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Agenda for a meeting of the Waikato District Community Wellbeing Trust to be held in the Te Piringa Boardroom, District Office, 15 Galileo Street, Ngaruawahia on **FRIDAY 21 SEPTEMBER 2018** commencing at **9.00am**.

1. **APOLOGIES AND LEAVE OF ABSENCE**
2. **CONFLICT OF INTEREST AND DISCLOSURES**
3. **CONFIRMATION OF MINUTES** 2  
Meeting held on 30 May 2018
4. **ACTION POINTS UPDATE**
5. **FORMAL RECEIPT OF EMAILED REPORTS**
  - Annual Trust Deed compliance report 6
  - Kiwi Wealth June Performance report 8
  - Quarterly Certificate of Compliance 11
6. **DRAFT ANNUAL REPORT** 13  
(Adoption subject to Audit sign-off December)
7. **GENERAL BUSINESS**
  - Council's fraud policy

**MINUTES** of a meeting of the Community Wellbeing Trust held in the Te Piringa Boardroom, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 30 MAY 2018** commencing at **9.00am**.

**Present:**

Cr J Church (Chairperson)  
 Ms J Muru  
 Ms E Bateup  
 Cr R McGuire  
 His Worship the Mayor, Mr AM Sanson

**Attending:**

Ms A Diaz (Finance Manager)  
 Ms M Davis (Financial Accountant)  
 Ms L van den Bemd (Community Engagement Advisor)  
 Ms E Wilson (Minutes)

**Apologies and Leave of Absence**  
 Agenda Item 1

No apologies received.

**CARRIED on the voices**

**WBT1805/1**

**Confirmation of Agenda status**

**ACTION:** Add this item to all future agendas.

**Resolved: (Cr McGuire / Ms Muru)**

**THAT the agenda for a meeting of the Waikato District Community Wellbeing Trust held on Wednesday 30 May 2018 be confirmed.**

**CARRIED on the voices**

**WBT1805/2**

**Disclosures of Interest**  
 Agenda Item 2

There were no disclosures of interest.

**CARRIED on the voices**

**WBT1805/3**

Confirmation of Minutes  
Agenda Item 3

**Resolved: (Ms Muru / Ms Bateup)**

**THAT the minutes of a meeting of the Community Wellbeing Trust held on Thursday 22 February 2018 be confirmed as a true and correct record of that meeting.**

**CARRIED on the voices**

**WBT1805/4**

Quarterly Certificate of Compliance for March 2018  
Agenda item 4

Report taken as read.

**Resolved: (Cr McGuire / Ms Bateup)**

**THAT the report from the Finance Manager be received.**

**CARRIED on the voices**

**WBT1805/5**

Statement of Intent for year ended 30 June 2019  
Agenda item 5

Changes have been made to percentages and wording. Draft report went to Council.  
Noted that the surplus amount includes unrealised gains.

**Resolved: (Ms Muru / Cr McGuire)**

**THAT the report from the Finance Manager be received;**

**AND THAT the Waikato District Community Wellbeing Trust approve the final Statement of Intent for the year ended 30 June 2019 for release to Waikato District Council.**

**CARRIED on the voices**

**WBT1805/6**

Kiwi Wealth Limited Fund Performance to 31 March 2018

Agenda item 6

Report taken as read. The fund performed below benchmark in March. Final return since inception is strong.

**Resolved: (Ms Bateup / Ms Muru)**

**THAT the report from the Finance Manager be received.**

**CARRIED on the voices**

**WBT1805/7**

Approved Grants and Payment Reconciliation – May 2018

Agenda Item 7

Report taken as read.

**ACTION:** Lianne to confirm Ngaruawahia RSA received their other funding. This will determine if the \$20,000 allocated will be uplifted or returned to pool.

**Resolved: (Cr McGuire / Ms Muru)**

**THAT the report from the Finance Manager be received.**

**CARRIED on the voices**

**WBT1805/8**

Grant Distribution Amount

Agenda item 8

Report taken as read. Noted that the \$40,000 that was allocated to Onewhero hasn't been collected so has been put back into the pool.

\$98,960 distribution amount is to be confirmed, it has been made on the assumption that previously approved amounts will be uplifted.

**ACTION:** Lianne to follow up on Glen Afton project completion date.

**Resolved: (Cr McGuire / Ms Bateup)**

**THAT the report from the Finance Manager be received.**

**CARRIED on the voices**

**WBT1805/9**

Grant Allocation for 2018/2019

Agenda item 9

**ACTION:** Lianne to confirm Taupiri Rugby club received their WEL Energy Trust funding.**Resolved: (Cr Church / Cr McGuire)****THAT** the report from the Finance Manager be received;**AND THAT** the Waikato District Community Wellbeing Trust confirms the following amounts in support of these projects:

| Ref No. | Funding approved Yes / No | Amount      |
|---------|---------------------------|-------------|
| 1       | Yes                       | \$40,000.00 |
| 2       | Yes                       | \$9,000.00  |
| 3       | Yes                       | \$8,000.00  |
| 4       | No                        | Nil         |
| 5       | Yes                       | \$10,000.00 |
| 6       | Yes                       | \$6,161.70  |
| 7       | Yes                       | \$25,000    |

**AND FURTHER THAT** updated application paperwork for the Crime Prevention Camera Trust is received by the next meeting or their \$25,000 funding is declined.**CARRIED on the voices****WBT1805/10**General Business

Agenda item 10

Trustees decided that the Agenda needs to be made available 1 week prior to meeting date.

**Resolved: (Cr Church / Ms Muru)****CARRIED on the voices****WBT1805/11**

There being no further business the meeting was declared closed at 10.30am.

