



2024 Financial Statements

**The University of
Auckland Foundation
& Group**

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Directory

As at 31 December 2024

THE FOUNDATION GROUP (“Group”)

Charities Number

The University of Auckland Foundation (“Foundation”)	CC10985
The University of Auckland Medical and Health Sciences Foundation (“MHSF”)	CC30871

FOUNDATION TRUSTEES

Mr David Carter (Chair)
Ms Keren Blakey (from 1 January 2025)
Mr David Bridgman
Ms Miriam Dean
Mr Roger France (up to 31 December 2024)
Mr Jonathan Mason
Ms Alice Mew
Dr Arthur Morris
Ms Lyndy Sainsbury

Trustees represent a combination of persons appointed by the University of Auckland Council, University Alumni who are not current staff or Council members, and general members of the public who are not on the University Council. Non-Council members form the majority of Trustees. The governance structure includes two committees covering Audit and Risk and Investment

AUDITOR

Ernst and Young on behalf of the Auditor-General
2 Takutai Square
Auckland 1010

SOLICITOR

TGT Legal
Level 7, 3-13 Shortland Street
Auckland 1140

BANKER

Bank of New Zealand
Cnr Queen and Shortland Streets
Auckland 1010

ADDRESS

University House
19A Princes Street
Auckland 1010

PRINCIPAL ACTIVITY

To raise, receive and steward funds, and make grants according to the wishes of the original donor, for (1) the advancement of knowledge and the dissemination thereof by teaching and research, (2) assisting students to pursue courses of study at the University of Auckland (the University), and (3) general advancement of the University of Auckland.

SOURCE OF FUNDS

The Foundation engages with potential and actual donors. Donors include individuals, commercial entities, or other charitable organisations. Endowment gifts are invested and managed to maintain their real value over time with the intent of making available grants to the University on a sustainable basis in accordance with the wishes of the donor. Gifts or sponsorships for current use are used to make grants to the University in accordance with the wishes of the donor.

VOLUNTEERS

The Trustees volunteer their time and expertise to the Foundation for no compensation. The University of Auckland makes available staff to provide operational support to the Foundation, and incurs some operational expenditure, without reimbursement from the Foundation.

Statement of responsibility

- The trustees and management of The University of Auckland Foundation accept responsibility for the preparation of the Financial Statements and the judgements used in them.
- The trustees and management of The University of Auckland Foundation accept responsibility for establishing and maintaining a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In the opinion of the trustees and management of The University of Auckland Foundation and Group, the financial statements for the year ended 31 December 2024 fairly reflect the financial position and operations of The University of Auckland Foundation.
- The trustees of The University of Auckland Foundation have reviewed these financial statements at their meeting on 7 March 2025 and formally adopted these financial statements for issue on 7 March 2025.



TRUSTEE



TRUSTEE

Statement of comprehensive revenue and expenses

For the year ended 31 December 2024

	Notes	Group		Foundation	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Revenue					
Gifts and bequests	2	38,575	37,601	18,218	17,999
Gain on investments	3	48,589	35,914	34,148	25,799
Total revenue		87,164	73,515	52,366	43,798
Expenses					
Distributions and grants	4	41,727	24,642	18,469	15,497
Administration costs	5	942	820	612	664
Total expenses		42,669	25,462	19,081	16,161
Net surplus		44,495	48,053	33,285	27,637
Total comprehensive revenue and expense		44,495	48,053	33,285	27,637

The accompanying Notes to the Financial Statements on pages 10 to 23 form part of and should be read in conjunction with these financial statements.

Statement of financial position

For the year ended 31 December 2024

	Notes	Group		Foundation	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Current assets					
Bank and treasury accounts		18,769	10,913	12,882	7,177
Term deposits less than 90 days		11,496	11,339	7,038	6,784
Term deposits 90 to 365 days		24,827	17,450	14,568	10,754
Derivative financial instruments		-	2,321	-	1,664
Total current assets	10	55,092	42,023	34,488	26,379
Non-current assets					
Long term bank deposits		18,144	27,510	10,293	16,358
Managed investments		394,536	342,420	271,066	238,338
Total non-current assets	10	412,680	369,930	281,359	254,696
Total assets		467,772	411,953	315,847	281,075
Current liabilities					
Accounts payable		2,003	4,072	1,609	2,235
Grants payable		61,625	56,328	28,010	31,471
Derivative financial instruments		8,096	-	5,737	-
Total current liabilities	10	71,724	60,400	35,356	33,706
Net assets		396,048	351,553	280,491	247,369
Trust equity	7	396,048	351,553	280,491	247,369

The accompanying Notes to the Financial Statements on pages 10 to 23 form part of and should be read in conjunction with these financial statements.

