

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 and via Zoom on **MONDAY 27 SEPTEMBER 2021** commencing at **4.00pm.**

1. **APOLOGIES AND LEAVE OF ABSENCE**
2. **CONFIRMATION OF STATUS OF AGENDA ITEMS**
3. **CONFLICT OF INTEREST AND DISCLOSURES**
4. **CONFIRMATION OF MINUTES**
Meeting held on 24 May 2021 2
5. **ACTION POINTS UPDATE**
6. **FORMAL RECEIPT OF EMAILED REPORTS**
 - Quarterly Certificate of Compliance for period ending 30 June 2021 7
 - KiwiWealth Limited Fund Performance to 30 June 2021 9
7. **ANNUAL REVIEW OF COMPLIANCE WITH TRUST DEED** 12
8. **DRAFT PERFORMANCE REPORT (Annual Report)
FOR THE YEAR ENDED 30 JUNE 2021** 33
Adoption subject to audit sign-off in December
9. **GENERAL BUSINESS**

Open Meeting

To	Waikato District Community Wellbeing Trust
From	Alison Diaz Chief Financial Officer
Date	21 September 2021
Prepared by	Sharlene Jenkins Executive Assistant
Chief Executive Approved	Y
Reference #	CVN0102
Report Title	Confirmation of Minutes

1. EXECUTIVE SUMMARY

To confirm the minutes for the Waikato District Community Wellbeing Trust meeting held on Monday, 24 May 2021.

2. RECOMMENDATION

THAT the minutes for the meeting of the **Waikato District Community Wellbeing Trust** held on **Monday, 24 May 2021** be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

Waikato District Community Wellbeing Trust Minutes – Monday, 24 May 2021

MINUTES of a meeting of the Waikato District Community Wellbeing Trust held in the Te Piringa Boardroom, District Office, 15 Galileo Street, Ngaruawahia and via Zoom on **MONDAY 24 MAY 2021** commencing at **3.00pm**.

Present:

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

Attending:

Ms A Diaz (Chief Financial Officer)
Ms L van den Bemd (Community Development Advisor)
Ms J de Abreu (Financial Accountant)
Mrs S Jenkins (Executive Assistant)

Confirmation of Status of Agenda Items

Resolved: (Cr Church / Mayor Sanson)

THAT the agenda for a meeting of the **Waikato District Community Wellbeing Trust** held on **24 May 2021** be confirmed and all items therein be considered in open meeting;

AND THAT the **Waikato District Community Wellbeing Trust** resolves that the following items be withdrawn from the agenda:

- **Grant Distribution for 2021/22**

CARRIED on the voices

WBT2105/1

Apologies and Leave of Absence

Resolved: (Cr Church / Ms Muru)

Apology received from Cr R McGuire.

CARRIED on the voices

WBT2105/2

Disclosures of Interest

There were no disclosures of interest.

Confirmation of Minutes

Resolved: (Ms Muru / Mayor Sanson)

THAT the minutes of the Meeting of the Waikato District Community Wellbeing Trust held on 08 March 2021 be confirmed as a true and correct record of that meeting.

CARRIED on the voices

WBT2105/3

Action Points update

ACTION: Alison to contact Roger Browne to discuss the outcome of Trustees Risk Profile questionnaires and his recommendations for the portfolio mix.

It should be noted that any change in objectives and/or portfolio mix would be outside of the Statement of Intent cycle.

ACTION: Investment Portfolio Mix to be added to the September meeting agenda.

Formal Receipt of Emailed Reports

Agenda Item 5

Quarterly Certificate of Compliance for period ending 31 March 2021

Report taken as read.

Lianne confirmed that Tuakau Youth Sport Trust and David Johnstone Pukemokemoke Trust projects are still ongoing.

Resolved: (Cr Church / Mayor Sanson)

THAT the report from the Chief Financial Officer be received.

CARRIED on the voices

WBT2105/4

Kiwi Wealth Limited Fund Performance to 31 March 2021

Report taken as read.

Resolved: (Mayor Sanson / Ms Muru)

THAT the report from the Chief Financial Officer be received.

CARRIED on the voices

WBT2105/5

Waikato District Community Wellbeing Trust Final Statement of Intent for the Year Ending 30 June 2022

Agenda Item 6

Report taken as read.

