

Chairman's report

2008/2009

It gives me pleasure to present my second report for the Foundation.

Economically, the past 12 months has proven to be a very difficult period world wide and as a result, the growth of the Foundation has not been to the level we all would have liked.

While we can not influence the impact of the economic environment, the Board and CEO have continued to work hard on the areas we can influence. In the main, the past year has been mainly about doing the basics right and positioning ourselves for the future.

This has resulted in some pleasing outcomes, for example:

Pledges, Bequests & Donations

We have achieved growth of almost 18% over the past year to in excess of \$1.1 million.

Membership

The membership of the Foundation has increased 32% from 246 to 360 members.

"Missing" Old Boy's

The number of previously unaccounted Old Boy's has increased 20% making the total of located Old Boy's over 7,000.

Fuel Card

The spend on the Fuel Card continues to increase each month. Since inception, a total of 1.2 million litres has been poured. This provides the Foundation with a steady passive income.

Business Directory

The Business Directory continues to grow and as a result, the website is now self-funding.

Other Activities

The Board has been working on developing an Investment Policy Statement which set out clear guidelines as to how the funds the Foundation has accumulated are invested. This has been a lengthy process with significant consultation and attention to the detail. An Investment Committee has been formed, which is independent of the Board, to assist in this process. The work is almost done and we hope to have this signed off in the not too distant future.

In 2013, the school will celebrate its 150th year. Work is well underway in arranging the event and a committee comprising representatives of the Foundation, Old Boys' Society, Board of Trustees, Parents Association and School staff has been formed. We envisage up to 2,000 people will attend the celebration with 147 registrations to date. The date for the celebration is 1 – 4 August 2013, so mark your diary now and look forward to a worthwhile event.

The Annual Golf Day continues to thrive as each year passes. The 4th Annual event saw a full field at the St Clair Golf Course. It is a well run event and is an opportunity for the Foundation to thank its members, Old



Boys and the community for their support.

Prior to the All Black Test Match against the touring French side, in conjunction with the Otago Secondary Schools Sports Association, we hosted a breakfast with All Black Captain and Old Boy, Ritchie McCaw. The full house sign was up and for all those who attended it was a superb event.

Significant progress has been made on developing an Annual Giving Campaign. The intention of this initiative is to work with the School on specific projects (for example: the School Museum and the Hostel). Final details will be announced in the coming months.



The website continues to be one of the major marketing tools we have. As already mentioned, the development of the Business Directory has resulted in the website being self-sustaining. As mentioned last year, work is continuing on the archiving of school photos and other items. It is hoped that these records will become available on the website in the not too distant future. The Board will continue to look at ways to maximise the marketing capabilities of the website.

Our CEO, Steve Davie, continues his tireless work for the Foundation. The Board and Foundation are extremely fortunate to have someone of his quality and expertise at the helm of our organisation.

The coming 12 months will see the Foundation maintain the momentum built over the past three years. The Board and CEO thank all members of the Foundation for their continued support and belief in what the Foundation stands for.

Greg Strang
Chairman
July 2009

Chief Executive's report

2008/2009

While there is no doubt the recession has made a significant impact on the Foundation's progress, it is most certainly not as sombre a picture as might have been the case.

The research undertaken in the Foundation's early years along with the application of best practice principles have resulted in further advancement, despite the global economic issues we all face.

As the accompanying audited accounts indicate, the Foundation's surplus for the year was \$142,548, a marked surge on the 2007/2008 figure of \$94,228.

The major growth areas were the pledges, donations and bequests received (up \$60,000 on the previous year); a doubling in profit from our 'events calendar'; the continued growth of the fuel card; and website advertising. It is especially pleasing to note that these passive receipts, including interest, now support over 1/3rd of our annual operating costs.

Membership numbers, as at the end of March, stood at 360 representing an increase of 3% (94) for the year. This growth continues the constant climb in membership with more than 200 attracted in the last two years. As a result, the tally generated through pledges, donations and bequests was almost \$1.1 million, up from just over \$900,000 at the end of the previous year. (\$621,616 (06/07) and \$486,070 (05/06)).

By year's end the Foundation's net assets had increased by over 47% and stood at \$444,000, up from the previous year's figure of \$301,495.