Statement of changes in equity

For the year ended 31 December 2024

	Notes	Group		Foundation	
		2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000
Trust equity as at 1 January		351,553	303,500	247,369	219,735
Total comprehensive revenue and expense		44,495	48,053	33,285	27,637
Transfer from/(to) controlled entity*	9	-	-	(163)	(3)
Trust equity as at 31 December	7	396,048	351,553	280,491	247,369

* The University of Auckland Medical & Health Sciences Foundation

The accompanying Notes to the Financial Statements on pages 10 to 23 form part of and should be read in conjunction with these financial statements.

Statement of cash flows

For the year ended 31 December 2024

	Notes	Group		Foundation	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Cash flows from operating activities					
Gifts and legacies		38,090	37,191	17,876	17,708
Interest received		3,026	1,398	1,843	845
Distributions and grants		(38,395)	(21,439)	(22,436)	(13,393)
Payments to suppliers		(454)	(188)	(454)	(196)
Net cash provided by/(used in) operating activities	8	2,267	16,962	(3,171)	4,964
Cash flows from investing activities					
Sale of financial assets		47,773	28,825	28,994	17,574
Purchase of financial assets		(42,027)	(34,745)	(19,864)	(15,823)
Net cash provided by/(used in) investing activities		5,746	(5,920)	9,130	1,751
Cash flows from financing activities					
Net cash provided by/(used in) financing activities		-	-	-	-
Net increase/(decrease) in cash and cash equivalents		8,013	11,042	5,959	6,715
Cash and cash equivalents as at 1 January		22,252	11,210	13,961	7,246
Cash and cash equivalents as at 31 December		30,265	22,252	19,920	13,961

The accompanying Notes to the Financial Statements on pages 10 to 23 form part of and should be read in conjunction with these financial statements.

Cash flows are classified into three sources:

Operating activities

- Operating activities include all transactions and other events that are not investing or financing activities

Investing activities

- Those activities relating to the acquisition holding and disposal of financial assets (being investments not falling within the definition of cash or cash equivalents).

Financing activities

- Those activities that result in changes in the size and composition of the contributed capital and borrowings of the entity.

Cash and cash equivalents comprise cash on hand, cash in banks and investments in highly liquid investments with original maturities of 90 days or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The carrying value of cash at bank, call deposits, and term deposits with maturities less than three months approximates their fair value.

Notes to the financial statements

For the year ended 31 December 2024

1. Statement of accounting policies

1.1 Reporting entity

The University of Auckland Foundation (the Foundation) and The University of Auckland Medical & Health Sciences Foundation (MHSF) together comprise the consolidated entity (the Group). Each is a charitable entity domiciled in New Zealand and registered under the Charities Act 2005. The Foundation was established by deed of trust dated 28 November 2002 and subsequently amended on 13 September 2013 and on 1 January 2021. A variation to the trust deed establishing the Medical & Health Sciences Foundation (previously the School of Medicine Foundation) granted the Foundation the power to appoint the MHSF Trustees. This power of appointment was formally accepted with effect from 1 January 2008.

The Group and Foundation are designated as Tier 1 public sector public benefit entities (PS PBE) for the purpose of complying with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The financial statements of the Group and the Foundation for the year ended 31 December 2024 were authorised for issue by the Trustees on 7 March 2025.

The principal activity of the Group is to assist in the raising and to undertake the stewardship of funds for charitable purposes as defined by the respective deeds of trust being every purpose that is charitable at law in New Zealand and includes the advancement of education and health care, assistance of students to pursue courses of study at The University of Auckland (the University) and the general advancement of the University.

1.2 Controlling entity

These financial statements recognise that the University coordinates the fundraising and is the main beneficiary of the assets held in trust by the Foundation and Group. While the University does not have power to appoint the majority of the trustees to the Foundation board, in terms of PBE IPSAS 35 Consolidated Financial Statements it is considered to have control over the Foundation and Group by being exposed, or having the rights, to variable benefits from its involvement with the Foundation and has the ability to affect the nature and amount of those benefits through its power over the Foundation, subject to the exercise by the Trustees of their fiduciary duties.

