

Performance Report

McGuinness Institute Limited
For the period 1 April 2018 to 31 March 2019

Prepared by BDO Wellington Limited

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Entity Information

McGuinness Institute Limited For the year ended 31 March 2019

Legal Name of Entity

McGuinness Institute Limited

Entity Type and Legal Basis

NZ Limited Company

Registration Number

Company number: 1538950

NZ Business Number: 9429035262381

Charities Registration Number: CC21440

Entity's Purpose or Mission

A non-partisan think tank working towards a sustainable future, contributing foresight through evidence-based research and policy analysis.

Entity Structure

Chief Executive is Wendy McGuinness. Reporting to the CE is the Head of Research, Head of Events Management, Head of Design and Head of Administration. There are between 7 and 25 staff employed by the Institute at any one time.

Main Sources of Entity's Cash and Resources

Willis Bond and Company Limited is the core funder, but the Institute also collaborates with many other institutions.

Main Methods Used by Entity to Raise Funds

Main methods used to gather funds is through donations or cost-recovery of direct costs of workshops and other events.

Entity's Reliance on Volunteers and Donated Goods or Services

Reliance on donated services, as well as a good working relationship with a number of other parties that have an interest in a common goal. These include organisations and individuals (such as those that have attended workshops). Donated services include occupancy cost of \$77,911 from Willis Bond and Co. Limited.

Physical Address

Level 2, 5 Cable Street, Wellington, New Zealand, 6011

Postal Address

PO BOX 24222, Manners Street, Wellington, New Zealand, 6142

Approval of Performance Report

McGuinness Institute Limited
For the year ended 31 March 2019

The Director is pleased to present the approved performance report including the historical performance report of McGuinness Institute Limited for year ended 31 March 2019.

APPROVED



Wendy McGuinness

Date **26 September 2019**

Statement of Service Performance

McGuinness Institute Limited For the year ended 31 March 2019

Description of Entity's Outcomes

- To build public policy capability in 18-25 year olds through employment
- To build public policy capability in 18-25 year olds through workshops
- To prepare non-partisan research and policy advice on NZ's long term future

Description and Quantification of the Entity's Outputs

To build public policy capability in 18-25 year old's through employment

Description of Outputs	Actual 31 March 2019	Actual 31 March 2018
Number of employees between age of 18 to 25	9	20
Total number of employees	19	21
Percentage of personnel that has worked at the Institute that has subsequently been employed in public policy	33.3%	9.5%

To build public policy capability in 18-25 year olds through workshops

Description of Outputs	Actual 31 March 2019	Actual 31 March 2018
Number of participants at the 3 day workshop between the age of 18 to 25	0	34
Total workshop participants (including 1 day workshops)	0	34

To prepare non-partisan research and policy advice on New Zealand's long term future

Description of Outputs	Actual 31 March 2019	Actual 31 March 2018
Number of reports published during the year	1	0
Number of workshops held during the year	0	1
Number of working papers	3	4
Number of think pieces	4	2
Number of submissions and proposals	6	4

Statement of Financial Performance

McGuinness Institute Limited For the year ended 31 March 2019

	NOTES	2019	2018
Revenue			
Donations, fundraising and other similar revenue	1	717,911	616,372
Revenue from providing goods or services	1	1,777	36,562
Interest, dividends and other investment revenue	1	-	1
Other revenue	1	-	36,491
Total Revenue		719,688	689,426
Expenses			
Volunteer and employee related costs	2	444,685	429,743
Costs related to providing goods or service	2	207,166	265,265
Grants and donations made	2	6,850	10,807
Other Expenses	2	17,818	17,733
Total Expenses		676,519	723,548
Surplus/(Deficit) for the Year		43,169	(34,122)