It is worth noting the Foundation did not attract a James Macandrew Society membership (\$100,000-plus) this year. One such membership a year had been the average for our first three years. The failure of a large number of finance companies has ripped the wealth away from many of our more senior Old Boys. While that will result in a long-term absence of some Old Boys from Foundation ranks, it is with great pride we can report there has not been a

single default on pledges made. That is an excellent sign and once again shows we are dealing with men of substance and not of straw.

Expenses this year increased by \$22,500. The bulk of this represented by the payment of almost \$11,000 in scholarships, and an additional \$7,000 in office expenses (postage, printing, telephones, stationery). The additional postage and printing costs were almost solely due to the greater numbers of Old Boys being found and a corresponding rise in the number of hard-copy newsletters sent by mail. The production of the second batch of 1,000 Foundation booklets also added a cost not to be repeated for another two to three years.

Significant travel and accommodation savings of \$6,000 were registered as a conscious effort was made to trim in this area. However, it is worth noting the long-term value of visits to Old Boys - those gathering in groups around the country and through one-on-one meetings - with the conversion rate (personal visits to Foundation membership) in excess of 40%.

With our 360 members having gifted \$1.1 million to date at an average of just over \$3,000 each, that conversion rate signals a healthy and long-term future for the Foundation. With a growing pool of potential members, this number currently sitting at 17,500 living alumni and increasing each year, these same conversion and average pledge ratios would see the Foundation with pledges in excess of \$20 million. The key to unlocking this potential is contact and time. I must thank the existing members and the Board for their support and clear understanding that this is, indeed, a long term process.

Much of the last quarter of the year was spent in identifying and researching potential 'major' benefactors - those with the affinity, capacity and interest to take up the James Macandrew Society or Trustee membership options and I anticipate good progress in this area over the next two years. Smaller benefactors will continue to be approached.

It is also pleasing to note a number of initial benefactors, those who took a leap of faith in the Foundation's early years, have continued their involvement by renewing their pledges or through making another donation.

Highlights and observations from the year comprise –

The administration of our growing list of scholarships ... the Foundation now promotes five scholarships: the **Graeme Marsh Scholarships** for three boys each year entering Otago Boys' from Arthur Street School (with the recipients receiving \$1,000 per year for their first two years at Otago Boys', this is valued at \$6,000 annually with the funds distributed from our Patron Graeme Marsh's donation); the **Superior Minerals Scholarship** which sees one Year 12 or Year 13 leaver taking up a course at Lincoln University and being funded to the tune of \$500 for his first year of study. This payment is distributed from the Superior Minerals donation); the **Clarke Crow Scholarship** (awarded, at a rate of \$2000 a year for four years, to Ryan Hammer who is studying accounting at Otago University. Clarke Crow's donation to the Foundation has made this scholarship possible); the **Mason Brothers Scholarships** (awarded annually to one Year 13 boy in 2009, two in 2010 and three in perpetuity from 2011 who take up tertiary engineering courses with the recipients each receiving \$1,000 per year for the first three years of their studies. These are distributed from George Mason's annual contribution in honour of his uncles Harry and Percy who attended Otago Boys' in 1896–98 and 1905–06 respectively) and the **Stanley Johnson Scholarship** (awarded as a one-off to a Year 9 boy facing hardship. Nga Woodhouse, an entrant this year, is the recipient of this scholarship and will receive \$200 per year for five years to assist with his school costs. Stanley Laurence Johnson attended Otago Boys' in 1924–26 and this scholarship was established by his daughter Ainsley who lives in London.)

Golf ... the fourth annual Foundation tournament, with the naming rights sponsor again being Dunedin City Mazda and with all 18 holes being sponsored, generated a second successive profit in excess of \$8,000.

Reunions ... in November 2008, the Foundation hosted a Reunion for Old Boys from the 1920s. Seven of our most senior alumni attended (one from Australia, one from Auckland, two from Lower Hutt, one from Christchurch and two who live in Dunedin) and we were privileged to put together an enjoyable two-day programme. While the gathering ran at a small deficit, bringing those Old Boys back to their alma mater was a most worthy thing to do. Since the Reunion, the Foundation has received two donations, one confirmed notification to the Sir

Archibald McIndoe Bequest Society and another two being contemplated. The Foundation also assisted with the organisation of the 50th anniversary gathering of the 1958 - from which a donation of \$1,700 was received.

Website ... a concentrated drive was made early in the financial year to develop a stable of advertisers to ensure the 'site ran at a profit. This was easily achieved with a nett revenue of \$3,600 generated, well ahead of the year's IT expenses (not all associated with the website) of \$1,100.

