

**Waikato District Community Wellbeing Trust**

**Statement of intent**

**For the year ending 30 June 2019**



**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2019**

**Table of contents**

Introduction .....	3
Entity information .....	3
Prospective statement of financial performance.....	6
Prospective statement of financial position .....	7
Prospective statement of cash flows.....	8
Statement of accounting policies .....	9
Forecast assumptions.....	11
1. Portfolio income .....	11
2. Expenses.....	11
3. Grants expenditure.....	11
4. Creditors and other payables .....	11
5. Accrued expenses.....	11
6. Equity.....	11
Other financial disclosures.....	12



**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2019**

**Introduction**

This Statement of Intent (SOI) is presented by the Waikato District Community Wellbeing Trust (the Trust) as required by Section 64(1) of the Local Government Act 2002.

The SOI forms the basis for the accountability of the Trustees of the Trust to Waikato District Council, and sets out the objectives, scope of activities undertaken, and performance targets by which the Trust will be measured.

The purpose of this statement of intent is to:

- State publicly the activities and intentions of this council controlled organisation for the year and the objectives to which those activities will contribute;
- Provide a basis for accountability and transparency.

This Statement of intent covers the year to 30 June 2019 and also includes prospective financial information for the following two financial years.

  
\_\_\_\_\_  
Jacqui Church (Chair)

**Entity information**

**Legal name**

Waikato District Community Wellbeing 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.

The Trust was established by Waikato District Council (WDC) and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002, by virtue of WDC's right to appoint the Trustees.

**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2019**

**Objectives of the Trust**

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.

**Governance**

The Trust will be governed in accordance with the terms of the Trust Deed.

Objective

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.

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.

Performance measure

1. Undertake an annual legal review of compliance with the Trust Deed; no later than two months after the end of the financial year.

**Investment**

The Trust will, in accordance with the Trust Deed, invest or reinvest part or parts of the Trust Fund not immediately required for the purposes of the Trust (whether income or capital) in investments or securities, as the Trust Board considers beneficial to the Trust Fund. The Trust will also seek other opportunities and avenues for growing the trust Fund. The intention of the Trustees is that the real value of the Trust Fund is preserved.

Objective

1. To adhere to the Trust's *Management of Investment Portfolio and Distribution Policy*.
2. To review, on an annual basis, the investment mandate and the performance of the portfolio manager.

Performance measure

1. At each quarterly meeting, review compliance with the Trust's *Management of Investment Portfolio and Distribution Policy* during that quarter.



**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2019**

**Fund disbursement**

The Trust will, as appropriate, disburse funds towards projects that meet the Trust's criteria and meet the objectives of the Trust Deed...

Objective

1. As per the *Management of Investment Portfolio and Distribution Policy*, to distribute total grants that do not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.

Performance measures

1. A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set up by the Trustees in accordance with the *Management of Investment Portfolio and Distribution Policy* for the current year
2. Six monthly reports are received from all successful applicants within the required time frames.

**Portfolio and distribution policy compliance**

Agreed targets

1. Ensure that the real (inflation adjusted) value of the Fund is protected.
2. Ensure that no more than 10% of the capital is distributed in any one year.
3. Ensure there is diversification of investments with a 7.5% cap on the value of any single investment in the portfolio.
4. The portfolio investment manager will report regularly to the Trustees.
5. The Trustees will annually review the performance of the portfolio manager.

**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 WDC. Those staff 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 (Chair)
Councillor	Rob McGuire
WDC appointee	Eileen Bateup
WDC appointee	Judi Muru

**Main sources of the Trust's cash and resources**

The Trust's introductory fund was provided by distribution of the capital fund of the Waikato Foundation Trust.

The proceeds of that distribution are invested in a portfolio of financial assets managed by Kiwi Wealth Limited. The returns from the portfolio are the Trust's source of continuing revenue.

