

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, 27 SEPTEMBER 2019** commencing at **9.30am**.

1. **APOLOGIES AND LEAVE OF ABSENCE**
2. **CONFLICT OF INTEREST AND DISCLOSURES**
3. **CONFIRMATION OF MINUTES**
  - Meeting held on 31 May 2019 2
  - Meeting held on 22 February 2019 – amended version 6
4. **ACTION POINTS UPDATE**
5. **KIWI WEALTH LIMITED FUND PERFORMANCE REPORT TO 30 JUNE 2019** 10
6. **QUARTERLY CERTIFICATE OF COMPLIANCE FOR PERIOD ENDING 30 JUNE 2019** 13
7. **TRUST DEED COMPLIANCE REPORT** 15
8. **WAIKATO DISTRICT COMMUNITY WELLBEING TRUST DRAFT PERFORMANCE REPORT** 18
9. **GENERAL BUSINESS**

**MINUTES** of a meeting of the Community Wellbeing Trust held in the Te Piringa Boardroom, District Office, 15 Galileo Street, Ngaruawahia on **FRIDAY 31 MAY 2019** commencing at **9.00am**.

**Present:**

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

**Attending:**

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

Apologies and Leave of Absence  
Agenda Item 1

**Resolved: (Ms Bateup / Mr Sanson)**

**THAT an apology be received from Ms J Muru.**

**CARRIED on the voices**

**WBT1902/1**

Disclosures of Conflict of Interest  
Agenda Item 2

There were no disclosures of interest.

**CARRIED on the voices**

**WBT1902/2**

Confirmation of Minutes  
Agenda Item 3

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

**THAT the minutes of a meeting of the Community Wellbeing Trust held on Friday 22 February 2019 be confirmed as a true and correct record of that meeting.**

**CARRIED on the voices**

**WBT1902/3**

Action Points Update  
Agenda item 4

Updates given on previous meeting action points.

KiwiWealth Limited Fund Performance report to 31 March 2019  
Agenda item 5

Report distributed via email prior to meeting. Taken as read.

**Resolved: (Cr Church / Cr McGuire)**

**THAT the report from the Chief Financial Officer be received.**

**CARRIED on the voices**

**WBT1902/4**

Quarterly Certificate of Compliance for period ending 31 March 2019  
Agenda item 6

Report taken as read.

**Resolved: (Mr Sanson / Ms Bateup)**

**THAT the report from the Chief Financial Officer be received.**

**CARRIED on the voices**

**WBT1902/5**

Final Statement of Intent for 2019/20  
Agenda item 7

Report taken as read.

Noted the agenda circulated had the incorrect Statement of Intent. The correct Statement of Intent was circulated via email yesterday and hardcopies available at the meeting.

Discussion held about holding another funding round in December 2019.

**ACTION: Add an agenda item to discuss the assumptions used in preparing the Statement of Intent.**

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

**THAT the Community Wellbeing Trust adopt the final Statement of Intent for 2019/20.**

**CARRIED on the voices**

**WBT1902/6**

Grant Distribution  
Agenda item 8

Report taken as read.

**Resolved: (Cr Church / Cr McGuire)**

**THAT the report from the Chief Financial Officer be received**

**AND THAT the Trustees confirm the maximum distribution amount at \$100,000 for 2019/20.**

**CARRIED on the voices**

**WBT1902/7**

Allocation of Trust Grants  
Agenda Item 8

Report taken as read.

**Resolved: (Mr Sanson / Ms Bateup)**

**THAT the report from the Chief Financial Officer be received;**

**AND THAT Waikato District Community Wellbeing Trust confirms the following amounts in support of these projects:**

| Ref No. | Funding approved Y/N                            | Amount                                                                                                    |
|---------|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| 1       | Scout Association of New Zealand: Camp Waingaro | \$5,500 *conditional on proof of receiving funding from other sources                                     |
| 2       | Huntly Fire Brigade                             | \$20,000                                                                                                  |
| 3       | David Johnstone Pukemokemoke Trust              | \$8,000 towards composting toilets, of which the Pukemokemoke Trust are contributing \$12,000 themselves. |

**CARRIED on the voices**

**WBT1902/8**

Grant Updates

Tuakau Youth Sports Trust project status tabled.

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

**THAT the report from the Chief Financial Officer be received.**

**CARRIED on the voices**

**WBT1902/9**

General Business

Agenda item 11

**ACTION: Reports at the next meeting to discuss the Statement of Intent and covering the risks of having a second round of funding in December 2019.**

**ACTION: Next meeting to be held August / September 2019.**

There being no further business the meeting was declared closed at **10.00am**.

Minutes approved and confirmed this                      day of                      2019.

Cr J Church  
**CHAIRPERSON**

**MINUTES** of a meeting of the Community Wellbeing Trust held in the Te Piringa Boardroom, District Office, 15 Galileo Street, Ngaruawahia on **FRIDAY 22 FEBRUARY 2019** commencing at **9.06am**.

