



Bible College FOUNDATION

Annual Report 2003



Directory

Trustees

G A Walton (Chairman)
R T Wallace (Deputy Chairman)
A H Knight (Secretary, Treasurer)
P D McKenzie QC
C J Cliffe A.C.I.S.
J B Massam
G W Maunsell

Executive Director

J B Massam

Board of Reference

Rev Gerald Clark
Miss Lois Dickinson
Bishop Derek Eaton QSM MA Dip Theol
Mr Ken Edgecombe
Mr Bruce Gillies MPS BD
Mr John Green
Mr Robert Keam BA LLB
Mr K W Liddle
Mrs Rose Marriott
Mr Robin Mile CFP
Mr Kevin O'Sullivan LLB
Mr John Paynter
Mr Graham Preston
Mr Ian Tulloch
Mr Arnold R Turner CMG, LL M, HonMNZPI

Advisors:

Legal & Constitutional: Mr AR Turner
Investments: Mr M Gatward
Property: Mr W Morris
Fundraising & Promotions: Mr J Bergin
Management: Mr Tom Mc Geachie

Business Location:

1 Pollen Street, Newton
Auckland

Bankers:

Westpac

Auditors:

Carlton-DFK
Chartered Accountants

Solicitors:

Gaze Burt
Barristers & Solicitors

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G W Maunsell, J B Massam, T McGeachie (Advisory Trustee),
A R Turner (Advisory Trustee), A H Knight, C J Cliffe (Chairman), G A Walton.
Absent: R T Wallace

Chairman's Annual Report



It has been my privilege to serve as Chairman of the Foundation since 1997. I have advised my fellow Trustees that I will not be available to continue as Chairman after the end of 2003 and so this will be my final report.

Property Investments. Last year I reported that we purchased a large building in Newton, Auckland which we intended to hold as a short term commercial rental investment. Early this year, we received an offer which led to our selling the building for a substantial gain. As part of the funding of the Newton property, we also sold our rental property in Exmouth Street; this sale was completed early in 2003. The net gain on these two transactions amounted to just over \$379,000.

Another property in Hobson Street, Auckland, was then purchased through Bible College Securities Limited, a company wholly owned by the Foundation. This purchase was funded by an interest bearing, unsecured loan from the Foundation. This was also intended to be a commercial rental investment, but again we received an offer resulting in the sale of the building for a gain of \$180,000; this gain was offset by costs incurred by Bible College Securities of just over \$93,000 (including interest paid to the Foundation) resulting in a net income of just under \$89,000 for this company.

In addition, the Foundation also had an operating surplus of just under \$159,000. Therefore the combined consolidated income for both entities, including net capital gains, amounted to almost \$650,000! We stand amazed and exceedingly thankful to God for this extraordinary result.

Mr John Bergin has been engaged in promoting the work of the Foundation this year. This has resulted in a new Foundation web site (www.biblecollegefoundation.co.nz), a much improved annual report, a new Foundation brochure and material for promoting bequests.

Our assistance to Bible College has continued by means of grants from the various funds we administer totalling \$150,000 (\$132,000 last year) and administering loans to regional learning centres for their projects. This year we have repaid two loans totalling \$20,000 on behalf of regional learning centres which eases their cash flow requirements.

The Bible College received the gift of a property in Matamata, subject to the life tenancy of the donor. During 2003, the College has asked the Foundation to hold this property on their behalf.

The Bible College Foundation was founded by and exists for the benefit of the Bible College of New Zealand. During the year, the constitution of the Foundation was revised. The President of the Bible College continues to be an ex officio Trustee of the Foundation. In addition, two Trustees are required to be members of the National Council of the College. The Foundation has also adopted the new Statement of Faith of the College. The Foundation and the College are thus closely linked but separate organisations.

Mr Brian Hathaway, as National Principal of the College, attended meetings of Trustees as a representative of the College. His sudden and untimely death on 5th October last was both a shock and a loss to the Trustees who have greatly appreciated and valued Brian's contribution to the Foundation and his vital role in maintaining good communication between the two organisations.

We send you this report both to thank you for your continued interest in and support of the Foundation and to encourage you in the way God has provided for us this year.

Colin J Cliffe
Chairman, Bible College Foundation



Executive Director's Report

Last year I reported that we had had the most encouraging year since the Foundation commenced in 1986. I am delighted to tell you that 2003 was even better - our equity increased by just under \$720,000 or 23% against \$510,000 or 19% last year. As the chairman has written, we are exceedingly grateful to God for this outstanding provision. The increase came through:

Income, including Net Capital Gains		649,551
Legacies and donations to Trust Funds		<u>270,607</u>
Total increases in Trust Funds		920,158
Less		
Grants to Bible College of New Zealand	150,000	
Fundraising Costs	<u>50,990</u>	
		<u>200,990</u>
Increase in Equity		\$719,168

Our total equity is now just under \$3.9 million. Is it too much to pray and work for this to grow to \$5 million by the end of 2004?

The reason we are looking for this growth (our current longer term goal is to grow the fund to \$20 million) is not so that we can sit back and congratulate ourselves on good results but because we are looking to provide significant and on going provision for the training, through the Bible College, of men and women who know God's call on their lives. As New Zealand moves steadily in a more secular direction the need is growing for men and women with a Biblical and God given world view who are equipped to go into the world and demonstrate by word and action that there is a better way!

The role of the Foundation is to build up a fund that will not itself be spent but which will be invested in order to provide on going support for the Bible College. It is therefore an ideal vehicle for legacies and donations from those who want to see financial resources used to go on reproducing themselves rather than being quickly spent. To be effective in fulfilling this role, the Foundation needs to be seen as a fund whose capital is sacrosanct, which is well managed and earns adequate returns on its investments.

The people mainly responsible are the Trustees whose names are listed elsewhere in this report. These men are very committed to the vision and work of the Foundation and each one contributes expert advice and time to running it. We are also very conscious of our role as Trustees acting on behalf of both those who contribute and those who benefit from the funds we administer. The Trustees are also assisted by qualified advisors. We have not added any new Trustees this year, but we are in the process of inviting some new people.

In 2004, we would like to see a further increase in the level of support for the Bible College throughout New Zealand. We are keen to further develop our relationship with supporters of the Foundation and to find new people who will be inspired by what we are trying to. We are looking for people who have funds available for investment and who would like to do this through the Foundation; we want to increase people's awareness of the Foundation as a strategic organisation to which they can leave a legacy and we are looking for people who will join us in praying and working for the successful fulfilment of the Foundation's vision for Bible College. Thank you for your part in this.

Bible College Foundation
John B Massam, Executive Director

Audit Report

To the members of the Bible College Foundation Group
for the Year Ended 31 December 2003

We have audited the financial report on pages 7 to 18. The financial report provides information about the past financial performance of the Bible College Foundation Group and its financial position as at 31 December 2003. This information is stated in accordance with the accounting policies set out on page 17.

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for the preparation of a financial report which gives a true and fair view of the financial position of the Group as at 31 December 2003 and of the results of operations for the year ended 31 December 2003.

AUDITORS' RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by the Trustees and report our opinion to you.

BASE OF OPINION

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

- the significant estimates and judgments made by the Trustees in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

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

UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Foundation as far as appears from our examination of those records; and
- the financial report on pages 7 to 18:
 - complies with generally accepted accounting practice;
 - gives a true and fair view of the financial position of the Group as at 31 December 2003 and the results of its operations for the year ended on that date.

Our audit was completed on 18 February 2004 and our unqualified opinion is expressed as at that date.


CARLTON-DFK
Chartered Accountants
AUCKLAND

18 February 2004

Statement of Financial Performance for the Year Ended 31 December 2003

	2003	2002
Revenue		
Interests on Investments	147,197	102,015
Dividends Received	21,057	5,798
Rents Received	<u>44,383</u>	<u>86,368</u>
Gross Revenue	212,637	194,181
Audit fees	4,300	3,000
Bank Charges	428	4,915
Brokerage	10,734	9,383
Commissions	28,771	—
General Expenses	6,262	2,977
Interest	27,075	10,864
Legal Fees	10,107	9,465
Management Fees	20,846	7,482
Newton Road Property Net Operating Expenses	19,607	—
Promotional Activity	650	9,315
Rent	11,986	4,836
Repairs and Maintenance	3,439	14,609
Valuation Fees	1,600	4,700
Depreciation	<u>1,323</u>	<u>2,108</u>
Total Expenses	147,128	83,654
Operating Surplus	65,509	110,5691
Other Income		
Interest	2,166	
Net Gain on Sales of Investments	<u>581,876</u>	<u>49,721</u>
Net Surplus for the Year	<u>649,551</u>	<u>160,248</u>
AppORTIONED TO:		
Retained Earnings	88,830	(42)
Foundation	312,405	104,464
David Stewart Scholarship Fund	41,967	17,398
Sir Albert Ellis Trust Fund	4,897	2,033
Estate R M McGregor	15,405	6,389
Dawnian Trust Fund	5,432	1,716
Investment Revaluation Reserve	180,615	<u>28,290</u>
Total Income AppORTIONED	<u>649,551</u>	<u>160,248</u>

Statement of Movements in Equity for the Year Ended 31 December 2003

	This Year	Last Year
Equity at Start of Year	3,168,066	2,658,475
Net Surplus for the Year	67,675	110,527
Fundraising Costs	(50,990)	—
Net Gain/(Loss) on Sale of Investments	<u>581,876</u>	<u>49,721</u>
Total Recognised Revenues and Expenses for the Year	598,561	160,248
Contributions Received for Trust Funds	270,607	481,343
Distributions and Grants to Beneficiaries	(150,000)	(132,000)
Equity at End of Year	<u>3,887,234</u>	<u>3,168,066</u>



Summary Statement of Financial Position

As at 31 December 2003

	2003	2002
Equity		
Foundation Trust Capital	2,843,204	2,436,183
David Stewart Scholarship Fund	352,566	327,269
Sir Albert Ellis Trust Fund	41,152	38,185
Estate R M McGregor	129,413	120,128
Dawnian Trust Fund	47,513	42,361
Total Foundation Trust Funds	3,413,848	2,964,126
Shareholders' Funds	88,783	453
Investment Revaluation Reserve	384,603	203,487
	<u>3,887,234</u>	<u>3,168,066</u>
Equity is Represented by		
Current Assets		
Bank Deposits	1,138,667	81,269
Accounts Receivable & Short Term Loans	129,026	25,822
Payments in Advance	—	23,750
Total Current Assets	1,267,693	130,841
Non Current Assets		
Investments	2,560,687	1,709,424
Fixed Assets	159,320	3,950,881
Total Non Current Assets	2,720,007	5,660,305
Total Assets	3,987,700	5,791,146
Current Liabilities		
Accounts Payable and Accruals	14,566	42,430
Advances	—	383,750
Total Current Liabilities	14,566	426,180
Non Current Liabilities		
Mortgage	—	2,095,000
Unsecured Notes	85,900	101,900
	85,900	2,196,900
Total Liabilities	100,466	2,623,080
Net Assets	<u>3,887,234</u>	<u>3,168,066</u>

Summary of Investments

As at 31 December 2003

	2003	2002
Fixed Income		
Advances and Loans to BCNZ	657,709	717,542
Local Authority Stock	51,197	51,197
Company Notes	1,206,315	467,924
Total Fixed Income	1,915,221	1,236,663
Shares		
New Zealand Shares	510,800	320,780
Overseas Shares	<u>134,666</u>	<u>151,981</u>
Total Shares	645,466	472,761
Total Investments	2,560,687	1,709,424
Bank Deposits	1,138,667	81,269
Properties	<u>157,000</u>	<u>3,947,238</u>
Total Investment Portfolio	<u>3,856,354</u>	<u>5,737,931</u>



THE PURPOSE OF THE FOUNDATION

The Foundation's main purpose is to provide funds for College to be used to:

- contribute to the costs of the National needs of College,
- maintain College property and buildings,
- provide student scholarships,
- fund training and instruction in Christian faith.