**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2019**

**Prospective statement of financial performance**

	<b>FY Budget</b>	<b>FY Forecast</b>			
	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Finance income	52,582	102,839	61,429	62,374	63,206
Dividend income from portfolio of investments managed by Kiwi Wealth Limited	25,340	24,107	28,937	29,382	29,774
Realised gains on investments	-	177,135	113,718	115,467	117,007
Unrealised gains on investments	175,481	243,355	100,519	102,065	103,426
<b>Total revenue</b>	<b>253,403</b>	<b>547,436</b>	<b>304,603</b>	<b>309,288</b>	<b>313,413</b>
<b>Expenses</b>					
Audit fees	7,500	7,700	7,700	7,700	7,700
Portfolio management fees	24,439	23,552	26,013	26,413	26,765
Other expenditure	1,272	909	1,150	1,163	1,174
Grants	75,842	145,529	217,258	76,108	77,397
Unrealised losses on investments	-	-	-	-	-
<b>Total expenses</b>	<b>109,053</b>	<b>177,690</b>	<b>252,121</b>	<b>111,384</b>	<b>113,036</b>
<b>Surplus/(deficit) for the period</b>	<b>144,350</b>	<b>369,746</b>	<b>52,482</b>	<b>197,904</b>	<b>200,377</b>

**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2019**

**Prospective statement of financial position**

	FY Budget	FY Forecast			
	2017/18	2017/18	2018/19	2019/20	2020/21
	\$	\$	\$	\$	\$
<b>Assets</b>					
<b>Current assets</b>					
Bank accounts and cash	308,564	326,470	290,439	245,161	343,430
Other financial assets	3,354,531	3,870,093	3,970,612	4,072,677	4,176,103
Accrued interest	-	-	-	-	-
<b>Total current assets</b>	<b>3,663,095</b>	<b>4,196,563</b>	<b>4,261,051</b>	<b>4,317,838</b>	<b>4,519,533</b>
<b>Total assets</b>	<b>3,663,095</b>	<b>4,196,563</b>	<b>4,261,051</b>	<b>4,317,838</b>	<b>4,519,533</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Creditors and other payables	85,784	215,386	227,392	86,275	87,593
Accrued expenses	7,540	7,700	7,700	7,700	7,700
<b>Total current liabilities</b>	<b>93,324</b>	<b>223,086</b>	<b>235,092</b>	<b>93,975</b>	<b>95,293</b>
<b>Total liabilities</b>	<b>93,324</b>	<b>223,086</b>	<b>235,092</b>	<b>93,975</b>	<b>95,293</b>
<b>Net assets</b>	<b>3,569,771</b>	<b>3,973,477</b>	<b>4,025,959</b>	<b>4,223,863</b>	<b>4,424,240</b>
<b>Equity</b>					
Introductory fund	2,579,899	2,579,899	2,579,899	2,579,899	2,579,899
Capital maintenance fund	403,364	406,932	486,402	566,921	651,398
Accumulated funds	586,508	986,646	959,658	1,077,043	1,192,943
<b>Total net assets / equity</b>	<b>3,569,771</b>	<b>3,973,477</b>	<b>4,025,959</b>	<b>4,223,863</b>	<b>4,424,240</b>

