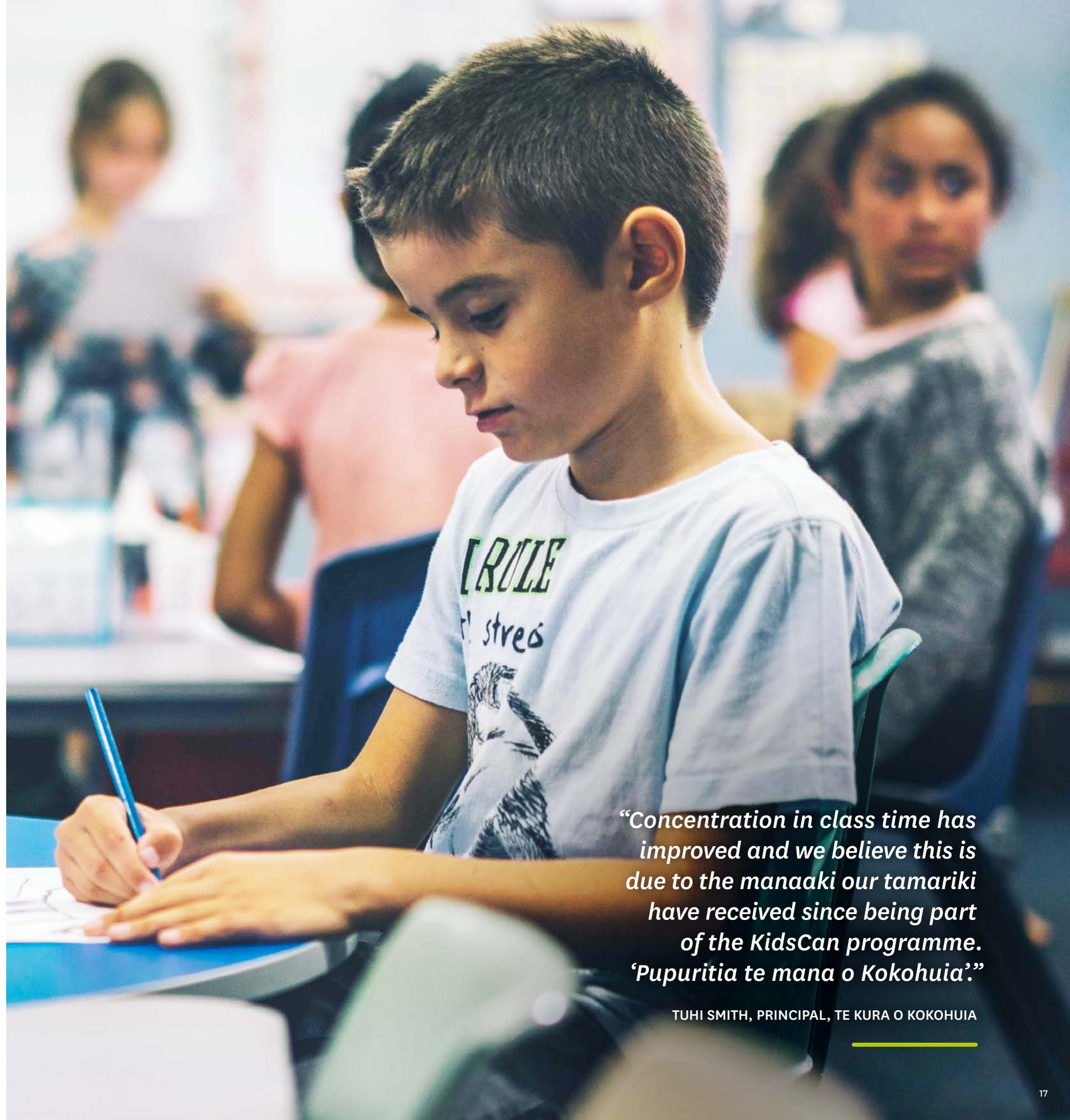
This year more than 2.2 million items of food were distributed alongside more than 180,000 hot meals to partner schools.

In 2015 the Food for Kids programme expanded to include 17 orchards, provided to schools that don't receive the Ministry of Health's Fruit in Schools programme.

Health

Healthcare is a continuously growing aspect of KidsCan's programmes. Throughout 2015 more than 90,000 basic healthcare products were distributed to 18,000 children a week. This includes plasters, hand sanitiser systems, tissues and toothbrush kits.

The Nit Busters programme, funded by the Ministry of Social Development, is a head lice reduction programme in 111 schools throughout New Zealand supporting 24,000 children. A team of 32 Health Champions work in these schools to treat children and provide education to their families.



“Concentration in class time has improved and we believe this is due to the manaaki our tamariki have received since being part of the KidsCan programme. ‘Pupuritia te mana o Kokohuia.’”

