

MILFORD FOUNDATION

Performance Report

For the year ended
31 March 2022



MILFORD
FOUNDATION

INVESTING IN FUTURE GENERATIONS
TE WHAKATŌ KĀKANO MŌ NGĀ REANGA HOU

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Entity Information

MILFORD FOUNDATION Who are we? Why do we exist? For the year ended 31 March 2022

Legal name of entity	Milford Foundation
Type of entity and legal basis	The Milford Foundation (the "Foundation") was registered as a Charitable Trust on 2 July 2020 and incorporated under the Charitable Trusts Act 1957 on 7 July 2020.
Registration Number	CC58088
Incorporation Number	50040982
Physical and postal address	Level 28, 48 Shortland Street, Auckland 1010
Phone	0800 368 632 (0800 FOUNDATION)
Email/Website	info@milfordfoundation.co.nz / milfordfoundation.co.nz

Entity's Purpose or Mission

The Foundation has been established to provide support, both financial and otherwise, to other registered charities and support charitable purposes in New Zealand. Our mission is to strengthen New Zealand communities through the lenses of youth, education and environment.

Our activities will continuously evolve in response to community needs, with a strong focus on building a stronger, sustainable and more equitable New Zealand with thriving communities and a sustainable environment.

Entity Structure

The Foundation was established by Milford Asset Management Limited ("MAML") pursuant to a trust deed signed on 1 July 2020. The Foundation is governed by a Board of Trustees and the following were members as at 31 March 2022:

Anthony Francis Quirk (Chair) (appointed 1/7/2020)
Graeme Richard Thomas (appointed 11/8/2020)
Sarah Ann Norrie (appointed 19/4/2021)
Debra Mary Delores Sorensen (appointed 26/8/2021)
Rachel Jane Brown (appointed 26/8/2021)
Tiaki Blake Hunia (appointed 26/8/2021)

Mark Ryland resigned as a Trustee effective 21 April 2021

Trustees are appointed for a period of three years and can be re-appointed at the end of their respective terms on one or more occasions. The Trustees oversee the strategic direction of the Foundation, and approve any grants to charities.

Bryce Marsden is the Chief Executive ("CE") of the Foundation and his role is to execute the strategy and oversee the operational aspects of the Foundation.

Main sources of the Entity's Cash and Resources

The main sources of the Foundation's cash and resources will be cash donations from the Milford Group (comprising MAML, its subsidiaries and any related parties), its employees, shareholders, directors, clients of MAML, and

the public. The establishment and on-going operational costs of the Foundation are being met by MAML and Milford Funds Limited ("MFL"), which is a subsidiary of MAML, and will continue to be, for the foreseeable future.

Entity's reliance on volunteers and donated goods or services

The Foundation relies heavily on the voluntary services of employees of the Milford Group. These services include but are not limited to investment management, marketing, information technology (IT), accounting, legal and other administration services. In addition, the Milford Group pays for all the operational costs of the Foundation including IT infrastructure, brand/design marketing and legal fees.

Certain professional services' firms have also provided free or discounted services (refer to Note 3 for further detail).

The estimated number of hours spent by Milford Group employees on the Foundation during the year ended 31 March 2022 is 1,164 (for the period ended 31 March 2021: 118 hours)

Statement of Service Performance

MILFORD FOUNDATION

What did we do? When did we do it?

For the year ended 31 March 2022

The Foundations purpose is “Investing in Aotearoa New Zealand communities, by creating a sustainable future for generations to prosper.” The Foundation seeks to undertake a long-term approach to creating positive change in Aotearoa New Zealand communities through selecting and partnering with charities that align with this purpose.

We also have the ability to act quickly in times of crisis to assist the most vulnerable.

We continue to focus on supporting our three key pillars of Youth, Education, and the Environment and over the year we have expanded the number of charity partners in these pillars.

Our charity partners not only benefit from our financial support but also commercial knowledge, network of contacts, volunteering, and investment expertise. We seek to create a true partnership connecting with all our charity partners while also ensuring our partners connect with each other, so that they can increase their potential for success.