Only change since the draft Statement of Intent was presented to Trustees in February is that the new financial instrument standard PBE IPSAS 41 has replaced PBE IPSAS 29 (refer page 10) with no material difference between the standards.

ACTION: Future documents presented to Trustees to include track changes.

Resolved: (Cr Church / Ms Muru)

THAT the report from the Chief Financial Officer be received;

AND THAT the Waikato District Community Wellbeing Trust approves the final Statement of Intent for the year ending 30 June 2022 for release to Waikato District Council.

CARRIED on the voices

WBT2105/6

Approved Grants and Payment Reconciliation 2020-2021

Agenda Item 7

Late item circulated Friday, 21 May 2021.

Report taken as read.

The three unspent grants are still forging ahead, with both the Te Kauwhata Emergency Trust Board and the Te Kauwhata Community Patrol projects due to be completed soon.

The Glen Afton Club have secured more funding to complete their project within the next 6months or so.

The Te Kauwhata Emergency Trust Board Status Update did not include a list of funders as funds have been secured from private donors and their details are confidential.

The Tuakau Skate Park project is with Council staff. **ACTION:** Lianne to email an update to Trustees. Wellbeing Trust contribution to the project was for the design / consultation fees. **ACTION:** Lianne to request an full project accountability at the completion of the Tuakau Skate Park project.

Waikato District Crime Prevention Technology Trust Project Accountability referenced lessons learnt, including ensuring hardware is compliant with NZ Police. Feedback from NZ Police to Mayor Allan is that the camera set up is superb and of an excellent quality. There is still a monitor in the Police Station that requires funding to replace it.

Receipts and/or bank statements for all associated project costs are filed by staff, but not included in open agendas. **ACTION:** Staff to include a tick box on all future Funding Project Accountability Forms to indicate receipts and/or bank statements have been received for Trustees information.

Resolved: (Mayor Sanson / Ms Muru)

THAT the report from the Chief Financial Officer be received.

CARRIED on the voices

WBT2105/7

Feedback and Photos from Site Visits

Agenda Item 9

Report taken as read.

Resolved: (Cr Church / Mayor Sanson)

THAT the report from the Chief Financial Officer be received.

CARRIED on the voices

WBT2105/8

General Business

Agenda item 10

NIL.

There being no further business the meeting was declared closed at 3.15pm.

Minutes approved and confirmed this day of 2021.

Cr J Church
CHAIRPERSON

Open Meeting

To	Waikato District Community Wellbeing Trust
From	Alison Diaz Chief Financial Officer
Date	27 August 2021
Chief Executive Approved	Y
Reference #	CVN0102
Report Title	Quarterly Certificate of Compliance for period ending 30 June 2021

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

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Quarterly Certificate of Compliance for period ending 30 June 2021

**Waikato District Community Wellbeing Trust
Quarterly Certificate of Compliance
for period ending 30 June 2021**

	Actual	Per Policy
Benchmark Portfolio (fixed interest: equities)	45 : 55	>45 : <55
Grant distribution limit as % of net income after inflation	Compliant	<50%
Grant distribution cap as a % of capital	Compliant	<10%
Review of investment mandate (within last year)	Yes – at February 2021 meeting	Annual
Applicant accountability reports received	Yes	Required upon completion of project

.....
Chairperson

Open Meeting

To	Waikato District Community Wellbeing Trust
From	Alison Diaz Chief Financial Officer
Date	27 August 2021
Chief Executive Approved	Y
Reference #	CVN0102
Report Title	Kiwi Wealth Limited Fund Performance to 30 June 2021

I. EXECUTIVE SUMMARY

The investment fund performance for the quarter ended 30 June 2021 was 4.4% against a benchmark performance of 3.9%. The total return since inception after tax, brokerage and fees is 133.3% or 9.4% on an annualised basis.

The result for June provides a return of 2.4% against a benchmark performance of 2.1%, exceeding the benchmark.

The Trustees are familiar with the fact that the investment objectives and investment portfolio takes a long-term view of the fund. Investment strategy commentary is provided by KiwiWealth in the attached report.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

The Kiwi Wealth Limited Fund Performance to 30 June 2021

Waikato District Community Wellbeing Trust

Investment Mandate

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

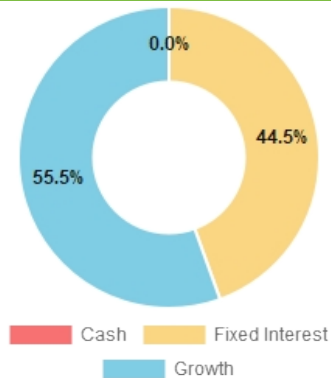
This mandate was last reviewed on 11 March 2021.