TUHI SMITH, PRINCIPAL, TE KURA O KOKOHUIA

Board Profiles



Bill Birnie
Chairman of the Board

Bill has more than 30 years of investment banking experience and holds a Bachelor of Laws. He is a Director of Far North Holdings Limited and a Director of the NZ Warriors Rugby League Franchise and holds a number of Government appointments including Deputy Chairman of Sport New Zealand and Chairman of Sport New Zealand’s Audit, Finance and Risk Committee.

He is also Deputy Chairman of High Performance Sport New Zealand and a member of the New Zealand Screen Production Grants Verification Panel.

Bill is a Trustee of the James Wallace Arts Trust and Director of Equestrian Sports New Zealand, from which he received an Honorary Life Membership. He is the former Deputy Chairman of the New Zealand Film Commission, Director the Screen Council of New Zealand and a past Chairman. Bill was a Commissioner of the Hillary Commission, founding Trustee of the Wellington Stadium Trust and was Deputy Chairman of the, then Government owned, Post Office Bank, prior to its sale to the ANZ Banking Group.



Julie Chapman

Julie is the CEO and Co-Founder of KidsCan and has more than ten years’ experience in not for profit management.

She provides leadership, direction and the co-ordination of the Trust’s activities, including developing strategies, in accordance with the goals and objectives of the organisation. Responsible for programme development and the sustainable growth of KidsCan, Julie manages key partnerships, Government relationships and public relations. In 2008 Julie was recognised as an emerging leader by the Sir Peter Blake Trust, in 2013 was named as Next Magazine’s Woman of the Year and was a finalist in the 2015 New Zealander of the Year Award.



John Kensington

John is an Audit Partner at KPMG, heading up the Financial Services line of business and its financial services audit practice. John joined KPMG Auckland in January 1986 and has 30 years audit experience across a wide range of clients including banking, finance companies, funds management, insurance, television, vehicle importers and retailers.

John is also deputy chair of the New Zealand Audit and Assurance Standards Board and a member of NZICA, FINSIA, INFINZ and the Institute of Directors.



Glenda Hughes

A former New Zealand representative Sportswoman and Police Officer, Glenda has held several directorships on New Zealand’s sporting and not for profit organisations. She remains involved in sport in her role as an advisor to many of New Zealand’s top athletes in the areas of media relations and other management support programmes. Glenda spent 18 years in the New Zealand Police, in a variety of roles, and has a Bachelor of Arts with a double major in criminology and sociology and papers in dispute resolution and mediation.

Glenda is currently running her own facilitation and communications business as well as sitting on the New Zealand Parole Board and Chairing the New Zealand Racing Board.



Nigel Hampton QC

Nigel graduated LLB in 1964 from Canterbury University and was awarded the Gold Medal for top graduate of the year. He was admitted to the bar in 1965. In 1989 he was appointed Queen’s Counsel and served as President of the Canterbury Law Society and Vice-President of the NZ Law Society.

Nigel was the Chair of the NZ Lawyers’ Disciplinary Tribunal, the first Disciplinary Commissioner for International Criminal Court based in The Hague, Netherlands, and was the Chief Justice of Tonga, 1995-97. He serves as a Judicial Officer for NZ Rugby Union, SANZAR and International Rugby Board. Nigel was awarded the OBE (1988) and CM (1990).



In Our Own Backyard™ Supporters Programme

KidsCan's monthly giving programme saw more people than ever sign up in 2015 to support children facing hardship. \$15 a month provides more than 115,000 Kiwi kids across the country access to food at school, raincoats, shoes, socks and basic health and hygiene products.