**Present:**

Cr J Church (Chairperson)  
Cr R McGuire  
Ms J Muru  
Ms E Bateup

**Attending:**

Roger Browne (Kiwi Wealth representative)  
Ms A Diaz (Finance Manager)  
Ms M Davis (Financial Accountant)  
Ms E Wilson (Minutes)

Apologies and Leave of Absence  
Agenda Item 1

**THAT an apology His Worship the Mayor, Mr AM Sanson.**

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

**CARRIED on the voices**

**WBT1902/1**

Disclosures of Conflict of Interest  
Agenda Item 2

There were no disclosures of interest.

**CARRIED on the voices**

**WBT1902/2**

Confirmation of Agenda  
Move Agenda Item 10 in front of item 5.

**CARRIED on the voices**

**WBT1902/3**

Confirmation of Minutes  
Agenda Item 3

Removed “resolved” in Action Points.

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

**THAT the minutes of a meeting of the Community Wellbeing Trust held on Monday 3 December 2018 be confirmed as a true and correct record of that meeting.**

**CARRIED on the voices**

**WBT1902/4**

Action Points Update  
Agenda item 4

Updates given on previous meeting action points.

Annual Investment Mandate and Fund Manager Review  
Agenda item 10

Report taken as read. Roger Browne, Kiwi Wealth representative in attendance.

**ACTION:** Add Identification of Trustees at the Triennium.

**Resolved: (Cr McGuire /Cr Church)**

**THAT the report from the Chief Financial Officer be received.**

**CARRIED on the voices**

**WBT1902/5**

Meeting Framework for 2019 Calendar Year  
Agenda item 6

Report taken as read.

Noted the Triennium is this year so will need to be November/December dates.

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

**THAT the report from the Chief Financial Officer be received;**

**AND THAT the meeting framework is adopted for the 2019 calendar year, subject to confirmation of Trustee availability.**

**CARRIED on the voices**

**WBT1902/6**

Kiwi Wealth Limited Fund Performance to 31 December 2018  
Agenda item 6

Report taken as read.

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

**THAT the report from the Chief Financial Officer be received.**

**CARRIED on the voices**

**WBT1902/7**

Quarterly Certificate of Compliance for period ending 31 December 2018  
Agenda item 7

Report taken as read.

**Resolved: (Cr Church / Cr Muru)**

**THAT the report from the Chief Financial Officer be received.**

**CARRIED on the voices**

**WBT1902/8**

Interim Performance Report for six months ended 31 December 2018  
Agenda Item 8

Report taken as read.

**Resolved: (Cr McGuire / Cr Church)**

**THAT the report from the Chief Financial Officer be received;**

**AND THAT the financial statements be provided to Waikato District Council in accordance with the Local Government Act 2002;**

**AND FURTHER THAT the Trustees approve payment of \$223,492.07 to the Waikato District Council to reimburse payments made on behalf of the Waikato District Community Wellbeing Trust.**

**CARRIED on the voices**

**WBT1902/9**



Draft Statement of Intent for the year ended 30 June 2020  
Agenda item 9

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

**THAT the report from the Chief Financial Officer be received;**

**AND THAT the Waikato District Community Wellbeing Trust approves the draft Statement of Intent for the year ended 30 June 2020 for release to Waikato District Council;**

**AND FURTHER THAT the Waikato District Community Wellbeing Trust approve the Investment Portfolio and Distribution Policy with any amendments.**

**CARRIED on the voices**

**WBT1902/10**

General Business  
Agenda item 11

There was no general business.

There being no further business the meeting was declared closed at **10.08am**.

Minutes approved and confirmed this                      day of                      2019.

Cr J Church  
**CHAIRPERSON**

### **Open Meeting**

|                                 |                                                      |
|---------------------------------|------------------------------------------------------|
| <b>To</b>                       | Waikato District Community Wellbeing Trust           |
| <b>From</b>                     | A Diaz<br>Chief Financial Officer                    |
| <b>Date</b>                     | 21 August 2019                                       |
| <b>Chief Executive Approved</b> | Y                                                    |
| <b>Reference #</b>              | CNV0102/ 2349142                                     |
| <b>Report Title</b>             | Kiwi Wealth Limited Fund Performance to 30 June 2019 |

## **I. EXECUTIVE SUMMARY**

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The investment fund performance for the quarter ended 30 June 2019 was 3% against a benchmark performance of 2.6%. The total return since inception after tax, brokerage and fees is 89.6% or 9% on an annualised basis.

The result for the month of June provides a return of 2.9% against a benchmark performance of 2.7%, exceeding 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; a long term view of the fund needs to be taken.

