

ANNUAL REPORT 2022

Accelerating towards Digital Equity



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Spark Foundation:

Level 4, Yellow
Spark City
167 Victoria St West
Auckland 1010

Auditors

Deloitte Limited
Chartered Accountants and
Registered Auditors
Auckland
New Zealand

Legal status

Spark Foundation was formed
as a charitable trust under the
Trust Deed dated
14 February 2011.

Tēnā koutou

Spark Foundation celebrated its 10th anniversary in March 2021, and over the last decade a lot has changed – in communities across Aotearoa, and in our focus as a Foundation.

Since inception over \$30 million has been invested into Spark Foundation across a broad programme of work including Givealittle, Spark My Potential, Manaiaakalani, and in the very early days, the Telecom Christmas tree.

In late 2018 we decided to focus our efforts on Digital Equity, which required us to reconsider the role of many initiatives in the Foundation. We have been in a period of strategic transition since that time, which was completed this year.

One of the bigger decisions we made was to find a new home for Givealittle to make way for our digital equity focus. We were happy to find this new home in Perpetual Guardian, and it is great to see Givealittle flourishing under its new ownership.

We also decided to establish an end-to-end squad within Spark to support the growth of Skinny Jump, which needed more focus and resources than Spark Foundation could provide. Finally, in FY22, we made the decision to sell our art collection to raise funds to put towards digital equity programmes, and to transition the employee volunteering and payroll giving programmes back into Spark's People & Culture team.

Collectively these changes have allowed Spark Foundation to sharpen its focus on digital equity, with the aim of delivering more value to digitally excluded communities across Aotearoa.

This year also brought changes to the operational team and Board of Trustees. We welcomed Aroha Simpson as Partnerships & Community Engagement Lead, Mary Churchward back to the Foundation as Programme Manager, and Ania Kopanicka as Treasurer. Martin La'a, Leela Gantman, Luke Smith, and Rana Stephen joined the Board of Trustees. We said farewell to our former Community Engagement Lead Hēni-Paku Sharp, and Trustees Kelly Baxter, Brett Bailey, and Zelda Yates.

With these considerable changes, we now find ourselves at a new starting-line for Spark Foundation.

When you look under the hood of digital inequity, the opportunity we have as a nation is huge. We have seen a rapid acceleration in digitisation in New Zealand due to Covid-19, and as digital technology supports our country's decarbonisation in the years ahead, this is only going to continue – which will exacerbate the digital divide. What is clear is that no organisation or community can do it alone; we must work together.

We also cannot be all things to all people in this mission. Spark Foundation's efforts are in three areas – digital access, digital skills and pathways, and digital wellbeing. We focus on the next generation of digital thinkers and creators, and prioritise rangatahi Māori, Pacific and other youth disproportionately impacted by digital inequity.

This is a long-term mission for us. Whilst we've seen some positive changes in the last few years, it will take more than a 3-year plan to tackle what's ahead.

I'm personally really proud of what we've done as a Foundation so far, and none of this would have been possible without our wonderful partners, the communities we serve, and our wider Spark whānau. Ngā mihi nui.

Kate Thomas

Spark Foundation Lead





Spark Foundation Trustees' Report

For the Year Ended 30 June 2022

Spark Foundation Legal and Administrative Details

Trustees

The trustees of Spark Foundation are:



Andrew Pirie
(Chair, Appointed
18 March 2013)



Stacey Morrison
(Appointed
1 August 2017)



Vanisa Dhiru
(Appointed
1 August 2020)



Lotu Fuli
(Appointed
1 August 2020)



Leela Gantman
(Appointed
22 July 2021)



Martin La'a
(Appointed
22 July 2021)



Rana Stephan
(Appointed
9 March 2022)



Luke Smith
(Appointed
9 March 2022)



Zelda Yates
(Previous Trustee:
Resigned from
Spark NZ
11 February 2022)



Kelly Baxter
(Previous Trustee:
Resigned from
Spark NZ
2 June 2022)



Brett Bailey
(Previous Trustee:
Resigned from
Spark NZ
26 August 2021)

The method of appointment of trustees is set out in page 6.

Statement of Trustees' responsibilities

The responsibilities of the trustees in relation to the financial statements (page 15 - 22) are to:

- a)** ensure the full and correct records and accounts of all the financial transactions of Spark Foundation and its assets, liabilities and funds are kept; and
- b)** at the end of each financial year or period to have prepared financial statements which comply with the Charitable Trusts Act 1957 and its subsequent amendments which give a true and fair view of the financial affairs of Spark Foundation for that financial year or period.

Objectives of Spark Foundation

Spark Foundation is a charitable trust primarily funded by Spark New Zealand Trading Limited ("Spark"), governed independently by a board of trustees.