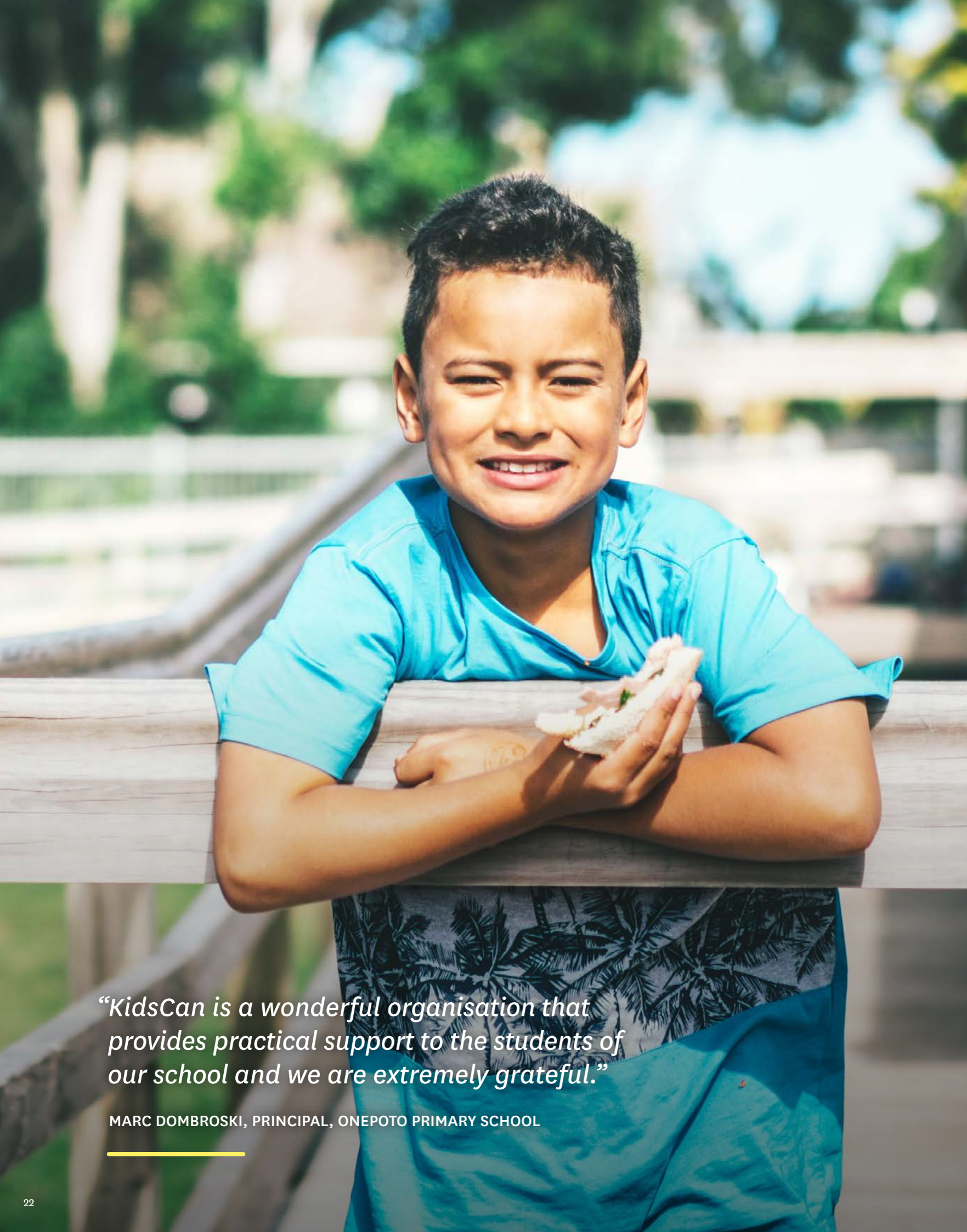
By providing children with the basics our supporters help to remove the stigma coupled with hardship and food insecurity. Lessening the strains of hardship in school, allows children to focus on academic achievement and work towards preventing lifelong patterns of underachievement.

The sustainable and ongoing support of the In Our Own Backyard™ programme allows KidsCan to focus on taking schools off the waitlist. KidsCan is proud that 100% of money donated through the programme goes directly to supporting the children at its partner schools.

"[One of the students] has shown immense growth this year. His teacher commented that because he is receiving food regularly during the day he has a positive attitude to learning, an increased attention span and contributes to class discussions. As a direct result he has improved one level in reading and one level in maths."

MICHAEL SISAM, PRINCIPAL, HERETAUNGA INTERMEDIATE





“KidsCan is a wonderful organisation that provides practical support to the students of our school and we are extremely grateful.”

MARC DOMBROSKI, PRINCIPAL, ONEPOTO PRIMARY SCHOOL

Major Partners



meridian

Meridian Energy

Meridian Energy has been KidsCan’s principal partner since 2013, assisting KidsCan to provide practical support for children in low decile schools. Over this time the partnership has grown from strength to strength. Meridian’s support has had a significant impact on KidsCan partner schools, both by directly supporting its programmes and working to raise awareness around the issue of child hardship in New Zealand.

Meridian Energy’s television advertising, airport installations and direct marketing communications have engaged with individuals and businesses and resulted in increased support for KidsCan. Meridian Energy has a genuine passion for KidsCan and its support has enabled KidsCan to achieve more for disadvantaged Kiwi kids.



MINISTRY OF SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Ministry of Social Development

KidsCan is grateful for the ongoing support that’s been received from the Ministry of Social Development (MSD) since 2008. The MSD funds KidsCan’s clothing, health and Nit Busters programmes. In 2014 the Ministry granted KidsCan funding to begin the Nit Busters programme and this funding continued into 2015. The programme treats and educates more than 1,200 children every week in 111 schools.

The Ministry of Social Development’s relationship with KidsCan is a great example of Government working with a not-for-profit organisation to provide practical support for families struggling to get on top of health and social issues.



