



ANNUAL REPORT 2017 • 2018

**RESILIENT + VIBRANT
WAIKATO COMMUNITIES**

Haere Mai Welcome

**WE'RE PROUD TO PRESENT TO YOU
TRUST WAIKATO'S ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2018.**

HE MIHI

He hōnore he korōria ki te Atua
He maungārongo ki te whenua
He whakaaro pai ki ngā tāngata katoa
Kia whakapapa pounamu te moana
Kia tere te kārohirohi i tou huarahi
E mihi ana ki a Kīngi Tuheitia
E pupuru ana ki te Mana Motuhake
Kī a koutou o ngā waka, ngā mana me ngā maunga kōrero
Kei te mihi atu Te Puna o Waikato ki a koutou,
Tēnā koutou, tēnā koutou, tēnā koutou katoa.

We acknowledge the creator of all things
May his peace cover the land, with goodwill to all
May the calmness come upon the glistening sea
We acknowledge King Tuheitia keeper of Mana Motuhake
We acknowledge all the tribes and all people who hold
the rich heritage
Trust Waikato wishes to acknowledge and greet you all.

Cover photo: Waka Ama Sprint Nationals





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Tēnā koutou katoa greetings to you all



“In the past year Trust Waikato has gone from strength to strength. A large number of new projects have been implemented which have improved our efficiency and enabled us to grant more effectively”

It gives me great pleasure to report a highly productive and successful year from Trust Waikato. To enable outcomes for high need communities, Trust Waikato has supported a number of new strategic initiatives that can deliver transformational change.

An important focus has been to improve collaboration with key stakeholders and the Trust has done this through outward-facing meetings and impact-focused events. We also established a new Grants Advisor position, which has enabled more in-depth engagement with our community groups. In addition, the new Trust Waikato building has purpose-built meeting rooms, which are available for free community use.

To increase strategic alignment with the 12 Community Trusts across New Zealand, Trust Waikato organised the Combined Community Trusts Conference. Attended by over 200 staff, trustees, and fund managers this biennial event focused on how we can develop cohesive strategies with long-term impact.

The Trust’s operations have improved greatly over the past year through the development of a new grantee portal, shifting to Xero for better accounting efficiency, new project-based applications, increased digitisation and an open plan office environment.

At the beginning of 2018, Trust Waikato rebranded as an organisation to create a

look and feel that better represents our vision of building resilient and vibrant Waikato communities. The new logo symbolises a collaborative approach through a woven pattern of communities coming together and rising to face the challenges ahead.

The reserves are at a very healthy level and we have another strong budget for the year ahead. For the year ended 31 March 2018, Trust investments have grown by 9.87% and total Trust funds are now valued at \$393 million.

A total of 598 grants was approved for community groups, totalling nearly \$27 million. Of this, a commitment of \$15 million was made towards the Waikato Regional Theatre and \$3.2 million was approved for four projects from the Significant Capital Projects Fund. The Trust is a signatory to the Principles for Responsible Investment (PRI) which provides guidelines for taking into account environmental, social and governance investment issues.

This is my last year as Chair for Trust Waikato and I would like to thank the past and present trustees for their astute insights and dedicated contribution to great governance. In 2014 the Trust fund was valued at \$307 million and today it is valued at \$393 million. This is a very substantial increase and a tribute to the careful and prudent management of the Trust’s investments.

All the staff and trustees of Trust Waikato are cognisant of the responsibility we have to grant effectively in order to produce community benefit that has high impact. It is a real privilege to work with such motivated, inspiring and committed members of the public, who are constantly striving to create a better society for all.

I wish you all the best for the year ahead and continued energy and enthusiasm to make a real difference for everyone we serve.

A handwritten signature in black ink, reading "Niwa Nuri". The signature is written in a cursive, flowing style.

**Ngā mihi nui
Niwa Nuri
Trust Waikato Chair**

Strategic Allocation of Financial Assets

GROWTH ASSETS



- 25% Global Equities
- 5% NZ Private Equity
- 7.5% Global Credit
- 10% Infrastructure
- 10% Australasian Equities
- 17.5% Property

INCOME ASSETS



- 12.5% Global Fixed Interest
- 7.5% Cash
- 5% NZ Fixed Interest



Pasifika by Nature

The Year at a Glance



\$393M

VALUE OF THE TRUST FUNDS
AS AT 31 MARCH 2018



9.87%

RETURN ON INVESTMENT



\$26.9M
TOTAL GRANTS
APPROVED*



**\$8.6M APPROVED FOR
591 COMMUNITY
RESPONSE GRANTS**

\$3.2M

APPROVED FOR FOUR
SIGNIFICANT CAPITAL PROJECTS



**90% OF ALL APPLICATIONS
APPROVED IN 2018**



**\$70.98 GRANTED
PER PERSON IN THE
WAIKATO**

* THIS INCLUDES A GRANT OF \$15 MILLION TOWARDS THE WAIKATO REGIONAL THEATRE

Funding Framework



Community Response Grant Categories



Summarised Financial Statements

The Waikato Community Trust Incorporated

FOR THE YEAR ENDED 31 MARCH 2018

PRINCIPAL ACTIVITIES Investment and Donations

TRUSTEES: Nuri, Niwa (Chair)
Barriball, Peggy
Chew, Alan
Christian, Carolyn
Feng, Chong (Appointed 22 June 2017)
Flowers, Lynnette (Retired 21 June 2017)
Follows, Trevor
Gillespie, John (Retired 21 June 2017)
Kedzlie, Michael (Appointed 22 June 2017)
McLennan, Vicky (Appointed 22 June 2017)
Noble, Bill
Paenga, John
Barker, Norman
Sporle, Raewyn
Viggers, Maxine (Retired 21 June 2017)
Wilson, Edgar (Deputy Chair)

CHIEF EXECUTIVE: Turton, Dennis

ACCOUNTANTS: PricewaterhouseCoopers, Hamilton

AUDITORS: KPMG, Hamilton

BANKERS: Bank of New Zealand, Auckland

PHYSICAL ADDRESS: 2 London Street, Hamilton 3240

POSTAL ADDRESS: PO Box 391, Hamilton 3240

WEBSITE: www.trustwaikato.co.nz

The Waikato Community Trust Incorporated

SUMMARISED STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES | FOR THE YEAR ENDED 31 MARCH 2018

	2018 NZ\$'000	2017 NZ\$'000
Revenue		
Investment Revenue	38,378	42,404
Other Revenue	22	23
<i>Total Revenue</i>	38,400	42,427
Other Gains/(Losses)		
Gain (Loss) on Disposal of Property, Plant and Equipment	-	6
Operating Expenses		
<i>Total Operating Expenses</i>	(5,691)	(5,631)
Distributions		
Grants and Sponsorships	(10,793)	(10,937)
OPERATING SURPLUS	21,916	25,865
Other Comprehensive Revenue		
Land Revaluation Surplus	-	2,205
TOTAL COMPREHENSIVE REVENUE & EXPENSES FOR THE YEAR	21,916	28,070

The Waikato Community Trust Incorporated

SUMMARISED STATEMENT OF CHANGES IN TRUST FUNDS | FOR THE YEAR ENDED 31 MARCH 2018

2018						
	Base Capital Value NZ\$'000	Investment Fluctuation Reserve NZ\$'000	Grants Reserve NZ\$'000	Land Revaluation Reserve NZ\$'000	Comprehensive Revenue and Expenses NZ\$'000	Total Trust Funds NZ\$'000
Balance at 1 April 2017	288,446	72,112	8,490	2,205	-	371,253
Total Comprehensive Revenue & Expenses for the Year	-	-	-	-	21,916	21,916
Transfers to Reserves	4,336	1,084	16,496	-	(21,916)	-
Balance at 31 March 2018	292,782	73,196	24,986	2,205	-	393,169

2017						
	Base Capital Value NZ\$'000	Investment Fluctuation Reserve NZ\$'000	Grants Reserve NZ\$'000	Land Revaluation Reserve NZ\$'000	Comprehensive Revenue and Expenses NZ\$'000	Total Trust Funds NZ\$'000
Balance at 1 April 2016	281,208	61,975	-	-	-	343,183
Total Comprehensive Revenue & Expenses for the Year	-	-	-	-	28,070	28,070
Transfers to Reserves	7,238	10,137	8,490	2,205	(28,070)	-
Balance at 31 March 2017	288,446	72,112	8,490	2,205	-	371,253

SUMMARISED CASH FLOW STATEMENT | FOR THE YEAR ENDED 31 MARCH 2018

	2018 NZ\$'000	2017 NZ\$'000
Net Cash Provided from Operating Activities	1,497	349
Net Cash Used in Investing Activities	(2,128)	(297)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(631)	52
Cash and Cash Equivalents at the Beginning of the Year	1,257	1,205
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	626	1,257

These financial statements must be read in conjunction with the notes on pages 12-13.