## **2. RECOMMENDATION**

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**THAT the report from the Chief Financial Officer be received.**

## **3. ATTACHMENTS**

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Kiwi Wealth Limited Fund Performance to 30 June 2019

# Waikato District Community Wellbeing Trust

## Investment Mandate

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

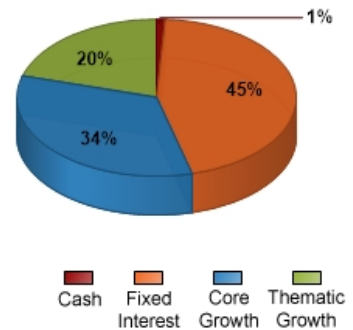
This mandate was last reviewed on 26 February 2019.

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

## Portfolio Position

As at 30 June 2019, the total value of your investment portfolio is \$4,302,090. Your net contributions since inception in January 2012 have totalled \$2,160,578 (\$2,514,366 deposits less \$353,788 withdrawals).

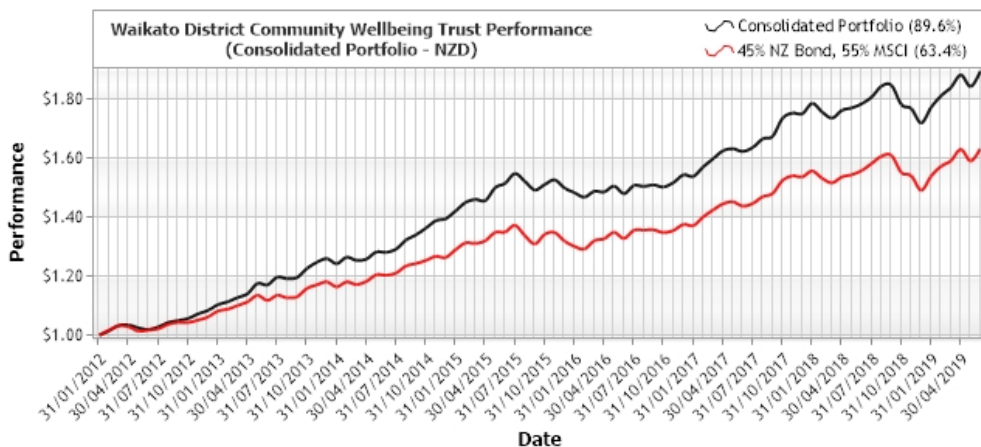
| Asset Class     | Actual Value       | Actual Allocation |
|-----------------|--------------------|-------------------|
| Cash            | \$41,970           | 1.0%              |
| Fixed Interest  | \$1,933,767        | 44.9%             |
| Core Growth     | \$1,445,364        | 33.6%             |
| Thematic Growth | \$880,989          | 20.5%             |
| <b>Total</b>    | <b>\$4,302,090</b> | <b>100.0%</b>     |



## Portfolio Performance

The Kiwi Wealth Growth Fund (Growth PIE) rose 4.55% after tax and fees during the month, 0.19% ahead of the benchmark - which rose 4.36%. Global Quantitative finished the month slightly behind its benchmark, while Global Thematic had a strong June in both absolute and relative terms. Our alternative investments made a small positive contribution to relative performance.

The Kiwi Wealth Fixed Income PIE returned 0.50% in June slightly underperforming its benchmark which rose 0.64%. Whilst there was a drag from our relative underweight to longer maturity bonds whose interest rates fell (and therefore prices rose) this was largely compensated for by a strong rally in company bonds.



Your return for the month of June was 2.9% against a benchmark of 2.7%. Your net contributions since 31 January 2012 have totalled \$2,160,578 (\$2,514,366 deposits less \$353,788 withdrawals). As of 30 June 2019 the total value of your portfolio is \$4,302,090. This is a simple return of 99.1%. The total return on each dollar invested at inception is 89.6% (after withholding tax, brokerage, and fees), or 9.0% p.a. on an annualised basis.

|                                                              | <b>12</b> Loss/Gain |               |                |                 |            |
|--------------------------------------------------------------|---------------------|---------------|----------------|-----------------|------------|
|                                                              | Last Month          | Last 3 Months | Last 12 Months | Since Inception | Annualised |
| <b>Consolidated Portfolio</b><br>Inception date (31/01/2012) | 2.9%                | 3.0%          | 6.2%           | 89.6%           | 9.0%       |
| 45% NZ Bond, 55% MSCI                                        | 2.7%                | 2.6%          | 4.8%           | 63.4%           | 6.8%       |
|                                                              |                     |               |                |                 |            |
| <b>Cash</b><br>Inception date (31/01/2012)                   | 0.5%                | 0.9%          | 16.7%          | 38.6%           | 4.5%       |
| 45% NZ Bond, 55% MSCI                                        | 2.7%                | 2.6%          | 4.8%           | 63.4%           | 6.8%       |
|                                                              |                     |               |                |                 |            |
| <b>Fixed Interest</b><br>Inception date (31/01/2012)         | 0.7%                | 2.0%          | 6.9%           | 52.7%           | 5.9%       |
| 100% NZ Bond                                                 | 0.6%                | 1.2%          | 5.1%           | 22.3%           | 2.8%       |
|                                                              |                     |               |                |                 |            |
| <b>Core Stocks</b><br>Inception date (31/01/2012)            | 4.7%                | 4.1%          | 6.6%           | 121.0%          | 11.3%      |
| MSCI                                                         | 4.3%                | 3.7%          | 4.0%           | 104.0%          | 10.1%      |
|                                                              |                     |               |                |                 |            |