Statement of Financial Position

McGuinness Institute Limited

As at 31 March 2019

	NOTES	31 MAR 2019	31 MAR 2018
Assets			
Current Assets			
Bank accounts and cash	3	41,126	6,129
Debtors and prepayments	3	14,346	17,628
Total Current Assets		55,472	23,757
Non-Current Assets			
Property, Plant and Equipment	4	41,358	49,693
Total Non-Current Assets		41,358	49,693
Total Assets		96,830	73,450
Liabilities			
Current Liabilities			
Creditors and accrued expenses	5	10,610	28,383
Employee costs payable	5	14,362	12,835
Loans	5	350,635	354,178
Total Current Liabilities		375,607	395,396
Total Liabilities		375,607	395,396
Total Assets less Total Liabilities (Net Assets)		(278,777)	(321,946)
Accumulated Funds			
Accumulated surpluses or deficits		(278,777)	(321,946)
Total Accumulated Funds		(278,777)	(321,946)

Statement of Cash Flows

McGuinness Institute Limited For the year ended 31 March 2019

	2019	2018
Statement of Cash Flows		
Cash Flows from Operating Activities		
Donations, fundraising and other similar receipts	717,911	616,372
Receipts from providing goods or services	2,764	35,928
Interest, dividends and other investment receipts	-	1
Cash receipts from other operating activities	-	36,491
Payments to suppliers and employees	(668,005)	(670,716)
Donations or grants paid	(6,850)	(10,807)
Total Cash Flows from Operating Activities	45,820	7,269
Cash Flows from Investing and Financing Activities		
Proceeds from loans borrowed from other parties	(3,360)	(1,319)
Payments to acquire property, plant and equipment	(7,463)	(12,608)
Total Cash Flows from Investing and Financing Activities	(10,823)	(13,927)
Net Increase/ (Decrease) in Cash	34,997	(6,658)
Cash and cash equivalents at beginning of period		
Cash balance	6,129	12,787
Total Cash and cash equivalents at beginning of period	6,129	12,787
Cash and cash equivalents at end of period		
Cash balance	41,126	6,129
Total Cash and cash equivalents at end of period	41,126	6,129
Net change in cash for period	34,997	(6,658)

Statement of Accounting Policies

McGuinness Institute Limited For the year ended 31 March 2019

Basis of Preparation

The entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

The Entity's performance report is presented in accordance with PBESFR A (NFP) *Public Benefit Entity Simple Format Reporting - Accrual(Not-For-Profit)* (Tier 3 Framework).

Presentation Currency

The performance report is presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except where otherwise indicated.

Revenue Recognition

Donations are recorded as revenue when cash is received.
Sale of goods or services are recorded when the goods or services are sold.
Interest income is recorded as it is earned.
Other income is recorded as it is earned.

Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Income Tax

As per the Income Tax Act 2007, and as the company holds the status of a registered charity, McGuinness Institute Limited is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

All other repairs and maintenance expenditure is recognised in the statement of financial performance as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset. The following estimated depreciation rates have been used:

Fixtures & Fittings 0% - 60%

Shelving & Storage 10% - 16%

The Library 20% - 24%

Computer Equipment 50%

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognised.

Notes to the Performance Report

McGuinness Institute Limited For the year ended 31 March 2019

	2019	2018
1. Analysis of Revenue		
Donations, fundraising and other similar revenue		
Willis Bond & Co Limited	77,911	76,922
The McGuinness Foundation Trust	640,000	539,450
Total Donations, fundraising and other similar revenue	717,911	616,372
Revenue from providing goods or services		
Nation Dates Book Sales	695	1,051
Reports sold (incl online)	-	35,511
Other Revenue from providing goods or services	1,082	-
Total Revenue from providing goods or services	1,777	36,562
Interest, dividends and other investment revenue		
Interest Income	-	1
Total Interest, dividends and other investment revenue	-	1
Other revenue		
Other revenue	-	36,491
Total Other revenue	-	36,491
	2019	2018