The Waikato Community Trust Incorporated

SUMMARISED STATEMENT OF FINANCIAL POSITION | AS AT 31 MARCH 2018

	2018 NZ\$'000	2017 NZ\$'000
TRUST FUNDS		
Base Capital Value	292,782	288,446
Investment Fluctuation Reserve	73,196	72,112
Grants Reserve	24,986	8,490
Land Revaluation Reserve	2,205	2,205
TOTAL TRUST FUNDS	393,169	371,253
CURRENT LIABILITIES		
Accounts Payable and Accruals	866	324
Income in Advance	162	-
Donations Payable	1,700	1,700
Derivative Financial Instruments	331	6,620
	3,059	8,644
TOTAL TRUST FUNDS AND LIABILITIES	396,228	379,897
CURRENT ASSETS		
Cash and Cash Equivalents	626	1,257
Accounts Receivable	263	56
	889	1,313
NON CURRENT ASSETS		
Investments	388,799	374,626
Property, Plant and Equipment	6,524	3,877
Intangible Assets	16	25
Te Kete Putea Limited Partnership	-	56
	395,339	378,584
TOTAL ASSETS	396,228	379,897

For and on behalf of the Trustees, who authorised the issue of these financial statements on the date shown below:



Niwa Nuri | Trustee
19 July 2018



Edgar Wilson | Trustee
19 July 2018

These financial statements must be read in conjunction with the notes on pages 12-13.

The Waikato Community Trust Incorporated

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS | FOR THE YEAR ENDED 31 MARCH 2018

1. REPORTING ENTITY

The Waikato Community Trust Incorporated is a not for profit charitable trust incorporated and domiciled in New Zealand. Its principal activities are the investment and maintenance of the Trust capital and the provision of grants to community groups in the greater Waikato area. The Trust was incorporated on 5 August 1988 with Trust Capital of \$21,316,622.

The Trust operates as Trust Waikato.

2. SUMMARISED FINANCIAL STATEMENTS

These are the summarised financial statements of The Waikato Community Trust Incorporated.

These summarised financial statements are prepared in compliance with PBE IPSAS - 43 'Summary Financial Statements' and have been extracted from the full audited financial statements for the year ended 31 March 2018 which were authorised for issue on 19 July 2018. Summarised financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements, which can be obtained from the office of the Trust or from the Trust website www.trustwaikato.co.nz.

The full financial statements have been subject to audit by KPMG and an unmodified audit report was issued on 19 July 2018. The audit concluded that the full financial statements present fairly in all material respects the Trust's financial position as at 31 March 2018 and its financial performance and cashflows for the year ended on that date. These summarised financial statements were authorised by the Trustees for issue on 19 July 2018 and have been examined by KPMG for consistency with the full financial statements.

3. STATEMENT OF COMPLIANCE

The Trust's full financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and the Tier 2 Public Benefit Entities International Public Sector Accounting Standards (PBE IPSAS). Disclosure concessions have been applied.

4. BASIS OF MEASUREMENT

The financial statements have been prepared on the basis of historical cost, except for the revaluation of the following assets, which are stated at their fair value:

- Financial assets at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses
- Derivative financial instruments
- Available for sale financial assets
- Land

5. TRUSTEE MEETINGS AND HONORARIA

The Trust Board held 11 formal meetings during the year. The following table records Trustee attendance at those formal meetings:

Trustee	Meetings Available to Attend	Meeting Attendance	Honorarium \$
Nuri, Niwa (Chair)	11	11	25,330
Barriball, Peggy	11	11	13,932
Chew, Alan	11	7	12,665
Christian, Carolyn	10	9	12,665
Feng, Chong (appointed 22 June 2017)	9	8	9,812
Flowers, Lynnette (retired 21 June 2017)	2	1	2,853
Follows, Trevor	11	9	12,665
Gillespie, John (retired 21 June 2017)	2	1	2,853
Kedzlie, Michael (Liam) (appointed 22 June 2017)	9	9	10,793
McLennan, Vicky (appointed 22 June 2017)	9	8	9,812
Noble, Bill	11	9	12,665
Paenga, John	11	10	12,665
Barker, Norman	11	11	12,665
Sporle, Raewyn	11	9	12,665
Viggers, Maxine (retired 21 June 2017)	2	2	2,853
Wilson, Edgar (Deputy Chair)	11	11	15,831
Total Remuneration			182,724

In addition, during the year Trustees participated in committee meetings, Trust consultations with the community sector and a range of professional development opportunities. Trustees were also invited to 82 events and meetings within the community and were able to achieve representation at approximately 35 of those meetings.