1.3 Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

GST is excluded from the financial statements except for Accounts Payable which are stated inclusive of GST. The balance of GST payable to the Inland Revenue Department is included in Accounts Payable.

Statement of compliance

These financial statements have been prepared in accordance with NZ GAAP and the requirements of the Charities Act 2005.

These financial statements comply with Tier 1 Public Sector Public Benefit Entity (PS PBE) Standards and other applicable Financial Reporting Standards appropriate for Tier 1 not-for-profit Public Benefit Entities.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial assets and liabilities which are designated at fair value through surplus or deficit.

Functional and presentational currency

These financial statements are presented in New Zealand dollars (NZD) which is the functional currency for both the Foundation and MHSF. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

Comparatives

When the presentation or classification of items is changed, comparative amounts are reclassified, unless reclassification is impracticable. Refer to note 11.

Standards issued and effective

There have been no standard amendments effective 2024 that impact the financial statements.

Changes in accounting policies

There have been no changes in accounting policies.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and

assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Judgements that are material are the valuation and impairment of financial instruments described in notes 10.2 and 10.3. These critical estimates and judgements rely on the advice of the Group's investment advisor and fund managers.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

1.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Foundation and its controlled entity, MHSF. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements. All material inter-entity transactions and balances are eliminated on consolidation.

For financial reporting purposes the Foundation controls MHSF, as it has the power to appoint MHSF trustees and is appointed as the administrator and custodian of investments held by MHSF.

1.5 Significant accounting policies

Significant accounting policies which are pervasive throughout the financial statements or where there is no dedicated note disclosure are set out below. Other significant accounting policies which are specific to certain transactions or balances are disclosed within the particular note to which they relate.

Exchange and non-exchange transactions (as defined in PBE IPSAS standards)

Exchange transactions are transactions in which the Group receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange. Revenue from exchange transactions is recognised at fair value of consideration received or receivable.

Non-exchange transactions are those where the Group receives an inflow of resources but provides nominal (or nil) direct consideration in exchange. Revenue from non-exchange transactions is recognised at fair value upon receipt unless there are substantive conditions in the gift agreement. If there are substantive conditions, a gift return liability is initially recognised and revenue is subsequently recognised when the conditions are satisfied. A condition is a stipulation that specifies that the resource received is to be returned to the donor if it is not consumed in the way stipulated.

Most of the Group's transactions are non-exchange in nature with the exception of the following transactions which are classified as exchange:

- Interest received
- Accounts payable
- Investment gains and losses

Income tax

The Foundation and MHSF are registered as charitable entities under the Charities Act 2005 and are exempt from income tax.

2. Gifts and bequests

Gifts and bequests are recognised when the control of cash, financial assets or other donated assets passes to the Group. Donated assets are recognised at their fair value on the date of the donation.

An assessment is carried out on the nature of any stipulations attached to gifts and bequests received. Stipulations may be 'conditions' or 'restrictions', as those terms are defined in PBE IPSAS 23. Where there are specific conditions that require the Group to return the resources received if they are not utilised in the way stipulated this will result in the recognition of a liability that is subsequently recognised as revenue as and when the 'conditions' are satisfied. Gift and bequests with restrictions that do not specifically require the Group to return the resources received if they are not utilised in the way stipulated are recognised as restricted revenue upon receipt.

Gifts and bequests have been received during the financial year by the Group and the Foundation for the restricted purposes as detailed below:

	Group		Foundation	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Restricted purpose				
Capital expenditure	225	825		50
Academic staff compensation	8,272	8,277	2,717	2,620
Programmes	9,359	12,354	2,557	3,320
Research	12,080	10,246	5,692	7,531
Scholarships and prizes	4,437	4,009	3,830	3,316
Student projects	347	289	341	281
Operating revenue	486	419	342	300
Multiple restrictions	3,369	1,182	2,739	581
Total gifts and legacies	38,575	37,601	18,218	17,999

The classification 'multiple restrictions' represents funds that are restricted to more than one of the purpose categories as described above. 'Programmes' are projects and centres combining staff, operational and minor equipment costs.

3. Gain on investments

Gain on investments include:

- interest received from term deposits, Entrepreneurial Challenge investments and fixed interest investments which is recognised on an accrual basis using the effective interest rate method;
- the movement in the Net Asset Value (NAV) of the investments held with fund managers. This is comprised of distributions recognised on declaration date, interest, realised and unrealised gains/(losses) including foreign exchange; and
- the movement in the fair value of Entrepreneurial Challenge investments.