Spark Foundation's mission is to accelerate toward Digital Equity. It provides funding, advocacy and other resources across 3 strategic areas 1) Digital Access, 2) Digital Pathways (Digital Skills & Capabilities) and 3) Digital Wellbeing. The Foundation has a focus on youth, with prioritisation to Māori, Pacific and other youth disproportionately impacted by inequity.

To the year ending 30 June, 2022 Spark Foundation administered Spark's employee volunteering and payroll giving programme.

Spark Foundation Board

- Spark Foundation is governed by its own independent Board, chaired by Andrew Pirie
- Trustees independent of Spark as at 30 June 2022 include Stacey Morrison, Vanisa Dhiru, Lotu Fuli, and Andrew Pirie (was a Trustee employed by Spark up to the 10th of January 2020).
- Trustees employed by Spark as at 30 June 2022 comprise of Leela Gantman, Martin La'a, Luke Smith and Rana Stephan.
- The following Trustees resigned during the period: Kelly Baxter (2 June 2022), Zelda Yates (11 February 2022) and Brett Bailey (26 August 2021).

Trustees

The Chief Executive Officer of Spark New Zealand Trading Limited ('Appointer') has the sole ability to appoint trustees of Spark Foundation.

A trustee may be removed as a trustee of Spark Foundation, at any time and for any reason, by the Appointer giving notice in writing to the trustee concerned and Spark Foundation.

Foundation Income

The Foundation received donations and other income of \$1,780,618 for the year ended 30 June 2022 (2021: \$1,806,574).

For the year ended 30 June 2022 Spark donated \$1,200,000 (2021: \$1,200,000). Spark also donates costs incurred by Spark in direct support of the Foundation's charitable activities, these totalled \$463,455 for the year ended 30 June 2022 (2021: \$495,821).

Income from other sources makes up the rest, and includes Spark customer refunds donated to the Foundation, employee donations to the Skinny Jump programme, donated services such as PR, legal and financial, and interest income.

We also acknowledge donated services provided by Deloitte for their Audit Services.

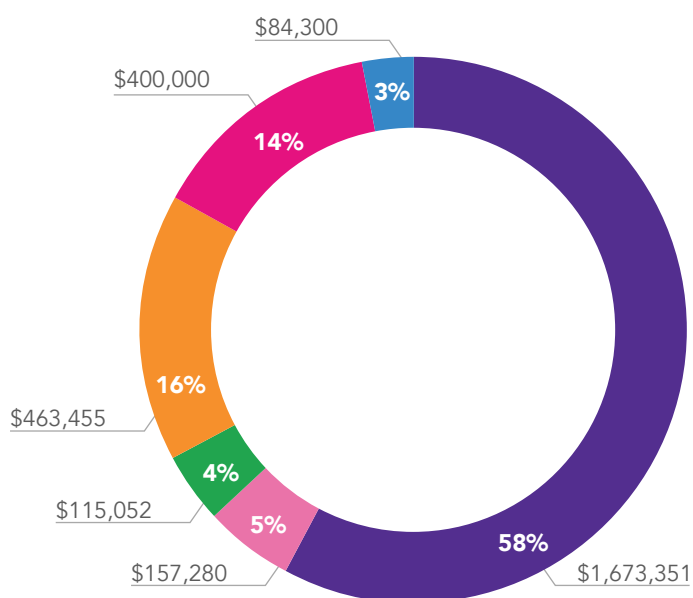
A breakdown of donations received is shown in notes 2, 3 and 4 to the financial statements.

Performance Review

A total investment of \$2,893,438 into Spark Foundation activities was made the year ended 30 June 2022. This includes the value of employee volunteering and services donated to Spark Foundation such as PR, legal & financial services.

Spark Foundation Investment Summary FY22

- Donations, Grants
- Matched payroll donations
- Volunteering value
- Operational costs
- Skinny Jump Financial Support
- Donated services i.e audit, legal



Donations & grants

During the period ended 30 June 2022 Spark Foundation made donations and provided funding to organisations in New Zealand totaling \$1,830,631 (2021: \$1,616,502).

Spark Foundation trustees committed to invest a total of \$1,440,000 (2021: \$1,178,000) to multi-year partnerships and \$233,351 in one-off grants and funding. In addition, \$157,280 was provided to match employee donations via Spark's payroll giving programme.

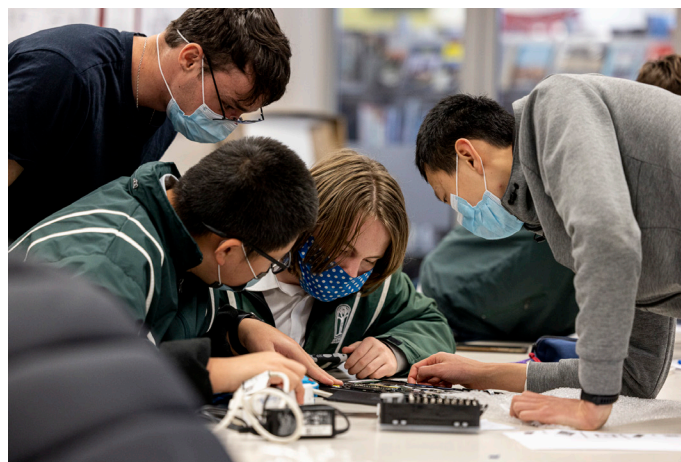
An analysis of donations and funding paid during the period is shown in note 4 to the financial statements.