Minutes approved and confirmed this                      day of                      2018.

Cr J Church  
**CHAIRPERSON**

## MEMORANDUM

|         |   |
|---------|---|
| To      | The Chairman – Waikato District Community Wellbeing Trust |
| From    | Gudrun Jones – Legal Counsel                              |
| Subject | Compliance with Trust Deed                                |
| File    | 72952   |
| Date    | 24 August 2018  |

### Introduction

The Waikato District Community Wellbeing Trust (“the Trust”) has a Statement of Intent, as required by section 64(1) of the Local Government Act 2002. One of the performance measures contained in that Statement requires the Trust Board to undertake a legal review of compliance with the Trust Deed no later than two months after the end of each financial year. A review has been undertaken for the year 2017/2018 as follows:

**Clause 3.2 – Disbursement of Funds:** The Trust Board may only pay out grants of the net income of the Trust Fund in any financial year, after Trust expenses have been met.

Compliance: Attached is the Trust’s draft Performance Report. Grants have been paid out of the net income of the Trust Fund - see draft Statement of Financial Performance for the year 2017/2018. The statement will be ratified by the Trust Board at its meeting to be held in September 2017. The audited Performance Report will not be available until November 2017 – see clause 6.4 below.

**Clause 5.1 – Membership of Trust:** The Trust Board must comprise 5 members, described in clause 5.1. The Trust Board passed a resolution at the end of last year, to the effect that the three Council members on the Board need not include the Mayor and Deputy Mayor. This amendment was lodged with the Companies Office early this year.

Compliance: The Trust has had full membership and the Trustees were those described in clause 5.1, as amended.

**Clause 6.4 – Annual General Meeting:** The AGM must be held no later than four months after the end of each Financial Year, i.e. by 31 October. Audited financial statements must be available for the AGM.

Compliance: The last AGM was held on 19 December 2017. Kiwi Wealth Limited (Kiwi Wealth) had advised that the independent audit review from its auditors to confirm the internal controls of the portfolio managed by Kiwi Wealth were effective for the financial year, would not be available until November each year. A resolution was passed by the Trustees before the end of 2017 to amend the Trust Deed, so that in future Annual General Meetings can be held by 31 December each year. The resolution was lodged with the Companies Office early this year, to ensure compliance with the Trust Deed.

**Clause 10 – Powers of Investment:** The Trust Board must invest trust funds prudently; investments must be authorised by law.

Compliance: The investment portfolio is managed by Kiwi Wealth Limited, a reputable company. An investment mandate has been agreed between the Trustees and the company within an acceptable risk and return framework. The Trustees evaluate compliance through regular reporting.

**Clause 11.1(f) – Duties of Trust Board in relation to Disbursement of Funds:** The Trust Board must ensure that funds are disbursed in accordance with the objects of the Trust and must be sensitive to the needs of all sections of the community within the district, allocating resources effectively and equitably and being transparent.

Compliance: Projects funded during the last financial year have been reviewed and meet the requirements set out in the Trust Deed.

**Clause 14 – Financial Statements and Annual Report:** The Trust Board must ensure that full and correct accounts are kept during the financial year and Financial Statements are prepared accordingly. These Statements must be audited by an auditor and be available for the General Meeting. The Trust Board must also prepare and publish an Annual Report, consisting of the audited financial statements and a report from the chairperson about the Trust’s activities.

Compliance: Audited Financial Statements for 2017/2018 are not available yet and will be presented at the Annual General Meeting which must be held by 31 December 2018.

**Requirement of Annual Return to be filed in the Companies Office:**

Compliance: an Annual Return was filed on 20 December 2017.

To conclude, the Trust Board has been operating in accordance with the Trust Deed, as amended by resolution last year.

  
Gudrun Jones  
Legal Counsel

Attachments: .....

### **Open Meeting**

|                                 |  |
|---------------------------------|--|
| <b>To</b>                       | Waikato District Community Wellbeing Trust           |
| <b>From</b>                     | Alison Diaz<br>Finance Manager                       |
| <b>Date</b>                     | 15 August 2018                                       |
| <b>Chief Executive Approved</b> | Y  |
| <b>Reference #</b>              | CNV0102/   |
| <b>Report Title</b>             | Kiwi Wealth Limited Fund Performance to 30 June 2018 |

## **I. EXECUTIVE SUMMARY**

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The investment fund performance for the quarter ended 30 June 2018 was 2.8% against a benchmark performance of 2.7%. The total return since inception is now 78.5% or 9.5% on an annualised basis.

The result for June provides a return of 0.8% against a benchmark performance of 0.9%, 0.1% above the benchmark.

The Trustees are familiar with the fact that the investment objectives and investment portfolio do assume that the performance for some months may be negative. As the markets have been turbulent in recent times, a long term view of the fund needs to be taken.

## **2. RECOMMENDATION**

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**THAT the report from the Finance Manager be received.**

## **3. ATTACHMENTS**

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Kiwi Wealth Limited Fund Performance to 30 June 2018



# Waikato District Community Wellbeing Trust

## Investment Mandate

This is a balanced portfolio split 45/55 fixed interest/growth shares investments

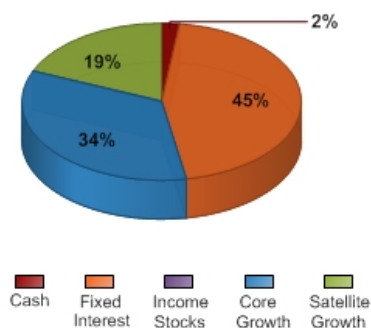
This mandate was last reviewed on 17 May 2018.

| Asset Class      | Ultimate Allocation | Target NZD Exposure |
|------------------|---------------------|---------------------|
| Cash             | 0.0%                |                     |
| Fixed Interest   | 45.0%               | 100.0%              |
| Income Stocks    | 0.0%                | 100.0%              |
| Core Growth      | 27.5%               | 50.0%               |
| Satellite Growth | 27.5%               | 50.0%               |
| <b>Total</b>     | <b>100.0%</b>       |                     |

## Portfolio Position

As at 30 June 2018, the total value of your investment portfolio is \$4,050,438. Your net contributions since inception in January 2012 have totalled \$2,160,573 (\$2,514,361 deposits less \$353,788 withdrawals).

