

**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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**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.

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**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.

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**Statement of service performance**

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

| <b>Objective</b>                                                                                                                                                                                                                                                                                                         | <b>Performance Measures</b>                                                                                                                                                                         | <b>2020/21 Result</b>                                                                                                                                                                                                                                                                | <b>2019/20 Result</b>                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Governance:</b><br/>           To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.</p>                                                                                                                                                  | <p>Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.</p>                                                            | <p>Achieved.<br/>           The review was completed on 31 August 2021; the formal report was received on 30 August 2021.</p>                                                                                                                                                        | <p>Achieved.<br/>           The review was completed on 31 August 2020; the formal report was received on 03 December 2020.</p>                                                                                                                                                         |
| <p><b>Investment:</b><br/>           To adhere to the Trust's <i>Management of Investment Portfolio and Distribution Policy</i>.</p> <p>To review on an annual basis the investment mandate and the performance of the portfolio manager.</p>                                                                            | <p>At each quarterly meeting review compliance with the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> during that quarter.</p>                                          | <p>Achieved.<br/>           Quarterly compliance certificates have been provided to each meeting of trustees. The certificates are reviewed and adopted by the Trust Board.</p> <p>Achieved.<br/>           The performance of the portfolio manager was reviewed in March 2021.</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 2020.</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 net income after allowing for accumulated expenses, inflation movements and prior year distributions.</p> | <p>A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set by the Trustees in accordance with the <i>Management</i></p> | <p>Achieved.<br/>           Total cumulative Grant approvals equate to 6% of the accumulated net income after allowing for accumulated expenses and inflation movements.</p>                                                                                                         | <p>Achieved.<br/>           Total cumulative Grant approvals equate to 1.73% of the accumulated net income after allowing for accumulated expenses and inflation movements.</p>                                                                                                         |

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| <b>Objective</b>                | <b>Performance Measures</b>                                                                                                                                                               | <b>2020/21 Result</b>                           | <b>2019/20 Result</b>                           |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| <b>Fund disbursement (cont)</b> | <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.<br>All required reports were received | Achieved.<br>All required reports were received |

**Portfolio and distribution policy compliance**

| <b>Agreed targets</b>                                                                                                  | <b>Actual Outcome 2020/21</b>                                                                                                                                                                                                                                                                                                               | <b>Actual Outcome 2019/20</b>                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ensure that the real (inflation adjusted) value of the fund is protected.                                              | Achieved.<br>The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by 3.3% over the year.                                                                                                                                                                                | Achieved.<br>The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 1.5% over the year.                                                                                                                                  |
| Ensure that no more than 10% of the capital is distributed in any one year.                                            | Achieved.<br>Grants approved of \$94,000 amount to 2.1% of total capital.                                                                                                                                                                                                                                                                   | Achieved.<br>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.<br>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.<br>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.<br>The portfolio investment reports are provided to the Trustees at each meeting.                                                                                                                                                                                                                                                 | Achieved.<br>The portfolio investment reports are provided to the Trustees at each meeting.                                                                                                                                                                                                        |

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**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:



Date:

31/5/22

Trustee:



Date:

31/5/2022

Jacqueline  
Anne  
Church  
Chair

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**Statement of financial performance**

|                                                                      | 2020/21<br>Actual | 2020/21<br>Budget | 2019/20<br>Actual |
|----------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Note                                                                 | \$                | \$                | \$                |
| <b>Revenue</b>                                                       |                   |                   |                   |
| Finance income                                                       | 65                | 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           |
| <b>Total revenue</b>                                                 | <b>715,349</b>    | <b>216,899</b>    | <b>305,804</b>    |
| <b>Expenses</b>                                                      |                   |                   |                   |
| Audit fees                                                           |                   |                   |                   |
| - Current year                                                       | 8,985             | 7,810             | 8,627             |
| Other expenditure                                                    | 28,480            | 32,611            | 26,526            |
| Grants                                                               | 3                 | 72,000            | 190,719           |
| Unrealised losses on investments                                     | -                 | -                 | -                 |
| <b>Total expenses</b>                                                | <b>109,465</b>    | <b>231,140</b>    | <b>35,153</b>     |
| <b>Surplus (deficit) for the period</b>                              | <b>605,884</b>    | <b>(14,241)</b>   | <b>270,651</b>    |