Trillian Trust

Trillian Trust is a proud supporter of KidsCan. Since 2007, Trillian Trust has provided valuable support which has enabled KidsCan and its programmes to grow. Trillian Trust is a Charitable Trust formed to provide support to New Zealand based charitable and not-for-profit organisations through grants for specific purposes that benefit the community. Many organisations have benefited from a Trillian Trust grant in the last year. Trillian Trust has distributed more than \$12 million to local communities. KidsCan looks forward to continuing this long association.



McConnell Dowell

McConnell Dowell has been a valued partner of the Food for Kids programme since 2009. Food for Kids provides food for thousands of children, at schools across New Zealand, that experience food insecurity. McConnell Dowell’s contribution has helped KidsCan grow the number of food items distributed by 197%. KidsCan truly values this partnership and looks forward to continuing the association.

In-Kind

Thanks to KidsCan’s in-kind partners for the significant contribution of goods, services and media in 2015.



Partner Acknowledgements

The KidsCan Charitable Trust would like to thank the following sponsors, supporters, trusts and grant organisations for their valued support in 2015.

Sponsors & Supporters

- | | | |
|---------------------------------|-------------------------------------|---|
| Abano Health Care | In Our Own Backyard™ Supporters | QBE Insurance |
| Affinity ID | Johnson & Johnson (Medical) LTD | QSM Media |
| AMP | Karl Urban | RDT Pacific |
| Arnotts/Campbells | KCT Board | Retko |
| ASB | Kennards Hire | Robert Walters |
| Bauer Media | KPMG | RSM Hayes Audit |
| Bell Gully | Lactic Turkey | SC Johnson |
| Benefitz | Len Reynolds Trust | Slingshot |
| Blair Edwards | LUSH | Smith Auctions
(South Island Food and Wine Festival) |
| Botanica | Lumino The Dentists | Snell Packaging |
| BYO-ONE | Manchester Unity Friendly Society | Sparks Interactive |
| Campbell Live | Marketing Works | SWP Commercial |
| Cash Converters | McCaw Lewis | Tour de Timaru (Mr Reon Park) |
| Conferenz | McConnell Dowell | Tasti Products |
| Digital PR | MediaWorks New Zealand | The Athlete's Foot |
| EasiYo | Meridian Energy - Principal Partner | The Coffee Club |
| ecostore | Merivale Mall | The Deans Family Trust |
| Equippers Church | Ministry of Social Development | The Great New Zealand Cook Book |
| Fujitsu | Mizuno | The Travel Brokers |
| General Mills | MPM Projects (2003) LTD | Tide Mark Trust |
| George FM | More FM | Toll |
| George Weston Foods | Multimail | Trade Me |
| Google Inc | Kathleen and Francis Murney | True |
| Griffins | Nestle | Trust Management |
| GSK | Omaze | TV3 |
| Fullers | OMD | Usana |
| Hamilton Boys' High School | Partridge Jewellers | Vodafone Warriors |
| Heartland Bank | Pie Funds | Westfield NZ |
| Heinz Watties | Pork Pie Charity Run | Whitcoulls |
| Holy Trinity Cathedral Auckland | Postie + | Yahoo! New Zealand |
| Hughes Development | Progressive Enterprises | Z Energy |
| Image Centre Group | Pub Charity | |

Trusts and Foundations

- Acorn Foundation
- Auckland Airport
- Twelve Days of Christmas
- Canterbury Community Trust
- Christchurch Earthquake Recovery Trust
- Community Organisation Grants Scheme
- Community Trust of Southland
- Flight Centre Foundation
- Greenlea Foundation
- Hawke's Bay Foundation
- Hutt Mana Charitable Trust
- Infinity Foundation
- Jones Foundation
- Lottery National Community Grant
- Maurice Paykel Charitable Trust
- Northland Community Foundation
- Otara-Papatoetoe Local Board Community Group Funding
- Papakura Local Board Community Group Funding
- Pelorus Trust
- Rotorua Energy Charitable Trust
- SkyCity Hamilton Community Trust
- Trillian Trust
- Trust Waikato
- Whanganui Community Foundation
- Youthtown Inc



“We recently had our Nit Buster chair installed and have had an amazing response from families whose children are receiving treatment. Head lice has been an ongoing problem and by being treated at school, it takes the pressure off at home.”

HELEN CHAPPELL, STAND CHILDREN'S SERVICES, CHRISTCHURCH



Management, Discussion and Analysis

For the year ended 31 December 2015

The Management Team of KidsCan Charitable Trust would like to provide supporters, funders and other potential donors with a meaningful insight into the financial position of the Trust.

In 2015 we extended our reach to a further 53 schools across the country, taking the number of schools receiving support to 500. With the help of our generous supporters and funders, KidsCan distributed 42,506 raincoats, 23,614 pairs of shoes and 47,228 pairs of socks to our partner schools. To meet the needs of 18,000 hungry children each week, 2,295,857 items of food were distributed throughout the year. With the help of the Ministry of Social Development the Nit Busters programme now operates in 111 schools treating 24,000 children for head lice.