## Investment Strategy

### Market Review

Global markets soared in June thanks to accommodation from central banks, with the MSCI All Country World Index (MSCI ACWI) gaining 6.36% in local US dollar terms. Investment grade corporate bonds are also up alongside the US and New Zealand government bonds. West Texas Intermediate (WTI) crude oil ended the month higher at \$58.5/barrel.

### Portfolio Changes

Equities regained their poise in June following a poor May to flirt with all-time highs once again. Market gains were driven by more cyclical sectors, with Materials and Technology leading the pack - as central banks were accommodative - and the market anticipated an easing in US-China trade tensions. Global Quantitative experienced gains in Financials led by **Blackrock**, **Hong Kong Exchange** and **Ping An** - not quite offsetting a drag from Healthcare companies both in the US (**Eli Lilly**) and abroad (**H. Lundbeck**). The quantitative team continues to develop the strategy to improve the consistency of returns through the cycle. In Global Thematic, we have recently reduced our exposure to some of the big growers in the technology space such as **Apple**, **Alphabet** and **Microsoft**, not because of any perceived weakness in their respective operations, but because market expectations of future earnings are now broadly in line with our own. We were also able to pick up some strong players in the growing outdoor and recreation industry (**Canada Goose**, **YETI Holdings**) after both companies sold off in June.

Global interest rates continued to decline in June. The US Federal Reserve has come to the party with the market now factoring in up to three interest cuts in the next year. The clear culprit is the Tariff War which is bleeding into broadly weaker economic numbers and lower business confidence. This is a global trend, as talk of unwinding quantitative easing (aka QE or money printing) in Europe has been reversed with the European Central Bank hinting at more if needed - and even more negative short-term yields. New Zealand also wasn't immune. The Reserve Bank left its Overnight Cash Rate (OCR) at 1.5% in June after cutting in May. However, it's odds-on that there will be another cut in August with maybe another to follow in the next 12 months. We remain, as ever, focused strongly on maximising liquidity. That means keeping portfolio quality high and spreading investments over many issuers. Consequently, we added ~9-year maturity **Housing New Zealand** and a 10-year maturity **US Government Treasury**.

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### **Open Meeting**

|                                 |                                                                       |
|---------------------------------|-----------------------------------------------------------------------|
| <b>To</b>                       | Waikato District Community Wellbeing Trust                            |
| <b>From</b>                     | A Diaz<br>Chief Financial Officer                                     |
| <b>Date</b>                     | 21 August 2019                                                        |
| <b>Chief Executive Approved</b> | Y                                                                     |
| <b>Reference #</b>              | CVN0102/ 2349144                                                      |
| <b>Report Title</b>             | Quarterly Certificate of Compliance for period ending<br>30 June 2019 |

## **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 Chief Financial Officer be received.**

## **3. ATTACHMENTS**

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Quarterly Certificate of Compliance for period ending 30 June 2019

**Waikato District Community Wellbeing Trust  
Quarterly Certificate of Compliance  
for period ending 30 June 2019**

|                                                                   | <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 2019<br>meeting | Annual                                 |
| Applicant<br>accountability reports<br>received                   | Yes                               | Required upon<br>completion of project |

.....  
Chairperson

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**Open Meeting**

|                                 |                                                                          |
|---------------------------------|--------------------------------------------------------------------------|
| <b>To</b>                       | Waikato District Community Wellbeing Trust                               |
| <b>From</b>                     | Christine Pidduck<br>Legal Counsel                                       |
| <b>Date</b>                     | 23 September 2019                                                        |
| <b>Chief Executive Approved</b> | Y                                                                        |
| <b>Reference #</b>              | CVN0102                                                                  |
| <b>Report Title</b>             | Waikato District Community Wellbeing Trust<br>Compliance with Trust Deed |

## **1. EXECUTIVE SUMMARY**

---

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 Legal Counsel be received.**

## **3. ATTACHMENTS**

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Memorandum – Compliance with Trust Deed

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## MEMORANDUM

|         |                                                              |
|---------|--------------------------------------------------------------|
| To      | The Chairperson – Waikato District Community Wellbeing Trust |
| From    | Christine Pidduck – Legal Counsel                            |
| Subject | Compliance with Trust Deed                                   |
| File    |                                                              |
| Date    | 23 September 2019                                            |

### 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 2018/2019 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 2018/2019. The statement will be ratified by the Trust Board at its meeting to be held in September 2019. The audited Performance Report will not be available until November 2019 – 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 in 2018, 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 in March 2018.