2. Analysis of Expenses

Volunteer and employee related costs		
ACC	2,227	1,344
Entertainment	3,060	3,348
Entertainment - Non deductible	3,519	3,785
ipayroll fees	1,565	1,602
Salaries	401,555	406,551
Training and Education	11,937	1,391
Travel - International	16,503	-
Travel - National	4,319	11,723
Total Volunteer and employee related costs	444,685	429,743
Costs related to providing goods or services		
Bad Debts	548	-
Client Gifts	1,476	3,937
Computer expenses	17,665	15,594
Conference Expenses	-	226
Consulting & Accounting	16,972	34,456
Cost of Publication	55,504	53,918
Domain Names	7,981	6,962
Insurance	2,621	2,432
Light, Power, Heating	3,405	3,918

Membership and Subscription Fees	2,571	5,695
Motor Vehicle Expenses	-	37
Occupancy Costs	77,911	76,922
Office Expenses	8,197	3,248
Postage, Freight & Courier	2,596	687
Project: Civics	-	680
Project: Nation Dates Book	-	815
Project: Waka NZ	-	29,877
Project:Tackling Poverty	-	15,000
Stationery	5,148	6,296
Telephone & Internet	4,572	4,565
Total Costs related to providing goods or services	207,166	265,265

Grants and donations made

Donations	6,850	10,700
Donations - International	-	107
Total Grants and donations made	6,850	10,807

Other expenses

Bank Fees	238	228
Depreciation	10,425	13,435
(Gain)/Loss on Disposal of Fixed Assets	5,373	-
Interest Expense	-	10
Legal expenses	1,782	3,960
Penalties	-	100
Total Other expenses	17,818	17,733

	2019	2018
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3. Analysis of Assets**Bank accounts and cash**

Kiwibank 00 Account	38,623	3,992
Petty Cash Kiwibank 01 Account	1,674	1,820
Kiwibank 02 Account	-	2
Paypal Account	828	315
Total Bank accounts and cash	41,126	6,129

Debtors and prepayments

Bond - iPayroll	12,000	12,000
Accounts Receivable	115	1,102
GST Receivable	2,231	4,526
Total Debtors and prepayments	14,346	17,628

	2019	2018
4. Property, Plant and Equipment		
Furniture & Fixtures		
Furniture and Fixtures	62,223	85,036
Less Accumulated Depreciation on Furniture and Fittings	(48,399)	(66,166)
Total Furniture & Fixtures	13,824	18,870
Shelving & Storage		
Shelving & Storage	24,583	25,723
Less Accumulated Depreciation on Shelving & Storage	(13,301)	(12,632)
Total Shelving & Storage	11,282	13,091
The Library		
The Library	47,584	47,584
Less Accumulated Depreciation on The Library	(38,659)	(36,378)
Total The Library	8,926	11,207
Computer Equipment		
Computer Equipment	13,829	11,886
Less Accumulated Depreciation on Computer Equipment	(6,503)	(5,360)
Total Computer Equipment	7,326	6,525
Total Property, Plant and Equipment	41,358	49,693
	2019	2018

5. Analysis of Liabilities

Creditors and accrued expenses		
Accounts Payable	10,610	28,383
Total Creditors and accrued expenses	10,610	28,383
Employee costs payable		
Accruals	14,362	12,835
Total Employee costs payable	14,362	12,835
Loans		
Mackford Holdings No 5 Limited	355,084	357,220
McGuinness Foundation Trust	(4,449)	(3,042)
Total Loans	350,635	354,178
	2019	2018

6. Accumulated Funds

Accumulated Funds		
Opening Balance	(321,946)	(287,824)
Accumulated surpluses	43,169	(34,122)
Total Accumulated Funds	(278,777)	(321,946)
Total Accumulated Funds	(278,777)	(321,946)

7. Commitments

There are no commitments as at 31 March 2019 (2018 - nil).

8. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 March 2019 (2018 - nil).

9. Going Concern

The Company has made a surplus in the year of \$43,169 and has net liabilities of \$278,777.