As a charity one of our main challenges is long term sustainability. At the start of the year \$4m was held in the bank and of this \$3.7m was tagged for 2015 programmes to benefit children. A large percentage of the tagged funds was earmarked for spending in future periods in line with formal contracts. These could be with the Government, or signed sponsorships or agreements with other funders. Only 13% of the revenue needed to operate KidsCan in 2015 was secured prior to the start of the year. The rest had to be sourced from the Government, sponsors, In Our Own Backyard supporters, funders, fundraisers and general donations. This is an ongoing challenge for KidsCan and we are very grateful to our loyal supporters. When the cash position was looking positive or was tracking ahead of budget, KidsCan was able to extend its reach and transfer schools off the waiting list. As KidsCan operates a sustainable model new schools are not accepted into the programme until forecasted revenue appears strong enough to maintain the service.

Included in the Statement of Financial Position is a liability for Income in Advance, and in 2015 this amounted to \$575,548 (2014 \$1,912,102). This liability represents funds that would need to be repaid should conditions attached to the revenue not be met. But this has never occurred as considerable effort is made to ensure the terms of any contract are met in full.

Inherently our bank accounts fluctuate based on the timing of expenditure and the receipt of funding. Towards the end of the year the bank balance trends higher as this correlates to the time when the children we support are on holiday and the need to spend money on programmes decreases. The bank balance decreases towards the start of the school year when large purchases of food, clothing and health products are made in preparation for the year ahead. There is an inverse relationship for inventories as they are built up ahead of the school year and dispersed during the year. As disclosed in the notes to the accounts, \$1,261,130 of the funds held in the bank at 31 December 2015 had been spent on programmes by 31 March 2016. The winter term also sees a huge investment in relation to raincoats, shoes and hot meals as KidsCan looks to support children through the colder months when traditionally attendance rates at school are lower. With programme expenditure expected to exceed \$5m in 2016 there is a need to hold a prudent amount in reserve. KidsCan aims to hold between 6 and 9 months' reserve for programmes, to ensure their continued operation while further funds are raised. This equates to between \$2.5m and \$3.7m at any one time.

Inventory has not been accounted for previously in the financial statements. Due to the increased capacity of the warehouse, inventory is now held so that schools can order from the KidsCan online portal throughout the year.

In 2016 KidsCan will strive to serve the 500 existing Partner Schools and to secure sufficient funding to enable more schools to be taken off the waiting list, so that more New Zealand children can have the necessities that will enable them to engage in their education.

Financial Statements

KidsCan Charitable Trust Group

Statement of Financial Performance

For the Year Ended 31 December 2015

	Notes	Parent & Group 2015 \$	Parent & Group 2014 \$ (restated)
Campaign Income		2,357,028	2,213,608
Government Income		1,407,783	498,863
Philanthropic Trusts and Gaming		1,512,775	1,057,605
Sponsorship Income		505,875	581,699
In Kind Gifts and Donated Goods received for Programmes & Admin.	1(c)	5,297,518	4,174,440
Donations		1,150,133	783,106
Interest and Dividends		133,291	96,006
Other income		120,498	-
Total Operating Revenue	11	12,484,901	9,405,327
Campaign Costs		184,124	248,441
In Kind Gifts and Donated Goods used in Admin.	1(c)	666,744	147,664
Administration Costs		1,290,059	1,204,458
Operating Costs		2,140,927	1,600,563
Programme Costs		4,609,456	3,099,903
In Kind Gifts and Donated Goods used in Programmes	1(c)	4,871,239	3,658,537
Investment in Children's Programmes	11	9,480,695	6,758,440
Total Operating Expenditure	2	11,621,622	8,359,003
Net Surplus for the year	11	863,279	1,046,324

KidsCan Charitable Trust Group

Statement of Movements in Equity

For the Year Ended 31 December 2015

	Notes	Parent & Group 2015 \$	Parent & Group 2014 \$ (restated)
Equity at Beginning of Year (Restated)		3,688,507	2,642,183
Total Recognised Revenues and Expenses for the Year			
Net Surplus for the Year	11	863,279	1,046,324
Equity at End of Year		4,551,786	3,688,507

The accompanying notes form part of these financial statements


KidsCan Charitable Trust Group

Statement of Financial Position

As at 31 December 2015

	Notes	Parent & Group 2015 \$	Parent & Group 2014 \$ (restated)
CURRENT ASSETS			
Bank - Committed for Programmes	3	3,773,383	3,661,836
- General		270,422	341,807
Prepayments		350,239	363,681
Receivables		251,109	398,924
Inventory	11	480,468	838,699
Total Current Assets		5,125,621	5,604,947
NON CURRENT ASSETS			
Property, Plant & Equipment	4	100,294	82,674
Total Non Current Assets		100,294	82,674
Total Assets		5,225,915	5,687,621
CURRENT LIABILITIES			
Payables & Provisions	5	78,572	87,012
Finance Leases	7	20,009	-
Related Parties	8	-	-
Income in Advance	9 & 11	575,548	1,912,102
Total Current Liabilities		674,129	1,999,114
EQUITY			
Trust Capital & Reserves	11	4,551,786	3,688,507
Total Equity		4,551,786	3,688,507
Total Equity & Liabilities		5,225,915	5,687,621