Multi-year partnerships

Almost 80% of funding is invested into multi year partnerships. These partnerships are agreed by the Foundation board of trustees.

Organisation/Programme	Amount Donated FY22	Year
The Light Project	\$150,000	3
Toi Kai Rawa - Hihiko Te Rawa Auaha*	\$180,000	2
Take2	\$250,000	2
Digital Future Aotearoa (DFA)	\$30,000	5
RAD: Recycle a Device (via DFA)	\$220,000	2
Digital Natives Academy (DNA) – Te Iwi Matihiko*	\$220,000	5
Pūhoro STEMM Academy (incl Te au Hangarau)*	\$140,000	1
Digital Discipline	\$150,000	1
DECA: Digital Equity Coalition Aotearoa	\$100,000	1
Total multi-year partnerships	\$1,440,000	

*Māori led organisations



Recycle A Device (RAD) programme

Spark Foundation allocates funding for programmes through a strategic partnership approach, working with organisations whose objectives are aligned to improving digital equity for Aotearoa. Most partnerships focus on empowering and equipping the next generation, especially Māori, Pasifika, and women.

Some of Spark Foundation's key partnerships include:

Digital Access

Recycle A Device

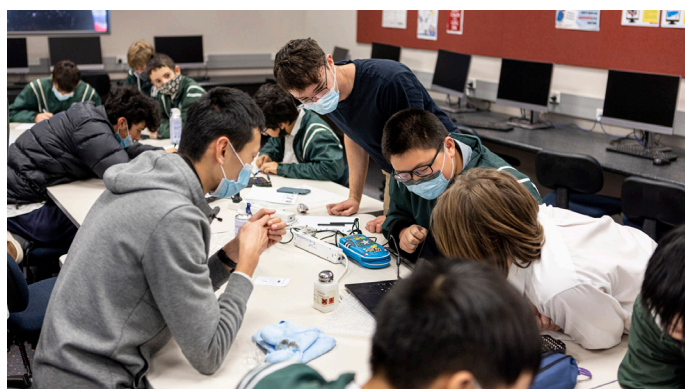
Recycle A Device (RAD) is a programme that takes second-hand laptops donated by businesses and households; teaches local high school students to refurbish them; and then gets them into the hands of those who need them the most.

The result is an end-to-end process of device collection, refurbishment, distribution, and disposal that enhances digital equity at every level – providing highly sought-after tools, access, and skills to high school students, while also offering the added environmental benefit of diverting e-waste from landfill by giving these laptops a second life.

Once devices have been refurbished, they are transferred to students within the school community itself, or to other community organisations for distribution to people in need.

As well as Spark Foundation funding, Entelar Group – Spark's ICT and logistics business – has partnered with RAD providing all logistics support.

During FY22 RAD was awarded the 'Sustainability Through Technology' Award at the NZ CIO Awards, and through the programme 976 laptops were refurbished and 696 were redistributed to those in need. In addition, RAD now has 16 high schools training students, and three Pasifika community groups training their local communities across Aotearoa as part of its refurbishment training programme.



Digital Skills and Pathways

P-tech

A public education model designed by educators and the technology sector to address New Zealand's STEM skills gap. Participating schools collaborate with private companies that provide students with mentor-ships, worksite visits, and paid internships. On completing the programme, students will have both their NCEA qualifications, and a New Zealand Diploma aligned to industry needs. In addition, successful graduates typically earn first-in-line consideration at affiliated industry partners when applying for jobs. In FY22, 59 Spark people provided mentoring as part of this programme.



P-Tech

Pūhoro

Pūhoro STEMM Academy is a kaupapa Māori approach that aims to improve representation of Māori in Science, Technology, Engineering, Maths and Mātauranga. Working with schools, Pūhoro supports iwi affiliated rangatahi Māori from NCEA level 1 through to higher education; and pathwaying them into high value careers. Spark Foundation is a funder of the Hawke's Bay regional programme which supports 8 schools. In addition, Spark Foundation and Tātaki Auckland Unlimited have collaborated with Pūhoro to co-fund 'Te Au Hangarau – Accelerating Māori Participation in Tech' research that explores the barriers and contributing factors that limit Māori participation and success in New Zealand's tech industry. The research will be launched in FY23, and will inform further action across the community, education, and industry sectors.



Puhoro

Hihiko Te Rawa Auaha

Delivered by Toi Kai Rawa, the Bay of Plenty's Māori economic development agency, innovation hubs will be embedded into 30 Māori communities across the wider Bay of Plenty over the next few years. Each community plays an important role in creating a digital strategy and plan that meets their aspirations.

Digital Future Aotearoa

Digital Future delivers a range of programmes including Code Club (a nationwide network of over 400 coding clubs for tamariki), alongside Professional Learning Development (PLD) for teachers of the digital technology curriculum, and Recycle A Device (RAD). In FY22 Foundation funded Digital Future to work with Tūmanako consultants and explore a governance and delivery model that better serves and supports Māori aspirations.

Take2

A programme that aims to break the cycle of crime through technology. Take2 teaches incarcerated individuals to code, enabling meaningful employment opportunities once they are released. During FY22 Spark supported the Take2 team by providing training through our Agile Academy, and a design thinking workshop with our People & Culture team. Our team are working with Take2 to explore future internship opportunities within Spark. We want to ensure that we can design a programme with appropriate wrap-around services in place to support graduates as they transition into a working environment.

Ngā Rauhangā ā Maui scholarships

To recognise and support Rangatahi Māori who are undertaking study, training, or are passionate about the future of technology and innovation in Aotearoa, Spark Foundation and Spark's Māori Strategy team have funded two Ngā Rauhangā ā Maui scholarships. These will be drawn in October 2022 following the final summit in Hamilton, and Spark Foundation and Spark will host the scholarship recipients in Auckland.

Digital Wellbeing

Te Iwi Matihiko

Designed and delivered by Digital Natives Academy, Te Iwi Matihiko is a values-based approach to digital wellbeing that draws from the Te Whare Tapa Whā model of health but designed for today's youth. The programme aims to introduce tamariki (9-11yrs), rangatahi (12yrs+), and pakeke (adults) to the key tools they will need to safely navigate social media and online gaming.

The Light Project

This is a pilot project that aims to help youth, their whānau, schools and wider communities to navigate the challenges presented by online pornography. It addresses one of the biggest barriers to digital equity amongst some New Zealand families – a fear that the internet might cause harm to tamariki and rangatahi.

Digital Discipline

A new partnership in FY22, Digital Discipline is a programme that offers support to young people dealing with social media addiction through education, awareness, and strategies to balance the online world with the real world. Digital Discipline is currently focused on South and West Auckland communities with collaborations in Rotorua, Porirua, and Ōtautahi / Christchurch.



Digital Discipline

One off discretionary grants & funding

Discretionary grants are made throughout the year offering flexibility to provide funding for getting an idea kick-started, one-off projects/events, emergencies, or additional partner support.

All funding supports digital equity initiatives across the same three pillars - digital access, digital pathways and digital wellbeing, with a focus on youth.

In addition to our multi-year partnerships, Spark Foundation made smaller, one-off grants to a range of digital equity initiatives.

Organisation	Amount Donated FY22
Emergency device grant into South Auckland	\$50,000
Te Matarau: Māori Tech Association start-up grant*	\$20,000
Digital Warriors device grant*	\$18,000
3BagsFull device grant*	\$15,000
People for People - Tech Voyagers content development	\$20,000
Digital Discipline strategic plan development	\$20,000
House of Science South Auckland + VR classroom set	\$40,000
Ko Māui Hangarau scholarships and kai*	\$17,000
Take2 Intern release digital starter packs	\$10,000
Barnadoes at-risk youth connectivity programme	\$10,000
Pūhoro KMH activation*	\$10,000
Other funding (<\$10,000)	\$3,351
Total	\$233,351

*Māori led organisations

Māori led organisations comprise 37% of total donations & grants funding in FY22.

Other Support

This year the funding activity for the Foundation continued to support payroll giving matching and the Skinny Jump programme.

Skinny Jump

Spark's cornerstone digital access programme – Skinny Jump – offers subsidised broadband plans to homes for whom cost is a barrier to access.

Skinny Jump has been designed to operate on a not-for-profit basis – with the revenue generated covering the costs of the free modems, community partner network, product development, and customer care and education. The commercial value of the data provided to households in need through Skinny Jump totaled over \$4.5 million in FY22. The service is entirely prepaid, so there are no long-term contracts or credit checks needed, and all it takes to get set up is registering through a community partner and plugging in the modem. Jump is delivered by a dedicated squad of Spark people alongside a community partner network, which is overseen by Digital Inclusion Alliance Aotearoa (DIAA) and includes over 300 local organisations nationwide, spanning community libraries and community hubs amongst others. This is because these partners know their communities well and are well-placed to determine which families are most in need.



Ashburton Public Library - Skinny Jump Display and Team Entry

In FY22 Spark Foundation contributed \$400,000 towards Skinny Jump. This funding supported a range of activities including community engagement via Digital Inclusion Alliance, Awhi Matihiko: Red Cross Digital Settlement Package which provides internet connectivity to exrefugees for 12 months as they settle into life in NZ, as well as additional support to cover costs to deliver the Ciena Jump for Students programme which offers free internet connectivity to homes with school aged children.