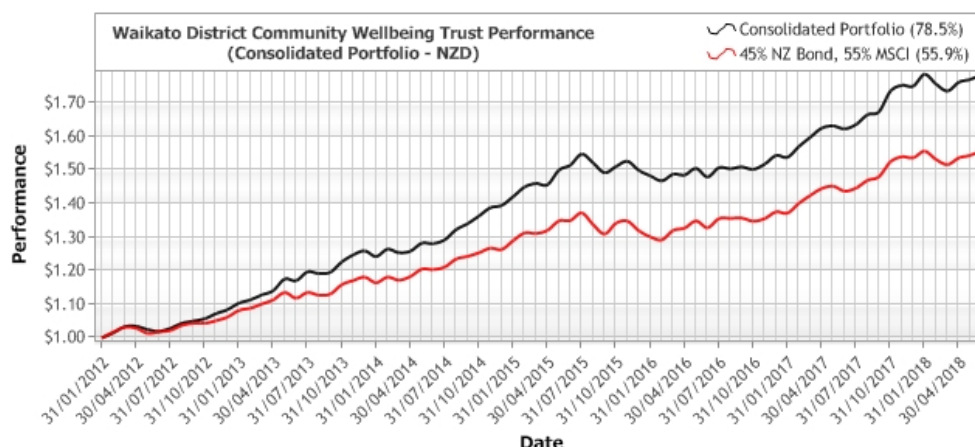
| Asset Class      | Actual Value       | Actual Allocation |
|------------------|--------------------|-------------------|
| Cash             | \$82,631           | 2.0%              |
| Fixed Interest   | \$1,828,064        | 45.1%             |
| Income Stocks    | \$0                | 0.0%              |
| Core Growth      | \$1,387,030        | 34.2%             |
| Satellite Growth | \$752,714          | 18.6%             |
| <b>Total</b>     | <b>\$4,050,438</b> | <b>100.0%</b>     |



## Portfolio Performance

The Kiwi Wealth Growth Fund (Growth PIE) rose 1.1% after tax and fees during June, a shade behind the benchmark which rose 1.4%. Satellite outperformed the benchmark by a modest margin, buoyed by strong performances from US stocks like **Dominos Pizza**, **Mastec** and **Prologis**. On the downside, some of the China-based holdings such as **China Construction Bank** and **Ping An Insurance** were weighed down by global trade tensions and widespread weakness in emerging markets. Core Direct underperformed by a larger margin with the exposures in Asia being one of the main negative contributors. Alternatives performed positively in absolute terms over the month, but lagged slightly behind benchmark.

The Kiwi Wealth Fixed Interest Funds (Fixed Interest PIE) rose 0.3% after fees and taxes in June, slightly underperforming the New Zealand Government Bond Index, which returned 0.4%. Most of the underperformance was due to an underweight to longer-dated maturities, which rallied more amidst a risk-off environment.



Your return for the month of June was 0.8% against a benchmark of 0.9%. Your net contributions since 31 January 2012 have totalled \$2,160,573 (\$2,514,361 deposits less \$353,788 withdrawals). As of 30 June 2018 the total value of your portfolio is \$4,050,438. This is a simple return of 87.5%. The total return on each dollar invested at inception is 78.5% (after withholding tax, brokerage, and fees), or 9.5% p.a. on an annualised basis.

|  | 10 Loss/Gain |               |                |                 |            |
|--|--------------|---------------|----------------|-----------------|------------|
|  | Last Month   | Last 3 Months | Last 12 Months | Since Inception | Annualised |
| <b>Consolidated Portfolio</b><br>Inception date (31/01/2012) | 0.8%         | 2.8%          | 9.9%           | 78.5%           | 9.5%       |
| 45% NZ Bond, 55% MSCI  | 0.9%         | 2.7%          | 8.4%           | 55.9%           | 7.2%       |
|  |              |               |                |                 |            |
| <b>Cash</b><br>Inception date (31/01/2012)                   | 0.4%         | 0.5%          | 1.6%           | 18.8%           | 2.7%       |
| 45% NZ Bond, 55% MSCI  | 0.9%         | 2.7%          | 8.4%           | 55.9%           | 7.2%       |
|  |              |               |                |                 |            |
| <b>Fixed Interest</b><br>Inception date (31/01/2012)         | 0.4%         | 1.1%          | 4.6%           | 42.9%           | 5.7%       |
| 100% NZ Bond   | 0.4%         | 0.6%          | 2.5%           | 16.3%           | 2.4%       |
|  |              |               |                |                 |            |
| <b>Core Stocks</b><br>Inception date (31/01/2012)            | 1.2%         | 4.5%          | 15.4%          | 107.3%          | 12.0%      |
| MSCI   | 1.4%         | 4.5%          | 13.3%          | 96.1%           | 11.1%      |
|  |              |               |                |                 |            |

## Investment Strategy

### Market Review

June was a month of flip-flopping for share markets largely driven by a tit-for-tat escalation in the ongoing trade spat between the US and the rest of the world. The MSCI All Country World Index (MSCI ACWI) fell 0.5% in US dollar terms. This fall in share markets was cushioned in New Zealand dollar terms with the decline in the Kiwi dollar over the month - the MSCI ACWI rose 3.1% in New Zealand dollars for June. Interest rates in major economies were generally flat for the month, with the rate on a US 10-year government bond rising only 2 basis points to end the month at 2.85%.

### Portfolio Changes

We haven't made any significant changes to Growth over the past month and we remain around 91% invested in equities and 7% in alternatives. Satellite remains weighted towards the technology and financial sectors. Both sectors were hit particularly hard during June but we are finding selective buying opportunities amid the indiscriminate selling. In Core Direct, we moved out of Asia and Europe throughout the month and into the US, which is now overweight. Another large shift over the month has been the move out of materials, industrials and financials and into the energy and healthcare sectors, which are now our largest overweight positions. We retain a small overweight position in technology.

June was a relatively quiet month for new purchases. We slackened off our company bond buying as interest rates fell, preferring to add more term deposits as we waited for better times to add. Two notable purchases were **Asian Development Bank** (AAA rated) and UK cable company, **Virgin Media** (BB-). That being said, because we aren't over our skis on corporate bond exposure, we see any widening of company bond spreads as a buying opportunity and expect to continue to add over time.

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### **Open Meeting**

|                                 |   |
|---------------------------------|---|
| <b>To</b>                       | Waikato District Community Wellbeing Trust                            |
| <b>From</b>                     | Alison Diaz<br>Finance Manager  |
| <b>Date</b>                     | 15 August 2018  |
| <b>Chief Executive Approved</b> | Y   |
| <b>Reference #</b>              | CVN0102/  |
| <b>Report Title</b>             | Quarterly Certificate of Compliance for period ending<br>30 June 2018 |

## **1. EXECUTIVE SUMMARY**

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The Waikato District Community Wellbeing Trust's ("Wellbeing Trust") Statement of Intent requires the Trustees to consider certain compliance obligations. These obligations are considered by the Trustees at each meeting from performance reporting and associated discussion.

This report provides a quarterly certificate of compliance using the information that has been considered by the Trustees since the commencement of this financial year.

## **2. RECOMMENDATION**

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**THAT the report from the Finance Manager be received.**

## **3. ATTACHMENTS**

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Quarterly Certificate of Compliance for period ending 30 June 2018

**Waikato District Community Wellbeing Trust  
Quarterly Certificate of Compliance  
for period ending 30 June 2018**

|   | <b>Actual</b>                     | <b>Per Policy</b>                      |
|---|-----------------------------------|--|
| Benchmark Portfolio<br>(fixed interest :<br>equities)             | 45 : 55                           | >45 : <55                              |
| Cap on value of single<br>investments                             | Compliant                         | <7.5%                                  |
| Grant distribution<br>limit as % of net<br>income after inflation | Compliant                         | <50%                                   |
| Grant distribution cap<br>as a % of capital                       | Compliant                         | <10%                                   |
| Review of investment<br>mandate (within last<br>year)             | Yes – at February 2018<br>meeting | Annual                                 |
| Applicant<br>accountability reports<br>received                   | Yes                               | Required upon<br>completion of project |

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Chairperson

**Waikato District Community Wellbeing Trust**  
**Performance Report**  
**For the year ended 30 June 2018**

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2018**

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**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2018**

**Entity information**

**Legal name**

Waikato District Community Wellbeing Trust (the Trust).

**Type of entity and legal basis**

The Trust was incorporated on 1 November 2010 under the Charitable Trust Act 1957 and is domiciled in New Zealand. On the same date the Trust was registered in accordance with the Charities Act 2005 to give it charitable status. (Registration number: CC45642)

The Trust is controlled by Waikato District Council (Council) and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002, by virtue of Council's right to appoint the Trustees.

**Objectives of the Trust**

1. To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed \*;
2. To develop an investment mandate seeking for the portfolio both income and growth from suitably diversified investments having a moderate investment risk.

\* Clause 11 of the Deed lists the Trust's objectives as:

- a) To consider and approve projects submitted by Waikato District Council (Council);
- b) To publicise the projects and activities of the Trust;
- c) To actively promote the work of the Trust with a view to ensuring the long term operations of the Trust;
- d) To ensure information about the Trust's activities and objectives is available to people within the area and fosters a sense of community achievement and betterment;
- e) To develop appropriate funding allocation mechanisms; and,
- f) To be guided by a clearly defined set of principles.

The principal activities of the Trust are undertaken to:

- Promote the social, environmental and cultural wellbeing of the Waikato district and its communities;
- Deliver on the aspirations and community outcomes of the Waikato district as identified and promoted by the community; and,
- Fund projects identified by Council's planning documents.

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2018****Structure of the Trust's operations, including governance arrangements**

The Trust comprises a Board of five Trustees who oversee the governance of the Trust.

The operation and administration of the Trust are undertaken by staff of Council. Those staff members are: Finance Manager, PA to the General Manager-Strategy & Support, Community Development Coordinator and Financial Accountant.

The Trustees are:

|                   |                             |
|-------------------|-----------------------------|
| Mayor             | Allan Sanson                |
| Councillor        | Jacqui Church (Chairperson) |
| Councillor        | Rob McGuire                 |
| Council appointee | Eileen Bateup               |
| Council appointee | Judi Muru                   |

**Main sources of the Trust's cash and resources**

The Trust's introductory fund was provided by distribution of the capital fund of the Waikato Foundation Trust.

The proceeds of that distribution are invested in a portfolio of financial assets managed by Kiwi Wealth Limited. The returns from the portfolio are the Trust's source of continuing revenue.



**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2018**

**Statement of service performance**

The following performance measures were incorporated into the Statement of Intent for the year ended 30 June 2018.

| <b>Objective</b>   | <b>Performance Measures</b>   | <b>2017/18 Result</b>  | <b>2016/17 Result</b>   |
|--|---|--|---|
| <p><b>Governance:</b><br/>To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.</p>   | <p>Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.</p>  | <p>Review completed 28 August 2018.</p>  | <p>Achieved.<br/>Legal review completed on 31 August 2017.</p>  |
| <p><b>Investment:</b><br/>To adhere to the Trust's <i>Management of Investment Portfolio and Distribution Policy</i>.</p> <p>To review on an annual basis the investment mandate and the performance of the portfolio manager.</p>   | <p>At each quarterly meeting review compliance with the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> during that quarter.</p>  | <p>Achieved.<br/>Quarterly compliance certificates have been provided to each meeting of trustees. The certificates are reviewed and adopted by the Trust Board.</p> | <p>Achieved.<br/>Quarterly compliance certificates have been provided to each meeting of trustees. The certificates are reviewed and adopted by the Trust Board.</p>  |
| <p><b>Fund disbursement:</b><br/>As per the <i>Management of Investment Portfolio and Distribution Policy</i>, to distribute a total grant disbursement that does not exceed 50% of the accumulated retained net income after allowing for accumulated expenses, inflation movements and prior year distributions.</p> | <p>A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set by the Trustees in accordance with the <i>Management of Investment Portfolio and Distribution Policy</i> for the current year.</p> | <p>Achieved.<br/>Grant approvals equate to 13.5% of the accumulated retained net income after allowing for accumulated expenses and inflation movements.</p>         | <p>Achieved.<br/>Grant approvals equate to 14% of the accumulated retained net income after allowing for accumulated expenses and inflation movements.<br/>Actual grants paid included \$50,548 approved in previous years.</p> |

**Waikato District Community Wellbeing Trust**
**Performance report**
**For the year ended 30 June 2018**

| <b>Objective</b>                | <b>Performance Measures</b>  | <b>2017/18 Result</b>                           | <b>2016/17 Result</b>                            |
|---------------------------------|--|---|--|
| <b>Fund disbursement (cont)</b> | Six-monthly reports are received from all successful applicants within the required timeframe. | Achieved.<br>All required reports were received | Achieved.<br>All required reports were received. |

**Portfolio and distribution policy compliance**

| <b>Agreed targets</b>   | <b>Actual Outcome 2017/18</b>   | <b>Actual Outcome 2016/17</b>   |
|---|---|---|
| Ensure that the real (inflation adjusted) value of the fund is protected.   | Achieved.<br>The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 1.5% over the year. | Achieved.<br>The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 1.7% over the year.                 |
| Ensure that no more than 10% of the capital is distributed in any one year.   | Achieved.<br>Grants approved of \$125,529 equal 3.2% of total capital.  | Achieved.<br>Grants approved of \$88,250 equal 2.6% of total capital.   |
| Ensure there is diversification of investments with a 2% (increased to 7.5% from 1 July 2017) cap on the value of any single investment in the portfolio. | Achieved.   | Mostly achieved.<br>The instances where the cap was exceeded related to the PIE investment; they are not considered high risk.  |
| The portfolio investment manager will report regularly to the Trustees.   | Achieved.<br>The portfolio investment reports are provided to the Trustees at each meeting.   | Achieved.<br>The portfolio investment reports are provided to the Trustees at each meeting.   |
| The Trustees will annually review the performance of the portfolio manager.   | Achieved.<br>The performance of the portfolio manager was reviewed in February 2018.  | Achieved.<br>The performance of the portfolio manager has been reviewed. The Trustees have always acknowledged the need for a long-term view of portfolio management performance. |

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2018****Declaration by Board of Trustees**

The Board of Trustees is responsible for the preparation of the financial statements and performance information in accordance with the financial reporting standards.

The Board of Trustees is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance results. In the opinion of the Board of Trustees, these financial statements fairly reflect or give a true and fair view of the financial position, operations and service performance of the Waikato District Community Wellbeing Trust for the year ended 30 June 2018.

Trustee: \_\_\_\_\_

Trustee: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2018**

**Statement of financial performance**

|  | Note | 2017/18        |                | 2016/17        |
|--|------|----------------|----------------|----------------|
|  |      | Actual         | Budget         | Actual         |
|  |      | \$             | \$             | \$             |
| <b>Revenue</b>   |      |                |                |                |
| Finance income   | 1    | 2,694          | 52,582         | 4,543          |
| Dividend income from portfolio of investments managed by Kiwi Wealth |      | 16,467         | 25,340         | 34,454         |
| Realised gains on investments  |      | 343,229        | 175,481        | 115,374        |
| Unrealised gains on investments                                      |      | 39,408         | -              | 202,342        |
| <b>Total revenue</b>   |      | <b>401,798</b> | <b>253,403</b> | <b>356,713</b> |
| <b>Expenses</b>  |      |                |                |                |
| Audit fees   |      | 7,628          | 7,500          | 7,628          |
| Other expenditure  | 2    | 25,401         | 25,711         | 22,825         |
| Grants   | 3    | 55,528         | 75,842         | 178,798        |
| Unrealised losses on investments                                     |      |                | -              | -              |
| <b>Total expenses</b>  |      | <b>88,557</b>  | <b>109,053</b> | <b>209,251</b> |
| <b>Surplus (deficit) for the year</b>                                |      | <b>313,241</b> | <b>144,350</b> | <b>147,462</b> |

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2018**

**Statement of financial position**

|   | Note | 2017/18          |                  | 2016/17          |
|---|------|------------------|------------------|------------------|
|   |      | Actual           | Budget           | Actual           |
|   |      | \$               | \$               | \$               |
| <b>Assets</b>   |      |                  |                  |                  |
| <b>Current assets</b>                                   |      |                  |                  |                  |
| Bank accounts and cash                                  | 4    | 139,800          | 308,564          | 137,494          |
| Investments   | 5    | 4,037,842        | 3,354,531        | 3,662,173        |
| Prepayments   |      | 366              | -                | -                |
| Accrued interest  |      | -                | -                | 1                |
| <b>Total current assets</b>                             |      | <b>4,178,008</b> | <b>3,663,095</b> | <b>3,799,668</b> |
| <b>Total assets</b>                                     |      | <b>4,178,008</b> | <b>3,663,094</b> | <b>3,799,668</b> |
| <b>Liabilities</b>                                      |      |                  |                  |                  |
| <b>Current liabilities</b>                              |      |                  |                  |                  |
| Creditors and other payables                            | 6    | 233,108          | 85,784           | 128,149          |
| Accrued expenses  | 7    | 27,928           | 7,540            | 67,788           |
| <b>Total current liabilities</b>                        |      | <b>261,036</b>   | <b>93,324</b>    | <b>195,937</b>   |
| <b>Total liabilities</b>                                |      | <b>261,036</b>   | <b>93,324</b>    | <b>195,937</b>   |
| <b>Total assets less total liabilities (net assets)</b> |      | <b>3,916,972</b> | <b>3,569,771</b> | <b>3,603,731</b> |
| <b>Trust equity</b>                                     |      |                  |                  |                  |
|   | 8    |                  |                  |                  |
| Introductory fund                                       |      | 2,579,899        | 2,579,899        | 2,579,899        |
| Capital maintenance fund                                |      | 406,932          | 403,364          | 334,857          |
| Accumulated funds                                       |      | 930,141          | 586,508          | 688,975          |
| <b>Total Trust equity</b>                               |      | <b>3,916,972</b> | <b>3,569,771</b> | <b>3,603,731</b> |

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2018**

**Statement of cash flows**

|   | Note     | 2017/18        |                  | 2016/17          |
|---|----------|----------------|------------------|------------------|
|   |          | Actual         | Budget           | Actual           |
|   |          | \$             | \$               | \$               |
| <b>Cash flows from operating activities</b>                   |          |                |                  |                  |
| <b>Cash was received from:</b>                                |          |                |                  |                  |
| Interest receipts   |          | 2,694          | 52,582           | 4,544            |
| Dividends received  |          | 16,455         | 25,340           | 34,449           |
| <b>Cash was applied to:</b>                                   |          |                |                  |                  |
| Payment to donees   |          | -              | (241,297)        | (51,048)         |
| Payment to suppliers  |          | (24,108)       | (33,162)         | (29,921)         |
| <b>Net cash flows from operating activities</b>               |          | <b>(4,959)</b> | <b>(196,537)</b> | <b>(41,976)</b>  |
| <b>Cash flows from investing and financing activities</b>     |          |                |                  |                  |
| <b>Cash was received from:</b>                                |          |                |                  |                  |
| Sale of investments   |          | 4,545,988      | 194,728          | 2,309,402        |
| <b>Cash was applied to:</b>                                   |          |                |                  |                  |
| Acquisition of investments                                    |          | (4,538,737)    | -                | (2,410,862)      |
| <b>Net cash flows from investing and financing activities</b> |          | <b>7,251</b>   | <b>194,728</b>   | <b>(101,460)</b> |
| Foreign exchange translation differences                      |          | 14             | -                | (759)            |
| <b>Net increase (decrease) in cash for the year</b>           |          | <b>2,306</b>   | <b>(1,809)</b>   | <b>(144,195)</b> |
| Add opening bank accounts and cash                            | 4        | 137,494        | 310,373          | 281,689          |
| <b>Closing bank accounts and cash</b>                         | <b>4</b> | <b>139,800</b> | <b>308,564</b>   | <b>137,494</b>   |

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2018****Statement of accounting policies****Basis of preparation**

The Trustees have elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* for Tier 3 entities on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

Notwithstanding the comments above, the following Tier 2 PBE accounting standards have been used:

PBE IPSAS 4 The effects of changes in foreign exchange rates; and,  
PBE IPSAS 29 Financial instruments: recognition and measurement.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

**Goods and services tax (GST)**

The Trust is not registered for GST. All amounts in the performance report are inclusive of GST.

**Significant accounting policies****Interest and dividend revenue**

Interest revenue is recognised as it is earned during the year.

Dividend revenue is recognised when the dividend is declared.

**Foreign currency transactions**

Foreign currency transactions are translated into New Zealand Dollars using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in surplus (deficit) for the year.

**Grant expenditure**

All grants made by the Trust are classified as discretionary.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application. Such grants are recognised as expenditure when approved without condition by the Trustees and the approval has been communicated to the applicant. Discretionary grants made subject to conditions are recognised as expenditure when all conditions have been met.

**Income tax**

The Trust has charitable status and is exempt from income tax.

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2018****Bank accounts and cash**

Bank accounts and cash includes cash on hand and deposits held at call with financial institutions.

**Investment portfolio**

Components of the investment portfolio are classified as financial assets at fair value through surplus or deficit. The reason for this classification is that the portfolio is comprised of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

All financial assets in the portfolio are classified as current assets.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus(deficit) for the year.

**Creditors and accrued expenses**

Creditors and accrued expenses are measured at the amount owed.

**Budget figures**

The budget figures are derived from the statement of intent approved by the Trustees at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards (with the exceptions noted above), using accounting policies that are consistent with those adopted by the Trustees in preparing these financial statements.

**Changes in accounting policies**

There have been no changes in accounting policies.



**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2018**

**Notes to the performance report**

**1. Finance income**

|  | <b>2017/18</b> | 2016/17      |
|--|----------------|--------------|
|  | <b>Actual</b>  | Actual       |
|  | \$             | \$           |
| Interest income from portfolio of investments managed by Kiwi Wealth | 2,693          | 4,541        |
| Interest income from BNZ   | 1              | 2            |
| <b>Total finance income</b>  | <b>2,694</b>   | <b>4,543</b> |

All finance income is generated through exchange transactions.

**2. Other expenditure**

|                                | <b>2017/18</b> | 2016/17       |
|--------------------------------|----------------|---------------|
|                                | <b>Actual</b>  | Actual        |
|                                | \$             | \$            |
| Management fees                | 23,850         | 22,380        |
| Insurance                      | 1,063          | -             |
| Other expenses                 | 488            | 445           |
| <b>Total other expenditure</b> | <b>25,401</b>  | <b>22,825</b> |

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2018****3. Grants paid**

|   | <b>Purpose<br/>of<br/>Grant</b>  | <b>2017/18<br/>Actual</b> | <b>2016/17<br/>Actual</b> |
|---|--|---------------------------|---------------------------|
|   |  | <b>\$</b>                 | <b>\$</b>                 |
| The Bush Tramway Club (Inc)               | To complete stage 3 of the extension line on the railway track leading to Glen Afton village | -                         | 15,548                    |
| Ngaruawahia United AFC                    | To upgrade the kitchen of the Club's facility located at Centennial Park Ngaruawahia         | -                         | 15,000                    |
| Raglan Mountain Bike Club                 | Contribution towards development of a mountain bike track                                    | -                         | 20,000                    |
| Ngaruawahia Community House               | Towards cost of replacing original roof  | -                         | 13,557                    |
| Pukemokemoke Bush Trust                   | Towards cost of upgrading walking track  | -                         | 17,193                    |
| Taupiri Rugby Football Club               | Towards cost of upgrading communal toilet facilities   | -                         | 7,500                     |
| Turangawaewae Rugby League Club           | Upgrade kitchen facilities   | -                         | 15,000                    |
| Whitikahu Hall Committee                  | Towards cost of upgrading tennis courts  | -                         | 15,000                    |
| Glen Afton Pukemiro Society Incorporated  | Construction of a mining memorial in Glen Afton  | -                         | 20,000                    |
| Te Kauwhata Events Committee Incorporated | For stage I of the Whangamarino Wetland Walkway  | -                         | 40,000                    |
| Menzshed                                  | Towards cost of building new workshop  | 10,000                    |                           |
| Ngaruawahia Community Board               | Towards cost of installing adult fitness stations in Ngaruawahia                             | 10,000                    |                           |
| Tamahere-Mangtaone Restoration Trust      | Stage two: Tamahere Reserve boardwalk project  | 13,061                    |                           |
| Holy Trinity Church                       | To replace front-facing hall window  | 10,017                    |                           |
| St Andrews Presbyterian Church            | Stage II Te Kauwhata Youth Centre ramp   | 12,450                    |                           |
| <b>Total grants paid</b>                  |  | <b>55,528</b>             | <b>178,798</b>            |

**4. Bank accounts and cash**

|   | <b>2017/18<br/>Actual</b> | <b>2016/17<br/>Actual</b> |
|---|---------------------------|---------------------------|
|   | <b>\$</b>                 | <b>\$</b>                 |
| Cash at bank                                    | 127,203                   | 994                       |
| Cash investments managed by Kiwi Wealth Note 13 | 12,597                    | 136,500                   |
| <b>Total bank accounts and cash</b>             | <b>139,800</b>            | <b>137,494</b>            |

The carrying value of cash at bank approximates its fair value.

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2018**

## 5. Investments

|   | 2017/18          | 2016/17          |
|---|------------------|------------------|
|   | Actual           | Actual           |
|   | \$               | \$               |
| Fixed interest instruments managed by Kiwi Wealth | 1,828,064        | 1,711,457        |
| Equity instruments managed by Kiwi Wealth         | 2,209,778        | 1,950,716        |
| <b>Total investments</b>                          | <b>4,037,842</b> | <b>3,662,173</b> |

The Trust has a portfolio of investments which is managed by Kiwi Wealth Limited. The portfolio investments are detailed in note 13.

Accrued interest of \$18,248 (June 2017: \$18,151) is included in the portfolio.

## 6. Creditors and other payables

|   | 2017/18        | 2016/17        |
|---|----------------|----------------|
|   | Actual         | Actual         |
|   | \$             | \$             |
| - Audit fee 2016                          | 7,399          | 7,399          |
| - Annual return fees                      | 102            | 51             |
| - Insurance                               | 1,429          | -              |
| - Other expenses                          | 236            | -              |
| - Grants                                  | 214,326        | 118,798        |
| <i>Total Council Payable:</i>             | <i>223,492</i> | <i>126,248</i> |
| Management fee                            | 1,988          | 1,901          |
| Audit fee 2017                            | 7,628          | -              |
| <b>Total creditors and other payables</b> | <b>233,108</b> | <b>128,149</b> |

Creditors and other payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of trade and other payables approximates their fair value.

All payables have arisen from exchange transactions.

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2018****7. Accrued expenses**

|                               | 2017/18       | 2016/17       |
|-------------------------------|---------------|---------------|
|                               | Actual        | Actual        |
|                               | \$            | \$            |
| Audit fee – current year      | 7,628         | 7,628         |
| Grants                        | 20,000        | 60,000        |
| Other expenses                | 300           | 160           |
| <b>Total accrued expenses</b> | <b>27,928</b> | <b>67,788</b> |

**8. Equity**

|                                | Introductory<br>fund | Capital<br>maintenance<br>fund | Accumulated<br>funds | Total<br>equity  |
|--------------------------------|----------------------|--------------------------------|----------------------|------------------|
| Balance at 1 July 2016         | 2,579,899            | 265,731                        | 610,639              | 3,456,269        |
| Surplus (deficit)              | -                    | -                              | 147,462              | 147,462          |
| Capital maintenance charge     | -                    | 69,126                         | (69,126)             | -                |
| <b>Balance at 30 June 2017</b> | <b>2,579,899</b>     | <b>334,857</b>                 | <b>688,975</b>       | <b>3,603,731</b> |
| Surplus (deficit)              | -                    | -                              | 314,176              | 314,176          |
| Capital maintenance charge     | -                    | 72,075                         | (72,075)             | -                |
| <b>Balance at 30 June 2018</b> | <b>2,579,899</b>     | <b>406,932</b>                 | <b>931,076</b>       | <b>3,917,907</b> |

***Introductory and capital maintenance funds***

The Trust was established with an initial contribution resulting from the transfer of 35% of funds previously held by the Waikato Foundation Trust as at 31 January 2012. This was recognised as revenue in that year and transferred to the introductory fund.

The Trust's performance objectives, as listed in the Statement of intent for the year to 30 June 2018, include a requirement to protect the real (inflation adjusted) value of the fund. An adjustment of 2% of opening capital is added to the Capital maintenance fund annually in order to achieve this objective.

## Waikato District Community Wellbeing Trust

### Performance report

For the year ended 30 June 2018

## 9. Commitments

### Capital commitments

There are no capital commitments as at 30 June 2018 (June 2017: Nil).

### Operational commitments

As at 30 June 2018 the Trust had the following grant commitments:

| Donee  | Purpose of grant  | Amount    |
|--|---|-----------|
| Raglan Community Arts Centre Trust                       | Towards construction of a new theatre and clay shed on the Old School site in Raglan.                     | 20,000    |
| Ngaruawahia RSA Memorial Club Inc                        | To upgrade building roof.   | 20,000    |
| Tuakau Youth Sport Trust                                 | To build a new skatepark in Tuakau.   | 20,000    |
| Waikato District Crime Prevention Technology Trust       | To upgrade existing CCTV cameras and monitoring equipment in Huntly.                                      | 30,000    |
| Te Kauwhata & Districts Information & Support Centre Inc | (The Community House) To purchase the existing Community House building & land.                           | 40,000    |
| Taupiri Rugby Football Club Inc                          | To install three Panasonic heating units.   | 9,000     |
| Ngaruawahia Squash Racquets Club                         | To upgrade bathroom facilities.   | 8,000     |
| Bush Tramway Club (Inc)                                  | To extend existing carriage storage shelter.  | 10,000    |
| Matangi-Hillcrest Sports Club Inc                        | To remedy water supply issues.  | 6,162     |
| Waikato District Crime Prevention Technology Trust       | To upgrade existing CCTV cameras and monitoring equipment across the Waikato District (excluding Huntly). | 25,000    |
| Total outstanding grants                                 |   | \$188,162 |

All grants are subject to conditions and are not paid until those conditions are fulfilled.

## 10. Contingent liabilities

There are no contingent liabilities as at 30 June 2018 (June 2017: Nil).

## 11. Events after balance date

There are no significant events after the balance date.

## Waikato District Community Wellbeing Trust

### Performance report

For the year ended 30 June 2018

#### 12. Related party transactions

The Trust is controlled by Waikato District Council and is a member of the Waikato District Council Group along with Council and Strada Corporation Limited. All transactions with related parties were conducted at arms-length.

During the period Council has paid some expenses on behalf of the Trust and there is an amount payable to Council at balance date. Those transactions comprise expense and grants payments and the balance outstanding at 30 June 2018 is \$223,492 (June 2017: \$126,248). See note 6 for details

#### 13. Managed portfolio

The portfolio of the Trust's investments is managed by Kiwi Wealth Limited. The portfolio composition is:

|                         | June<br>2018 | June<br>2017 |
|-------------------------|--------------|--------------|
|                         | \$           | \$           |
| Cash investments        | 12,597       | 136,500      |
| Fixed interest          | 1,828,064    | 1,711,457    |
| Equity investments      | 2,209,778    | 1,950,673    |
| Total managed portfolio | 4,050,439    | 3,789,673    |

#### 14. Explanation of major variances against budget

Explanations for major variances from the Trust's budget figures in the 2017/18 Statement of Intent are as follows:

- Revenue is budgeted on a conservative basis and estimated at a steady return of 7.26% (before expenses) on the opening portfolio balance. This year's actual return is 10.6%.
- Actual grants paid included \$20,000 approved in previous years but did not include \$90,000 of current year grants still outstanding at 30 June; hence the 26.8% variance between the amount budgeted and the total amount paid.
- A delay in processing the payment to Waikato District Council is the reason for the high balance of creditors and other payables as it includes expenditure from last year.

#### 15. Breach of section 67 of the Local Government Act 2002

The Trust did not adopt its audited financial statements within three months of balance date (30 September 2018) as required by section 67 of the Local Government Act 2002.

The reason for the late adoption was that some of the evidence required for audit purposes was not available until after 30 September 2018.