For and on behalf of the Board who authorised the issue of these Financial Statements

Chairman  Date 24/5/16

The accompanying notes form part of these financial statements

RSM

KidsCan Charitable Trust Group

Notes to and forming part of the Financial Statements

For the Year Ended 31 December 2015

1. STATEMENT OF ACCOUNTING POLICIES

a) Reporting Entity

The financial statements of the KidsCan Charitable Trust Group are a general purpose report and have been prepared in accordance with New Zealand generally accepted accounting practice, as defined by Financial Reporting Standards and Statements of Standard Accounting Practice.

The KidsCan Charitable Trust Group consists of the KidsCan Charitable Trust (CC10386) and Invitation only Events Limited (a wholly owned company) (CC21930).

The Group is a registered charitable group with DIA Charities Services (CC21929).

KidsCan Charitable Trust is the only entity within the Group that has traded. Therefore the results of the Group mirror the results of the Parent.

b) Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Group and Parent.

c) Specific Accounting Policies

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

Accounts Receivable

Accounts receivable are stated at their estimated realisable value.

Property, Plant & Equipment

Property, plant & equipment is recorded at cost. Depreciation is provided for on a straight line basis. Major depreciation periods are:

Computer Equipment and Software	3 - 6 years
Office Furniture and Equipment	6 - 10 years
Vehicles	2 - 5 years

Disposals

When an item is disposed of the difference between net disposal proceeds and the carrying amount is recognised as a gain or loss in the Statement of Financial Performance.

Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

When an item is impaired the amount of impairment is recognised as a loss in the Statement of Financial Performance. The cost and accumulated depreciation of the item are offset against each other, and the remaining cost balance (if any) represents the impaired value of the item.

Inventory

Inventory is measured at cost upon initial recognition. To the extent that inventory is received through In Kind donations, inventory is recognised at the lower of retail or wholesale price (where available) for the goods. Inventories and their In Kind components are recognised as an expense when distributions are made to KidsCan partner schools.

In Kind Gifts and Donated Goods

In Kind Gifts and Donated Goods have been recognised where the Parent and Group has been able to evidence the difference between the price paid, if any, and the lower of retail or wholesale price where available of the goods. As the donated goods are received the amount is recognised in inventory and either as income or income in advance depending on whether there are any conditions attached. Where there are conditions attached the donation is recognised as income in advance until such time as the conditions are met. The income in advance is then recognised as income with an offsetting expense.

c) Specific Accounting Policies (continued)

A significant portion of In Kind Gifts & Donated Goods and Services recognised relates to Media services. These are recognised when the Group has been able to evidence the difference between the price paid, if any, and the wholesale price of the goods/services as prescribed per the service providers' rate card. Both the income and the expense are recognised in the same period.

Volunteer hours have been recognised based on hours tracked and recorded by using a log book and valued at minimum wage per hour.

RSM

KidsCan Charitable Trust Group

Notes to and forming part of the Financial Statements

For the Year Ended 31 December 2015

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue is recognised on receipt or invoice basis, whichever is sooner, unless there are conditions attached to the revenue, in which case revenue is recognised when the conditions are fulfilled.

Interest Revenue

Interest revenue is recognised on an accrual basis.

Donations & Grants

Donations & Grants income is accounted for as it is received unless specific conditions are attached to a grant. Any grants that have not met all the conditions at balance date are held for use in future accounting periods and recorded as Income in Advance on the Statement of Financial Position.

Goods and Services Tax (GST)

All items in the Statement of Financial Position are stated exclusive of GST, with the exception of receivables and payables, which include GST. All items in the Statement of Financial Performance are stated exclusive of GST.

Income Taxation

The Group is exempt from income tax, as the Group is registered as a charity (CC21929) for income tax purposes.

Foreign Currency Policy

Transactions in foreign currencies are converted to New Zealand currency at the date of the transaction.

Assets and Liabilities are translated to New Zealand currency at the closing exchange rate and exchange variations arising from the transactions are recognised in the Statement of Financial Performance.

Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset or the lease term, whichever is shorter.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Basis for Consolidation

The Group financial statements include KidsCan Charitable Trust and its 100% owned subsidiary, Invitation Only Events Ltd are accounted for using the acquisition method.