The validity of the going concern assumption on which this performance report is prepared depends on the continued financial support of the shareholder and of Mackford Holdings No.5 Limited.

A letter of support has also been received from Mackford Holdings No.5 Limited confirming that they will continue to support McGuinness Institute Limited, and will not call the loan unless they know that McGuinness Institute Limited is in a position to pay the loan and their creditors as they fall due within the foreseeable future.

If the support is withdrawn, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the Statement of Financial Position. In addition, the company may have to provide for further liabilities that may arise.

10. Related Parties

Wendy McGuinness, who is a director of this company, is also a director of Mackford Holdings No 5 Limited, which has loaned funds to McGuinness Institute Limited during the year. The loan totalling \$355,084 as at 31 March 2019 (2018: \$357,220) is interest free and repayable on demand.

Wendy McGuinness is also a trustee of the McGuinness Foundation Trust which owns 100% of this company. The McGuinness Institute received donations from the McGuinness Foundation Trust during the year totalling to \$640,000 (2018: \$539,450). The McGuinness Institute paid for expenses of the McGuinness Foundation Trust during the year totalling to \$1,408 (2018: \$3,042).

Wendy McGuinness' husband is a director of Willis Bond & Company Limited. The McGuinness Institute received nil donations from Willis Bond & Company Limited during the year (2018: nil), and occupancy costs amounting to \$77,911 (2018: \$76,922).

11. Occupancy Costs

During the year, as per prior years, Willis Bond & Company Limited made payments on behalf of the Institute for occupancy costs encompassing rent, rates, landline and water cooler rental charges. These contributions by Willis Bond & Company Limited have been recognised as donation to the Institute and the 'Occupancy Costs' reported as a separate line item.

12. Events After the Balance Date

There were no events that occurred after balance date that would have a material impact on the Performance Report as at 31 March 2019 (2018 - nil).

INDEPENDENT ASSURANCE PRACTITIONER'S REVIEW REPORT
To the Shareholder of McGuinness Institute Limited ("the Company")

We have reviewed the accompanying performance report of McGuinness Institute Limited, which comprise the entity information, statement of financial position as at 31 March 2019, the statement of service performance, the statement of financial performance, and the statement of cash flows for the year ended 31 March 2019, and the statement of accounting policies and other explanatory information.

Director's Responsibility for the Performance Report

The Director is responsible on behalf of the entity for:

- a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- b) the preparation and fair presentation of the performance report which comprises:
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and

- c) for such internal control as the director determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on the performance report. We conducted our review of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standard on Review Engagements (New Zealand) (ISRE (NZ)) 2400 (Revised) *Review of Historical Financial Statements Performed by an Assurance Practitioner who is not the Auditor of the Entity*, and the review of the entity information and the statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) (ISAE (NZ) 3000 (Revised)). Those standards require us to conclude whether anything has come to our attention that causes us to believe that the performance report, taken as a whole, is not prepared in all material respects in accordance with the Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit). Those standards also require that we comply with ethical requirements.

A review of the performance reporting accordance with ISRE (NZ) 2400 (Revised) and ISAE (NZ) 3000 (Revised) is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures selected depend on our judgement, including the areas identified where a material misstatement is likely to arise and includes performing procedures to obtain evidence and evaluating whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and ISAE (NZ) 3000 (Revised). Accordingly, we do not express an audit opinion on the performance report.

In addition to assurance services, our firm provides other services in the area of business advisory services. We have no other relationship with or interests in the Company.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are not suitable;
- b) the performance report does not present fairly, in all material respects,
 - the financial position of the Company as at 31 March 2019, and its financial performance and cash flows for the year then ended; and
 - the entity information and its service performance for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit).

Our review was completed on 26 September 2019 and our conclusion is expressed as at that date.

BDO Wellington Audit Limited
BDO Wellington Audit Limited
Wellington
New Zealand