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**Statement of financial position**

|                                                         |      | 2020/21          | 2020/21          | 2019/20          |
|---------------------------------------------------------|------|------------------|------------------|------------------|
|                                                         |      | Actual           | Budget           | Actual           |
|                                                         | Note | \$               | \$               | \$               |
| <b>Assets</b>                                           |      |                  |                  |                  |
| <b>Current assets</b>                                   |      |                  |                  |                  |
| Cash and cash equivalents                               | 4    | 872              | 9,214            | 37,108           |
| Prepayments                                             |      | 430              | 408              | 385              |
| Other financial assets                                  | 5    | 5,174,013        | 4,383,471        | 4,449,386        |
| Accrued interest                                        |      | -                | -                | -                |
| <b>Total current assets</b>                             |      | <b>5,175,315</b> | <b>4,393,093</b> | <b>4,486,879</b> |
|                                                         |      | -                | -                | -                |
| <b>Total assets</b>                                     |      | <b>5,175,315</b> | <b>4,393,093</b> | <b>4,486,879</b> |
| <b>Liabilities</b>                                      |      |                  |                  |                  |
| <b>Current liabilities</b>                              |      |                  |                  |                  |
| Creditors and other payables                            | 6    | 320,133          | 202,991          | 188,382          |
| Accrued expenses                                        | 7    | 7,030            | 8,166            | 56,229           |
| <b>Total current liabilities</b>                        |      | <b>327,163</b>   | <b>211,157</b>   | <b>244,611</b>   |
|                                                         |      | -                | -                | -                |
| <b>Total liabilities</b>                                |      | <b>327,163</b>   | <b>211,157</b>   | <b>244,611</b>   |
| <b>Total assets less total liabilities (net assets)</b> |      | <b>4,848,152</b> | <b>4,181,936</b> | <b>4,242,268</b> |
|                                                         |      | -                | -                | -                |
| <b>Trust equity</b>                                     |      |                  |                  |                  |
| Introductory fund                                       |      | 2,579,899        | 2,579,899        | 2,579,899        |
| Capital maintenance fund                                |      | 649,547          | 648,626          | 564,702          |
| Accumulated funds                                       |      | 1,618,706        | 953,411          | 1,097,667        |
| <b>Total Trust equity</b>                               | 9    | <b>4,848,152</b> | <b>4,181,936</b> | <b>4,242,268</b> |

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**Statement of cash flows**

|                                                               | 2020/21         | 2020/21          | 2019/20          |
|---------------------------------------------------------------|-----------------|------------------|------------------|
|                                                               | Actual          | Budget           | Actual           |
| Note                                                          | \$              | \$               | \$               |
| <b>Cash flows from operating activities</b>                   |                 |                  |                  |
| <b>Cash was received from:</b>                                |                 |                  |                  |
| Interest receipts                                             | 65              | 241              | 180              |
| Dividends received                                            |                 | -                |                  |
| <b>Cash was applied to:</b>                                   |                 |                  |                  |
| Payments to donees                                            | -               | (123,056)        | (95,529)         |
| Payments to suppliers                                         | (26,956)        | (39,806)         | (26,819)         |
| <b>Net cash flows from operating activities</b>               | <b>(26,891)</b> | <b>(162,621)</b> | <b>(122,168)</b> |
|                                                               | -               | -                | -                |
| <b>Cash flows from investing and financing activities</b>     |                 |                  |                  |
| <b>Cash was received from:</b>                                |                 |                  |                  |
| Realised gain from investments                                | (491,338)       | 55,464           | 104,633          |
| Sale (acquisition) of investments                             | 481,994         | 107,220          | 52,761           |
| <b>Net cash flows from investing and financing activities</b> | <b>(9,345)</b>  | <b>162,684</b>   | <b>157,394</b>   |
|                                                               | -               | -                | -                |
| Foreign exchange translation differences                      |                 | -                | -                |
| <b>Net increase (decrease) in cash for the year</b>           | <b>(36,236)</b> | <b>63</b>        | <b>35,226</b>    |
| Add opening bank accounts and cash                            | 37,108          | 9,151            | 1,882            |
| <b>Closing bank accounts and cash</b>                         | <b>4 872</b>    | <b>9,214</b>     | <b>37,108</b>    |