All significant inter-company transactions have been eliminated on consolidation.

d) Differential Reporting

The Group qualifies for differential reporting as it is not publicly accountable and is not large as defined in the Framework for Differential Reporting. The Group has applied all differential reporting exemptions available.

The Group currently prepares financial statements in accordance with New Zealand generally accepted accounting practice.

New legislation will require the financial statements to be prepared under Public Benefit Entity International Public Sector Accounting Standards, Reduced Disclosure Regime (PBE IPSAS RDR) based on the annual operating expenditure being greater than the \$2 million threshold. The new accounting standards are required to be used for periods beginning on or after 1 April 2015, the Group will not look to adopt these standards early.

e) Changes in Accounting Policies

All policies have been applied consistently with those used in the previous year, except for the treatment of inventory that has not been distributed, and is on hand at balance date which had previously been fully expensed in the year of purchase and is now recorded on the Statement of Financial Position (for further details see Note 11). Certain comparatives have been restated to conform with the current year's presentation.

KidsCan Charitable Trust Group

Notes to and forming part of the Financial Statements

For the Year Ended 31 December 2015

2. SURPLUS FROM OPERATIONS

Parent & Group 2015
\$

Parent & Group 2014
\$ (restated)

Included in the surplus from operations are the following expenses:

Audit Fees (Including fees for subsidiaries)	20,000	20,000
Depreciation:		
Computer Equipment and Software	11,503	6,464
Office Equipment	13,306	9,409
Vehicles	6,214	-
Director's Fees	-	-
Bad Debts	200	-

3. BANK

By 31 March 2016, KidsCan have spent \$1,261,130 (31 March 2015 \$1,020,448) of the \$3,773,383 (2014 \$3,661,836) funds committed for programmes on items including food, raincoats, shoes and health. KidsCan has budgeted to spend the balance of these funds on programmes by the end of the financial year.

4. PROPERTY, PLANT & EQUIPMENT

Parent & Group - as at 31 December 2015

	Cost \$	Accum Depn/Amort \$	Book Value \$
Computer Equipment	74,969	47,704	27,265
Office Equipment	102,660	48,941	53,719
Vehicles	25,524	6,214	19,310
Total	203,153	102,859	100,294

Parent & Group - as at 31 December 2014

	Cost \$	Accum Depn/Amort \$	Book Value \$
Computer Equipment	55,150	36,201	18,949
Office Equipment	99,360	35,635	63,725
Vehicles	-	-	-
Total	154,510	71,836	82,674

5. PAYABLES AND PROVISIONS

Parent & Group 2015
\$

Parent & Group 2014
\$ (restated)

Current:

Trade Creditors	36,526	44,598
Accrued Expenses	20,001	22,750
Provision for Doubtful Debts	200	-
Employee Entitlements	21,845	19,664
Total	78,572	87,012

The provision for employee entitlement relates to accrued holiday pay.

KidsCan Charitable Trust Group

Notes to and forming part of the Financial Statements

For the Year Ended 31 December 2015

6. OPERATING LEASES

The entity incurred a total expenditure of \$164,167 in the year in relation to the lease of the Trust's premises. Additionally three vehicles are leased by KidsCan Charitable Trust, with total expenditure of \$16,900 incurred in relation to the lease of the vehicles. Other operating expenses amount to \$13,359.

	Parent & Group 2015 \$	Parent & Group 2014 \$
Obligations under non-cancellable operating lease are:		
Within one year	182,108	197,688
One to two years	184,269	188,774
Two to five years	56,022	244,181
More than five years	-	-
Total	422,399	630,643

7. FINANCE LEASES

	Parent & Group 2015 \$	Parent & Group 2014 \$
Finance Lease Liabilities		
Within one year	9,038	-
One to five years	10,971	-
More than five years	-	-
Total	20,009	-

8. RELATED PARTIES

2015

Julie Chapman is a Trustee of KidsCan Charitable Trust and is also employed by KidsCan Charitable Trust as a Chief Executive.

Invitation Only Events Limited is a wholly owned subsidiary of KidsCan Charitable Trust. All of the Directors of Invitation Only Events Limited are Trustees of KidsCan Charitable Trust, further KidsCan Charitable Trust is the sole beneficiary of Invitation Only Events Limited.

A Trustee was paid for their commercial services. The amount represented a 60% discount on the normal charge out rate.

A Trustees firm provided professional services, pro bono, in the areas of risk and advisory services.

All transactions with Trustees/Employees were preapproved by the Board.

A close relation of a Trustee was employed by the Trust on an arms length basis.

2014

Julie Chapman is a Trustee of KidsCan Charitable Trust and is also employed by KidsCan Charitable Trust as a Chief Executive.

Invitation Only Events Limited is a wholly owned subsidiary of KidsCan Charitable Trust. All of the Directors of Invitation Only Events Limited are Trustees of KidsCan Charitable Trust, further KidsCan Charitable Trust is the sole beneficiary of Invitation Only Events Limited.