Asset Class	Ultimate Allocation	Target NZD Exposure
Cash	0.0%	
Fixed Interest	45.0%	100.0%
Growth	55.0%	50.0%
Total	100.0%	

Portfolio Position

As at 30 June 2021, the total value of your investment portfolio is \$5,174,016. Your net contributions since inception in January 2012 have totalled \$2,063,333 (\$2,514,366 deposits less \$451,032 withdrawals).

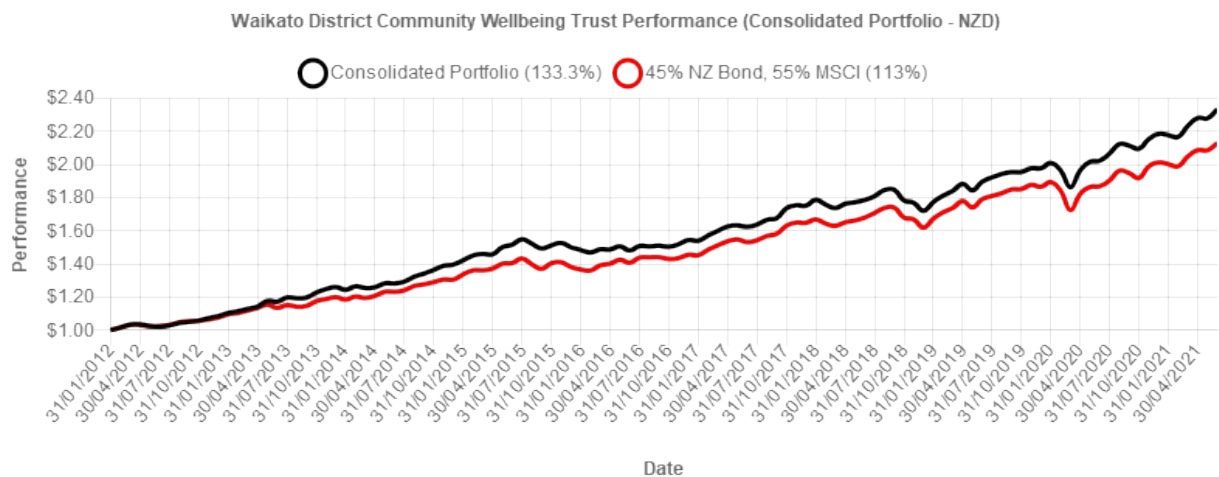
Asset Class	Actual Value	Actual Allocation
Cash	\$2	0.0%
Fixed Interest	\$2,302,072	44.5%
Growth	\$2,871,941	55.5%
Total	\$5,174,016	100.0%



Portfolio Performance

The Kiwi Wealth Growth Fund returned 4.04% after tax and fees in June, 0.33% ahead its MSCI All Country benchmark which returned 3.71%. One of the underlying equity strategies had excellent performance, which contributed to the positive outperformance. The weakening Kiwi Dollar also helped lift foreign currency returns.

The Kiwi Wealth Fixed Interest Fund returned 0.19% after fees and taxes in June, outperforming its benchmark, which returned 0.04%. Most of the outperformance was related to the strong run of NZ LGFA (Local Government Funding Authority) and Housing NZ bonds which did well vs. NZ Government bonds. We see LGFA and Housing NZ as very attractive high-quality issuers that will perform better as interest from international investors lifts.



Your return for the month of June was 2.4% against a benchmark of 2.1%. Your net contributions since 31 January 2012 have totalled \$2,063,333 (\$2,514,366 deposits less \$451,032 withdrawals). As of 30 June 2021 the total value of your portfolio is \$5,174,016. The total return on each dollar invested at inception is 133.3% (after withholding tax, brokerage, and fees), or 9.4% p.a. on an annualised basis.

	11 Loss/Gain				
	Last Month	Last 3 Months	Last 12 Months	Since Inception	Annualised
Consolidated Portfolio Inception date (31/01/2012)	2.4%	4.4%	15.3%	133.3%	9.4%
45% NZ Bond, 55% MSCI	2.1%	3.9%	14.0%	113.0%	8.4%
Fixed Interest Inception date (31/01/2012)	0.3%	0.4%	-1.1%	60.7%	5.2%
100% NZ Bond	0.0%	0.1%	-4.1%	36.0%	3.3%
Growth Inception date (31/01/2012)	4.2%	8.1%	31.7%	212.0%	12.8%
MSCI	3.7%	6.8%	29.2%	168.5%	11.1%

Investment Strategy

Market Review

In general, mobility restrictions continued to be lifted globally as vaccination campaigns progress, hospitality rates have sunk despite pockets of an uptick in cases. Equity markets recorded a 2.3% return in June as measured by the NZD-hedged MSCI ACWI index. Sector wise, Technology, Energy and Healthcare were the best performers, while Materials, Finance and Utilities were the laggards.

Portfolio Changes

In Global Thematic, during the month we added to stocks exposed to the US housing sector (Home Depot, DR Horton) after the recent interest-rate led sell-off. We also trimmed some of our large US bank holdings (Bank of America, JP Morgan) after their strong year-to-date performance.

In Global Quantitative, our top-down positioning targets higher quality companies and sectors seen as more suited to the current environment. Stock selection favors companies with attractive metrics across earnings quality, capital efficiency, valuations, sentiment, and sustainability. Over the month, we increased allocation to Technology (Dell, Gartner) and Healthcare (Veeva, Novartis), and reduced allocation to Financials (Ping An, Magellan) and Staples (Brown-Forman, Kroger). Technology and Discretionary are our favored sectors while Energy, Staples and Real Estate are our largest underweights.

In Fixed Income, we remain leery of the idea that reopening will only have a “transitory” effect on inflation given some of the secular trends like the effect of lower expected NZ immigration on wage costs. Even if only “transitory”, there are multiple signs that our economy is running near full capacity – with some obvious caveats like tourism. We have therefore continued to take a wait-and-see approach and we remain positioned towards shorter average maturities. We did, however, participate in the well-priced new issue of New Zealand Government (AAA) 2032 maturity bonds. We believed that longer dated New Zealand bond interest rates had got ahead of itself vs. global peers, reacting more to the LSAP tapering than what’s really necessary.

MEMORANDUM

To	The Chairperson – Waikato District Community Wellbeing Trust
From	Christine Pidduck – Legal Counsel
Subject	Compliance with Trust Deed
File	
Date	30 August 2021

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 2020/2021 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 2020/2021. The statement will be ratified by the Trust Board at its meeting to be held in December 2021. The audited Performance Report will not be available until November 2021 – see clause 6.4 below.

Clause 5.1 – Membership of Trust: The Trust Board must comprise five 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.

Since the Annual General Meeting in December 2019 there has been only one independent trustee, as one independent member resigned.

Clause 5.5 of the Trust Deed provides that in the event of a vacancy, the Waikato District Council shall as soon as practicable fill that vacancy and if it does not then the continuing Trustees may appoint a Trustee or Trustees to replace such vacancy but the Waikato District Council may remove and replace such Trustees as appointed.

The independent member trustee role has remained vacant. The practicability of appointment of a replacement trustee has been impacted by Covid 19, and additionally the availability of people willing to accept appointment as trustees. Additionally, Council is undertaking a funding review, which will incorporate a review of the Trust. This may impact on the Trust remaining a CCO.

While the trustee vacancy has not yet been filled, the quorum requirements for each meeting as set out in clause 6.5 of the Trust Deed have been met.

Compliance: The Trust had full membership until December 2019, however the Trustee vacancy arising by way of resignation has not yet been filled.

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 22 December 2020.

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 March 2021. 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 2020/2021 are not available yet and will be presented at the AGM which must be held by 31 December 2021.

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

Compliance: An Annual Return was filed on 22 December 2020.

To conclude, the Trust Board has been operating in accordance with the Trust Deed, as amended by resolution other than the appointment of replacement trustee which has been

impacted by various factors including Covid 19 and attendant disruption, and availability of people willing to accept such an appointment.

Council is additionally undertaking a winter funding review which may impact on the structure of the Trust.