We have achieved much in our second year. Following are some of our achievements:

- Expertise – Completed a search for and appointed three new independent Trustees each with an expertise in at least one of our key pillars

- Transparency – Created visibility of the Foundation on the Milford Portal for Milford clients
- Crisis Support – Donated \$741,000 to three Food Banks to help families impacted by the pandemic
- Environmental – Appointed our first environmental partner - The Puhinui Regeneration Project and have committed \$1.2m of funding over the next 5 years
- Education – Sponsored a pilot education program designed and facilitated by the Graeme Dingle Foundation for its KiwiCan Leaders. This pilot should enable KiwiCan leaders to gain higher qualifications and pursue rewarding careers in fields that inspire them such as Teaching, Counselling, Policing or Social Work
- Awareness – Created and published our first Impact Magazine and various articles in the press
- Research – Reviewed and investigated over 100 charities
- Volunteering – Implemented an ongoing service opportunity for Milford employees to volunteer their time and energy supporting our charity partners.



Statement of Financial Performance

MILFORD FOUNDATION

What did it cost? How was it funded?

For the year ended 31 March 2022

	Note	2022 \$	2021 \$
REVENUE			
Donations	2	4,446,872	3,000,100
Donated goods and services*	3	747,999	213,232
Net gains on financial assets at fair value through profit or loss		223,225	30,337
Interest income		38	0
Total revenue		5,418,134	3,243,669
EXPENSES			
Personnel costs		284,376	66,861
Information technology costs		238,888	71,874
Marketing expenses		197,412	22,005
Legal fees		5,892	49,188
General expenses		21,431	3,303
		747,999	213,232
Grants		1,071,000	0
Total expenses		1,818,999	213,232
Surplus for the period		3,599,135	3,030,437

*The Foundation acknowledges that all of our operating expenses are funded by Milford.



This statement should be read in conjunction with the accompanying accounting policies and notes on pages 9 to 11.

Statement of Financial Position

MILFORD FOUNDATION

What do we own? What do we owe?

As at 31 March 2022

	Note	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,041	100
Financial assets at fair value through profit of loss	5	6,628,531	3,030,337
Total current assets		6,629,572	3,030,437
TOTAL ASSETS		6,629,572	3,030,437
LIABILITIES			
TOTAL LIABILITIES		0	0
TOTAL NET ASSETS		6,629,572	3,030,437
ACCUMULATED FUNDS			
Accumulated surpluses	6	6,629,572	3,030,437
TOTAL ACCUMULATED FUNDS		6,629,572	3,030,437

For and on behalf of the Trustees, who approved this Performance Report on 22 July 2022.

Trustee

Trustee

This statement should be read in conjunction with the accompanying accounting policies and notes on pages 9 to 11.

Statement of Cash Flows

MILFORD FOUNDATION

What cash did we receive? What cash did we pay out?

For the year ended 31 March 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was received from:			
Donations	2	4,446,872	3,000,100
Interest income		38	0
		4,446,910	3,000,100
Cash was applied to:			
Grants		(1,071,000)	0
		3,375,910	3,000,100
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was received from:			
Redemption of units in Milford Funds		941,000	0
Cash was applied to:			
Purchase of units in Milford Funds		(4,315,969)	(3,000,000)
		(3,374,969)	(3,000,000)
Net Increase in Cash		941	100
Cash and cash equivalents at beginning of the year		100	0
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		1,041	100
Represented by:			
Cash and cash equivalents	4	1,041	100
		1,041	100

This statement should be read in conjunction with the accompanying accounting policies and notes on pages 9 to 11.



Notes to the Performance Report

MILFORD FOUNDATION

What other information supports our Performance Report?

For the year ended 31 March 2022

1 STATEMENT OF ACCOUNTING POLICIES

How did we do our accounting?

Basis of Preparation

The Foundation was incorporated on 2 July 2020. This Performance Report covers the 12 months ended 31 March 2022, and the comparative period from 2 July 2020 to 31 March 2021.

The Foundation is a Tier 3 reporting entity. It has elected to apply Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total expenses less than \$2,000,000 for this reporting period.

All transactions in this Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the Foundation will continue to operate in the foreseeable future.

