



ANNUAL REPORT 2019 - 2020

**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 2020.**

HE MIHI

He hoonore he korooria ki te Atua
He maungaarongo ki te whenua
He whakaaro pai ki ngaa taangata katoa
Kia whakapapa pounamu te moana
Kia tere te kaarohirohi i tou huarahi
E mihi ana ki a Kiingi Tuheitia
E pupuru ana ki te Mana Motuhake
Ki a koutou o ngaa waka, ngaa mana me ngaa maunga koorero
Kei te mihi atu Te Puna o Waikato ki a koutou,
Teena koutou, teena koutou, teena 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 of young volunteers at National Wetlands Trust



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Teena koutou katoa – greetings to you all



Over the past year, Trust Waikato continued to progress its five and ten-year goals of achieving transformational change for people, communities and places where the need is greatest. To deliver on this vision, grants were focused on the Trust Waikato priorities of enhancing the wellbeing of children and whaanau, increasing resilience and connectivity in rural and small communities, and supporting strengths-based initiatives for Maori, Pasifika and communities in need.

During March, investment performance was impacted by the COVID-19 crisis and while investment volatility has increased, Trust Waikato has healthy reserves that allow for a consistent grants budget for the year ahead. For the year ended 31 March 2020,

the annual return reflected the significant impact of COVID-19 on investment markets with significant downturn in the final quarter resulting in overall investment returns of 0.25%. Trust funds are now valued at \$395 million.

Over the past year Trust Waikato approved 559 grants totalling \$13,311,521, towards significant capital, impact and community response projects. A COVID-19 response fund of \$1 million was established in late March 2020, and at the time of writing, the majority of the \$1 million has been granted to groups working on the frontline to help our most vulnerable people.

A high priority for staff and trustees has been connecting across the Waikato region through face-to-face community meetings, funding workshops and online sessions so that we can understand more about the work happening and effectively meet funding needs. It is a huge privilege to listen and understand more about the diversity of community-led work that is empowering people to live fuller lives.

The Government also announced support of \$12 million from the Provincial Growth Fund, towards the Waikato Regional Theatre. This is in addition to the \$15 million that the Trust granted and we look forward to this transformational project progressing.

Developments for Te Ara Wai, which will offer free, self-guided tours of culturally significant sites throughout the Waipaa

district, have begun. This significant project will enable storytelling about unique places and important events in New Zealand's history, as well as increasing tourism and employment.

Trust Waikato's new building, with free meeting rooms for community groups, has been used by 359 different organisations, enabling 801 meetings to take place.

Trust Waikato is a signatory to the United Nations Principles for Responsible Investment (PRI), which provides international guidelines for considering environmental, social and governance investment issues. The Trust endeavours to improve its practice across all these areas and in 2019, Trust Waikato was recognised by the PRI as one of the world's leading proponents of responsible investment via inclusion in an international leaders' group of just 47 organisations.

In January 2019, Trust Waikato started work to establish an impact investment fund, Te Puna Hapori. Designed in close consultation with communities, this fund is a ground-breaking way for progressive investors to effect community level change by financing large-scale infrastructure projects. We envisage the fund will launch in late 2020.

We have been in awe and humbled by the heartfelt work of volunteers and community leaders, who have worked tirelessly during the year, and most significantly, since the start of the COVID-19 pandemic. They

ensure that families, elderly and those who are vulnerable, have been looked after by way of food parcels, heating, immunisations and connection to support networks.

It has been a testing time for all our communities and the challenges will continue for a long time ahead as the country responds to a very different economic and social reality. Our trustees will continue to work to ensure Trust Waikato is best placed to meet the most urgent community needs to enable positive, long-term change.

We look forward to continuing to work across the greater Waikato to strengthen and sustain vibrant communities.