Christine Pidduck
Legal Counsel

Attachments: Draft Performance Report 20/21

Waikato District Community Wellbeing Trust
Performance Report
For the year ended 30 June 2021

Waikato District Community Wellbeing Trust
Performance report
For the year ended 30 June 2021

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Waikato District Community Wellbeing Trust**Performance report****For the year ended 30 June 2021****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 2021

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	Judi Muru
Council appointee	vacant position

The operation and administration of the Trust are undertaken by staff of WDC. Those staff are: Chief Financial Officer, EA to the Chief Operating Officer, Community Development Coordinator and Financial Accountant.

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 2021

Statement of service performance

The following performance measures were incorporated into the Statement of Intent for the year ended 30 June 2021.

Objective	Performance Measures	2020/21 Result	2019/20 Result
<p>Governance: 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.	Achieved. The review was completed on 31 August 2021; the formal report was received on 30 August 2021.	Achieved. The review was completed on 31 August 2020; the formal report was received on 03 December 2020.
<p>Investment: 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. Quarterly compliance certificates have been provided to each meeting of trustees. The certificates are reviewed and adopted by the Trust Board.</p> <p>Achieved. The performance of the portfolio manager was reviewed in February 2021.</p>	<p>Achieved. Quarterly compliance certificates have been provided to each meeting of trustees. The certificates are reviewed and adopted by the Trust Board.</p> <p>Achieved. The performance of the portfolio manager was reviewed in February 2020.</p>
<p>Fund disbursement: 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 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. Total cumulative Grant approvals equate to 6% of the accumulated net income after allowing for accumulated expenses and inflation movements.	Achieved. Total cumulative Grant approvals equate to 1.73% of the accumulated net income after allowing for accumulated expenses and inflation movements.

Waikato District Community Wellbeing Trust
Performance report
For the year ended 30 June 2021

Objective	Performance Measures	2020/21 Result	2019/20 Result
Fund disbursement (cont)	<p><i>of Investment Portfolio and Distribution Policy for the current year.</i></p> <p>Six-monthly reports are received from all successful applicants within the required timeframe.</p>	Achieved. All required reports were received	Achieved. All required reports were received

Portfolio and distribution policy compliance

Agreed targets	Actual Outcome 2020/21	Actual Outcome 2019/20
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 3.3% 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 \$94,000 amount to 2.1% of total capital.	Achieved. Grants approved of \$19,000 amount to 0.45% of total capital.
Ensure there is diversification of investments with a 7.5% 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. Given that all of the portfolio is now invested in PIE funds and the Trust does not actually own individual investments this target has been reviewed and removed from the 2022 year onwards.	Mostly achieved. The instances where the cap was exceeded related to the PIE investments which now make up the total investment portfolio. Given that all of the portfolio is now invested in PIE funds and the Trust does not actually own individual investments this target is under review.
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 2021****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 2021.

Trustee: _____

Trustee: _____

Date: _____

Date: _____

Waikato District Community Wellbeing Trust
Performance report
For the year ended 30 June 2021

Statement of financial performance

	Note	2020/21 Actual \$	2020/21 Budget \$	2019/20 Actual \$
Revenue				
Finance income	1	64	241	180
Dividend income from portfolio of investments managed by Kiwi Wealth		-	-	-
Realised gains on investments		123,217	55,464	104,634
Unrealised gains on investments		592,067	161,194	200,990
Total revenue		715,348	216,899	305,804
		-	-	-
Expenses				
Audit fees				
- Current year		8,627	7,810	8,627
Other expenditure	2	28,480	32,611	26,526
Grants	3	122,000	190,719	-
Unrealised losses on investments		-	-	-
Total expenses		159,107	231,140	35,153
		-	-	-
Surplus (deficit) for the period		556,241	(14,241)	270,651

Waikato District Community Wellbeing Trust
Performance report
For the year ended 30 June 2021

Statement of financial position

		2020/21	2020/21	2019/20
		Actual	Budget	Actual
	Note	\$	\$	\$
Assets				
Current assets				
Cash and cash equivalents	4	871	9,214	37,108
Prepayments		430	408	385
Other financial assets	5	5,174,013	4,383,471	4,449,386
Accrued interest		-	-	-
Total current assets		5,175,314	4,393,093	4,486,879
		-	-	-
Total assets		5,175,314	4,393,093	4,486,879
Liabilities				
Current liabilities				
Creditors and other payables	6	270,577	202,991	188,382
Accrued expenses	7	106,228	8,166	56,229
Total current liabilities		376,805	211,157	244,611
		-	-	-
Total liabilities		376,805	211,157	244,611
Total assets less total liabilities (net assets)		4,798,509	4,181,936	4,242,268
		-	-	-
Trust equity				
Introductory fund		2,579,899	2,579,899	2,579,899
Capital maintenance fund		649,547	648,626	564,702
Accumulated funds		1,569,063	953,411	1,097,667
Total Trust equity	9	4,798,509	4,181,936	4,242,268