Revenue

Revenue is accounted for as follows:

(a) Donations

Donations are accounted for depending on whether or not a 'use or return' condition is attached. Where no condition is attached, the donations are recognised as revenue when the cash is received. Where donations do include a condition, the donation is initially recorded as a liability on receipt. The income is then subsequently recognised within the Statement of Financial Performance as the performance conditions are met.

(b) Donated goods or services

Donated goods or services represent actual financial costs borne by MAML and MFL in providing administrative and other services to the Foundation, and the services provided by external suppliers on a pro-bono basis.

The Foundation has opted to recognise donated goods or services at fair value in accordance with Tier 2 requirements (Public Benefit Entity International Public Sector Accounting Standard 23), rather than apply the Tier 3 requirements.

(c) Donations in kind - volunteer time

MAML employees have volunteered their time to support the on-going operations of the Foundation. These donated services have been recognised in the Performance Report in the current reporting period, and are reported as personnel costs.

(d) Interest Income

Interest Income is recognised on an accruals basis.

Goods and Services Tax (GST)

As at balance date, the Foundation was not registered for GST and therefore all amounts are stated inclusive of GST (if any).

Income Tax

The Foundation is a registered charity under the Charities Act 2005, and accordingly is not subject to income tax.

Cash and cash equivalents

Cash and cash equivalents may include deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. When applicable, bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Financial assets at fair value through profit or loss

These include the Foundation's investments in unit trusts. These investments are measured initially and subsequently at fair value. The fair value is based on the latest available redemption price for each unit trust as at balance date. Any gains or losses on these investments are recognised in the Statement of Financial Performance in the period in which they arise.

The Foundation has opted to recognise its investments in unit trusts at fair value in accordance with Tier 2 requirements (Public Benefit Entity International Public Sector Accounting Standard 41).

MAML does not charge any management or performance fees on these financial assets.

Notes to the Performance Report

MILFORD FOUNDATION

What other information supports our Performance Report?

For the year ended 31 March 2022

2 DONATIONS	2022 \$	2021 \$
Cash donations from Milford Asset Management Limited	2,230,000	2,000,100
Cash donations from Milford Funds Limited	715,665	0
Other cash donations	1,501,207	1,000,000
	4,446,872	3,000,100

3 DONATED GOODS AND SERVICES	2022 \$	2021 \$
Goods and services donated (pro-bono) by external suppliers:		
Legal services (MinterEllisonRuddWatts)	0	34,500
IT services (Green Chilli)	22,378	13,016
Marketing services (Q Brand Builders)	45,064	17,980
	67,442	65,496

Goods and services donated by Milford Asset Management Limited:

Personnel costs	111,376	66,861
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Goods and services donated by Milford Funds Limited:

Personnel costs	173,000	0
Information technology costs	216,510	58,858
Marketing expenses	152,348	4,025
Legal fees	5,892	14,688
General expenses	21,431	3,303
	569,181	80,874
	747,999	213,232

PricewaterhouseCoopers have provided audit services on a pro-bono basis for the current and comparative periods. These costs have not been recognised in the Statement of Financial Performance.

4 CASH AND CASH EQUIVALENTS	2022 \$	2021 \$
Cash at bank	1,041	100

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2022 \$	2021 \$
The Foundation holds the following investments in Milford Funds:		
Milford Active Growth Wholesale Fund	1,262,815	304,072
Milford Australian Absolute Growth Wholesale Fund	317,174	120,271
Milford Australian Equities Wholesale Fund	158,864	70,924
Milford Cash Fund	2,493,326	1,041,080
Milford Dynamic Wholesale Fund	254,676	157,106
Milford Global Corporate Bond Fund	84,909	60,218
Milford Global Select Wholesale Fund	350,012	579,090
Milford Income Wholesale Fund	913,841	402,973
Milford NZ Equities Wholesale Fund	226,007	194,560
Milford Trans-Tasman Bond Fund	148,767	100,042
Milford Global Real Asset Wholesale Fund	127,728	0
Milford Global Opportunities Wholesale Fund	290,412	0
	6,628,531	3,030,337

6 ACCUMULATED FUNDS	2022 \$	2021 \$
Opening Balance	3,030,437	0
Surplus for the year/period	3,599,135	3,030,437
Closing balance	6,629,572	3,030,437

Notes to the Performance Report

MILFORD FOUNDATION

What other information supports our Performance Report? For the year ended 31 March 2022

7 RELATED PARTIES

MAML and its subsidiaries are related parties by virtue of having a MAML director on the Foundation's Board of Trustees as at balance date, and due to the on-going support provided by MAML and subsidiaries for the Foundation's operational activities.