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 original Trust Deed provided for an annual general meeting (“AGM”) be held no later than two months after the end of the financial year. This clause was subsequently amended by Trustee resolution dated 9 February 2018, to the AGM being held no later than six months after the end of each financial year, being 31 December.

Compliance: The reason for the Trustee resolution to amend the timing for holding the AGM was that Kiwi Wealth Limited 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 of each year. The resolution amending Clause 6.4 of the Deed was lodged with the Companies Office in March 2018, to ensure compliance with the Trust Deed. The Trust held the last AGM on 3 December 2018.



**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. This mandate is reviewed annually with the latest review in February 2019. 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 appear to meet the requirements set out in the Trust Deed, and as particularly provided in Clause 11.1(f) of 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 AGM. 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 2018/2019 are not available yet and will be presented at the AGM which must be held by 31 December 2019.

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

Compliance: an Annual Return was filed on 11 December 2018.

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

Christine Pidduck  
Legal Counsel

*Attachments: Draft Performance Report 18/19*

### **Open Meeting**

|                                 |                                            |
|---------------------------------|--------------------------------------------|
| <b>To</b>                       | Waikato District Community Wellbeing Trust |
| <b>From</b>                     | A Diaz<br>Chief Financial Officer          |
| <b>Date</b>                     | 23 September 2019                          |
| <b>Prepared by</b>              | Mairi Davis<br>Financial Accountant        |
| <b>Chief Executive Approved</b> | Y                                          |
| <b>Reference #</b>              | CVN0102 / 2357433                          |
| <b>Report Title</b>             | Performance Report for 2018/19             |

## **I. EXECUTIVE SUMMARY**

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Subject to Gareth Morgan Investment Limited's audit timings and related Audit New Zealand sign-off, the Trust are being asked to approve the Performance Report for 2018/19 with final ratification scheduled for the December Annual General Meeting. As it is an election year, having the current Trustee's provide support will be advantageous for future adoption of the Performance Report.

The objectives committed to in the Statement of Intent were all achieved for the year with the exception of the timing of the compliance review. While the review is complete, it was not completed within the two month timeframe provided for in the Deed.

It should be noted that the timing of Gareth Morgan Investment Limited's audit will continue to impact on the Trust's ability to comply with section 67 of the Local Government Act 2002 for Report adoption. This is covered in a statutory breach disclosure each year.

## **2. RECOMMENDATION**

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**THAT the report from the Chief Financial Officer be received;**

**AND THAT the Trust approve the Performance Report for 2018/19 subject to final audit sign-off;**

**AND FURTHER THAT the Performance Report be formally ratified before the 31 December 2019 at the Annual General Meeting.**

## **3. ATTACHMENTS**

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Performance Report 2018/19

**Waikato District Community Wellbeing Trust**  
**Performance Report**  
**For the year ended 30 June 2019**

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

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**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 2019**

**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.

## Statement of service performance

The following performance measures were incorporated into the Statement of Intent for the year ended 30 June 2019.

| Objective                                                                                                                                                                                                                                                                                                              | Performance Measures                                                                                                                                                                         | 2018/19 Result                                                                                                                                                                                                                                                    | 2017/18 Result                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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>                                                                                                                                                           | Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.                                                            | Not achieved.<br>The review was completed on 17 September 2019.                                                                                                                                                                                                   | Review completed 28 August 2018.                                                                                                                                                                                                                                  |
| <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>                                                                                     | At each quarterly meeting review compliance with the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> during that quarter.                                          | <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/>The performance of the portfolio manager was reviewed in February 2019.</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/>The performance of the portfolio manager was reviewed in February 2018.</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> | 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</i> | Achieved.<br>Grant approvals equate to 10.5% of the accumulated retained net income after allowing for accumulated expenses and inflation movements.                                                                                                              | Achieved.<br>Grant approvals equate to 13.5% of the accumulated retained net income after allowing for accumulated expenses and inflation movements.                                                                                                              |

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2019**

| <b>Objective</b>                | <b>Performance Measures</b>                                                                                                                                                 | <b>2018/19 Result</b>                        | <b>2017/18 Result</b>                        |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Fund disbursement (cont)</b> | <i>of Investment Portfolio and Distribution Policy</i> for the current year. Six-monthly reports are received from all successful applicants within the required timeframe. | Achieved. All required reports were received | Achieved. All required reports were received |