3. Gain on investments (continued)

	Group		Foundation	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Interest received	3,660	2,193	2,217	1,325
Change in financial assets	44,927	33,719	31,929	24,472
Dividends received	2	2	2	2
Gain on investments	48,589	35,914	34,148	25,799

4. Distributions and grants

Distributions and grants are recognised once the respective Trustees of the Foundation and MHSF have approved the grant applications from the beneficiary and donations/funds are available for distribution, and/or on payment of distributions and grants. Applications for funding are assessed to ensure that they are consistent with each entity's charitable purpose and the donors' intentions. A grants payable liability is recognised for any grants that have been approved by the Trustees but have yet to be paid to the beneficiary at year end.

	Group		Foundation	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Restricted purpose				
Capital expenditure	218	667		3
Academic staff compensation	8,663	3,952	4,380	1,473
Programmes	13,998	7,523	2,706	4,759
Research	15,184	9,691	8,298	6,853
Scholarships and prizes	3,349	2,724	2,770	2,303
Student projects	315	85	315	106
Total distributions and grants	41,727	24,642	18,469	15,497

5. Administration costs

Administration costs are funded by donations received from the University for this purpose as explained in note 9 and investment income earned on funds held for operations.

	Group		Foundation	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Staff resources	378	294	269	212
Audit fees	94	99	63	68
Investment consultancy fees	418	390	254	358
Operating expenses	52	37	26	26
Total administration costs	942	820	612	664

This note should be read in conjunction with note 9 on related parties.

5. Administration costs (continued)

Audit fees are detailed below:

	Group		Foundation	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Audit or review of the financial report	94	99	63	68
Other non-audit and non-review services				
- audit and review related services	-	-	-	-
- other assurance services and other agreed-upon procedures engagements	-	-	-	-
- taxation services	-	-	-	-
- other services	-	-	-	-
Total audit fees	94	99	63	68

6. Capital management

The Foundation and Group's capital are its respective net assets which are held in trust for the purposes as outlined in note 7. The objective of managing capital is to ensure net assets are managed and accounted for in accordance with conditions imposed by the donors and to provide sufficient funding to support the intended activities of the beneficiaries. The trustees have employed prudent investment and spending policies for this purpose.

Compliance with donor imposed conditions and the Group's policies are monitored by the trustees and management. During the course of the year, the Group and Foundation were in compliance with these requirements.

7. Trust equity

Trust equity includes funds held both as endowments and as current use funds for specific purposes as summarised below.

	Group		Foundation	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Restricted equity				
Capital expenditure	347	316	339	316
Academic staff compensation	99,335	87,180	51,158	46,165
Programmes	37,805	37,812	22,672	20,133
Research	66,817	66,272	31,824	33,100
Scholarships and prizes	91,154	78,341	84,730	72,961
Student projects	1,712	1,609	1,691	1,589
Multiple restrictions	98,878	80,023	88,077	73,105
Total trust equity	396,048	351,553	280,491	247,369

Each application for funding is assessed to ensure consistency with the charitable purposes defined by the trust deed and the donor's intentions.

7. Trust equity (continued)

Some endowment equity (56.6% for the Group and 56.5% for the Foundation) will remain in the entity in perpetuity (2023: 50.2% for the Group and 50.6% for the Foundation) in line with the wishes of the donor. The remaining balance is held as endowment reserves and current use funds that are available to the University in future.

8. Reconciliation of net surplus and net cash flow from operating activities

	Group		Foundation	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Net surplus for the year	44,495	48,053	33,285	27,637
Add/(less) non cash items:				
Unrealised (gain)/loss on investments	(45,150)	(33,625)	(32,243)	(24,328)
Accrued interest on bank accounts and investments	(411)	(669)	(245)	(449)
	(45,561)	(34,294)	(32,488)	(24,777)
Adjust for movements in other working capital items:				
Increase/(decrease) in accounts payable	(1,964)	3,683	(507)	1,988
Increase/(decrease) in grants payable	5,297	(480)	(3,461)	116
	3,333	3,203	(3,968)	2,104
Net cash inflow/(outflow) from operating activities	2,267	16,962	(3,171)	4,964

9. Related parties

The Foundation and MHSF are independent Charitable Trusts with the University being the controlling entity and the main beneficiary from their charitable activities.