Newsletter ... the monthly newsletter link (and quarterly hard-copy version for those with no email addresses) continues to prove valuable - both in terms of profile but also in re-connecting Old Boys with the school. The 'spike' in visits to the website as each monthly link is sent out is testament to the readership the newsletter attracts. This contact also generates the additional benefit of opening the way for 'lost' Old Boys to be found through third party communication.

Old Boys' tracking ... the Foundation now has contact with 7,000 Old Boys which is an increase of 1,500 for the year. The tracking continues apace with a starting point of fewer than 800 when the Foundation launched in mid-2005. Lawrie Currie's work in this area cannot be underestimated. He has traced the whereabouts of 1,200 Old Boys to date with the potential of having contact with each new 'find' irrefutable. To date Lawrie's costs amount to \$7,900 with nine of those he has located having taken up membership to date - \$7,765 having been donated so far as a result. The long term benefits and growth in this area will stand the Foundation in very good stead.

Fuel card ... the RD Petroleum generated passive income for the year of almost \$5,000, almost the value of a Fellow membership. These figures will continue to grow and there is real potential for even greater passive income if the scheme is again opened up and new cards are issued.

The Old Boys' Society ... the Foundation continues to administer the Society's day to day requirements, overseeing the likes of the annual subscription drive, receipting, sourcing best interest rates for the Society's investment (which now stands in excess of \$32,000, a solid

growth of \$4,000 over the last two years), and corresponding with Society members as instructed. In return for these services, the Society has committed to an annual donation to the Foundation, which has tallied \$5,000 in each of the last three years.

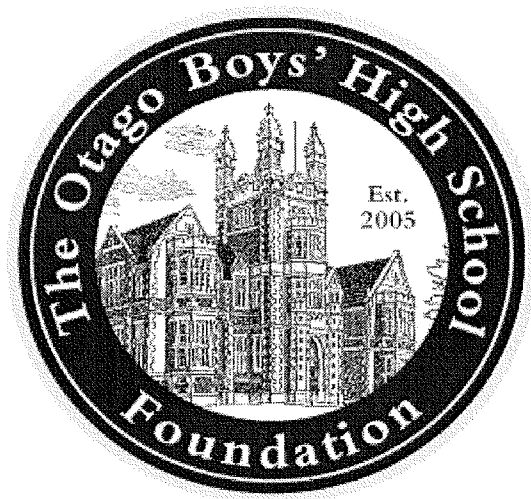
My thanks to members on the Board of Management for their enthusiasm and the guidance freely given, and to all Foundation members, no matter their level of commitment, for their tangible support of the Foundation's vision which remains the same - 'to raise, invest and distribute funds to assist the promotion of education, learning and development of students at Otago Boys' High School.'

I mentioned earlier that this is no short-term project. Finding, contacting and converting Old Boys is not an overnight task. Our success to date is due to the wisdom of our earliest supporters who understood the long term investment required.

The Foundation's ideals have been cast and the work to ensure its success and subsequent benefit to Otago Boys' through the 21st century and beyond is well underway.

Steve Davie

Chief Executive



Otago Boys' High School Foundation

Annual Report

for the year ended 31 March 2009

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Directory

as at 31 March 2009

Nature of Business	Charitable Trust
IRD Number	091-399-679
Date of establishment	5 August 2005
Patron	Graeme Marsh
Trustees	Paul Moodie Clive Rennie Greg Strang Andrew Moffat Norcombe Barker Phillip Rasmussen Lyndon Hope Greg Easton
CEO	Stephen Davie
Accountant	Paul Moodie WHK Taylors - a division of WHK (NZ) Limited 44 York Place Dunedin
Bankers	The National Bank of New Zealand Limited Dunedin
Solicitors	Walter Rutherford Anderson Lloyd Private Bag 1959 Dunedin
Auditors	Pricewaterhouse Coopers Forsyth Barr House The Octagon Dunedin

Statement of financial responsibility

for the year ended 31 March 2009

The Trustees are responsible for preparing the financial statements and ensuring that they comply with generally accepted accounting practice in New Zealand, and give a true and fair view of the financial position of the Otago Boys' High School Foundation as at 31 March 2009 and the results of their operations for the year ended on that date.

The Trustees consider that the financial statements of the Foundation have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Trustees believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Foundation and facilitate compliance with Generally Accepted Accounting Practice.