**Portfolio and distribution policy compliance**

| <b>Agreed targets</b>                                                                                                                                     | <b>Actual Outcome 2018/19</b>                                                                                                                                                                                                                                                      | <b>Actual Outcome 2017/18</b>                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ensure that the real (inflation adjusted) value of the fund is protected.                                                                                 | Achieved. The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 1.2% over the year.                                                                                                                     | Achieved. 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. |
| Ensure that no more than 10% of the capital is distributed in any one year.                                                                               | Achieved. Grants approved of \$97,774 equal 2.5% of total capital.                                                                                                                                                                                                                 | Achieved. Grants approved of \$125,529 equal 3.2% 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. | Mostly achieved. The instances where the cap was exceeded related to the PIE investments which now make up the total investment portfolio. The Trustees will re-consider the appropriateness of this target when preparing the statement of intent for the 2020-21 financial year. | Mostly achieved. 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. The portfolio investment reports are provided to the Trustees at each meeting.                                                                                                                                                                                           | Achieved. The portfolio investment reports are provided to the Trustees at each meeting.                                                                       |



**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2019****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 2019.

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

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

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

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

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Statement of financial performance**

|                                                                      | Note | 2018/19        |                | 2017/18        |
|----------------------------------------------------------------------|------|----------------|----------------|----------------|
|                                                                      |      | Actual         | Budget         | Actual         |
|                                                                      |      | \$             | \$             | \$             |
| <b>Revenue</b>                                                       |      |                |                |                |
| Finance income                                                       | 1    | 223            | 61,429         | 2,694          |
| Dividend income from portfolio of investments managed by Kiwi Wealth |      | -              | 28,937         | 16,467         |
| Realised gains on investments                                        |      | 22,288         | 113,718        | 343,229        |
| Unrealised gains on investments                                      |      | 253,258        | 100,519        | 39,408         |
| <b>Total revenue</b>                                                 |      | <b>275,769</b> | <b>304,603</b> | <b>401,798</b> |
| <b>Expenses</b>                                                      |      |                |                |                |
| Audit fees                                                           |      | 7,810          | 7,700          | 7,697          |
| Other expenditure                                                    | 2    | 25,471         | 27,163         | 25,401         |
| Grants                                                               | 3    | 187,774        | 217,258        | 55,528         |
| Unrealised losses on investments                                     |      | -              | -              |                |
| <b>Total expenses</b>                                                |      | <b>221,055</b> | <b>252,121</b> | <b>88,626</b>  |
| <b>Surplus (deficit) for the year</b>                                |      | <b>54,714</b>  | <b>52,482</b>  | <b>313,172</b> |

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Statement of financial position**

|                                                         | Note | 2018/19          |                  | 2017/18          |
|---------------------------------------------------------|------|------------------|------------------|------------------|
|                                                         |      | Actual           | Budget           | Actual           |
|                                                         |      | \$               | \$               | \$               |
| <b>Assets</b>                                           |      |                  |                  |                  |
| <b>Current assets</b>                                   |      |                  |                  |                  |
| Bank accounts and cash                                  | 4    | 1,882            | 290,439          | 139,800          |
| Investments                                             | 5    | 4,301,156        | 3,970,612        | 4,037,842        |
| Prepayments                                             |      | 386              | -                | 366              |
| Accrued interest                                        |      | -                | -                | -                |
| <b>Total current assets</b>                             |      | <b>4,303,424</b> | <b>4,261,051</b> | <b>4,178,008</b> |
| <b>Total assets</b>                                     |      | <b>4,303,424</b> | <b>4,261,051</b> | <b>4,178,008</b> |
| <b>Liabilities</b>                                      |      |                  |                  |                  |
| <b>Current liabilities</b>                              |      |                  |                  |                  |
| Creditors and other payables                            | 6    | 234,096          | 227,392          | 233,108          |
| Accrued expenses                                        | 7    | 97,711           | 7,700            | 27,997           |
| <b>Total current liabilities</b>                        |      | <b>331,807</b>   | <b>235,092</b>   | <b>261,105</b>   |
| <b>Total liabilities</b>                                |      | <b>331,807</b>   | <b>235,092</b>   | <b>261,105</b>   |
| <b>Total assets less total liabilities (net assets)</b> |      | <b>3,971,617</b> | <b>4,025,959</b> | <b>3,916,903</b> |
| <b>Trust equity</b>                                     |      |                  |                  |                  |
|                                                         | 8    |                  |                  |                  |
| Introductory fund                                       |      | 2,579,899        | 2,579,899        | 2,579,899        |
| Capital maintenance fund                                |      | 485,320          | 486,402          | 406,932          |
| Accumulated funds                                       |      | 906,398          | 959,658          | 930,072          |
| <b>Total Trust equity</b>                               |      | <b>3,971,617</b> | <b>4,025,959</b> | <b>3,916,903</b> |

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2019**

**Statement of cash flows**

|                                                               | Note | 2018/19          |                  | 2017/18        |
|---------------------------------------------------------------|------|------------------|------------------|----------------|
|                                                               |      | Actual           | Budget           | Actual         |
|                                                               |      | \$               | \$               | \$             |
| <b>Cash flows from operating activities</b>                   |      |                  |                  |                |
| <b>Cash was received from:</b>                                |      |                  |                  |                |
| Interest receipts                                             |      | 219              | 61,429           | 2,694          |
| Dividends received                                            |      | -                | 28,937           | 16,455         |
| <b>Cash was applied to:</b>                                   |      |                  |                  |                |
| Payment to donees                                             |      | (118,798)        | (205,529)        | -              |
| Payment to suppliers                                          |      | (31,575)         | (34,587)         | (24,108)       |
| <b>Net cash flows from operating activities</b>               |      | <b>(150,154)</b> | <b>(149,750)</b> | <b>(4,959)</b> |
| <b>Cash flows from investing and financing activities</b>     |      |                  |                  |                |
| <b>Cash was received from:</b>                                |      |                  |                  |                |
| Sale of investments                                           |      | 236,530          | 113,718          | 4,545,988      |
| <b>Cash was applied to:</b>                                   |      |                  |                  |                |
| Acquisition of investments                                    |      | (224,299)        | -                | (4,538,737)    |
| <b>Net cash flows from investing and financing activities</b> |      | <b>12,231</b>    | <b>113,718</b>   | <b>7,251</b>   |
| Foreign exchange translation differences                      |      | 5                | 1                | 14             |
| <b>Net increase (decrease) in cash for the year</b>           |      | <b>(137,918)</b> | <b>(36,031)</b>  | <b>2,306</b>   |
| Add opening bank accounts and cash                            | 4    | 139,800          | 326,470          | 137,494        |
| <b>Closing bank accounts and cash</b>                         | 4    | <b>1,882</b>     | <b>290,439</b>   | <b>139,800</b> |

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2019****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 2019****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 2019**

**Notes to the performance report**

**1. Finance income**

|                                                                      | <b>2018/19</b> | 2017/18      |
|----------------------------------------------------------------------|----------------|--------------|
|                                                                      | <b>Actual</b>  | Actual       |
|                                                                      | \$             | \$           |
| Interest income from portfolio of investments managed by Kiwi Wealth | 191            | 2,693        |
| Interest income from BNZ                                             | 32             | 1            |
| <b>Total finance income</b>                                          | <b>223</b>     | <b>2,694</b> |

All finance income is generated through exchange transactions.

**2. Other expenditure**

|                                | <b>2018/19</b> | 2017/18       |
|--------------------------------|----------------|---------------|
|                                | <b>Actual</b>  | Actual        |
|                                | \$             | \$            |
| Management fees                | 24,172         | 23,850        |
| Insurance                      | 1,130          | 1,063         |
| Other expenses                 | 169            | 488           |
| <b>Total other expenditure</b> | <b>25,471</b>  | <b>25,401</b> |

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2019****3. Grants paid**

|                                                                     | <b>Purpose<br/>of<br/>Grant</b>                                                                                         | <b>2018/19<br/>Actual<br/>\$</b> | <b>2017/18<br/>Actual<br/>\$</b> |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| The BushTramway Club Inc                                            | To extend existing carriage storage shelter                                                                             | 10,000                           |                                  |
| Waikato District Crime Prevention Technology Trust (Huntly)         | To upgrade Huntly township existing CCTV cameras                                                                        | 30,000                           |                                  |
| Raglan Community Arts Council                                       | Towards construction of a theatre and clay shed on the Old School site in Raglan                                        | 20,000                           |                                  |
| Ngaruawahia Squash Racquets Club                                    | To upgrade bathroom facilities                                                                                          | 8,000                            |                                  |
| Ngaruawahia RSA Memorial Club                                       | To upgrade building roof                                                                                                | 20,000                           |                                  |
| Taupiri Rugby Football Club                                         | To install three heating units                                                                                          | 9,000                            |                                  |
| Matangi-Hillcrest Sports Club Inc                                   | To remedy water supply issues                                                                                           | 5,774                            |                                  |
| Waikato District Crime Prevention Technology Trust                  | To review and upgrade all existing CCTV cameras and monitoring equipment across the Waikato District (excluding Huntly) | 25,000                           |                                  |
| Huntly Volunteer Fire Brigade                                       | To replace the Brigade support vehicle                                                                                  | 20,000                           |                                  |
| Te Kauwhata and Districts Information & Support Centre Incorporated | To purchase the existing community building and land                                                                    | 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>187,774</b>                   | <b>55,528</b>                    |

**4. Bank accounts and cash**

|                                                 | <b>2018/19<br/>Actual<br/>\$</b> | <b>2017/18<br/>Actual<br/>\$</b> |
|-------------------------------------------------|----------------------------------|----------------------------------|
| Cash at bank                                    | 948                              | 127,203                          |
| Cash investments managed by Kiwi Wealth Note 13 | 934                              | 12,597                           |
| <b>Total bank accounts and cash</b>             | <b>1,882</b>                     | <b>139,800</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 2019**

## 5. Investments

|                                                   | 2018/19          | 2017/18          |
|---------------------------------------------------|------------------|------------------|
|                                                   | Actual           | Actual           |
|                                                   | \$               | \$               |
| Fixed interest instruments managed by Kiwi Wealth | 1,933,767        | 1,828,064        |
| Equity instruments managed by Kiwi Wealth         | 2,367,389        | 2,209,778        |
| <b>Total investments</b>                          | <b>4,301,156</b> | <b>4,037,842</b> |

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

No accrued interest (June 2018: \$18,248) is included in the portfolio.