The University Council is entitled to appoint up to two of the total possible of twelve trustees of the Foundation. The appointed trustee is Mr Jonathan Mason. Mr Jonathon Mason is a member of the University Council.

A Licence to Use Logo agreement between the Foundation and the University grants the Foundation a licence of copyright to use the University's logo.

Trustees provide their time to the Foundations' on a volunteer basis. The University annually donates administrative and associated services to assist the Group with its operations. In 2024 this donation was assessed for the Group and Foundation respectively as \$486k and \$342k (2023: \$410k and \$291k). This donation includes the salaries of key management personnel for the Group of \$223k (2023: \$161k) and Foundation \$167k (2023: \$121k).

During the year, the trustees approved grants to the University amounting to \$41.7m (2023: \$24.6m) for the Group and \$18.5m (2023: \$15.5m) for the Foundation. At reporting date grants payable to the University amounted to \$61.6m (2023: \$56.3m) for the Group and \$28.0m (2023: \$31.5m) for the Foundation.

9. Related parties (continued)

The Foundation was granted the power to appoint the MHSF trustees with the execution of the variation to the Trust Deed establishing MHSF. This power of appointment was formally accepted with effect from 1 January 2008. Professor Warwick Bagg is the Dean of the Faculty of Medical and Health Sciences at the University of Auckland and a trustee on the MHSF board.

The Administration and Management Agreements between MHSF and the Foundation appointed the Foundation as administrator and custodian of investments held by MHSF in the Foundation's Current Use Investment Pool (CUIP) and Endowment Investment Pool (EIP). At reporting date the Foundation's CUIP and EIP investment pools held \$148.7m in custodial assets on behalf of MHSF (2023: \$129.2m).

The Foundation received \$86k from MHSF as a funds transfer (2023: nil). In line with donors' intentions, the Foundation trustees approved the transfer of funds to MHSF of \$250k (2023: \$3k).

During the year ended 31 December 2024 the Group received gifts for charitable purposes from trustees totalling \$68k (2023: \$112k) and the Foundation received \$28k (2023: \$71k). No remuneration has been paid to trustees.

10. Financial Instruments

10.1 Financial instrument categories

The Group holds financial assets/liabilities in the following specified categories:

- Financial assets held at amortised cost;
- Financial assets/liabilities at fair value through surplus or deficit;
- Financial liabilities at amortised cost.

Financial assets and liabilities are recognised when the Foundation or MHSF becomes party to a financial contract. The classification depends on the purpose of the financial asset or liability and is determined at the time of initial recognition.

The carrying value is equivalent to the fair value for all financial assets and liabilities.

Financial assets held at amortised cost

Financial assets held at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost using the effective interest method less any impairment. Interest is recognised by applying the effective interest rate.

Financial assets held at amortised cost include cash and cash equivalents and bank term deposits. Cash and cash equivalents include cash on hand, deposits held on call with banks and other short term investments with original maturities of ninety days or less, which are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. They form part of the Group's day to day cash management.

Financial assets/liabilities at fair value through surplus or deficit

The Group holds investments which have been designated as financial assets at fair value through surplus or deficit on initial recognition. These assets are stated at fair value and comprise of investments held in managed funds and foreign currency forward exchange contracts. Fair value is determined in the manner described in note 10.2. Any resultant gain or loss is recognised in the surplus or deficit in the statement of comprehensive revenue and expenses.

Foreign currency forward exchange contracts are entered into to reduce exposure to fluctuations in foreign currency denominated financial assets.

10.1 Financial instrument categories (continued)

All foreign currency transactions during the year are accounted for using the exchange rate in effect at the date of the transaction. Foreign currency monetary and non-monetary items are translated at the exchange rate at each reporting date. Realised and unrealised gains and losses on foreign currency are recognised in the statement of comprehensive revenue and expense in the period in which they arise.

Financial liabilities measured at amortised cost

Accounts payable and grants payable are measured at amortised cost using the effective interest rate method. Refer to note 9 for grants payable to related parties.