Best regards,

Edgar Wilson JP, MA
Trust Waikato Chair

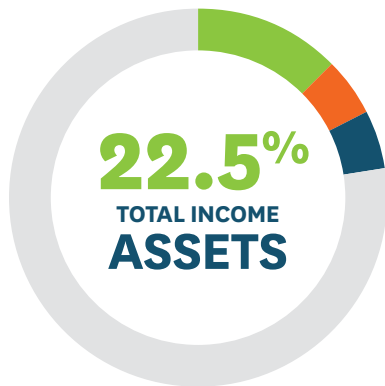
Strategic Allocation of Financial Assets

GROWTH ASSETS



- 25% Global Equities
- 5% NZ Private Equity
- 7.5% Global Credit
- 12.5% Infrastructure
- 10% Australasian Equities
- 17.5% Property

INCOME ASSETS



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



The Year at a Glance



\$395M

VALUE OF THE TRUST FUNDS
AS AT 31 MARCH 2020



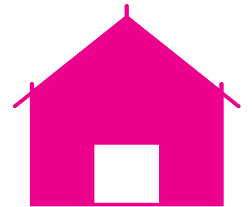
0.25%

RETURN ON INVESTMENT

\$13.3M
TOTAL GRANTS
APPROVED



\$3M APPROVED
FOR FOUR SIGNIFICANT
CAPITAL PROJECTS

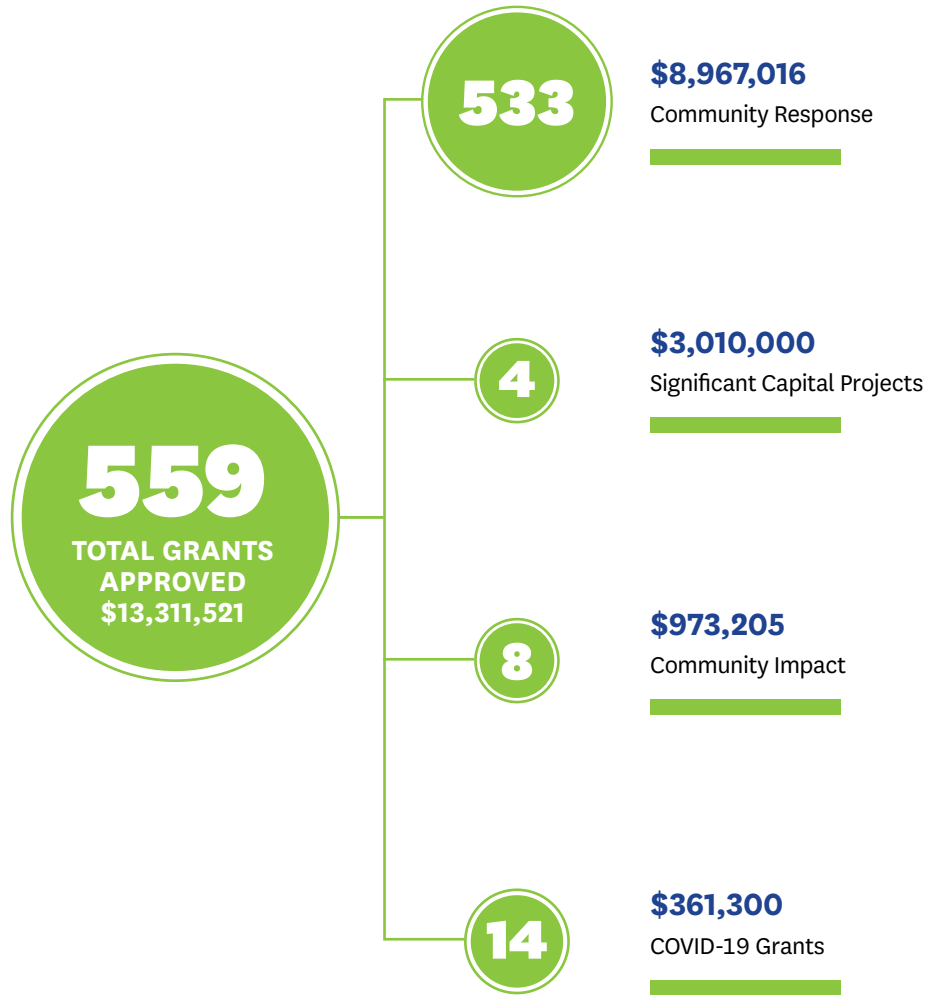


\$9M APPROVED FOR
533 COMMUNITY
RESPONSE GRANTS



84% OF ALL
APPLICATIONS APPROVED

Funding Framework



Community Response Grants Top Ten Sectors



Summarised Financial Statements

The Waikato Community Trust Incorporated

DIRECTORY | FOR THE YEAR ENDED 31 MARCH 2020

PRINCIPAL ACTIVITIES:	Investment and Grants
TRUSTEES:	Wilson, Edgar (Chair) McLennan, Vicky (Deputy Chair) Chew, Alan Christian, Carolyn Cox, Anna Eketone, Janise Feng, Chong Flatt, Christopher Follows, Trevor Kedzlie, Michael Noble, Bill Rahman, Anjum Stewart, Barbara (Appointed 1 June 2019) Nuri, Niwa (Retired 31 May 2019)
CHIEF EXECUTIVE:	Turton, Dennis
ACCOUNTANTS:	PricewaterhouseCoopers, Hamilton
AUDITORS:	KPMG, Hamilton
BANKERS:	Bank of New Zealand, Auckland
PHYSICAL ADDRESS:	4 Little London Lane, Hamilton 3240
POSTAL ADDRESS:	PO Box 391, Hamilton 3240
WEBSITE:	www.trustwaikato.co.nz

The Waikato Community Trust Incorporated

SUMMARISED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES | FOR THE YEAR ENDED 31 MARCH 2020

	2020 NZ\$'000	2019 NZ\$'000
REVENUE		
Interest, Dividends and Other Investment Revenue	1,351	34,313
Rental Revenue	14	22
Other Revenue	-	14
<i>Total Revenue</i>	1,365	34,349
Gain/(Loss) on Disposal of Intangible Asset	-	(7)
Expenses	(4,718)	(5,771)
TOTAL EXPENSES	(4,718)	(5,771)
SURPLUS FOR THE YEAR BEFORE DISTRIBUTIONS	(3,353)	28,571
Grants	(11,634)	(11,705)
Sponsorships	(98)	(101)
OPERATING SURPLUS	(15,085)	16,765
OTHER COMPREHENSIVE REVENUE AND EXPENSES		
Land Revaluation Surplus	-	36
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR	(15,085)	16,801

The Waikato Community Trust Incorporated

SUMMARISED STATEMENT OF CHANGES IN TRUST FUNDS | FOR THE YEAR ENDED 31 MARCH 2020

	2020					
	Base Capital Value	Investment Fluctuation Reserve	Grants Reserve	Land Revaluation Reserve	Comprehensive Revenue and Expenses	Total Trust Funds
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Balance at 1 April 2019	298,379	74,595	34,755	2,241	-	409,970
Comprehensive Income – Surplus or Deficit for the Year	-	-	-	-	(15,085)	(15,085)
Other Comprehensive Income – Transfer to/(from) Reserves	9,846	(24,527)	-	(405)	15,085	-
Balance as at 31 March 2020	308,225	50,068	34,755	1,836	-	394,884

	2019					
	Base Capital Value	Investment Fluctuation Reserve	Grants Reserve	Land Revaluation Reserve	Comprehensive Revenue and Expenses	Total Trust Funds
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Balance as at 1 April 2018	292,782	73,196	24,986	2,205	-	393,169
Comprehensive income – Surplus or Deficit for the Year	-	-	-	-	16,801	16,801
Other Comprehensive Income – Transfer to/(from) Reserves	5,597	1,399	9,769	36	(16,801)	-
Balance as at 31 March 2019	298,379	74,595	34,755	2,241	-	409,970

SUMMARISED CASH FLOW STATEMENT | FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	NZ\$'000	NZ\$'000
Net Cash Flow from Operating Activities	1,083	2,382
Net Cash Flow from Investing Activities	(41)	(272)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,042	2,110
Cash and Cash Equivalents at the Beginning of the Year	2,736	626
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3,778	2,736

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 2020

	2020 NZ\$'000	2019 NZ\$'000
CURRENT ASSETS		
Cash and Cash Equivalents	3,778	2,736
Accounts Receivables	74	53
Assets Classified as Held for Sale	-	694
TOTAL CURRENT ASSETS	3,852	3,483
NON-CURRENT ASSETS		
Investments	396,942	403,127
Property, Plant and Equipment	6,003	6,070
Total Non-Current Assets	402,945	409,197
TOTAL ASSETS	406,797	412,680
CURRENT LIABILITIES		
Accounts Payable and Accruals	886	330
Derivative Financial Instruments	8,977	284
Revenue in Advance	-	46
Grants Payable	2,050	2,050
TOTAL CURRENT LIABILITIES	11,913	2,710
TOTAL LIABILITIES	11,913	2,710
NET ASSETS	394,884	409,970
TRUST FUNDS		
Base Capital Value	308,225	298,379
Investment Fluctuation Reserve	50,068	74,595
Grants Reserve	34,755	34,755
Land Revaluation Reserve	1,836	2,241
TOTAL TRUST FUNDS	394,884	409,970