**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2019**

**Prospective statement of cash flows**

	<b>FY Budget</b>	<b>FY Forecast</b>			
	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	\$	\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
<b>Cash was received from:</b>					
Interest receipts	52,582	102,841	61,429	62,374	63,206
Dividends received	25,340	24,107	28,937	29,382	29,774
<b>Cash was applied to:</b>					
Payments to donees	(241,297)	(118,798)	(205,529)	(217,258)	(76,108)
Payments to suppliers	(33,162)	(31,744)	(34,587)	(35,245)	(35,613)
<b>Net cash flows from operating activities</b>	<b>(196,537)</b>	<b>(23,594)</b>	<b>(149,750)</b>	<b>(160,747)</b>	<b>(18,741)</b>
<b>Cash flows from investing and financing activities</b>					
<b>Cash was received from (applied to):</b>					
Sale (acquisition) of investments	194,728	177,135	113,718	115,467	117,007
<b>Net cash flows from investing and financing activities</b>	<b>194,728</b>	<b>177,135</b>	<b>113,718</b>	<b>115,467</b>	<b>117,007</b>
Foreign exchange translation differences	-	-	1	2	3
<b>Net increase (decrease) in cash for the year</b>	<b>(1,809)</b>	<b>153,541</b>	<b>(36,031)</b>	<b>(45,278)</b>	<b>98,269</b>
<b>add opening bank accounts and cash</b>	<b>310,373</b>	<b>172,929</b>	<b>326,470</b>	<b>290,439</b>	<b>245,161</b>
<b>Closing bank accounts and cash</b>	<b>308,564</b>	<b>326,470</b>	<b>290,439</b>	<b>245,161</b>	<b>343,430</b>



**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2019**

**Statement of accounting policies**

**Basis of preparation**

The Board of Trustees has 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 \$2million.

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 29 Financial instruments: recognition and measurement.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

**Goods and services tax**

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 the end of the period 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 Board 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.

**Statement of accounting policies (cont)**

**Bank accounts and cash**

Bank accounts and cash comprise cash on hand and deposits held at call with financial institutions.

**Investment portfolio**

Components of the investment portfolio are classified as financial assets at fair value through surplus (deficit) for the year. The reason for this classification is that the portfolio is comprised of identified financial instruments which are managed together and for which there is evidence of short-term profit-taking.

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

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus (deficit) for the year.

**Creditors and accrued expenses**

Creditors and accrued expenses are measured at the amount owed.



**Forecast assumptions**

**1. Portfolio income**

KIWI WEALTH have estimated an average return on the portfolio of 7.26% per annum before expenses.

The split of the total return between interest, dividends and gains/losses is estimated using proportions calculated from an average of past results.

**2. Expenses**

Audit fees are estimated at \$7,700 for each of the four forecast years.

Portfolio management fees are assumed at a rate of 0.61% of the opening portfolio value in each year.

Other expenditure comprises annual return fees, bank charges, custodial fees (portfolio) and audit disbursements.

**3. Grants expenditure**

It is assumed that for the current year all outstanding grants will be paid by 30 June 2018.

It is further assumed that in subsequent years 80% of the maximum allowable distribution will be approved and fully paid by year end.

The maximum allowable distribution is set out in the *Management of Investment Portfolio and Distribution Policy*. Total grants must not exceed 50% of the accumulated net income after allowing for accumulated expenses, inflation movements and prior year distributions.

**4. Creditors and other payables**

Creditors and other payables are made up of the amount owing to Waikato District Council and the June portfolio management fee.

It is assumed that the total year-end balance owing to WDC is paid in full in the following year.

**5. Accrued expenses**

Accrued expenses is made up of audit and bank fees.

**6. Equity**

The Trust was established with an initial capital 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 capital maintenance fund is made up of accumulated annual charges transferred from accumulated funds to maintain the real value of the Trust fund.

The accumulated funds and capital maintenance funds together represent the total net increase in the fund value since the inception of the Trust.

**Waikato District Community Wellbeing Trust**  
**Statement of intent**  
**For the year ending 30 June 2019**

**Other financial disclosures**

**Ratios**

The Local Government Act 2002 requires a statement of intent to include the projected ratio of equity to total assets.

The ratio of equity to total assets is forecast as follows:

2017/18	94.7%
2018/19	94.5%
2019/20	97.8%
2020/21	97.9%

**Compensation**

The Trustees will not seek any fees or expenses for work undertaken on behalf of Waikato District Community Wellbeing Trust.

**Information to be provided to the Trustees**

The Trustees will be provided with the following information:

- Within four months of the end of the financial year the audited financial statements plus a summary of how the Trust has performed against its objectives and performance targets;
- Quarterly reports on the performance of investments; and,
- A draft statement of intent for consideration in February of each year.