	Group		Foundation	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Financial Assets				
<i>At fair value through surplus or deficit</i>				
New Zealand fixed interest*	61,290	54,312	39,616	35,813
International fixed interest*	35,593	34,454	21,708	21,727
Australasian equities*	39,337	35,568	27,875	25,492
International equities*	132,529	112,971	93,914	80,967
Emerging markets*	18,902	17,067	13,395	12,232
New Zealand Property*	27,384	27,108	18,048	18,258
Private equity* [^]	52,495	37,692	37,373	27,187
Private credit* [^]	18,000	17,018	12,755	12,197
Infrastructure* [^]	9,006	6,230	6,382	4,465
Derivative financial instruments**	-	2,321	-	1,664
Total at fair value through surplus	394,536	344,741	271,066	240,002
<i>Financial assets held at amortised cost</i>				
Operating bank account ^{^^}	4,831	5,729	3,920	4,059
Treasury call account ^{^^}	13,938	5,184	8,962	3,118
Term deposits less than 90 days	11,496	11,339	7,038	6,784
Term deposits 90 to 365 days	24,827	17,450	14,568	10,754
Long term bank deposits	18,144	27,510	10,293	16,358
Total financial assets held at amortised cost	73,236	67,212	44,781	41,073
Financial Liabilities				
<i>At fair value through surplus or deficit</i>				
Derivative financial instruments**	8,096	-	5,737	-
Total at fair value through surplus or deficit	8,096	-	5,737	-
<i>At amortised cost</i>				
Accounts payable	2,003	4,072	1,609	2,235
Grants payable	61,625	56,328	28,010	31,471
Total Financial liabilities at amortised cost	63,628	60,400	29,619	33,706

* These assets are classified as managed investments in the statement of financial position

** Derivative financial instruments comprise foreign currency forward contracts

[^] The Group and Foundation are limited partners in private equity partnerships which include commitments to make periodic contributions in future periods. At the reporting date, the future commitments for these investments totalled \$51.2m for the Group (2023: \$51.6m) and \$36.7m for the Foundation (2023: \$37.0m) over an estimated remaining life for the partnerships.

^{^^} These assets are classified as bank and treasury accounts in the statement of financial position

10.2 Fair value measurement hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are based on the Net Asset Value (NAV) unit price excluding adjustments for buy/sell spreads as reported by the respective fund managers. The fund managers' assessments of NAV of the managed funds through which investments are held on behalf of the Foundation and Group use the following methods:

- Level 1: the fair value is calculated using quoted prices in active markets;
- Level 2: the fair value is calculated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices) in active markets and;
- Level 3: the fair value is an estimate using inputs for the asset or liability that are not based on observable market data.

There were no transfers between levels during the year for the group (2023: nil) and the Foundation (2023: nil).

10.2 Fair value measurement hierarchy (continued)

	Valuation Technique			Total fair value \$'000	
	Quoted market price Level 1 \$'000	Market observable inputs Level 2 \$'000	Non market observable inputs Level 3 \$'000		
	Group 2024				
	New Zealand fixed interest		61,290		61,290
International fixed interest	35,593		35,593		
Australasian equities		39,337	39,337		
International equities	86,801	45,728		132,529	
Emerging markets		18,902		18,902	
New Zealand property			27,384	27,384	
Private equity			52,495	52,495	
Private credit			18,000	18,000	
Infrastructure			9,006	9,006	
Total financial assets	122,394	165,257	106,885	394,536	
Financial liability					
Derivative financial instrument		8,096		8,096	
Total financial liability		8,096		8,096	
Group 2023					
New Zealand fixed interest		54,312		54,312	
International fixed interest	34,454			34,454	
Australasian equities		35,568		35,568	
International equities	68,996	43,975		112,971	
Emerging markets		17,067		17,067	
New Zealand property			27,108	27,108	
Private equity			37,692	37,692	
Private credit			17,018	17,018	
Infrastructure			6,230	6,230	
Derivative financial instrument		2,321		2,321	
Total financial assets	103,450	153,243	88,048	344,741	

10.2 Fair value measurement hierarchy (continued)

	Valuation Technique			Total fair value \$'000	
	Quoted market price Level 1 \$'000	Market observable inputs Level 2 \$'000	Non market observable inputs Level 3 \$'000		
	Foundation 2024				
	New Zealand fixed interest		39,616		39,616
International fixed interest	21,708		21,708		
Australasian equities		27,875	27,875		
International equities	61,510	32,404	93,914		
Emerging markets		13,395	13,395		
New Zealand property			18,048		
Private equity			37,373		
Private credit			12,755		
Infrastructure			6,382		
Total financial assets	83,218	113,290	74,558	271,066	
Financial liability					
Derivative financial instrument		5,737	5,737		
Total financial liability		5,737	5,737		
Foundation 2023					
New Zealand fixed interest		35,813	35,813		
International fixed interest	21,727		21,727		
Australasian equities		25,492	25,492		
International equities	49,450	31,517	80,967		
Emerging markets		12,232	12,232		
New Zealand property			18,258		
Private equity			27,187		
Private credit			12,197		
Infrastructure			4,465		
Derivative financial instrument		1,664	1,664		
Total financial assets	71,177	106,718	62,107	240,002	

Valuation techniques with significant non-observable inputs (level 3)

Level 3 fair value is comprised of:

- Limited partnerships in private equity: the nature of these partnership interests is that distributions are received through the liquidation of the underlying assets of the partnership over its remaining life. The fair value of these investments has been estimated as the capital account balance with each partnership which includes an assessment of the net asset value from the managers of the underlying assets. The managers are required to adopt valuation methodologies that comply with fair value principles and industry best practice as set out in the guidelines issued by the International Private Equity and Venture Capital Valuation and European Private Equity and Venture Capital Association.

10.2 Fair value measurement hierarchy (continued)

- Direct private equity investments acquired as a result of Entrepreneurial Challenge Loan conversions. The fair value of these investments has been estimated using the number of shares held and the last traded price.

The following table provides a reconciliation of changes in the net fair value of NZ property, private equity, private credit, and infrastructure investments which are classified as level 3 in the fair value hierarchy:

	Group		Foundation	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Balance at 1 January	88,048	82,820	62,107	59,228
Investments purchased *	13,669	10,574	9,686	7,578
Distributions received *	(6,665)	(5,374)	(4,723)	(3,855)
Gains/(losses) recognised in surplus or deficit	11,833	28	7,489	(844)
Balance at 31 December	106,885	88,048	74,559	62,107

* Comparative information has been reclassified to ensure consistency with current year presentation

10.3 Risks associated with financial instruments

The Foundation and Group are exposed to a variety of financial risks, which arise from investment in financial assets (i.e. credit risk, market risk and liquidity risk).

Investments are made in accordance with the Group's Strategic Asset Allocation policies in two diversified portfolios of financial assets, the Current Use Investment Pool (CUIP) and Endowment Investment Pool (EIP). These asset allocations recognise the risks and expected returns associated with the nature of the investments held. CUIP consists of funding required in the short term and holds investments in highly liquid assets such as bank term deposits while the EIP is invested for the long term in growth and income assets.

The Trustees have established a series of policies to manage the risks associated with each investment portfolio. These are detailed in Statements of Investment Policy and Objectives (SIPO) for the respective Pools and are implemented through:

- A diversified and non-correlated range of investments across traditional and alternative classes;
- The use of a multi-fund manager approach to investments in the portfolios;
- The quarterly monitoring of fund managers' compliance with investment mandates and the SIPO by the Group's investment advisor.

Credit risk

Credit risk is the risk that counterparties will default on their contractual obligations to the Group. To reduce credit exposure the Group has invested in diversified asset classes and within each of these classes there is a maximum limit that can be invested in any one institution or entity.

Cash and cash equivalents, bank term deposits and accounts receivable, are managed by the Foundation. Credit risk is managed by restricting cash and term deposits to New Zealand registered banks with a credit rating of at least Standard and Poor's A- and/or equivalent Moody's and Fitch credit ratings. The credit ratings are monitored regularly.

10.3 Risks associated with financial instruments (continued)

New Zealand and International fixed interest securities are managed by fund managers who adopt risk management procedures aimed at limiting credit risk exposure. Their portfolios are monitored for compliance with the individual mandate requirements of each investment class.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate due to changes in foreign currency exchange rates.

The Group holds a diversified portfolio of international fixed interest and equities investments through managed funds in the EIP. These investments are denominated in foreign currencies and accordingly are exposed to currency risk. In accordance with the EIP SIPO forward contracts have been entered into to hedge specific proportions of the currency risk. The SIPO restricts the total exposure to foreign currency to 30% of the portfolio's asset value.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial assets. The Group's exposure to the risk of changes in market interest rates relates primarily to the investment in New Zealand and international fixed interest bonds. This risk is managed through applying maximum limits to approved counterparties to mitigate concentration of interest rate risk.