The Trustees consider that they have taken adequate steps to safeguard the assets of the Foundation, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance to the integrity and reliability of the financial statements.

The Trustees are pleased to present the financial statements of the Otago Boys' High School Foundation for the year ended 31 March 2009.

For and on behalf of the Trustees:

Trustee:



Dated:

24/7/09

Trustee:



Dated:

24/7/09

Statement of financial performance

for the year ended 31 March 2009

	<i>Note</i>	<i>Mar-09</i> \$	<i>Mar-08</i> \$
Revenue			
Pledges and Donations	1	243,033	184,658
Interest & Foreign Exchange Gains		29,664	26,346
Events & Activities - Income	19,227	53,553	
Events & Activities - Expenses	<u>(6,518)</u>	<u>12,709</u>	<u>(47,955)</u>
Fuel Rebates		4,286	437
Website Advertising		4,188	-
Scholarships	1, 6	<u>3,000</u>	<u>9,000</u>
		<u>296,880</u>	<u>226,039</u>
Expenses			
Wages		90,600	84,000
Postage, Phones, Stationery & Stewardship		26,012	19,006
IT Services		1,128	260
Office Expenses		8,146	7,444
Travel & Accommodation		3,978	10,090
General Expenses		7,168	3,448
Lease - equipment	4	1,327	1,175
Tracking		4,911	5,824
Scholarships	6	10,836	-
Depreciation	2	<u>226</u>	<u>564</u>
		<u>154,332</u>	<u>131,811</u>
Surplus For The Period		<u><u>142,548</u></u>	<u><u>94,228</u></u>

Statement of movements in equity

for the year ended 31 March 2009

	<i>Mar-09</i> \$	<i>Mar-08</i> \$
Opening Trust Equity	<u>301,495</u>	<u>207,267</u>
Surplus for the Year		
Total recognised revenue and expenditure for the period	<u>142,548</u>	<u>94,228</u>
Closing Trust Equity	<u><u>444,043</u></u>	<u><u>301,495</u></u>

Statement of financial position

as at 31 March 2009

	<i>Note</i>	<i>Mar-09</i> \$	<i>Mar-08</i> \$
Trust Equity		444,043	301,495
Current Assets			
National Bank Current Account		114,676	24,138
National Bank Term Deposit		314,392	276,352
GST Receivable		-	1,751
Accrued Interest		4,983	5,860
Accounts Receivable		15,139	6,355
Stock on Hand		2,000	-
		451,190	314,456
Non Current Assets			
Bonds		30,000	20,000
Fixed Assets	2	150	376
		30,150	20,376
Total Assets		481,340	334,832
Current Liabilities			
Accounts Payable		3,670	3,536
GST Payable		120	-
Income in advance		1,600	-
Owing to Old Boy's Society	3	31,907	29,801
		37,297	33,337
Total Liabilities		37,297	33,337
Net Assets		444,043	301,495

Statement of accounting policies

for the year ended 31 March 2009

Basis of preparation

The Otago Boys' High School Foundation is a charitable trust. These Financial Statements have been compiled in accordance with the Foundation's rules and generally accepted accounting practice. The measurement base is historical cost.

The financial statements have been compiled using accrual accounting concept with the exception of Donation & Pledge Income which is accounted for as received.

Differential reporting

In terms of the framework for differential reporting an entity is exempt from certain requirements of the financial reporting standards if it satisfies the criteria laid down in the framework; such an entity is called a qualifying entity.

The Foundation is a qualifying entity because it has no public accountability and is not large (as defined in the framework).

The Foundation has taken advantage of all differential reporting exemptions except for recording figures exclusive of GST.

Income Tax

The Otago Boys' High School Foundation qualifies for income tax and duty exemptions due to its charitable purpose.

Property, plant and equipment

Property, plant and equipment is stated at cost and depreciated as outlined below.

Where an asset is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying amount of the asset.

Depreciation

Depreciation is charged at the same rate as allowed by the Income Tax Act 2004. The following rates have been used:

Computers	60.0% diminishing value
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Accounts receivable

Accounts receivable are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Operating leases

Operating lease payments are recognised as an expense in the periods the amounts are payable.

Statement of accounting policies

for the year ended 31 March 2009

Goods and services tax

All amounts are shown exclusive of Goods & Services Tax (GST), except for accounts receivable and accounts payable that are shown inclusive of GST.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous period.