## 6. Creditors and other payables

|                                           | 2018/19        | 2017/18        |
|-------------------------------------------|----------------|----------------|
|                                           | Actual         | Actual         |
|                                           | \$             | \$             |
| - Audit fee 2016                          | -              | 7,399          |
| - Audit fee 2017                          | 7,628          | -              |
| - Audit fee 2018                          | 6,693          | -              |
| - Annual return fees                      | 102            | 102            |
| - Insurance                               | 2,579          | 1,429          |
| - Other expenses                          | 1,272          | 236            |
| - Grants                                  | 213,746        | 214,326        |
| <i>Total Council Payable:</i>             | <i>232,020</i> | <i>223,492</i> |
| Management fee                            | 2,076          | 1,988          |
| Audit fee 2017                            | -              | 7,628          |
| <b>Total creditors and other payables</b> | <b>234,096</b> | <b>233,108</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 2019****7. Accrued expenses**

|                               | 2018/19       | 2017/18       |
|-------------------------------|---------------|---------------|
|                               | Actual        | Actual        |
|                               | \$            | \$            |
| Audit fee – current year      | 7,810         | 7,697         |
| Grants                        | 89,556        | 20,000        |
| Other expenses                | 345           | 300           |
| <b>Total accrued expenses</b> | <b>97,711</b> | <b>27,997</b> |

**8. Equity**

|                                | Introductory<br>fund | Capital<br>maintenance<br>fund | Accumulated<br>funds | Total<br>equity  |
|--------------------------------|----------------------|--------------------------------|----------------------|------------------|
| Balance at 1 July 2017         | 2,579,899            | 334,857                        | 688,975              | 3,603,731        |
| Surplus (deficit)              | -                    | -                              | 313,172              | 313,172          |
| Capital maintenance charge     | -                    | 72,075                         | (72,075)             | -                |
| <b>Balance at 30 June 2018</b> | <b>2,579,899</b>     | <b>406,932</b>                 | <b>930,072</b>       | <b>3,916,903</b> |
| Surplus (deficit)              | -                    | -                              | 54,714               | 54,714           |
| Capital maintenance charge     | -                    | 78,338                         | (78,338)             | -                |
| <b>Balance at 30 June 2019</b> | <b>2,579,899</b>     | <b>485,270</b>                 | <b>906,448</b>       | <b>3,971,617</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 2019, 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 2019****9. Commitments****Capital commitments**

There are no capital commitments as at 30 June 2019 (June 2018: Nil).

**Operational commitments**

As at 30 June 2019 the Trust had the following grant commitments:

| <b>Donee</b>                           | <b>Purpose of grant</b>                                               | <b>Amount</b>   |
|----------------------------------------|-----------------------------------------------------------------------|-----------------|
| Tuakau Youth Sport Trust               | To build a new skatepark in Tuakau.                                   | 20,000          |
| Scout Association of NZ: Camp Waingarō | To install new lino in the kitchen, bunk rooms and adjacent corridors | 5,500           |
| David Johnstone Pukemokemoke Trust     | To upgrade the walking track and install composting toilets           | 8,000           |
| <b>Total outstanding grants</b>        |                                                                       | <b>\$33,500</b> |

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 2019 (June 2018: Nil).

**11. Events after balance date**

There are no significant events after the balance date.

**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 2019 is \$232,021 (June 2018: \$223,492). 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>2019     | June<br>2018     |
|--------------------------------|------------------|------------------|
|                                | \$               | \$               |
| Cash investments               | 934              | 12,597           |
| Fixed interest                 | 1,933,767        | 1,828,064        |
| Equity investments             | 2,367,389        | 2,209,778        |
| <b>Total managed portfolio</b> | <b>4,302,090</b> | <b>4,050,439</b> |

### 14. Explanation of major variances against budget

Explanations for major variances from the Trust's budget figures in the 2018/19 Statement of Intent are as follows:

- Although 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 only 6.8%.
- Actual grants paid included \$90,000 approved in previous years and \$20,000 approved for next year but did not include \$20,000 of prior year grants still outstanding at 30 June; hence the 13.6% variance between the amount budgeted and the total amount paid.
- Accrued expenses include \$79,556 of grants which donees are eligible to uplift but have not yet presented invoices for; hence the very large variance between budget and actual for this liability.

### 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 2019) 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 2019.