A Trustee was paid for their commercial services. The amount represented a 53% discount on the normal charge out rate.

A Trustees firm provided professional services, pro bono, in the areas of taxation and risk. Other services were provided at a discount of 40% of the normal charge out rate.

All transactions with Trustees/Employees were preapproved by the Board.

A close relation of a Trustee was employed by the Trust on an arms length basis.

KidsCan Charitable Trust Group

Notes to and forming part of the Financial Statements

For the Year Ended 31 December 2015

9. INCOME IN ADVANCE

	Parent & Group 2015 \$	Parent & Group 2014 \$ (restated)
Philanthropic Trusts and Gaming	-	526,583
Government Funding	500,548	1,338,644
Sponsorship Income	75,000	46,875
Total	575,548	1,912,102

Income in Advance arises when an amount is received by the Trust but there is an obligation to deliver related goods or services in the future.

10. UNPAID CAPITAL

Invitation Only Events Limited was incorporated on June 2007 as a 100% owned subsidiary of KidsCan Charitable Trust. Invitation Only Events Limited has capital of 100 shares of \$1 each, which at 31 December 2015 were uncalled and unpaid. In the event of a call on this unpaid capital, KidsCan Charitable Trust has a commitment of \$100.

11. PRIOR PERIOD ADJUSTMENT

Prior to 31 December 2015 the Trust did not account for inventory held in the warehouse at balance date, on the assumption that there was only a nominal holding at year end and that holding was consistent year on year. The level of inventory has increased over the past two years, as a result of the longer term nature of contracts undertaken by the Trust, the need to hold inventory, the timing of those inventory holdings around year end and the Trust's increased warehouse capacity allowing the Trust to do this.

KidsCan now has a more sophisticated inventory system which enables reliable inventory reports to be produced, these were not previously available. The 2014 Financial Statements have been amended to reflect an increase in inventory of \$838,699 on the Statement of Financial Position, along with an increase in the income in advance liability of \$334,323. The net surplus in the Statement of Financial Performance has increased by \$504,376 as a result of the amendment.

The table below summarises the adjustments made to the 2014 Statement of Financial Performance and the 2014 Statement of Financial Position.

	31 Dec 2014 As previously reported \$	Adjustment \$	31 Dec 2014 Restated \$
Statement of Financial Performance			
Total Operating Revenue (Government Income)	9,739,650	334,323	9,405,327
Investment in Children's Programmes (Programme Costs)	7,597,139	838,699	6,758,440
Net Surplus	541,948	504,376	1,046,324
Statement of Financial Position			
Current assets (Inventory)	4,766,248	838,699	5,604,947
Current Liabilities (Income in Advance)	1,664,791	334,323	1,999,114
Equity	3,184,131	504,376	3,688,507

12. CONTINGENT LIABILITIES

2015

There are no contingent liabilities as at 31 December 2015.

2014

In the normal course of business KidsCan Charitable Trust may be subject to legal claims. The trustees are aware of a grievance claim however are confident of their position. The trustees are satisfied that should any settlement arise from any such a claim that this would not result in a material outflow. There are no other contingent liabilities at 31 December 2014.

13. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2015 (2014 Nil).

14. SUBSEQUENT EVENTS

There have been no other material post balance date events which would require disclosure or adjustment to the December 2015 Financial Statements.

Independent Auditor's Report

To the Trustees of KidsCan Charitable Trust Group

We have audited the financial statements of KidsCan Charitable Trust and its subsidiary on pages 27 to 33 which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of financial performance and statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand generally accepted accounting practice, as defined by Financial Reporting Standards and Statements of Standard Accounting Practice and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand).

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, KidsCan Charitable Trust or any of its subsidiaries.

Opinion

In our opinion, the financial statements on pages 27 to 33 present fairly, in all material respects, the financial position of KidsCan Charitable Trust and its subsidiary as at 31 December 2015, and its financial performance for the year then ended in accordance with New Zealand generally accepted accounting practice, as defined by Financial Reporting Standards and Statements of Standard Accounting Practice.

RSM

Date 24/5/16

RSM



"We have had two families arrive at school with no books and wearing the same clothes each day. Being able to give them shoes and a coat made them feel very proud and their mother was grateful."

JOANNE HOW, PRINCIPAL, ROSLYN SCHOOL



KidsCan

Supporting Disadvantaged Kiwi Kids

KidsCan

7 Beatrice Tinsley Crescent
Albany, Auckland 0632
New Zealand

PO Box 31646 Milford
Auckland 0741
New Zealand

info@kidscan.org.nz
kidscan.org.nz
(09) 478 1525

facebook.com/KidsCanNZ
twitter.com/KidsCanNZ
linkedin.com/company/
kidscan-charitable-trust
instagram.com/kidscannz/