Price risk

Other price risk is the risk that the fair value or future cash flows of financial assets will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Group's investment policies acknowledge that the market prices of financial assets will fluctuate. Risk is minimised by ensuring that investment activities are undertaken in accordance with established mandated limits and the investment strategies set out in the SIPO.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. Liquidity requirements are managed by managing the cash flows of granting activities and the duration of term deposits. In general the timing of grant obligations is at the discretion of the Group and they are not contractual obligations.

Sensitivity Analysis

Value at risk analysis (VaR) is a tool used to measure the market risk exposure of an investment portfolio. The VaR of a portfolio estimates the potential loss that may arise over a given holding period from an adverse market movement within a specified probability (confidence) level. The VaR analysis is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recording offsetting asset class exposures and correlations between asset classes.

The VaR model used by the Group reflects that at a 95% confidence level there is a 5.0% probability over a one year period (i.e. one year in twenty probability) that the portfolio will perform in line or worse than the stated VaR. The VaR of the Group's total investment portfolio at 31 December 2024 is estimated at 6.41% (2023: 6.31%), the estimated impact of which represents a potential loss of \$29.5m (2023: \$25.2m). The VaR of the Foundation's total investment portfolio at 31 December 2024 is estimated at 6.89% (2023: 6.77%), the estimated impact of which represents a potential loss of \$21.4m (2023: \$18.4m).

10.3 Risks associated with financial instruments (continued)

This VaR analysis is performed by the Group's investment advisor, Cambridge Associates, and is based on the following underlying asset class assumptions:

	Annual Real Arithmetic Return	Standard Deviation	25th-75th Percentile Range	Annual Real Compound Return
Australasian Equity	6.5	19.0	4.1 - 9.0	4.8
Global Equity	7.5	16.5	5.4 - 9.7	6.3
Emerging Market Equity	9.5	26.3	6.2 - 12.9	6.5
Private Equity	10.0	23.1	7.1 - 13.0	7.7
Property	7.0	19.0	4.6 - 9.5	5.4
Infrastructure	6.7	16.4	4.6 - 8.9	5.5
New Zealand Fixed Interest	3.0	7.0	2.1 - 3.9	2.8
Global Fixed Interest	3.1	7.0	2.2 - 4.0	2.9
Private Credit	3.5	9.7	2.2 - 4.8	3.0
Term Deposits	2.0	2.0	1.7 - 2.3	2.0
Cash	1.0	2.0	0.7 - 1.3	1.0

The relative portfolio weightings utilised for the Group's VaR calculation are as at 31 December 2024. The portfolio weights are calculated from the Group's underlying asset class exposure as at 31 December 2024. In cases where cash assets were held within an investment sector these assets have been judged as likely to be invested in that asset class and so included as an exposure to that asset class.

While VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

- asset class assumptions used are equilibrium assumptions and designed as inputs to mean-variance analysis and therefore may not capture the risk of possible extreme adverse market movements;
- VaR using a 95% confidence level does not reflect the extent of losses beyond that percentile.

11. Reclassification of comparative figures

Certain comparative information has been reclassified to ensure consistency with the current year presentation. This has been highlighted in the relevant notes.

12. Market Volatility

Financial markets experience volatility. The fair value of level 1 and 2 investments (as described in note 10) reflect market observable prices or inputs available as at 31 December 2024. Investments categorised within level 3 are by their nature inherently more subjective and therefore more exposed to valuation uncertainty as at 31 December 2024. Level 3 investments are 22.8% of total assets (2023: 21.4%). Investment values may change after 31 December. Both the Board and management continue to monitor and evaluate the appropriateness of investment policies and the valuation of the investment portfolio.



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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE UNIVERSITY OF AUCKLAND FOUNDATION AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Auditor-General is the auditor of The University of Auckland Foundation (the Trust) and Group. The Auditor-General has appointed me, Brent Penrose, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Trust and Group on his behalf.

Opinion

We have audited the financial statements of the Trust and Group on pages 6 to 23, that comprise the statement of financial position as at 31 December 2024, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information

In our opinion, the financial statements of the Trust and Group:

- ▶ present fairly, in all material respects:
 - ▶ the financial position as at 31 December 2024; and
 - ▶ the financial performance and cash flows for the year then ended; and
- ▶ comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 7 March 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust and Group for assessing the Trust and Group's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to liquidate the Trust and Group or to cease operations, or have no realistic alternative but to do so.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.



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As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- ▶ We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- ▶ We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- ▶ We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust and Group to cease to continue as a going concern.
- ▶ We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 2 to 5, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the Trust.

Brent Penrose
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand