

Financial Report

Tauranga Regional Free Kindergarten Association Incorporated
For the year ended 30 June 2025

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Tauranga Regional Free Kindergarten Association Incorporated For the year ended 30 June 2025

Board

Amy Prouse (Resigned 26/11/24)

Debbie Dagger (Staff Board Member)

Georgina Ball (26/11/24)

James Gilbert (26/11/24)

Kristen Thompson (Chair from 25/7/24)

Lisa Lighthouse (Chair until 25/7/24) (Resigned 26/11/24)

Melissa Derby (Resigned 28/8/24)

Natu Vaeluaga

Ngawaiata Sellars (9/12/24)

Peter Monteith

Tom Elvin

Registered Office

41 Monmouth Street
Tauranga 3110

Nature of Business

Early Childhood Education

Charities Commission Registration Number

CC11018

Independent auditor's report to the members of Tauranga Regional Free Kindergarten Association Incorporated

Report on the audit of the financial report



Our opinion on the financial report

In our opinion, the accompanying financial report of Tauranga Regional Free Kindergarten Association Incorporated (the Entity), presents fairly, in all material respects:

- the financial position of the Entity as at 30 June 2025, and its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 30 June 2025 in that the service performance information is appropriate and meaningful and prepared in accordance with the Entity's measurement bases or evaluation methods

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

What was audited?

We have audited the financial report of the Entity, which comprises the financial statements on pages 9 to 23, and the service performance information on pages 7 to 8. The complete set of financial statements comprise:

- the statement of financial position as at 30 June 2025,
- the statement of comprehensive revenue and expense for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 (Revised) *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We are independent of the Entity 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Responsibilities of the Board members for the financial report

The Board members are responsible on behalf of the Entity for:

- The preparation, and fair presentation of the financial report in accordance with the applicable financial reporting framework;
- The selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with the applicable financial reporting framework;
- The preparation and fair presentation of service performance information in accordance with the Entity's measurement bases or evaluation methods, in accordance with the applicable financial reporting framework;
- The overall presentation, structure and content of the service performance information in accordance with the applicable financial reporting framework; and
- Such internal control as the Board members determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board members 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 members either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 (Revised) 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this financial report.

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

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14-1/>

This description forms part of our auditor's report.

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

Restriction on Distribution and Use

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



William Buck Audit (NZ) Limited
Tauranga, 7 October 2025

Statement of Service Performance

Tauranga Regional Free Kindergarten Association Incorporated For the year ended 30 June 2025

Why do we exist?

Vision: Making the early years count
Purpose: To inspire a love of learning, embed bi-culturalism, create a sense of belonging and foster the gift of community.
Values: Just as no two fingerprints are alike, none of our services are identical. They have developed over many years, within the communities they are nestled, providing a sense of place, history, home and whanua to all.

How do we achieve our objectives?

Structure: Inspired Kindergartens operates 25 kindergartens on all-day licenses and Home Based ECE service in the Bay of Plenty and Coromandel.
 Our Home Based ECE service operates between Whitianga and Tauranga. Inspired Kindergartens is a foundation member of Kindergartens Aotearoa. We are a not-for-profit registered charity governed by an elected Board.

Description and Quantification of Performance Measures

In preparing the service performance information for the year, the Association has made judgements about what information to present that would be most appropriate and meaningful to stakeholders when assessing the Association's performance against our strategic plan and contractual deliverables.

The non-financial information presented best represents the Association's impact on children and caregivers.

The Association based its service performance measures on quantitative indicators of the Association's activities delivered, parent support and annual investment into the association's facilities; this information is monitored and used for internal and external performance management purposes.

Donations

The Board's use of Donations in its strategic planning signals the local community's level of support and engagement. Parents' and caregivers' willingness to contribute financially indicates a positive perception of the services provided. The Association achieved an average collection rate of 62% for the financial year (2024: 63%). The collection rate is based on expected donations should 100% attendance and 100% collection be achieved. Regular and consistent parent donations contribute to the financial stability of the kindergartens. This stability, in turn, impacts the quality of resources, staff training, and overall program offerings.

	Actual - 2025	Budgeted - 2025	Actual - 2024	Budgeted - 2024
All Kindergartens	\$786,811	\$770,766	\$742,779	\$699,373

Enrolment Targets

The Board uses enrolment targets in its strategic planning process to facilitate the effective and clear communication of strategic intent between academic, administrative teams and external stakeholders, including parents, caregivers, and funders. Enrolment targets seek to balance growth inputs required to achieve quality outputs and service demand.

	Total Hours	Budgeted Total Hours	% Full Roll	Budgeted % Full Roll
All Kindergartens - 2025	1,101,910	1,112,564	93.8%	94.2%
All Kindergartens - 2024	1,104,707	1,086,265	94.7%	93.0%

Asset Investment

As a part of our strategic objective to 'resource kindergartens that need modernising to meet the changing needs of local communities', the following asset investments were made during the year for the benefit of children and staff in each centre.

Asset/Investment Type	2025	2024
Computer Equipment	\$25,862	\$31,224
Equipment	\$37,282	\$20,927
Furniture & Fittings	\$76,627	\$132,735
Land, Buildings, Improvements & Fit Out	\$526,568	\$49,344
Motor Vehicles	\$14,348	\$0
Structures & Landscaping	\$117,101	\$163,490
Total	\$797,787	\$398,590

Statement of comprehensive revenue and expense

Tauranga Regional Free Kindergarten Association Incorporated
For the year ended 30 June 2025

	NOTES	2025	2024
Revenue			
Revenue from exchange transactions			
Fees for Services Rendered		987,536	964,187
Dividends		120	570
Interest Income		165,439	139,815
Other operating revenue		103,890	79,027
Total Revenue from exchange transactions		1,256,985	1,183,599
Revenue from non-exchange transactions			
Government Grants		16,395,460	15,822,968
Fundraising		100,813	79,386
Grants		69,941	213,027
Donations		824,990	768,285
Total Revenue from non-exchange transactions		17,391,204	16,883,666
Total Revenue		18,648,190	18,067,265
Expenses			
Employee & Educator related costs		14,997,482	15,008,123
Fundraising Expenses		34,582	16,377
Interest Expense		35	2,210
Depreciation and amortisation		459,366	468,364
Loss on Disposal of Property, Plant & Equipment		11,862	1,679
Other expenses		2,167,608	2,023,370
Total Expenses		17,670,935	17,520,122
Total surplus/(deficit) for the year		977,255	547,143
Other comprehensive revenue and expense			
Gain/(Loss) on revaluation of financial assets at fair value through other comprehensive revenue and expense.	6	6,510	(2,310)
Total Other comprehensive revenue and expense		6,510	(2,310)
Total comprehensive revenue and expense for the year		983,765	544,833

These financial statements should be read in conjunction with the notes and the audit report.

Statement of changes in equity

Tauranga Regional Free Kindergarten Association Incorporated
For the year ended 30 June 2025

	2025	2024
Accumulated comprehensive revenue and expense		
Opening Balance	7,443,383	6,896,240
Surplus for the year	977,255	547,143
Total Accumulated comprehensive revenue and expense	8,420,637	7,443,383
Reserves		
Opening Balance	(4,290)	(1,980)
Asset Revaluation Reserve - Shares	6,510	(2,310)
Total Reserves	2,220	(4,290)
Total Equity	8,422,857	7,439,093

These financial statements should be read in conjunction with the notes and the audit report.

Statement of financial position

Tauranga Regional Free Kindergarten Association Incorporated
As at 30 June 2025

	NOTES	30 JUN 2025	30 JUN 2024
Assets			
Current Assets			
Cash and cash equivalents	5	568,121	532,429
Receivables from non exchange transactions			
Accounts Receivable		122	15,672
Accounts Receivable - MOE Bulk Funding		43,554	69,424
Accounts Receivable - MOE Equity Funding		94,594	100,092
Total Receivables from non exchange transactions		138,270	185,188
Receivables from exchange transactions			
Trade receivables		28,189	10,679
Total Receivables from exchange transactions		28,189	10,679
Prepayments		51,409	9,198
GST refund due		47,669	9,862
Short Term Investments	6	680,256	-
Assets in Progress		106,053	44,345
Total Current Assets		1,619,965	791,701
Non-Current Assets			
Investments	6	18,870	12,360
Property, Plant and Equipment	7	7,865,862	7,545,520
Other Non-Current Assets	9	18,310	38,043
Total Non-Current Assets		7,903,042	7,595,923
Total Assets		9,523,007	8,387,624
Liabilities			
Current Liabilities			
Trade and other creditors		387,744	207,570
Employee Entitlements	4	653,061	703,553
Loans and borrowings	13	1,316	2,804
Income in advance		58,029	34,605
Total Current Liabilities		1,100,150	948,532
Total Liabilities		1,100,150	948,532
Net Assets		8,422,857	7,439,093
Equity			
Total Equity		8,422,857	7,439,093
Total Equity		8,422,857	7,439,093

Signed for and on behalf of the Board who authorised these financial statements for issue on

Board Chair:



Board Member:



These financial statements should be read in conjunction with the notes and the audit report.

Cash flow statement

Tauranga Regional Free Kindergarten Association Incorporated For the year ended 30 June 2025

	NOTES	2025	2024
Cash Flows from Operating Activities			
Receipts			
Receipts from government grants		16,563,406	15,944,635
Receipts from other grants		77,150	132,095
Receipts from other non-exchange transactions		917,716	844,748
Receipts from exchange transactions		1,098,199	1,042,547
Dividends received		120	570
Interest received		165,439	139,815
Total Receipts		18,822,029	18,104,409
Payments			
Payments to suppliers		(2,563,623)	(2,332,714)
Payment to employees		(14,678,917)	(14,758,439)
Interest paid		(35)	(2,210)
Fundraising Expenses		(24,580)	(14,793)
GST		(11,380)	(11,794)
Total Payments		(17,278,534)	(17,119,950)
Total Cash Flows from Operating Activities		1,543,495	984,460
Cash Flows from Investing and Financing Activities			
Receipts			
Receipts from sale of property, plant and equipment		7,232	1,942
Proceeds from borrowings		37,231	1,434,856
Cash Flows from Other Investing and Financing Activities		-	7,772
Total Receipts		44,462	1,444,570
Payments			
Payments to acquire property, plant and equipment		(834,027)	(428,287)
Repayments of loans borrowed from other parties		(38,748)	(1,823,685)
Cash Flows from Other Investing and Financing Activities		(679,491)	-
Total Payments		(1,552,266)	(2,251,972)
Total Cash Flows from Investing and Financing Activities		(1,507,803)	(807,403)
Net Increase/ (Decrease) in Cash and Cash Equivalents		35,692	177,057
Cash Balances			
Cash and cash equivalents at beginning of period		532,429	355,372
Cash and cash equivalents at end of period		568,121	532,429
Net change in cash for period		35,692	177,057

These financial statements should be read in conjunction with the notes and the audit report.

Notes to financial statements

Tauranga Regional Free Kindergarten Association Incorporated For the year ended 30 June 2025

1. Reporting entity

The reporting entity is Tauranga Regional Free Kindergarten Association Incorporated ("the Association"). Tauranga Regional Free Kindergarten Association Incorporated is domiciled in New Zealand and is a charitable organisation and is registered under the Incorporated Societies Act 1908 and the Charities Act 2005.

Bay of Plenty Kindergartens Limited is a non-trading, wholly owned subsidiary of the Association. It was established in 2009 in case the Association needed a notionally separate trading operation and to protect the name from use by other operators.

The financial statements of Tauranga Regional Free Kindergarten Association Incorporated are presented for the year ended 30 June 2025.

2. Statement of compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBEIPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

3. Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently throughout the year presented in these financial statements.

4.1 Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of non-derivative financial instruments.

4.2 Functional and presentational currency

The financial statements are presented in New Zealand dollars (\$), which is the functional currency.

4.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Association and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

(1) Revenue from non-exchange transactions

Government grants

Government grant revenue relates to income received from the Ministry of Education and is provided as funding for services the Association provides through its kindergarten business units relating to Early Childhood Education. Income is recognised as it accrues. Government grants revenue also includes payments in respect of Ministry of Education contracts for the provision of the Incredible Years' Teacher programme.

Fundraising

Fundraising is recognised as revenue upon receipt.

Donations

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programme or services or donations in-kind. Donations in-kind are measured at their fair value as at the date of acquisition, ascertained by reference to the expected cost that would be otherwise incurred by the Association.

Grant revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attaching to the grant, and a right of return, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

(2) Revenue from exchange transactions

Fees for services rendered

Fee income is recognised as revenue when parents are invoiced. Invoices are generated when children attend and utilise early childhood services. WINZ subsidy income and Home Base care income is also included within fees for services rendered and are both recognised as revenue upon receipt.

Other operating revenue

Other operating revenues includes Sundry income, where income is recognised upon receipt for various activities or reasons that are not fundraising, grants or donations.

Interest and dividend income

Interest revenue is recognised as it accrues, using the effective interest method. Dividend income is recognised when the dividend is declared.

4.4 Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument.

The Association derecognises a financial asset, or part thereof, when the rights to receive cash flows from the asset have expired, are waived, or have been transferred, and the Association has transferred substantially all the risks and rewards of ownership or has transferred control of the asset.

(1) Financial assets

Financial assets are classified at initial recognition into one of the following categories:

Amortised cost

Fair value through surplus or deficit (FVSD)

Fair value through other comprehensive revenue and expense (FVOCRE)

Classification is based on the Association's business model for managing the asset and the contractual cash flow characteristics.

The Association's financial assets comprise:

Amortised cost: cash and cash equivalents, receivables from exchange and non-exchange transactions, short-term term deposits.

FVOCRE: investment shares in Manawa Energy Limited are held for strategic purposes, not trading. Fair value movements are recognised in other comprehensive revenue and expense and are not recycled to surplus or deficit on disposal.

(2) Impairment of financial assets

The Association recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost.

Trade and other receivables: The Association applies the simplified approach, recognising lifetime ECL from initial recognition.

Other financial assets: The general approach is applied, recognising either 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

The loss allowance is presented as a reduction in the carrying amount of the asset, and changes are recognised in surplus or deficit.

(3) Financial liabilities

Financial liabilities are classified at amortised cost unless designated at FVSD. The Association's financial liabilities comprise trade and other creditors (excluding GST and PAYE), and loans and borrowings.

These are initially recognised at fair value (plus transaction costs for liabilities not at FVSD) and subsequently measured at amortised cost using the effective interest method.

4.5 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.6 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a straight line basis over the useful life of the asset, except for land. Land is not depreciated. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Account	Method	Rate
Land	No Depreciation	0%
Buildings & Improvements	Straight Line	3% - 10%
Equipment	Straight Line	10% - 40%
Motor Vehicles	Straight Line	25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

4.7 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

Significant lease arrangements

The Association pays a lease for the head office building at 41 Monmouth Street, Tauranga. The current lease term expires on 31 May 2026.

The Association pays a photocopier lease for the head office and all kindergarten sites. This lease expires 31 October 2025.

There are 18 kindergartens and programs with leases for land and/or buildings with expiry dates ranging from 16 January 2026 to 31 August 2048.

Operating lease commitments

As at the reporting date, the Board has entered into the following operating lease commitments:

	2025	2024
No later than one year	196,514	207,733
Later than one year and no later than five years	30,692	206,828
Later than five years	9,540	13,049
Total Operating Lease Commitments	236,746	427,609

Council Leases

In 2019, the Association requested the Tauranga City Council (TCC) to extend the leases at six kindergartens on Council-administered land, which are due to expire in 2027. The Commissioners and the Association developed an agreement in principle which extends the leases to 2038, with a further 5 year right of renewal. Documentation has been received from TCC and is awaiting final Board sign-off. Until the signing of the lease variation, the Association has not revised depreciation rates related to the assets of these kindergartens.

4.8 Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Income Tax

Due to its charitable status, the Association is exempt from income tax.

4.10 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

4.11 Equity

Equity represents the Association's residual interest in assets after deducting all liabilities. It is made up of the following components:

Accumulated comprehensive revenue and expense

This represents the Association's accumulated surplus or deficit since formation, adjusted for any other comprehensive income items recognised over time.

Share revaluation reserve

This reserve relates to the revaluation of shares in Manawa Energy Limited.

4.12 Employee benefits

Wages, salaries, annual leave

Liabilities for wages and salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Annual leave liability as at balance date is estimated using the leave report closest to balance date.

	2025	2024
Employee entitlements		
Wages Payable		
EOM - Wages Payable	352,619	277,754
Total Wages Payable	352,619	277,754
Annual Leave		
Employee Entitlements	300,442	425,799
Total Annual Leave	300,442	425,799
Total Employee entitlements	653,061	703,553

These notes should be read in conjunction with the audit report.

4.13 Changes in accounting policies

There have been no changes in accounting policies during the current period. All policies have been applied on a consistent basis with those of the previous period.

5. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2025	2024
Cash and cash equivalents		
Kindergarten cheque accounts	103,674	128,987
Kindergarten savings accounts	277,929	209,132
Association operating accounts	186,517	194,310
Total Cash and cash equivalents	568,121	532,429

6. Investments

The Association holds 3,000 investment shares in Manawa Energy Limited for strategic purposes, not for trading. These are classified as financial assets at fair value through other comprehensive revenue and expense (FVOCRE) in accordance with the Association's accounting policy for financial instruments (Note 4.4).

The shares are measured at fair value at each reporting date, with changes in fair value recognised in other comprehensive revenue and expense. Gains and losses accumulated in equity are not recycled to surplus or deficit on disposal.

Short-term investments comprise term deposits, which have a term of greater than three months (but no longer than twelve months) and therefore do not fall into the category of cash and cash equivalents. Investments include the following components:

	2025	2024
Investments		
Short Term Investments		
Term Deposits	680,256	-
Total Short Term Investments	680,256	-
Investment Shares	18,870	12,360
Total Investments	699,126	12,360

These notes should be read in conjunction with the audit report.

7. Property plant and equipment

Property, Plant and Equipment include the following components:

	2025	2024
Land		
Land	1,609,990	1,609,990
Total Land	1,609,990	1,609,990
	2025	2024
Buildings & improvements		
Buildings & improvements	10,671,845	10,058,676
Less Accumulated Depreciation on Buildings & improvements	(4,817,354)	(4,477,579)
Total Buildings & improvements	5,854,491	5,581,097
	2025	2024
Equipment		
Equipment	1,236,374	1,125,143
Less Accumulated Depreciation on Equipment	(846,052)	(780,198)
Total Equipment	390,322	344,945
	2025	2024
Motor vehicles		
Motor Vehicles	331,415	327,538
Less Accumulated Depreciation on Motor Vehicles	(320,355)	(318,050)
Total Motor vehicles	11,060	9,488
	2025	2024
Property, plant & equipment		
Property, Plant and Equipment per Statement of Financial Position	7,865,862	7,545,520
Total Property, plant & equipment	7,865,862	7,545,520

Property, plant & equipment reconciliation

Class of PPE	Opening Value	Purchases	Disposal	Depreciation	Closing Value
Land	1,609,990	0	0	0	1,609,990
Buildings & Improvements	5,581,097	643,669	15,512	354,763	5,854,491
Equipment	344,945	139,771	2,567	91,826	390,322
Motor Vehicles	9,488	14,348	0	12,776	11,060
Total	7,545,520	797,787	18,080	459,366	7,865,863

These notes should be read in conjunction with the audit report.

8. Auditor remuneration

The 2025 reported audit expense relates to the 2024 financial statements (\$37,000).

(2024: The 2024 reported audit expense relates to the 2023 financial statements. The amount paid to Baker Tilly Staples Rodway was \$32,850)

No remuneration was paid to auditors for non-audit services.

9. Other non-current assets

Building Development Costs

Relates to future planning for projects at Karamuramu & Otamarakau Kindergartens.

Staff Transition Loans

The Association advanced money to staff due to the payroll cycle changing in June 2015. The loans are interest-free and repayable when staff leave the employment of the Association.

	2025	2024
Non-current assets		
Building Development Costs	5,631	24,834
Loans - Staff Transition Loan	12,679	13,209
Total Non-current assets	18,310	38,043

10. Equity funding

Equity Funding targets additional funding to chartered, community-based early childhood education services.

The objectives of equity funding are to:

- Reduce educational disparities between different groups in New Zealand communities;
- Reduce barriers to participation faced by those groups that are underrepresented in early childhood services; and
- Support early childhood education services in raising their level of educational achievement.

Chartered, community-based early childhood education services that meet the following criteria are eligible to receive equity funding:

- Those in low socio economic communities.
- Those that may have significant numbers of children with special education needs.
- Those in isolated areas.

In the year ended 30 June 2025, on behalf of its kindergartens, Tauranga Regional Free Kindergarten Association Incorporated received equity funding totalling \$194,086 and spent \$169,002. A specific breakdown of equity funding income and expenditure for the year ended 30 June 2025 is as follows:

Income:	\$	Expenses:	\$
Lower Socio Economic	120,626	Resources	16,321
Special Needs	71,074	Building Development	0
Isolation	2,386	Furniture & Equipment	7,791
Total	194,086	Excursions	0
		Outdoor Development	10,077
		Programme	13,036
		Teacher Support	121,777
		Total	169,002

11. Capital commitments

There were no capital commitments at the reporting date. (2024: nil)

12. Contingent assets and liabilities

There were no contingent assets or liabilities at the reporting date. (2024: nil)

13. Loans and borrowings

Current Loans:

Loan	Effective Interest Rate	Year of Maturity	Current	Non-current	2025 Balance Owing
Spark - Mobile Phones	0.00% per annum	2027	1,316	0	1,316

(2024: Spark - Mobile Phones, \$2,805 balance owing, maturing 2026).

Undrawn Facilities

The Association has an authorised overdraft facility of \$500,000 with ASB Bank as at 30 June 2025 (2024: \$500,000). The facility is secured by a registered mortgage over the Association's property at 101 Wairakei Avenue, Papamoa.

No amounts were drawn against this facility at balance date.

(2024: ASB had authorised a credit facility of \$500,000 as of 30 June 2024.)

14. Related party transactions

Controlled entities

The Association controls Bay of Plenty Kindergartens Limited on the basis that the two directors of the company are also Staff Members of the Association and the Association is the sole shareholder. There were no transactions with Bay of Plenty Kindergartens Limited during the 12 months ended 30 June 2025.

(2024: There were no transactions with Bay of Plenty Kindergartens Limited during the 12 months ended 30 June 2024.)

Related party transactions

During the financial period, four members of the Board had children who attended kindergarten and utilised early childhood education services. All children were charged full market rates, and no discounts or concessions were provided.

Key management personnel

The key management personnel, as defined by PBE IPSAS 20 *Related Party Disclosures*, are the members of the governing body which is comprised of the Board Members and the Principal. Other key management personnel include the Senior Leadership Team which is made up of three senior teachers, the senior home based co-ordinator and the Principal. The Senior Leadership Team's function is to advise the Principal in executing the strategic plan of the Board. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2025	2024
Board Members Remuneration	9,930	9,750
Senior Leadership Team Remuneration	681,437	597,064
Total Remuneration	691,367	606,814
Number of persons	15	12

Remuneration and compensation provided to close family members of key management personnel

There was no remuneration or compensation provided to close family members of key management personnel.

Transition loan balances

There were transitional loan balances of \$1,403 owing to the Association from the Senior Leadership Team at year-end per Note 9 Staff Transition Loans.

These notes should be read in conjunction with the audit report.

15. Events after the reporting date

Re-registration under the Incorporated Societies Act 2022

The Incorporated Societies Act 2022 (the "new Act"), which came into force in 2022, replaces the Incorporated Societies Act 1908. All existing incorporated societies, including the Tauranga Regional Free Kindergarten Association Incorporated, are required to re-register under the new Act by April 2026 to remain on the register.

The Association's Board has commenced a review of its constitution and operational procedures to ensure compliance with the requirements of the new Act. Management is confident that the Association will complete the re-registration process well before the statutory deadline. This process is not expected to have a material financial impact on the Association, nor is it expected to affect the Association's ability to continue its operations and fulfil its charitable purpose.

(2024: There were no significant events after the reporting date.)