In June, Jump announced a boost to its data allocation for customers, to keep digitally excluded households across Aotearoa connected as data usage and cost-of-living pressures continue to rise. Skinny Jump now provides 35GB of data for just \$5, with the first 15GB of data each month free. Additionally, customers have the option to purchase up to six top-ups a month. All together this means Jump customers can access 225GB for just \$30 a month.

Jump has been running since November 2016 and has seen good momentum in FY22 with the number of connections increasing to 23,323 (2021: 15,121). Until the end of FY21 the Jump programme sat within Spark Foundation, however due to growth it has since moved into Spark NZ and is supported by a full-time squad.

Digital Equity Coalition Aotearoa (DECA)

Spark Foundation is an establishment funder of the Digital Equity Coalition Aotearoa (DECA), which brings together over 100 community organisations who have a focus on digital inclusion and equity.

DECA shines a light on digital inclusion initiatives, identifies gaps, advocates, and offers space for innovation and cross-sector collaboration.

Spark Volunteer

Every Spark employee is offered one paid volunteer day each financial year, to help them make a difference in their local community. Spark people choose a range of ways to use their volunteer day. Some get involved in team activities, while others choose to use their knowledge in skill-based volunteering opportunities. Until the end of FY22 Spark Foundation facilitated volunteering of Spark people. From FY23 this moved into Spark's People & Culture team enabling the Foundation to focus entirely on Digital Equity.

In FY22 246 volunteer days were gifted into the community by Spark people, reflecting a participation rate of 6%. This equates to around \$115,052 (2021: \$180,600) of staff time. The amount of volunteering days that staff were able to carry out has been affected by Covid-19 in both years.



Spark Volunteers

Spark Give

Spark's payroll giving programme, Spark Give, enables Spark's people to donate to schools and charities via their pay, with benefits for doing so. Spark Foundation matches the amount employees donate dollar-for-dollar up to \$500 per employee per annual year. Since this programme was established in July 2011 over \$6 million has been donated to New Zealand schools and charities.

In FY22 \$433,433 was donated into the community through employee donations and matching donations from Spark Foundation. Spark Foundation contribution to matched employee donations was \$157,280. There were 452 participating Spark employees in FY22 down from 486 in FY21.

Trust Funds

Spark Foundation's funds carried forward as at 30 June 2022 totaled \$1,962,654 (2021: \$2,753,873).

It is Spark Foundation's policy to distribute all funds available to it across multiple years in furtherance of the objectives of the charity.

Services provided by Spark

Spark Foundation receives services from Spark relating to indirect support of its grant-making activities and in the management and administration of its affairs. The services are provided free of charge.



By order of the Chair
Andrew Pirie



Independent Auditor's Report

Deloitte Limited

To the Trustees of Spark Foundation

Opinion

We have audited the financial statements of Spark Foundation (the 'Foundation'), which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive revenue and expense, statement of movements in trust funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements, on pages 15 to 22, present fairly, in all material respects, the financial position of the Foundation as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

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

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

Our firm carries out other assignments for Spark New Zealand Limited in relation to regulatory audit, other assurance related services (such as trustee reporting), taxation compliance and non-assurance services provided to the Corporate Taxpayers Group of which Spark New Zealand Limited is a member. These services have not impaired our independence as auditor of the Group. In addition to this, the Chief Executive of Spark New Zealand Limited has both a sister and brother-in-law that are partners at Deloitte. These Deloitte partners are not involved in the provision of any services to Spark Foundation, the Group and its subsidiaries, and this matter has not impacted our independence. Also, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in the Group.

Other information

The Board of Trustees are responsible on behalf of the entity for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

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

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

**Board of Trustee's
responsibilities for the
financial statements**

The Board of Trustees are responsible on behalf of the entity for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Board of Trustees 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 Board of Trustees are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Trustees either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities
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 conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditorsresponsibilities/audit-report-8>

This description forms part of our auditor's report.

Deloitte Limited

Auckland, New Zealand
1 December 2022

A photograph of two women with long dark hair sitting together and looking at a smartphone. The woman on the right is holding the phone, and both are looking at the screen with focused expressions. They are in an indoor setting with horizontal blinds visible in the background. The lighting is warm and soft.