During the period, the Foundation engaged in the following related party transactions:

- Received cash donations from MAML and MFL (refer Note 2);
- Received donated goods and services from MAML and MFL (refer Note 3); and
- Invested in the Milford Funds which are managed by MFL (refer Note 5). There are no management or performance fees charged on these investments.

Key management personnel compensation

The Foundation's key management personnel include the Trustees, the Chief Executive of the Foundation, and the MAML Board. None of these personnel received any compensation from the Foundation during the reporting period (2021: no compensation).

8 CONTINGENT LIABILITIES

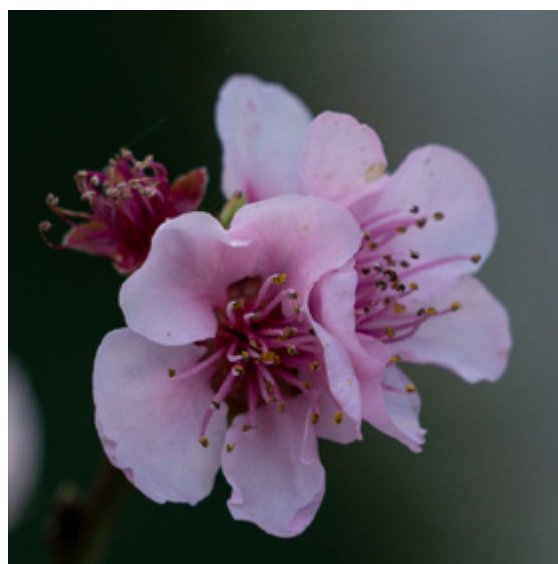
At balance date there were no material contingent liabilities. (2021: none)

9 CAPITAL COMMITMENTS

At balance date there were no material capital commitments. (2021: none)

10 SUBSEQUENT EVENTS

There were no events subsequent to the reporting period that materially affected the financial statements.



Independent Auditor's Report



To the Trustees of Milford Foundation

Our opinion

In our opinion:

- a. the accompanying performance report of Milford Foundation (the Foundation) on pages 3 to 11 presents fairly, in all material respects, the entity information and the financial position of the Foundation as at 31 March 2022, and its service performance, financial performance and cash flows for the year ended on that date in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit); and
- b. the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable.

What we have audited

The performance report which comprises:

- the entity information;
- the statement of service performance;
- the statement of financial position as at 31 March 2022;
- the statement of financial performance for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of accounting policies; and
- related notes including explanatory information.

BASIS FOR OPINION

We conducted our audit of the statement of financial position, the statement of financial performance, the statement of cash flows, the statement of accounting policies and the related notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). The audit of the entity information and the statement of service performance was conducted in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) (ISAE (NZ) 3000).

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the performance report* section of our report.

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

Independence

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Foundation.

RESPONSIBILITIES OF THE TRUSTEES FOR THE PERFORMANCE REPORT

The Trustees are responsible, on behalf of the Foundation, for identifying outcomes and outputs, and quantifying outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance.

The Trustees are also responsible, on behalf of the Foundation, for the preparation and fair presentation of the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit), and for such internal control as the Trustees determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report



To the Trustees of Milford Foundation

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE PERFORMANCE REPORT

Our objectives are to obtain reasonable assurance about whether the performance report, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) or ISAE (NZ) 3000 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report, including performing procedures to obtain evidence about and evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

As part of our audit, we perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

A further description of our responsibilities for the audit of the performance report is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-18/>

This description forms part of our auditor's report.

WHO WE REPORT TO

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

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

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
22 July 2022

Auckland

Give today to make a big impact tomorrow



Our charity partners



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