Notes to the financial statements

for the year ended 31 March 2009

1 Pledges, donations & Scholarships Received

Pledges, donations and scholarships are recognised when the monies are received or fall due. \$246,033 is recognised as received or due in the year ended 31 March 2009. This consists of \$243,033 of pledges and donations, and \$3,000 of scholarships (Received from George Mason for the Mason Bros' Scholarship). \$10,790 of 2009 and past pledges, donations and scholarships are outstanding as at 31 March 2009.

Total promises of pledges, donations and scholarships amount to \$1,077,884 of which \$246,033 has been recognised as received in the year ended 31 March 2009 and \$593,638 recognised in previous years. A further \$238,213 remains to be received as pledges, donations and scholarships fall due.

2 Plant and equipment	<i>Mar-09</i>	<i>Mar-08</i>
	\$	\$
Computer - Cost	2,475	2,475
Accumulated depreciation	(2,325)	(2,099)
Net book value	<u><u>150</u></u>	<u><u>376</u></u>

3 Owing to Old Boy's Society

\$31,907 of funds belonging to the Otago Old Boy's Society is invested on their behalf.

4 Lease commitment

There is a photocopier lease commitment of \$121 (excl. GST) a month.

5 Contingent liabilities

There were no contingent liabilities at 31 March 2009 (31 March 2008: Nil).

Notes to the financial statements

for the year ended 31 March 2009

6 Scholarships

\$3,000 of Scholarship pledges were received this year from George Mason relating to the Mason Bros' Scholarship. Net Scholarships paid are \$10,836. This consists of the 2008 and 2009 Graeme Marsh Scholarships of \$6,000 each, totalling \$12,000; less a refund of \$1,164 from a scholarship student who left school.

The Details of Scholarships awarded by the Foundation are as follows (Years refer to calendar not financial years):

The Graeme Marsh Scholarships

Awarded annually (for Years 9 and 10) to three pupils from Arthur Street School. These are valued at \$1,000 each - \$6,000 in total to be distributed each year from Graeme's donation of \$100,000 in the 2006 financial year.

The Superior Minerals Scholarships

Awarded annually to one Year 12 or Year 13 leaver who will take up an agricultural course at Lincoln University. These are valued at \$500, are for each recipient's first year of study only and are distributed from the Superior Minerals donation of \$3,000 in the 2007 financial year.

The Clarke Craw Scholarship

Awarded, at a rate of \$2,000 a year for four years, to Ryan Hammer who is studying accounting at Otago University. Clarke Craw made a one-off donation of \$8,000 in the 2008 financial year.

The Mason Brothers Scholarships

Awarded annually to one Year 13 boy in 2009, two in 2010 and three in perpetuity from 2011 who take up tertiary engineering courses with the recipients receiving \$1,000 per year for the first three years of their studies. These are distributed from George Mason's annual donation of \$3,000 from the 2009 financial year onwards.

The Stanley Johnson Scholarship

Awarded as a one-off to a Year 9 boy facing hardship. Nga Woodhouse, an entrant this year, is the recipient of this scholarship and will receive \$200 per year (retrospectively) for five years to assist with his costs. Stanley Laurence Johnson attended Otago Boys 1924-26 and this scholarship was established by his daughter Ainsley with a one-off gift of \$1,000 in the 2008 financial year.

Auditors' Report

To the members of Otago Boys High School Foundation

We have audited the financial statements on pages 4 to 10. The financial statements provide information about the past financial performance of the Foundation for the year ended 31 March 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 7 and 8.

Trustees' Responsibilities

The Foundation's Trustees are responsible for the preparation and presentation of the financial statements, which give a true and fair view of the financial position of the Foundation as at 31 March 2009 and its financial performance for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Trustees and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Trustees in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Foundation, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Foundation other than in our capacity as auditors.

Qualification

In common with other organisations of a similar nature, control over the revenues from pledges, donations and events prior to being recorded is limited. It was not practicable to extend our examination of pledges, donations and events beyond the accounting for amounts received as shown by the accounting records of the Foundation, or to determine the effect of the limited control.

Qualified Opinion

In this respect alone we have not obtained all the information and explanations we have required.

In our opinion, except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the pledges, donations and events revenues, the financial statements on pages 4 to 10 fairly reflect the financial position of the Foundation as at 31 March 2009 and its financial performance for the year ended on that date.

Our audit was completed on 24 July 2009 and our qualified opinion is expressed as at that date.