Waikato District Community Wellbeing Trust
Performance report
For the year ended 30 June 2021

Statement of cash flows

	2020/21 Actual	2020/21 Budget	2019/20 Actual
Note	\$	\$	\$
Cash flows from operating activities			
Cash was received from:			
Interest receipts	64	241	180
Dividends received		-	
Cash was applied to:			
Payments to donees	-	(123,056)	(95,529)
Payments to suppliers	(26,956)	(39,806)	(26,819)
Net cash flows from operating activities	(26,892)	(162,621)	(122,168)
	-	-	-
Cash flows from investing and financing activities			
Cash was received from:			
Net investment movement	(9,345)	162,684	157,394
Net cash flows from investing and financing activities	(9,345)	162,684	157,394
	-	-	-
Foreign exchange translation differences		-	-
Net increase (decrease) in cash for the year	(36,237)	63	35,226
Add opening bank accounts and cash	37,108	9,151	1,882
Closing bank accounts and cash	4 871	9,214	37,108

Waikato District Community Wellbeing Trust

Performance report

For the year ended 30 June 2021

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 applied:

PBE IPSAS 4 The effects of changes in foreign exchange rates; and

PBE IPSAS 41 Financial instruments.

Note, IPSAS 41 Financial instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement, effective for reporting periods beginning on or after 1 Jan 2022 (early adoption is permitted). Council has adopted this new standard and there are no material changes as the requirements are similar to that of PBE IPSAS 29.

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.

Waikato District Community Wellbeing Trust**Performance report****For the year ended 30 June 2021****Income tax**

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

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 follows:

Financial Asset

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Fixed Interest Investment

The fixed interest investment is classified as a financial asset at fair value through surplus or deficit. The contractual cash flows of the investment are solely principal and interest, however, these are neither held for the purpose of collecting contractual cash flows nor held for collecting contractual cash flows and for sale. Consequently, all investments are measured at fair value through surplus or deficit. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Growth (Equity) Investment

Financial assets at fair value through surplus or deficit include financial assets held for trading. After initial recognition, this investment is measured at its fair value with gains or losses on re-measurement recognised in the surplus or deficit.

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

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 2021

Notes to the performance report

1. Finance income

	2020/21	2019/20
	Actual	Actual
	\$	\$
Interest income from portfolio of investments managed by Kiwi Wealth	64	179
Interest income from BNZ	-	1
Total finance income	64	180

All finance income is generated through exchange transactions.

2. Other expenditure

	2020/21	2019/20
	Actual	Actual
	\$	\$
Management fees	27,156	25,127
Insurance	1,233	1,151
Other expenses	91	248
Total other expenditure	28,480	26,526

Waikato District Community Wellbeing Trust**Performance report****For the year ended 30 June 2021****3. Grants paid**

	2020/21	2019/20
	Actual	Actual
	\$	\$
Grant - Tuakau Youth Sport Trust	10,000.00	-
Grant - Tuakau Youth Sport Trust	10,000.00	-
Grant - The David Johnstone Pukemokemoke Bush Trust	8,000.00	-
Grant - Raglan Community Arts Council	9,000.00	-
Grant - Te Kauwhata Community Patrol Vehicle	10,000	-
Grant - Donation to Te Kauwhata Emergency Service	12,500	-
Grant - Donation to Te Kauwhata Emergency Service	12,500	-
Grant - Glen Afton Citizens Sports Club	50,000	-
Total grants	122,000	-

4. Bank accounts and cash

	2020/21	2019/20
	Actual	Actual
	\$	\$
Cash at bank	869	909
Cash investments managed by Kiwi Wealth	2	36,199
Total cash and cash equivalents	871	37,108

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

Waikato District Community Wellbeing Trust**Performance report****For the year ended 30 June 2021****5. Investments**

	2020/21	2019/20
	Actual	Actual
	\$	\$
Fixed interest instruments managed by Kiwi Wealth	2,302,072	1,999,955
Equity instruments managed by Kiwi Wealth	2,871,941	2,449,431
Total other financial assets	5,174,013	4,449,386

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 2020: \$nil) is included in the portfolio.

6. Creditors and other payables

	2020/21	2019/20
	Actual	Actual
	\$	\$
Audit fee 2021	2,300	-
Audit fee 2020	8,627	2,300
Audit fee 2019	7,966	7,966
Audit fee 2018	7,730	7,730
Audit fee 2017	7,628	7,628
Annual return fees	153	102
Insurance	3,577	2,300
Other expenses	-	-
Grants paid	230,217	158,217
WDC Payable:	268,198	186,243
Management Fee (June)	2,379	2,139
Total creditors and other payables	270,577	188,382

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 2021

7. Accrued expenses

	2020/21	2019/20
	Actual	Actual
	\$	\$
Audit fee - current year	6,327	6,327
Other expenses	345	346
Grants	99,556	49,556
Total accrued expenses	106,228	56,229

8. Equity

	Introductory fund	Capital maintenance fund	Accumulated funds	Total equity
Balance at 1 July 2019	2,579,899	485,270	906,448	3,971,617
Surplus(deficit)	-	-	270,651	270,651
Capital maintenance charge	-	79,432	(79,432)	-
Balance at 30 June 2020	2,579,899	564,702	1,097,667	4,242,268
Surplus(deficit)	-	-	556,241	556,241
Capital maintenance charge	-	84,845	(84,845)	-
Balance at 30 June 2021	2,579,899	649,547	1,569,063	4,798,509

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 2021, 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.

9. Commitments

Capital commitments

There are no capital commitments as at 30 June 2021 (June 2020: Nil).

Waikato District Community Wellbeing Trust

Performance report

For the year ended 30 June 2021

Operational commitments

There are no operational commitments as at 30 June 2021 (June 2020: \$47,000).

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 2021 (June 2020: 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 2021 is \$268,198 (June 2020: \$186,243). 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:

	2020/21	2019/20
	Actual	Actual
	\$	\$
Cash investments	2	36,199
Fixed interest	2,302,072	1,999,955
Equity investments	2,871,941	2,449,431
Total managed portfolio	5,174,015	4,485,585

14. Explanation of major variances against budget

Explanations for major variances from the Trust's budget figures in the 2020/21 Statement of Intent are as follows:

- Revenue is budgeted based on a long-term conservative basis and is generally estimated at a steady return of 5% (before expenses) on the opening portfolio balance. Despite the potential negative economic effects of the Covid-19 pandemic, this year's actual return is 15.9% which is particularly due to the Growth fund's excellent performance as a result of one of the underlying equity strategies positive outperformances and the weakening Kiwi Dollar improving foreign currency returns.
- Actual grants paid included \$28,000 approved in previous years but did not include \$50,000 of current year grants still outstanding at 30 June; hence the 36% variance between the amount budgeted and the total amount paid.
- Accrued expenses include \$50,000 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.

Open Meeting

To	Waikato District Community Wellbeing Trust
From	Alison Diaz Chief Financial Officer
Date	27 August 2021
Prepared by	Sharlene Jenkins Executive Assistant
Chief Executive Approved	Y
Reference #	CVN0102
Report Title	Draft Performance Report (Annual Report) for the year ended 30 June 2021

1. EXECUTIVE SUMMARY

The draft Performance Report (Annual Report) for the year ended 30 June 2021 is presented to Trustees for their approval subject to final audit sign-off expected in December 2021.

Trustees will have the opportunity to approve any changes to the final Performance Report via email prior to sign off.

The Performance Report must be formally ratified before 31 December 2021 at its Annual General Meeting. The Annual General Meeting is scheduled for Monday, 20 December 2021.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received;

AND THAT the Trustees approve the draft Performance Report for the year ended 30 June 2021 subject to final audit sign-off expected in December 2021;

AND FURTHER THAT the Trustees will approve any changes to the final Performance Report by email prior to final audit sign-off;

AND FURTHER THAT the Trustees will formally ratify the final Performance Report at its Annual General Meeting before 31 December 2021.

3. ATTACHMENTS

Draft Performance Report for the year ended 30 June 2021 (*attached to agenda item 7*)