Spark Foundation Statements

Spark Foundation
Statement of Comprehensive Revenue and Expense
For the Year Ended 30 June 2022

	Note	2022 NZ\$	2021 NZ\$
Incoming resources			
Donations	2	1,230,252	1,225,980
Donated goods and services	3	547,755	578,321
Interest income		1,554	1,174
Other income		1,057	1,099
Total incoming resources		1,780,618	1,806,574
Resources expended			
Donations and funding	4	1,830,631	1,616,502
Trust administration	5	568,471	660,331
Skinny Jump expenditure		400,000	4,000
Gain (Loss) on sale or disposal of artwork		(19,130)	265
Total resources expended		2,779,972	2,281,098
Depreciation			
Depreciation of property, plant and equipment	9	840	4,623
Total depreciation		840	4,623
Net deficit for the year		(1,000,194)	(479,147)
Other comprehensive revenue and expense			
Gain/(loss) on revaluation of Art Collection	9	208,975	57,953
Other comprehensive revenue and expense for the year		208,975	57,953
Total comprehensive revenue and expense for the year		(791,219)	(421,194)

Spark Foundation
Statement of Financial Position
As at 30 June 2022

	Note	2022 NZ\$	2021 NZ\$
Current assets			
Cash and cash equivalents		862,573	2,008,207
Assets classified as held for sale	6	880,425	-
Receivables	7	345,011	345,014
		2,088,009	2,353,221
Current liabilities			
Payables and accrued expenses	8	209,695	375,978
		209,695	375,978
Net current assets		1,878,314	1,977,243
Non-current assets			
Property, plant & equipment	9	84,340	776,630
		84,340	776,630
Total net assets		1,962,654	2,753,873
Trust funds			
General funds		1,962,654	2,753,873

On behalf of the Board of Trustees

Andrew Pirie
Chair

Leela Gantman
Trustee

Authorised for issue on 1 December 2022

Spark Foundation
Statement of Movements in Trust Funds
For the Year Ended 30 June 2022

	Note	2022 NZ\$	2021 NZ\$
Opening fund balance at 1 July		2,753,873	3,175,067
Net deficit for the year		(1,000,194)	(479,147)
Revaluation gain / (loss)	9	208,975	57,953
Funds carried forward as at 30 June		1,962,654	2,753,873

There are no other recognised gains or losses nor movements in total funds in the current or preceding financial year or period other than those included in the Statement of Comprehensive Revenue and Expense.

Spark Foundation
Statement of Cash Flows
For the Year Ended 30 June 2022

	2022 NZ\$	2021 NZ\$
Cash flows from operating activities		
Cash received from donations	1,231,310	1,393,814
Cash paid for donations to partners and seed funding	(2,092,911)	(1,916,945)
Cash paid for Givealittle	-	(104,981)
Cash paid for Skinny Jump	(300,000)	(4,000)
Cash paid for trust administration	(10,455)	(49,408)
Interest income	1,554	1,174
GST (paid)/refunded	(4,002)	(26,666)
Net cash flows from operating activities	(1,174,504)	(707,012)
Cash flow from investing activities		
Cash received from sale of artwork	28,870	35
Net cash flows from investing activities	28,870	35
Net cash flow	(1,145,634)	(706,977)
Net cash and cash equivalents at the beginning of the period	2,008,207	2,715,184
Net cash and cash equivalents at the end of the period	862,573	2,008,207

Note 1: Statement of accounting policies

Reporting entity

These financial statements are for Spark Foundation (the Foundation).

The Foundation is a Charitable Trust established under a trust deed dated 14 February 2011 and updated 8 August 2014. Spark Foundation is a registered charity under the Charities Act 2005, registration number CC46342.

The Foundation is a public benefit entity (PBE) for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

These financial statements are for the Foundation's use only.

Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). They comply with the PBE Standards as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Foundation qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2 million and \$30 million of operating expenditure.

The functional and presentation currency for these statements is New Zealand Dollars (\$) rounded to the nearest dollar. Certain comparative information has been updated to conform with the current year's presentation.

Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

No judgements have been made in applying accounting policies that would have a significant effect on the amounts recognised in the financial statements. There are no assumptions or estimation uncertainties that would have a significant risk of causing a material adjustment to the financial statements.

Measurement basis

The measurement basis adopted in the preparation of these financial statements is historical cost. Cost is based on the fair value of the consideration given in exchange for assets. The Art Collection is measured at its fair value.

Specific accounting policies

The accounting policies set out below have been applied consistently in preparing the financial statements for the year ended 30 June 2022 and the year ended 30 June 2021.

Cash and cash equivalents

Cash and cash equivalents comprise short-term deposits with original maturities of three months or less with banks and bank and cash balances, net of bank overdrafts.

Receivables

Receivables are recognised at the original amount less impairment losses.

Payables

Payables represent liabilities for committed donations to third parties and unpaid invoices for goods and services provided to the Foundation at year end. Given their short-term nature, the carrying values of payables are considered a reasonable approximation of their fair values.

Revenue from exchange transactions

All revenue is recognised when the conditions for receipt have been met and there is reasonable assurance of receipt. Interest income Interest is recognised using the effective interest rate method.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Foundation receives an inflow of resources but provides no or nominal direct consideration in return. Revenue from non-exchange transactions is recognised when it is probable the associated future economic benefit will flow to the Foundation and the fair value can be measured reliably.