6. CONFLICTS OF INTEREST

During the year Trustees and staff were required to declare when they had either a direct or indirect conflict of interest in a matter being considered by the Trust. During the course of the year, 34 such interests were recorded (2017: 39). A register of those interests is available for inspection at the Trust.

7. RELATED PARTY TRANSACTIONS

Compensation

The compensation of Key Management Personnel (Trustees and Management), is set out below:

	2018	2017
	NZ\$'000	NZ\$'000
Short Term Trustee and Employee Benefits	354	472
	354	472

Related party transactions

Transactions with related party organisations totalled \$2,655,196 (2017: \$293,539) during the year. Interests were declared when these transactions were considered and key management personnel took no part in deliberations relating to organisations in which they had an interest. There was \$Nil payable at balance date (2017: \$Nil).

2018			
Organisation	Nature of Related Party	Nature of Transaction	Amount \$
Child Cancer Foundation	Key management personnel Board Memeber	Grant	10,000
Institute for Child Protection Studies (Child Matters)	Common Board Member	Grant	25,000
K'aute Pasifika Trust	Common Board Member	Grant	45,000
K'aute Pasifika Trust*	Common Board Member	Grant	2,137,500
Otorohanga District Development Board	Common Board Member	Grant	80,000
Rostrevor House	Common Board Member	Grant	31,000
SADD AOTEAROA - Students Against Driving Drunk Charitable Trust	Common Board Member	Grant	6,000
Seagull Centre Trust	Common Board Member	Grant	10,000
Special Olympics Waikato	Common Board Member	Grant	8,000
Swim Waikato	Trustee family member involved	Grant	16,000
The Gordonton Woodlands Trust	Common Board Member	Grant	1,000
Trust Waikato Hamilton City Netball Centre	Common Board Member	Grant	37,000
Trust Waikato Hamilton City Netball Centre	Common Board Member	Sponsorship	20,000
Waikato Institute of Technology	Common Board Member	Grant	140,000
Waikato Institute of Technology	Common Board Member	Sponsorship	8,696
Waikato Justice of the Peace Association	Common Board Member	Grant	1,000
Waikato Medical Research Foundation	Common Board Member	Grant	75,000
Waikato Water Polo Club	Key management personnel Board Memeber	Grant	4,000
TOTAL			2,655,196

* Commitment

The full financial statements are available on our website:
www.trustwaikato.co.nz/resources



Independent Auditor's Report

To the beneficiaries of The Waikato Community Trust Incorporated
Report on the summary financial statements

OPINION

In our opinion, the accompanying summary financial statements on pages 4 to 10:

- i. have been correctly derived from the audited financial statements of The Waikato Community Trust Incorporated; and
- ii. are a fair summary of the financial statements, in accordance with PBE FRS-43 Summary Financial Statements.

The accompanying summary financial statements

comprise:

- the summarised statement of financial position as at 31 March 2018;
- the summarised statement of comprehensive revenue and expenses, summarised statement of changes in trust funds, summarised statement of cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information



BASIS FOR OPINION

We conducted our audit in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 Engagements to Report on Summary Financial Statements.

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



USE OF THIS INDEPENDENT AUDITOR'S REPORT

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



RESPONSIBILITIES OF THE TRUSTEES' FOR THE FINANCIAL STATEMENTS

The Trustees are responsible for the preparation of a summary of the audited financial statements, in accordance with PBE FRS-43 Summary Financial Statements.



AUDITOR'S RESPONSIBILITIES FOR THE SUMMARY FINANCIAL STATEMENTS

Our responsibility is to express an opinion on the summary financial statements based on our procedures. We expressed an unmodified audit opinion on the financial statements in our audit report dated 19 July 2018.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Trust.

KPMG
19 July 2018





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For more information please visit www.trustwaikato.co.nz