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



Edgar Wilson | Chair
16 July 2020



Vicky McLennan | Deputy Chair
16 July 2020

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 2020

1 STATEMENT OF ACCOUNTING POLICES FOR THE YEAR ENDED 31 MARCH 2020

1.1 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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 2020 which were authorised for issue on 16 July 2020. 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 16 July 2020. The audit concluded that the full financial statements present fairly in all material respects the Trust's financial position as at 31 March 2020 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 16 July 2020 and have been examined by KPMG for consistency with the full financial statements.

STATEMENT OF COMPLIANCE

The 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.

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 and Expenses
- Derivative financial instruments
- Land

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

COVID-19

On March 11, 2020, the World Health Organisation declared the outbreak of a coronavirus (COVID-19) pandemic and two weeks later the New Zealand Government declared a State of National Emergency. As a result, economic uncertainties have arisen, which negatively affected the Trust's investments, resulting in a 7.6% drop in value from February 2020. Unprecedented economic and societal effects coupled with unprecedented fiscal and monetary responses by policy makers, highlighted one of the most eventful months in recent history. Equities across most developed markets went into freefall throughout the first three weeks of March 2020 as COVID-19 continued to spread, with governments around the world hastily implementing multiple degrees of general public lockdowns in an attempt to contain the outbreak.

The COVID-19 pandemic has also heightened various financial risks, on an ongoing basis, particularly with credit risk, liquidity risk and market risk, underlying the valuation of the Trust's investments. The Trust has assessed the fair value of its investment in Private Equity, Infrastructure, Unlisted Property and Global Credit funds. Private Equity, Infrastructure, Unlisted Property and Global Credit fund investments, categorised as Level 3 investments in the Fair Value Hierarchy, are typically valued based on valuation models which use a combination of observable and unobservable market data. Valuation models that employ significant unobservable inputs require a higher degree of judgement and estimation in the determination of fair value. This includes the selection of the appropriate valuation model to be used, determination of expected future cash flows of the underlying investment being valued, and selection of appropriate discount rates.

Although the Trust uses its best judgement, there are inherent limitations in any estimation techniques. The Trust regularly monitors the performance of its Private Equity, Infrastructure, Unlisted Property and Global Credit investments, including an assessment of the historical accuracy of estimates against audited financial results. The COVID-19 pandemic has introduced greater uncertainty around the valuation of investments, and the fair value estimates presented are not necessarily indicative of an amount the Trust could realise in a current transaction. Future events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements. Refer to the full financial statements for further details.

3. RELATED PARTY TRANSACTIONS

Transactions with related party organisations totalled \$554,868 (2019: \$181,000) 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 (2019: \$Nil).

2020			
Organisation	Nature of Related Party	Nature of Transaction	Amount \$
Inclusive Aotearoa Collective	Management personnel, board member	Grant	39,868
K'aute Pasifika Trust	Common board member	Grant	40,000
K'aute Pasifika Trust	Common board member	Grant	50,000
Mai Uenuku ki te Whenua Marae	Trustee is an Uri of the marae	Grant	80,000
Perry Outdoor Education Trust	Trustee is a director	Grant	25,000
Shama Hamilton Ethnic Women's Centre Trust	Common board member	Grant	33,000
Te Whakaruruhau 2013 Inc	Trustee provides consulting services	Grant	90,000
Waikato Community Broadcasting Charitable Trust	Common board member	Grant	32,000
Waikato Environment Centre Trust	Trustee is an employee	Grant	90,000
Waikato Institute of Technology	Common board member	Grant	75,000
			554,868

2019			
Organisation	Nature of Related Party	Nature of Transaction	Amount \$
Shama Hamilton Ethnic Women's Centre Trust	Common board member	Grant	30,000
K'aute Pasifika Trust	Common board member	Grant	50,000
K'aute Pasifika Trust	Common board member	Grant	20,000
Waikato Institute of Technology	Common board member	Grant	80,000
Catholic Diocese of Hamilton	Common board member	Grant	1,000
			181,000

COMPENSATION

The compensation of key management personnel (trustees and management), is set out below:

	2020	2019
	NZ\$'000	NZ\$'000
Short Term Trustee and Employee Benefits	452	412
	452	412

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, 49 such instances were recorded (2019: 32). A register of those interests is available for inspection at the Trust.