Donations

Donations are recognised as income when they become receivable unless the Foundation has a liability to repay the donation if the requirement of the donation is not fulfilled. A liability is recognised to the extent that such conditions are unfulfilled at the end of the reporting period. Donations are classified as revenue from non-exchange transactions where the donor receives no tangible or intangible consideration in return for the donation.

Donation of goods and services

Donated goods and services represents the estimated financial costs borne by Spark in providing administrative and other services, the cost of audit services provided by Deloitte for the year ended 30 June 2022 and for the year ended 30 June 2021.

Charitable expenditure

Charitable expenditure includes all expenditure directly related to the objectives of the Foundation and comprises:

Charitable donations

A donation is recognised as payable when the Trustees have accepted a legal or constructive obligation to make the grant.

Trust administration

Trust administration costs relate to expenditure incurred in the management of the Foundation's assets, organisational administration and compliance with constitutional and statutory requirements.

Taxation

Inland Revenue has approved the Foundation for legal charitable and done status. The Foundation is exempt from income tax, subject to the sections within the Income Tax Act 2007.

Donation of services

The work of Spark Foundation relies in part, on the voluntary services of Spark staff. For some services where it is difficult to obtain their value with reliability, those donated services are not recognised in these financial statements.

Property, plant & equipment

Items of property, plant & equipment are initially measured at cost and depreciated on a straight-line basis over the estimated useful life of each component. The Foundation's property, plant and equipment subject to depreciation relates to computer equipment and is depreciated over a five year period.

Spark Art Collection

The Spark Art Collection pieces are initially measured at its fair value as at the date of acquisition. The collection is revalued on a regular basis to ensure the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Gains and losses on revaluation are recognised in other comprehensive revenue and expense and presented in the revaluation surplus reserve within net assets/equity.

Note 2: Donations

	2022 NZ\$	2021 NZ\$
<i>Revenue from exchange transactions:</i>		
Spark New Zealand Trading Limited		
Cash donations	1,200,000	1,200,000
<i>Revenue from non-exchange transactions:</i>		
Donations from individuals	30,252	25,980
	1,230,252	1,225,980

Note 3: Donated goods and services

	2022 NZ\$	2021 NZ\$
Services provided by Spark New Zealand Trading Limited:		
Direct support of the Foundation's activities	70,500	70,500
Programme and other operating costs	463,455	495,821
Donation of audit services	13,800	12,000
	547,755	578,321

Note 4: Donations and Funding

	2022 NZ\$	2021 NZ\$
Payroll giving matching	157,280	182,486
Partner Funding	1,440,000	1,178,000
Other	233,351	256,016
	1,830,631	1,616,502

Note 5: Trust administration

	2022 NZ\$	2021 NZ\$
Trustee honorarium	36,000	41,750
Trustee insurance	3,770	3,770
Personnel costs	365,791	462,448
Office lease	20,160	20,160
Travel	5,050	7,242
Other administration costs	36,540	41,852
Services donated by Spark staff	70,500	70,500
Audit fees	13,800	12,000
Spark Art collection expenses	16,861	607
Other expenses	(1)	2
	568,471	660,331

The audit has been undertaken on a pro-bono basis and the fee has been recognised as donated goods and services (note 3).

Spark employees incur management and administration time supporting activities of the Foundation. Employee time is provided free of charge and the estimated cost is recognised as donated goods and services (note 3).

Note 6: Assets classified as held for sale

	2022 NZ\$	2021 NZ\$
Spark Art Collection Art Work		
Opening balance		
Assets classified as held for sale	880,425	-
Closing balance	880,425	-

During FY22 Spark Foundation Board had decided to sell majority of the Spark Art Collection Art Work. The art work will be going to auction at the beginning of September 2022. As at 30 June 2022 majority of the Spark Art Collection Art Work has been classified as held for sale, with remainder of the art work remaining under Property, Plant & Equipment in Note 9.

The Spark Art Collection Art Work held for sale was sold in September 2022. For the purposes of these statements Sold Price was used as the closing book value as that is the most accurate amount.

Note 7: Receivables

	2022 NZ\$	2021 NZ\$
Spark funding receivable	345,011	345,014
	345,011	345,014

Note 8: Payables and accrued expenses

	2022 NZ\$	2021 NZ\$
Spark New Zealand Trading Limited:		
Payroll matching payable	75,443	81,386
Other Project payables	100,000	24,799
Foundation Accruals	-	81,539
Income in advance	100	100
GST Payable	34,152	38,154
Partner funding payable	-	150,000
	209,695	375,978

Note 9: Property Plant & Equipment

\$NZ	Spark Art Collection art work	Computer equipment	Total
Cost or Valuation			
Opening balance 1 July 21	775,789	24,562	800,351
Assets classified as held for sale	(880,425)	-	(880,425)
Disposals	(20,000)	-	(20,000)
Revaluation gain/(loss)	208,975	-	208,975
Balance as at 30 June 22	84,339	24,562	108,901
Accumulated depreciation	-		
Balance 1 July 21	-	(23,721)	(23,721)
Depreciation	-	(840)	(840)
Balance as at 30 June 22	-	(24,561)	(24,561)
Net book value			
Balance at 1 July 2021	775,789	841	776,630
Balance at 30 June 2022	84,339	1	84,340

\$NZ	Spark Art Collection art work	Computer equipment	Total
Cost or Valuation			
Opening balance 1 July 20	718,136	24,562	742,698
Disposals	(300)	-	(300)
Revaluation gain/(loss)	57,953	-	57,953
Balance as at 30 June 21	775,789	24,562	800,351
Accumulated depreciation			
Balance 1 July 20	-	(19,098)	(19,098)
Depreciation	-	(4,623)	(4,623)
Balance as at 30 June 21	-	(23,721)	(23,721)
Net book value			
Balance at 1 July 2020	718,136	5,464	723,600
Balance at 30 June 2021	775,789	841	776,630

Note 9: Property Plant & Equipment (Continued)

The Spark Art Collection Art Work was revalued during the period with a total revaluation gain of \$208,975 recognised in other comprehensive revenue and expense (2021: revaluation gain of \$57,953). The Spark Art Collection was revalued as at 30 June 2022 using an independent valuer. In estimating the fair value of the Art Collection, the current artist values in the primary and secondary market places method was used, which incorporated the use of the following significant assumptions:

- Recent sales-based evidence for similar paintings indicated that the value of some pieces had reduced since the previous assessment.

Note 10: Information regarding trustees

During the year ended 30 June 2022, the Foundation paid trustee honorariums totaling \$36,000 (2021: \$41,750) and paid trustee insurance costs of \$3,770 (2021: \$3,770).

Note 11: Related party transactions

Spark New Zealand Trading Limited is a related party by virtue of having three voting members on the Board of Trustees as at 30 June 2022 and through the support of the Foundation's day to day operations.

During the year the Foundation engaged in the following related party transactions:

- Received cash donations from Spark New Zealand Trading Limited (as detailed in note 2);
- Received donated goods and services from Spark New Zealand Trading Limited (as detailed in note 3);
- Received payroll giving donations of \$6,559 from Spark New Zealand Trading Limited who facilitates payroll giving on behalf of Spark employees (included in donations from individuals in note 2);
- Received donations of \$5,727 from Spark New Zealand Trading Limited on behalf of Spark customers (included in donations from individuals in note 2);
- Paid payroll giving matching to Spark New Zealand Trading Limited (as detailed in note 4);
- At 30 June 2022 held a receivable with Spark New Zealand Trading Limited in relation to funding receivable (as detailed in note 7);
- At 30 June 2022 carried a balance owing to Spark New Zealand Trading Limited (as detailed in note 8); and
- Honorariums paid during the year to three voting board of Trustees members who are Spark staff amounted to \$5,000 (2021: \$3,750).
- Paid \$300,000 (2021: \$4,000) to Spark New Zealand Trading Limited towards the Skinny Jump Programme (included in the Skinny Jump expenditure in the Statement of comprehensive revenue and expense). And a further \$100,000 was accrued in FY22 and paid out in July 2022.
- One Trustee declared their interest in Tech Voyagers (now Fibre Fale). The Trustee was previously involved in the Tech Voyagers pilot programme in October 2021, but they do not hold any operational, advisory or governance responsibilities with tech Voyagers (Fibre Fale).

Note 12: Key management personnel

Senior management are employed as employees of Spark and are on normal employment terms. Their remuneration is included within note 5. Board of Trustees' members are paid an annual honorarium:

2022		2021	
Remuneration	# people	Remuneration	# people
36,000	8	41,750	8

Note 13: Contingent liabilities

The Foundation has capital commitments of \$1,600,000 at 30 June 2022 in respect of one further year of partner funding committed to social ventures: BOP and Take2, two further years of partner funding committed to social ventures: Pūhoro Charitable Trust and Digital Discipline, and three further years of funding committed to social ventures: Porirua - PACE and Fibre Fale (2021: The Foundation had capital commitments of \$1,330,000 at 30 June 2021 in respect of one further year of partner funding committed to social ventures: The Light Project, RAD and DECA, and two further years of partner funding committed to social ventures: BOP and Take2). No liability has been recognised at 30 June 2022 for this future funding as the funding is contingent on Spark Foundation being satisfied with the partner's progress towards meeting the objectives outlined in the Partnership Agreement.

Note 14: Commitments

The Foundation has no commitments as at 30 June 2022 (2021: Nil).

Note 15: Significant events after balance date

During FY22 Spark Foundation Board had decided to sell majority of the Spark Art Collection Art Work. The art work was sold at a auction on the 1st of September 2022 and the proceeds of \$748,734 (less commissions and artist royalties) will be paid to Spark Foundation.