## **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.

#### **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**

#### **Standards issued and not yet effective which have been early adopted**

##### **Financial instruments**

The NZASB has issued PBE IPSAS 41 after the IPSASB issued its own financial instruments standard. PBE IPSAS 41 Financial Instruments will supersede PBE IFRS 9 and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments for public benefit entities.

PBE IPSAS 41 is effective from 1 January 2022, early adoption permitted. Council has adopted the new standard in preparing these financial statements; there have been no material effects in doing so.

There have been no other changes in accounting policies.

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**Notes to the performance report**

**1. Finance income**

|                                                                      | <b>2020/21</b> | <b>2019/20</b> |
|----------------------------------------------------------------------|----------------|----------------|
|                                                                      | <b>Actual</b>  | <b>Actual</b>  |
|                                                                      | <b>\$</b>      | <b>\$</b>      |
| Interest income from portfolio of investments managed by Kiwi Wealth | 64             | 179            |
| Interest income from BNZ                                             | 1              | 1              |
| <b>Total finance income</b>                                          | <b>65</b>      | <b>180</b>     |

All finance income is generated through exchange transactions.

**2. Other expenditure**

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

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**3. Grants paid**

|                                                     | <b>2020/21</b> | <b>2019/20</b> |
|-----------------------------------------------------|----------------|----------------|
|                                                     | <b>Actual</b>  | <b>Actual</b>  |
|                                                     | <b>\$</b>      | <b>\$</b>      |
| Grant - Tuakau Youth Sport Trust                    | 20,000         | -              |
| Grant - The David Johnstone Pukemokemoke Bush Trust | 8,000          | -              |
| Grant - Raglan Community Arts Council               | 9,000          | -              |
| Grant - Te Kauwhata Community Patrol Vehicle        | 10,000         | -              |
| Grant - Donation to Te Kauwhata Emergency Service   | 25,000         | -              |
| <b>Total grants</b>                                 | <b>72,000</b>  | <b>-</b>       |

**4. Bank accounts and cash**

|                                         | <b>2020/21</b> | <b>2019/20</b> |
|-----------------------------------------|----------------|----------------|
|                                         | <b>Actual</b>  | <b>Actual</b>  |
|                                         | <b>\$</b>      | <b>\$</b>      |
| Cash at bank                            | 870            | 909            |
| Cash investments managed by Kiwi Wealth | 2              | 36,199         |
| <b>Total cash and cash equivalents</b>  | <b>872</b>     | <b>37,108</b>  |

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

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**5. Investments**

|                                                   | <b>2020/21</b>   | 2019/20          |
|---------------------------------------------------|------------------|------------------|
|                                                   | <b>Actual</b>    | Actual           |
|                                                   | <b>\$</b>        | <b>\$</b>        |
| 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        |
| <b>Total other financial assets</b>               | <b>5,174,013</b> | <b>4,449,386</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 2020: \$nil) is included in the portfolio.

**6. Creditors and other payables**

|                                           | <b>2020/21</b> | 2019/20        |
|-------------------------------------------|----------------|----------------|
|                                           | <b>Actual</b>  | Actual         |
|                                           | <b>\$</b>      | <b>\$</b>      |
| 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                               | 279,773        | 158,217        |
| WDC Payable:                              | 317,754        | 186,243        |
| Management Fee (June)                     | 2,379          | 2,139          |
| <b>Total creditors and other payables</b> | <b>320,133</b> | <b>188,382</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.