4. EVENTS OCCURRING AFTER THE BALANCE DATE

On March 11, 2020, the World Health Organisation declared the outbreak of a coronavirus (COVID-19) pandemic and two weeks later the New Zealand Government declared a State of National Emergency. As a result, economic uncertainties have arisen which negatively affected the Trust's investments. Since 31 March 2020 the Trust's investments have seen an increase due to increased confidence as the general public shutdowns/lockdowns around the world, implemented due to COVID-19 in March, begin to demonstrate success in slowing the spread of the virus.

There have been no other material events subsequent to 31 March 2020, which would require accrual or disclosure in these financial statements.

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 Amount \$
Wilson, Edgar (Chair)	10	10	25,330
McLennan, Vicky (Deputy Chair)	11	11	15,831
Chew, Alan	11	10	12,665
Christian, Carolyn	9	9	12,665
Cox, Anna	11	10	12,665
Eketone, Janise	11	9	12,665
Feng, Chong	11	7	12,665
Flatt, Christopher	9	9	12,665
Follows, Trevor	10	10	12,665
Kedzlie, Michael	11	10	13,932
Noble, Bill	11	10	12,665
Nuri, Niwa	2	1	2,122
Rahman, Anjum	10	10	12,665
Stewart, Barbara	9	9	10,543
Total Remuneration			181,743

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 50 events and meetings within the community and were able to achieve representation at approximately 32 of those meetings. Two of these events were cancelled due to COVID-19.

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



Independent Auditor's Report

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

OPINION

In our opinion, the accompanying summary financial statements of The Waikato Community Trust Incorporated (the Trust) on pages 9 to 13:

- i. have been correctly derived from the audited trust financial statements for the year ended 31 March 2020; 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 2020;
- the summarised statements of comprehensive revenue and expenses, changes in trust funds and 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*.

Subject to certain restrictions, partners and employees of our firm may also deal with the Trust on normal terms within the ordinary course of trading activities of the business of the Trust. These matters have not impaired our independence as auditor of the Trust. The firm has no other relationship with, or interest in, the Trust.



EMPHASIS OF MATTER

We draw attention to note 2 of the summary financial statements which describes that there is significant uncertainty regarding the determination of fair values for the Trust's private equity, infrastructure, unlisted property and global credit fund investments due to the impacts of COVID-19. Our opinion is not modified in respect of this matter.



USE OF THIS INDEPENDENT AUDITOR'S REPORT

This report is made solely to the trustees as a body. Our audit work has been undertaken so that we might state to the trustees 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 trustees as a body for our audit work, this report, or any of the opinions we have formed.



RESPONSIBILITIES OF THE TRUSTEES FOR THE FINANCIAL STATEMENTS

The trustees, on behalf of the Trust, are responsible for:

- the preparation and fair presentation of the summary financial statements in accordance with PBE FRS 43 Summary Financial Statements; and
- implementing necessary internal control to enable the preparation of a summary set of financial statements that is correctly derived from the audited financial statements.



AUDITOR'S RESPONSIBILITIES FOR THE SUMMARY FINANCIAL STATEMENTS

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with (or are a fair summary of) the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We expressed an unmodified audit opinion on the financial statements in our audit report dated 17 July 2020.

The summary financial statements do not contain all the disclosures required for a full set of 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.

17 JULY 2020
Hamilton



judgement
behaviour management.

transition

conditional
Love

obedience

- Acceptance.
- Connection
- OBSERVATION
- Unconditional Love
- NEEDS
- Feelings
- Power with

- Rangatiratanga
- Aroā
- Awhiawhi
- Whakae
- Tuhonohono
- Haumarū
- Whakamihi



**RESILIENT + VIBRANT
WAIKATO COMMUNITIES**

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 4 Little London Lane, Hamilton

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