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**7. Accrued expenses**

|                               | 2020/21<br>Actual<br>\$ | 2019/20<br>Actual<br>\$ |
|-------------------------------|-------------------------|-------------------------|
| Audit fee - current year      | 6,685                   | 6,327                   |
| Other expenses                | 345                     | 346                     |
| Grants                        | -                       | 49,556                  |
| <b>Total accrued expenses</b> | <b>7,030</b>            | <b>56,229</b>           |

**8. Equity**

|                                | Introductory<br>fund | Capital<br>maintenance<br>fund | Accumulated<br>funds | Total<br>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)             | -                |
| <b>Balance at 30 June 2020</b> | <b>2,579,899</b>     | <b>564,702</b>                 | <b>1,097,667</b>     | <b>4,242,268</b> |
| Surplus(deficit)               | -                    | -                              | 605,884              | 605,884          |
| Capital maintenance charge     | -                    | 84,845                         | (84,845)             | -                |
| <b>Balance at 30 June 2021</b> | <b>2,579,899</b>     | <b>649,547</b>                 | <b>1,618,706</b>     | <b>4,848,152</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 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).

### **Operational commitments**

As at 30 June 2021 the Trust had the following grant commitments:

| <b>Donee</b>                    | <b>Purpose of grant</b>                        | <b>Amount</b>   |
|---------------------------------|------------------------------------------------|-----------------|
| Glen Afton Citizens Sports Club | To rebuild the Glen Afton Club Community Venue | 50,000          |
| <b>Total outstanding grants</b> |                                                | <b>\$50,000</b> |

There are no other operational commitments as at 30 June 2021.

*The operational commitments as at 30 June 2020 were as follows:*

| <b>Donee</b>                                      | <b>Purpose of grant</b>                                     | <b>Amount</b>   |
|---------------------------------------------------|-------------------------------------------------------------|-----------------|
| Tuakau Youth Sport Trust                          | To build a new skatepark in Tuakau.                         | 20,000          |
| David Johnstone Pukemokemoke Trust                | To upgrade the walking track and install composting toilets | 8,000           |
| Raglan Community Arts Centre                      | To establish a new power connection                         | 9,000           |
| Ruawaro Combined School                           | Install artificial turf on the sports courts                | 10,000          |
| <b>Total grant commitments as at 30 June 2020</b> |                                                             | <b>\$47,000</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 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 \$317,754 (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:

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

### 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.

### 15. Economic effects of the Covid-19 pandemic

Despite the Delta covid variant remaining a concern, global economic recovery has remained broadly on track. Kiwiwealth, the Wellbeing Trust's investment portfolio managers, are continuing to report that global equity markets continue to rise and developed markets are performing exceptionally well. It is Kiwiwealth's core belief that disruption from COVID will not be transitory. The Wellbeing trust's investment strategy is focused on preserving its capital and carefully growing it through actively managed diversified and liquid global assets. This is done by investing in a range of assets or investing in funds, which are diversified and liquid and actively managed thus ensuring long-term growth. The Trust's investment fund has suffered no lasting impact from the effects of the pandemic nor do we anticipate any medium to long term adverse impacts as a result of the COVID pandemic.

**16. Breach of section 67 of the Local Government Act 2002**

The Trust was required under section 67 of the Local Government Act 2002 to complete its audited financial statements and service performance information by 30 November 2021.

This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

## Independent Auditor's Report

### To the readers of Waikato District Community Wellbeing Trust's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Waikato District Council Wellbeing Trust (the Trust). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

#### Opinion

We have audited:

- the financial statements of the Trust on pages 8 to 19, that comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 5 to 6.

In our opinion:

- the financial statements of the Trust on pages 8 to 19:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard; and
- the performance information of the Trust on pages 5 to 6 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2021.

### ***Our audit was completed late***

Our audit was completed on 31 May 2022. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 67(5)(a) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of the Board of Trustees for the financial statements and the performance information**

The Board of Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees are also responsible for preparing the performance information for the Trust.

The Board of Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Board of Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Trustees intends to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Board of Trustee's responsibilities arise from the Local Government Act 2002 and the Trust Deed.

## **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other Information**

The Board of Trustees are responsible for the other information. The other information comprises the information included on pages 3 to 4, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand