

# Bay of Plenty Community Trust Incorporated Annual Report for the Year ended 31 March 2018

**Our Vision:**  
**Bay of Plenty is the  
greatest place to be**



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**“We were blown away. We’re so delighted to have BayTrust’s support and can’t wait to get our new ‘workshop’ on the road. It’s just outstanding.”**

**Stu Thompson – Boys Brigade ICONS**

# Why we exist

Bay of Plenty Community Trust (BayTrust) was initially incorporated on 5 August 1988 as the Trust Bank Bay of Plenty Community Trust in accordance with the provisions of the Trustee Banks Restructuring Act, 1988. It continues under the provisions of the Community Trusts Act, 1999. The purpose of the Trust as outlined in its Trust Deed, is to provide charitable, cultural, philanthropic, recreational and other benefits to Bay of Plenty communities.

The Trust's region extends from Katikati to Turangi to Te Kaha and includes the Eastern and Western Bay of Plenty and Rotorua and Taupo districts.

Working closely with our communities, BayTrust has developed a Vision and everything we do and the organisations we support is directed towards achieving our Vision while always being underpinned by our values:

- **Kaitiaki** (Guardianship) of our assets, our people and our environment
- **Together we are strong**
- We will make a **real difference**
- **Innovative** and **balanced** solutions produce the best results
- **Everything** we do, we do well.

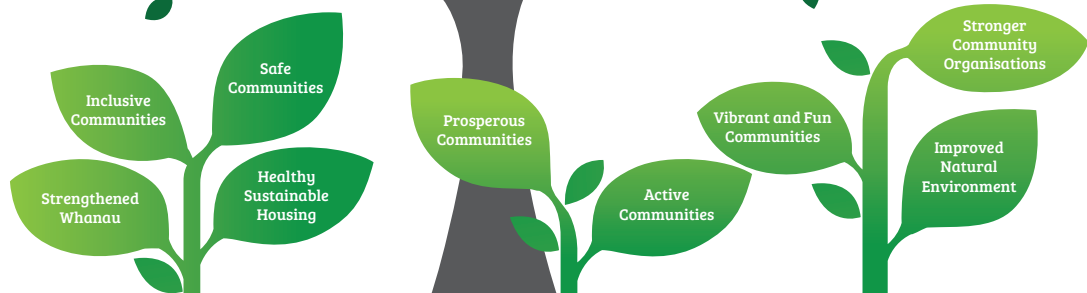
## Our Region



### OUR VISION

Bay of Plenty is the greatest place to be

### WE ARE LOOKING FOR THESE OUTCOMES



### BY STRATEGICALLY INVESTING IN PROGRAMMES, SERVICES OR ACTIVITIES WHICH CONTAIN THESE ATTRIBUTES:

- BOP wide or replicable within the BOP
- Demonstrate wide, long-term community benefit
- Support those in the BOP with the greatest need
- Incorporate partnerships for increased impact
- Are community led
- Deliver innovative solutions to social issues
- Contain measurable outcomes and embedded evaluative practices

# Who we are

To support achieving our Vision, BayTrust is governed by a Board of up to 12 Trustees who are appointed by the Minister of Finance for terms of four years to represent the entire region plus four fulltime staff.

The Board's principal responsibility is to invest the assets of the Trust in a range of diversified investments designed to maximise the total amount of community distributions that can be financed over the long term and maintain the real (inflation-adjusted) value of the Trust's capital. In meeting this responsibility, the Board approves the adoption of appropriate strategies, objectives and budgets and reviews the performance of the Trust against these objectives.

It is recognised that Trustees and staff have a wide range of involvement throughout the Bay of Plenty region and as

such, the potential for conflict will arise from time to time. To cover this eventuality, Trustees and staff disclose their involvement with other organisations, do not take part in discussions relating to organisations with which they have a conflict of interest and do not vote on any matter where a conflict or potential conflict exists.

BayTrust's head office is located at 73 Spring Street in Tauranga. BayTrust also operates satellite offices in Rotorua (once a week at Rotorua Energy Trust office, 1358 Eruera Street) and Whakatane (once a month at EBET office, 5 Richardson Street) with the intention for a further satellite office to be set up in Taupo in the near future. BayTrust staff also operate remotely and are often on the road spending time with a variety of organisations and stakeholders throughout the BOP.



Bill Cleghorn; Terri Eggleton (Senior Community Investment Advisor); Rita Nabney; Steve Morris; Yvonne Baldock (Finance and Office Manager); Kenneth Brown (Chair) front; Sam Cummins (Community Engagement Advisor); Roko Mihinui; Nigel McAdie; Maggie Bentley; Alastair Rhodes (Chief Executive); Simon Clarke; Kylie Hawker-Green; Wayne Marriott (Deputy Chair); Kim Bell (Admin Assistant); Michael Christensen.

# What we have done

## Tena Koutou Katoa – Greetings to you all

BayTrust has a Vision that Bay of Plenty is the greatest place to be and it is our pleasure to share BayTrust's activities, achievements and highlights for the year ended 31 March 2018 as we work towards achieving this Vision.

Here are our key highlights for the 2018 year:

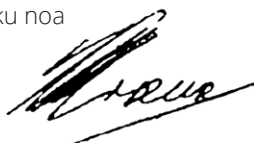
## Financial

- From an investment perspective it has been a good year for BayTrust's investment portfolio following a stellar performance last year, **with BayTrust's investments returning \$17m (8%)**, (2017: \$20.4m).
- After a robust and extensive market review process, BayTrust made the difficult decision during the year to replace its long-standing lead Investment Advisor Russell Investments with **Cambridge Associates who specialise in advising Foundations and Endowments**. We believe that Cambridge Associates is the best fit for our future needs, particularly as we look to further diversify our investment portfolio and we wish to publicly thank Russell Investments and acknowledge their professionalism and their dedication over the years.
- As a result of this strong revenue performance, **BayTrust's returns have more than adequately covered the Trust's expenses** of \$2.6m (2017: \$2.4m) and granting of \$5.9m (2017: \$4.8m for the year) **leading to an overall surplus of \$8.6m** (2017: \$13.3m).
- Looking forward, the BayTrust Board and our Investment Advisors **continue to be cautious around future returns** with increasing volatility being experienced in the financial markets. However, because of our strong balance sheet we anticipate we will be able to **increase our granting for next year to a record \$6.8m** which will allow us to increase funding across all our funding tiers and outcome areas as well as create a new **Community Amenities Fund** to help support intergenerational community and environmental projects.
- At year-end the **total equity of BayTrust is \$213.5m**, which is an \$8.6m increase from 31 March 2017 (\$204.9m).

## Community & Granting

- BayTrust increased its **total granting commitments this year by 22% and committed a total of \$5.9m** in grants (2017: \$4.8m) to 199 community organisations with these grants spread equitably across our outcome areas and across our region. Along with our grants, the Trust provided other significant community support during the year delivered in a variety of ways including capacity-building opportunities such as workshops, which were extremely well received in the community.
- During the year **we completed an in-depth review of our granting "outcome areas" and "funding priorities"** to ensure that they are in alignment with community priorities and concluded that when comparing communities' priorities against the ability for BayTrust to have an impact, our **current outcomes and priorities align well**. As part of this review we have confirmed that going forward we will look to support more **innovative ideas and projects, work in a true partnership manner with many organisations including increasing our multi-year funding and introducing a new Community Amenities fund for intergenerational community and environmental assets**.
- Lastly, one of our key values is **'together we are strong'** and as such a big thank you to all Trustees and staff for all the hard-work that has been put in over the year with both Trustees and staff working well together and for our communities. Plus, an even bigger thank you to all the wonderful community organisations and their supporters for their ongoing work in helping make the **"Bay of Plenty the greatest place to be"**.

Naku noa



**Kenneth Brown**  
Chair



**Alastair Rhodes**  
Chief Executive Officer

31 July 2018

# Investment Performance

BayTrust's investment objective is to protect and equitably grow BayTrust's investment capital so that it can provide ongoing returns for distribution to current and future BOP communities. Over the last year, BayTrust with the assistance of our Investment Advisors ran a well-diversified portfolio of investments.

	2018	2017
Revenue	\$17m	\$20m
Return on Investment	8.2%	10.6%
Listed Asset Returns	8.5%	11.1%
Benchmark Return	7%	9.1%

## Investment changes during the year

An in-depth review of our strategic asset allocations was completed in the prior year and implemented in May 2017 which resulted in the Trust increasing its growth asset allocations from 46% to 53% year. The slightly increased risk associated with the higher growth allocation, reflects the perpetual nature of the Trust and the desire to ensure the Trust's ongoing distributions to the community remain strong. During the year the Trust increased its commitment to BOP Impact Investments where we were looking to drive measurable social impact alongside a financial return from 3% to 6% (1.1% currently invested) and we were actively looking at opportunities in this space.

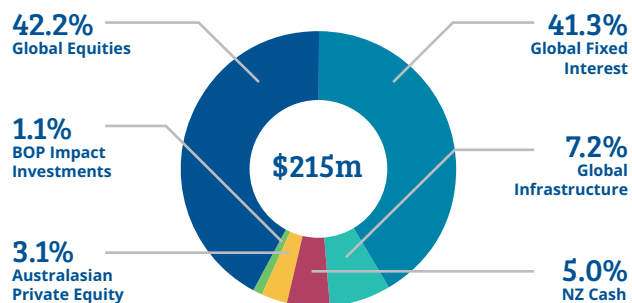
## Future Investment plans

Lastly, looking ahead we anticipate financial market volatility is likely to continue and we are working with our new Investment Advisors (Cambridge Associates) to further refine and diversify our investment portfolio to ensure it continues to perform well into the future. We also remain committed to increasing (assuming no global financial crises or similar events occur) our granting from \$5.9m this year to ~\$6.8m next year (+15%) as a result of strong returns driven in previous years and a healthy balance sheet.

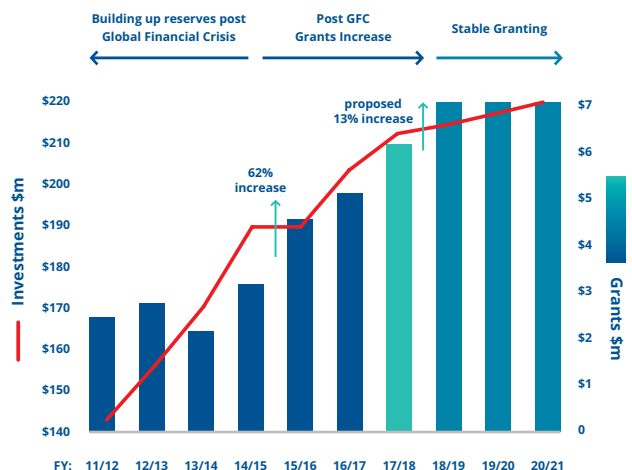
## Key performance highlights:

- The Trust's investment base has grown from \$89m when first established to over \$215m.
- In spite of volatile financial markets, investment revenue of \$17m compared well to our forecast of \$10m, although it was slightly lower than the revenue achieved in the prior year (\$20m). Overall, the Trust's core listed asset portfolio performed well and returned 8.5% versus a benchmark of 7%.
- At an asset class level, Global Equities were the star with a return of 14% driven by increased confidence in the global economy, whilst Global Bonds, NZ Cash, Impact Investments and Private Equity performed as expected. Global Infrastructure's performance (which was only introduced during the year) was disappointing (-1.4%), with the Trust's view that this was largely a timing issue with the fundamentals of this asset class still strong.

## BayTrust's Asset Portfolio 31 March 2018, \$215m (2017 \$207m)



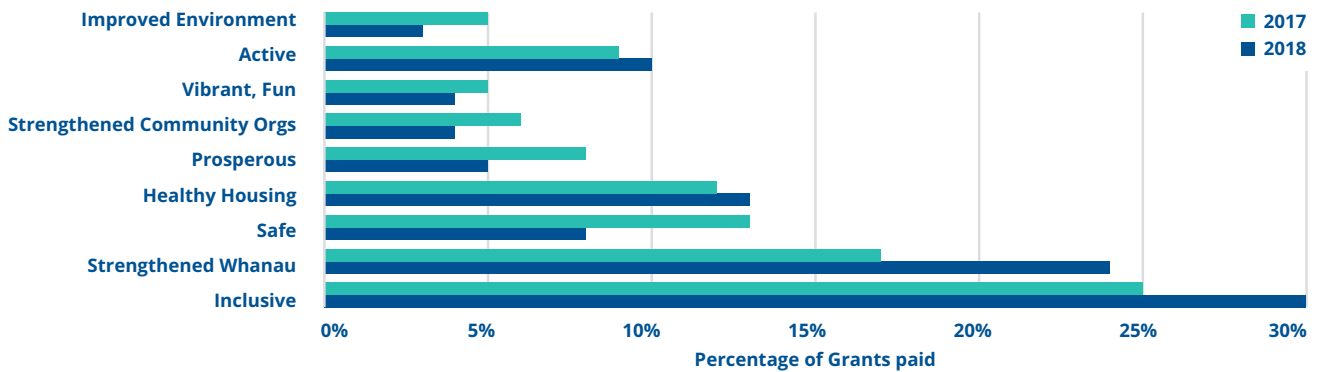
## Projected Granting FY19 – FY21



# Granting

To help achieve our Vision and in alignment with our Values, the Trust paid out a record \$5.7m (2017: \$4.9m) in grants distributed across our region and our outcomes areas as outlined below:

## Grants across Outcome Areas

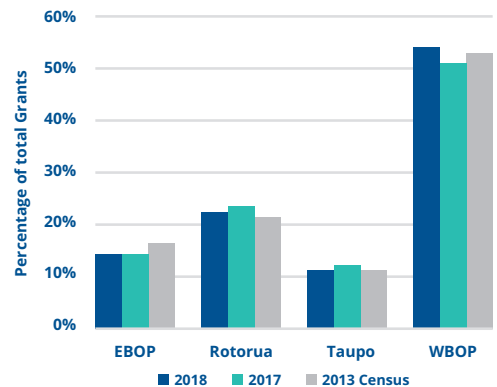


Funding into Environment, Strengthened Community Organisations, Vibrant and Fun and Active Communities were light in comparative to other outcome areas. However, the Trust was pleased to note the **increase in funding into the Environment (3% in 2017 to 5% in 2018) and Prosperous Communities (5% in 2017 to 8% in 2018)** which were areas that BayTrust has proactively targeted.

The Trust **endeavours to achieve an equitable distribution of granting across the region** which has been largely achieved over the last two years.

The number of applications approved has also increased from 61% in 2017 to 71% in 2018 and during the year flexible grants of \$80k were made (2017: \$86k) through our “Toolbox” process, including a \$25k contribution to the Bay wide Vital Signs research project.

## Regional Distribution of Granting



**“A fresh and creative look at our funding avenues. It was great. Funding support from BayTrust hugely appreciated.”**

## Partnerships

- BayTrust’s partnership with Sport BOP to drive the Trust’s Active Communities’ outcome area has continued in 2018 with funding of \$552k (2017: \$552k) being paid.
- The Bay Brighter Futures (BBF) Collaboration which is a collaboration of all key BOP funders to help fund collaborative community initiatives that are going to make the biggest positive difference to infants and youth continues to be developed with funding of \$140k (2017: \$0) paid and an additional \$346k committed through multi-year funding.

## Multi-year funding

Multi-year funding for operating costs to five organisations totalling \$555k was committed to in 2018, with one third of this paid out in 2018 and which was in addition to the BBF commitments outlined above.

## Capability Building Support

In addition to granting, subsidised capability building opportunities were provided through BayTrust’s operating costs to 235 people (2017: 199) to community organisations across the BOP, with 14 (2017: 23) organisations also attending subsidised governance training.

# Community Feedback

BayTrust surveys all grantees and key stakeholders annually, the key outtakes from the latest survey undertaken in Dec 2017/Jan 2018 were:

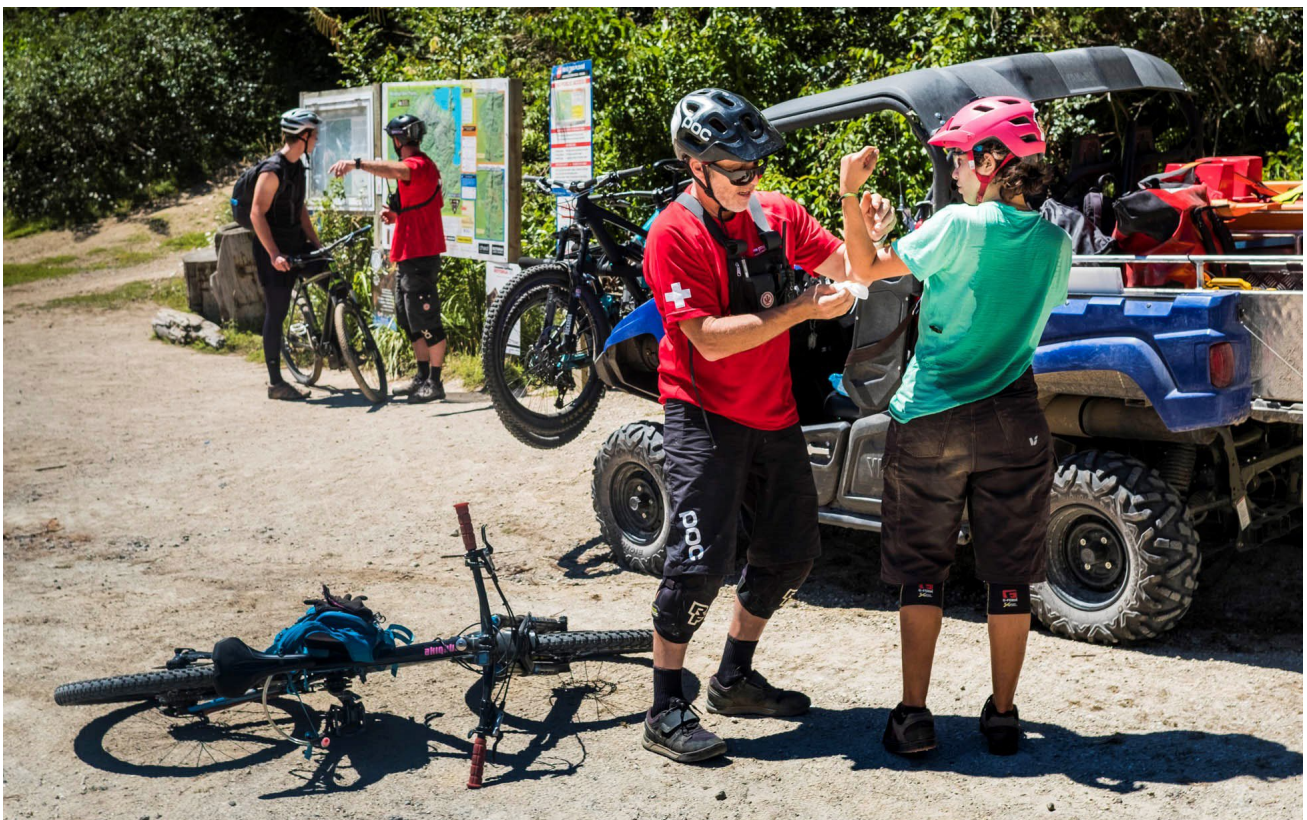
- BayTrust's **Vision resonated well with stakeholders** with almost 80% reporting this.
- Stakeholders had **high levels of awareness of BayTrust's funding priorities and outcome areas and were generally satisfied with the outcome areas BayTrust funds.**
- Stakeholders thought that BayTrust's most **effective mechanisms to achieve its outcomes were funding** (including Toolbox funding), followed by Impact Investments and research.
- Stakeholders felt the **frequency of BayTrust communication was about right.**
- Most felt **BayTrust collaborated well/very well with its partners / stakeholders.**

## Drop-In centres

BayTrust holds annual community engagement **drop-in centres across the BOP**, creating a platform for communities to feedback their successes, priorities and challenges. This year the drop-in centres were held in Katikati, Te Puke, Whakatane, Taupo, Rotorua and Opotiki.

There were consistent themes across all the drop in centres that emerged around issues that **stemmed from housing availability and affordability (homelessness, transience, working poor, mental health, physical health), social isolation and loneliness (particularly for older people) and lack of volunteers.**

A strong positive that emerged was how much the organisations valued the subsidised **capability building support that BayTrust offers.**



**“We are thrilled to receive this grant. If we don't receive funding, we can't run the service, it's as simple as that. We do rely on donations, grants and fundraising and this money will fund one patroller for about 50 days. It makes a huge difference to receive large sums of money like this.”**

**Barbara Jenks – Rotorua Mountain Bike Club First Response Unit.**



## Bay of Plenty Community Trust Incorporated – 2018 Annual Report

### Statement of comprehensive revenue and expense

For the year ended 31 March 2018

in New Zealand Dollars (\$000's)

	Note	2018	2017
Investment Income	4	16,983	20,431
<b>Less Expenses</b>			
Portfolio management and advisory fees		1,427	1,230
Other expenses	5	1,144	1,123
<b>Total Expenses</b>		2,571	2,353
Grants Expenditure	6, 16	5,855	4,813
<b>Surplus for the year</b>		8,557	13,265
<b>Total comprehensive revenue and expense</b>		8,557	13,265

### Statement of changes in equity

For the year ended 31 March 2018

in New Zealand Dollars (\$000's)

	Trust capital	Retained earnings	Population reserve	Grants maintenance reserve	Inflation reserve	Total
Balance at 1 April 2016	89,308	-	-	49,208	53,160	191,676
Surplus / Total comprehensive revenue and expense	-	13,265	-	-	-	13,265
Reallocation of Funds	-	-	10,560	-	(10,560)	-
Reserves transfers	-	(13,265)	-	10,407	2,858	-
Balance at 31 March 2017	89,308	-	10,560	59,615	45,458	204,941
Balance at 1 April 2017	89,308	-	10,560	59,615	45,458	204,941
Surplus / Total comprehensive revenue and expense	-	8,557	-	-	-	8,557
Reserves transfers	-	(8,557)	-	7,039	1,518	-
Balance at 31 March 2018	89,308	-	10,560	66,654	46,976	213,498

The notes on pages 10 to 19 are an integral part of these financial statements.



# Bay of Plenty Community Trust Incorporated – 2018 Annual Report

## Statement of financial position

As at 31 March 2018

in New Zealand Dollars (\$000's)

	Note	2018	2017
<b>Assets</b>			
Property, plant and equipment		20	30
Loans	9	2,385	2,113
Investment in Te Kete Putea Limited Partnership		-	18
Investments	11	208,110	203,590
<b>Total non-current assets</b>		<b>210,515</b>	<b>205,751</b>
Loans	9	64	310
Prepayments		289	248
Cash and cash equivalents		4,654	419
<b>Total current assets</b>		<b>5,007</b>	<b>977</b>
<b>Total assets</b>		<b>215,522</b>	<b>206,728</b>
<b>Trust equity</b>			
Trust capital		89,308	89,308
Retained earnings		-	-
Population reserve	10	10,560	10,560
Grants maintenance reserve	10	66,654	59,615
Inflation reserve	10	46,976	45,458
<b>Total equity</b>		<b>213,498</b>	<b>204,941</b>
<b>Liabilities</b>			
Grants Payable - current portion	7	1,309	951
Trade and other payables		205	157
<b>Total current liabilities</b>		<b>1,514</b>	<b>1,108</b>
Grants Payable	7	510	679
<b>Total non-current liabilities</b>		<b>510</b>	<b>679</b>
<b>Total liabilities</b>		<b>2,024</b>	<b>1,787</b>
<b>Total equity and liabilities</b>		<b>215,522</b>	<b>206,728</b>

The notes on pages 10 to 19 are an integral part of these financial statements.

Signed on behalf of the Board of Trustees;

Chair: 

Trustee: 

Date: 31/7/18



# Bay of Plenty Community Trust Incorporated – 2018 Annual Report

## Statement of cashflows

For the year ended 31 March 2018

in New Zealand Dollars (\$000's)

	Note	2018	2017
<b>Cashflows from operating activities</b>			
Investment income		104	172
Cash paid to suppliers, trustees and staff		(1,478)	(2,307)
Proceeds from realisation of investments		13,243	13,980
Funds Invested		(1,915)	(6,593)
Grants paid to the community		(5,668)	(4,853)
<b>Net cash from operating activities</b>		<b>4,286</b>	<b>(6,988)</b>
<b>Cashflows from investing activities</b>			
Acquisition of property, plant and equipment		-	(10)
Loans (Issued) / Received		(51)	(181)
<b>Net cash used in investing activities</b>		<b>(51)</b>	<b>7,196</b>
Net increase/(decrease) in cash and cash equivalents		4,235	208
Cash and cash equivalents at 1 April		419	211
Cash and cash equivalents at 31 March	<b>11</b>	4,654	419

The notes on pages 10 to 19 are an integral part of these financial statements.



# Bay of Plenty Community Trust Incorporated – 2018 Annual Report

## Notes to the financial statements

### 1 Reporting entity

The Bay of Plenty Community Trust is a Charitable Trust, incorporated in accordance with the provisions of The Community Trusts Act 1999.

### 2 Basis of preparation

#### (a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the Public Benefit Entity Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted. The Trust qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure and is not publicly accountable.

The Board of Trustees approved the financial statements on 31 July 2018

#### (b) Basis of measurement

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

#### (c) Functional and presentation currency

These financial statements are presented in thousands of New Zealand dollars and rounded to the nearest thousand dollars (\$000's) which is the functional currency of the Trust.

#### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Trust's accounting policies management have made judgements regarding whether or not discretionary grants are payable at year end or if discretionary grants are contingent liabilities at year end. This potentially has a significant effect on the amounts recognised in the financial statements. Grants payable are discretionary grants where there are no significant conditions attached to the grant at balance date or where the significant conditions attached to the grant have been met at balance date. Grants that are classified as contingent liabilities at year end are discretionary grant obligations at balance date that are reliant on additional funding or have other significant conditions attached to them to go ahead with a specified project. Refer to note 7 for the grants payable at 31 March 2018 and note 8 for contingent liabilities.

#### (e) Taxation

Bay of Plenty Community Trust is exempt from income tax with effect 1 April 2008, under section CW 52 of the Income Tax Act 2007.

### 3 Significant accounting policies

#### (a) Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date and any differences are recognised in profit or loss. Classification is also reassessed by management at each reporting date.

#### (b) Financial instruments

##### Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held to maturity' investments, 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.



## Bay of Plenty Community Trust Incorporated – 2018 Annual Report

### Notes to the financial statements (continued)

#### 3 Significant accounting policies (continued)

##### **Financial assets at fair value through profit or loss**

The Trust classifies its investments as financial assets at fair value through profit or loss. These financial assets are designated by management at fair value through profit or loss at inception.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's Statement of Investment Policies and Objectives and information is provided internally to key management personnel on that basis.

Regular-way purchases and sales of investments are recognised on the trade date, being the date on which the Trust commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investment have expired or the Trust has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in profit or loss. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in profit or loss in the period in which they arise.

##### **Short term deposits**

Short term deposits are short term investments with an original maturity of between 3-12 months.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Trust's loans and receivables comprise 'loans'.

Loans and receivables are initially recognised at fair value plus transaction costs. The fair value of long term receivables or loans that are interest free or have interest rates below market values are estimated using the present value of all future cash flow receipts discounted using the prevailing market rate of interest for similar instruments with a similar credit rating. After initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period, to the net carrying amount of the financial asset.

The Trust assesses at each balance sheet date whether there is objective evidence that a loan or receivable is impaired.

##### **Trade and other payables**

Trade and other payables are stated at cost and are classified as other liabilities.

#### **c) Grants expenditure and grants payable**

The Trust makes discretionary grants. The grants are recognised as an expense at the point at which the payment of the grant has been approved by the Trustees and the recipient of the grant does not have any further obligations to meet in order to receive the grant.

Grants payable are those grants which have been approved, there are no significant obligations to be met, and the grant has not been paid by the reporting date.

Where grants have been approved in the current or previous years but are subject to the fulfilment of further conditions in future years, they are treated as contingent liabilities (note 8).



## Bay of Plenty Community Trust Incorporated – 2018 Annual Report

### Notes to the financial statements (continued)

#### 3 Significant accounting policies (continued)

##### (d) Property, plant and equipment

###### (i) Depreciation

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each part of an item of

The depreciation rates for the current and comparative periods are :

Furniture & fittings	11% to 40%
Office equipment	26% to 80%
Motor vehicle	30%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

##### (e) Impairment

The carrying amounts of the Trust's assets are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

###### (i) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised costs, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

###### (ii) Non-financial assets

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

##### (f) Employee benefits

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in trade and other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Sick leave is recognised when the leave is taken and measured at the rates paid.

##### (g) Revenue recognition

The Trust recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Trust and when specific criteria have been met for each of Trust's activities, as described below.

Changes in loan assets are shown at fair value through the profit and loss. The valuation technique used is the income approach, where future amounts are converted to reflect current market expectations.



## Bay of Plenty Community Trust Incorporated – 2018 Annual Report

### Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

#### 3 Significant accounting policies (continued)

##### (i) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### (ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

##### (iii) Investment Income

Refer to note 3(b) 'Financial Assets at fair value through profit or loss'.

#### 4 Investment Income

	2018	2017
Interest received	104	96
Fair Value Investment gains and losses	16,922	20,324
Net changes in fair value movement on loans and receivables / other investments	(43)	11
<b>Total revenue</b>	<b>16,983</b>	<b>20,431</b>

#### 5 Other expenses

	2018	2017
Accountancy fees	15	15
Depreciation	10	17
Loss on Disposal of Assets	-	9
Office operating costs	69	71
Office lease expenses	64	61
Trust administration	344	306
Employer kiwisaver contribution	14	14
Wages and salaries	419	414
Trustees' Remuneration (note 13)	155	163
Trustee expenses and professional development	26	28
Vehicle expenses	13	13
	<b>1,129</b>	<b>1,111</b>
Auditor's remuneration to KPMG		
- audit of financial statements	15	12
Total auditor's remuneration	15	12
<b>Total other expenses</b>	<b>1,144</b>	<b>1,123</b>

#### 6 Grants expenditure

The Trust's principal activity is to distribute income from its investments to the Community. The following table summarises the grants made to the Community.

	2018	2017
Grants paid	5,809	4,750
Dillon Scholarship	94	86
Grants refunded or cancelled	(48)	(23)
<b>Total Grants</b>	<b>5,855</b>	<b>4,813</b>

A full list of the grants expenditure can be found in note 16. The Trust provides an additional benefit to the Community by providing low interest rate loans, the value of the interest saved by the organisation over the term of the loan is effectively a grant to the organisation when the loan is approved.



## Bay of Plenty Community Trust Incorporated – 2018 Annual Report

### Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

#### 7 Grants payable

Grants recipient	2018	2017
Central Plateau REAP Inc	50	100
Sport Bay of Plenty Charitable Trust Board Inc	415	967
Graeme Dingle Foundation BOP	50	100
NZ Bluelight Ventures	93	186
Taupo Bluelight Ventures	55	110
Tauranga Youth Development Team	-	25
Get Smart Tauranga Trust	-	25
Coastguard Northern Region	-	100
Te Whakatipuranga School for Young Parents	17	17
Maketu Heath & Social Services	24	-
Storytime Foundation	20	-
Live for More	80	-
Tongariro Natural History Society	105	-
W.I.S.E Better Homes	230	-
Manaaki Ora Trust	130	-
BOP Film Trust	100	-
Te Aka Toitu Trust	75	-
Mokoia CC	60	-
St Peters Care and Councillng	80	-
Katikati Community Resource Centre	60	-
Social Link	100	-
Taupo Council of Social Services	70	-
Dillon Scholarships	5	-
<b>Total</b>	<b>1,819</b>	<b>1,630</b>
Classified as:		
Current	1,309	951
Non-current	510	679
<b>Total</b>	<b>1,819</b>	<b>1,630</b>

#### 8 Contingent liabilities

The following conditional future grants have been approved but are subject to the applicants satisfying specific criteria in each case:

Grants recipient	2018	2017
BOP Neighbourhood Support Soc Inc	-	5
Bay Conservation Inc	-	20
Child Matters	-	16
Merivale Community Inc	-	22
Opotiki District Council (2016 Strategic Fund - Multifunctional library)	300	300
Sport BOP Bump Club	75	-
Tauranga Land Search & Rescue Inc	-	4
Te Roro o te Rangī Turipuku Tribal Trust	-	25
Whakaatu Whanaunga	200	-
<b>Total</b>	<b>575</b>	<b>392</b>





## Bay of Plenty Community Trust Incorporated – 2018 Annual Report

### Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

#### 9 Loans

From time to time the Trust advances funds to organisations at low interest rates or interest free. The loans are classified as loans and receivable and, after initial recognition, are measured at amortised cost using effective interest rate method less any impairment loss. The difference between the interest charged and market rates equates to a community benefit provided by the Trust. The actual value of the loans outstanding is \$2,941,604 however due to the below market interest rates that have been charged the fair value of these loans is actually \$2,449,283. The variance of \$492,320 is essentially a benefit provided to the community over the remaining loan terms.

The loan balance is made up as follows:

Organisation	Maturity Date	Interest rate %	2018	2017
Habitat for Humanity (Tauranga) Ltd	31/03/24	3%	933	819
Tauranga Squash Racquets Club Inc	31/07/25	3%	152	169
Theatre Whakatane Inc	19/11/25	3%	158	177
Tauranga Community Housing Trust	17/10/19	3%	760	760
Tauranga Community Housing Trust	1/10/40	3.75%	938	965
Less fair value adjustment in initial recognition of low interest or interest free loans			(492)	(467)
<b>Total</b>			<b>2,449</b>	<b>2,423</b>
			2018	2017
Classified as:				
Current			64	310
Non-current			2,385	2,113
<b>Total</b>			<b>2,449</b>	<b>2,423</b>

For the purposes of calculating amortised cost and interest, the rate applying to the Reserve Bank swap rate at inception date of each advance is used.

#### 10 Reserves

##### Grants maintenance reserve

The grants maintenance reserve relates to a capital maintenance reserve established and maintained at the Trustees' discretion.

##### Inflation reserve

As an "enduring" (everlasting) Trust, BayTrust has a responsibility to ensure it treats all classes of beneficiaries equitably and this includes future potential beneficiaries. For this reason the Trust maintains its "real" capital by adjusting its initial capital for both inflation and, to some extent, population movements. Inflation adjustments are made as at 31 March each year to reflect changes in the Statistics New Zealand All Groups CPI with an adjustment required of \$1.52m in the March 18 year.

##### Population Reserve

To date, population adjustments have reflected a portion of the rate of growth in the Bay of Plenty region, with population reserves of \$10.56m being currently set aside which equates to 57% of the BOP population growth from inception of the Trust through to the 2013 census. Future population adjustments will be considered by the Trustees in the year following a New Zealand Census subject to funds being available.



## Bay of Plenty Community Trust Incorporated – 2018 Annual Report

### Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

#### 11 Investments

	2018	2017
<i>Investments</i>		
NZ fixed interest debt securities - unit trusts	6,153	14,688
Australasian equities - unit trusts	-	10,324
Global bonds - unit trusts	88,943	93,000
Global equities - unit trusts	90,813	79,314
Global Infrastructure - unit trusts	15,578	-
State Street liquidity cash reserve	-	1,865
Private Equity Investments	6,623	4,399
Total investments designated at fair value through profit or loss	208,110	203,590

Management of the interest rate risk is performed by the fund managers by use of interest rate swaps.

#### 12 Operating leases

##### Leases as leasee

Non-cancellable operating lease in relation to the Trust's administrative office rentals are payable as follows:

	2018	2017
Less than one year	45	34
Between one and five years	0	17
<b>Total</b>	45	51

Lease is for a 6 year term until 30 September 2017 with an approved extension to 31 January 2019.

#### 13 Related parties

The Trust held 8 formal meetings during the year. The table below records each Trustees attendance at Board meetings and the remuneration paid to each Trustee as fixed by the Minister of Finance:

	Meeting Attendance	Remuneration \$
Brown, Kenneth (Chair since 18 September 2015)	8	24
Marriott, Wayne, JP (Deputy Chair & Policy and Planning Chair)	8	14
Bentley, Maggie (appointed 22 June 2017)	6	9
Brown, Gregg (retired June 2017)	1	3
Christensen, Michael, QSM, JP	7	12
Clarke, Simon	6	12
Cleghorn, Bill, QSM, JP (Investment Committee Chair)	7	14
Hawker-Green, Kylie	7	14
Lewis, Pamela (retired June 2017)	1	3
McAdie, Nigel (Audit & Risk Chair)	6	14
Mahoney, Jenny (retired June 2017)	1	3
Mihinui, Roku	6	12
Morris, Steve	8	12
Nabney, Rita (appointed June 2017)	6	9
		155

During the year as well as attending Board meetings, Trustees attended numerous other committee meetings as well as events representing the Trust.

There are fees payable to 11 Trustees at balance date of \$12,660 gross (2017:\$13,660).

Trustees and the Chief Executive Officer are considered part of the key management personnel of the Trust. Remuneration paid during the year to the key management personnel totalled \$319,000.

#### 14 Subsequent events

There are no subsequent events at 31 March 2018.



## Bay of Plenty Community Trust Incorporated – 2018 Annual Report

### Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

#### 15 Commitments

The two existing loans to Habitat for Humanity were approved as one floating facility for \$2m. There have been no other draw-downs as at 31 March 2018. The final drawdown of funds of \$885,000 was made after balance date.

The following is a schedule of committed capital for private equity investments which were uncalled during the financial period, as per the table below:

Vantage Asset Management (AUD 930,000)	988
Continuity Capital Partners	875
Waterman Capital Ltd	1,045
Pencarrow Private Equity	525
Oriens Capital	820
H.R.L Morrison & Co Ltd	1,534
WNT	480
<b>Total</b>	<u><u>6,267</u></u>



# Bay of Plenty Community Trust Incorporated – 2018 Annual Report

## Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

### 16 Grants expenditure for the year ended 31 March 2018

<b>Active Communities</b>		
Rotorua Touch Assoc Inc	5	
Spirit of Adventure Trust	5	
	<b>10</b>	
<b>Healthy Sustainable Housing</b>		
Baywide Community Law Charitable Trust	30	
Edgecumbe Development & Improvement Team (EDIT)	15	
Habitat for Humanity (Tauranga) Ltd	400	
Tauranga Moana Nightshelter Trust	60	
Visions of a Helping Hand Charitable Trust	15	
Whakatane District Council	178	
W.I.S.E. Better Homes	345	
	<b>1,043</b>	
<b>Improved Natural Environment</b>		
Aongatete Forest Restoration Trust	35	
Bay Conservation Inc	20	
Keep New Zealand Beautiful Soc Inc	5	
Lakes Water Quality Society Inc	10	
Maketu Ongatote Wetland Soc Inc	25	
Manawahe Eco Trust	20	
Para Kore Marae Inc	5	
PIPs Inc	10	
Sustainable Business Network Inc	10	
Tauranga Environment Centre Charitable Trust	65	
Tongariro Natural History Society	172	
Whakamarama Community Inc	9	
	<b>385</b>	
<b>Inclusive Communities</b>		
Age Concern Rotorua District Inc	30	
Age Concern Taupo (Inc)	3	
Alzheimers Soc Tauranga Inc	30	
Anglican Care Waiapu	20	
Asthma Rotorua	5	
Atua Awhi Community Charitable Trust	25	
Auckland District Kidney Soc Inc	15	
Autism NZ Inc	15	
Awhina Society Inc	30	
Beachaven Family Services	30	
BoP Acacia Charitable Trust	10	
BoP Sexual Assault Support Service	35	
Brain Injury Assoc Rotorua Inc	8	
C3 Church Tauranga	7	
CanTeen NZ Inc	12	
Catholic Family Support Services	10	
CCS Disability Action BoP Inc	5	
Central Plateau Parkinsons Support Group	5	
Complex Chronic Illness Support Inc	15	
Deaf Aotearoa Holdings Ltd	10	
EmpowermentNZ	20	
Epilepsy Assoc of NZ Inc	10	
Good Neighbour Aotearoa Trust	30	
Grief Support Services Inc	15	
Growing through Grief - Opotiki	8	
Growing through Grief - Rotorua	5	
Growing through Grief - Taupo	5	
Growing through Grief - Tauranga	10	
Growing Through Grief - Te Puke	5	
Journey Restorative Trust	1	
Katikati Christian Foodbank	3	
Kawerau & Districts Ageing In Place Inc	25	
Kawerau Community Menz Shed	3	
Macular Degeneration NZ	26	
Mental Health Foundation of NZ	10	
Merivale Community Inc	23	
Merivale School	5	
Mockingbird Inc	20	
Motor Neurone Disease Assoc of NZ Inc	10	
NZ Centre for Gifted Education Ltd	10	
Papamoa Family Services	35	
Parkinsonism Soc Tga Inc	8	
People First NZ Inc (Nga Tangata Tuatahi)	8	
Rainbow Youth Inc	30	
Recreate NZ	22	
Ronald McDonald House Charities NZ	5	
Rotorua District Riding for the Disabled Assoc Inc	30	
Sailability Tauranga Charitable Trust	10	
Shakti Ethnic Women's Support Group Central Region Inc	35	
St Chad's Communication Centre	16	
St Peters Care & Counselling Charitable Trust	120	
St Vincent de Paul Soc - Rotorua	5	
Stroke Foundation of NZ - Midland Region	25	
Talk Link Trust	15	
Tauranga (BoP) Hearing Assoc Inc	20	
Tauranga District Group Riding for the Disabled Assoc Inc	25	
Tauranga Land Search & Rescue Inc	4	
Tauranga Regional Free Kindergarten Assoc Inc (Karamuramu kindergarten)	8	
Tauranga Regional Multicultural Council Inc	15	
Tauranga Senior Citizens Club Inc	3	
Te Aka Toitu	150	
Te Puke Community Menz Shed Trust	5	
Te Whare O Manaaki	30	
The Salvation Army NZ Trust (Whakatane)	4	
Turangi Foodbank Inc	4	
Victim Support (NZ Council of Victim Support Groups Inc)	15	
Turangi Mountain Region Trust	3	
Wairiki Womens Refuge Inc	30	
WBoP Disability Support Trust	6	
Whakaatu Whanaunga Trust	3	
	<b>1,253</b>	
<b>Prosperous Communities</b>		
BOP Film Trust	150	
Citizens Advice Bureau Whakatane Inc	5	
Katch Katikati Inc	20	
Katikati Community Resource Centre Inc	90	
Linton Park Community Trust	25	
Matata Community Resource Centre	15	
Mokoia Community Assoc Inc	90	
QE Health Ltd	100	
Taupo Citizens Advice Bureau Inc	10	
Taupo District Council	30	
The Search Party Charitable Trust	40	
Welcome Bay Community Centre Inc	30	
	<b>605</b>	
<b>Safe Communities</b>		
Coastguard Eastern Region Assoc Inc	167	
Mt Maunganui Lifeguard Service Inc	290	
Neighbourhood Support WBoP	17	
Omanu Beach Surf Life Saving Club Inc	15	
Opotiki Surf Lifesaving Club Inc	5	
Papamoa Surf Life Saving Club Inc	25	
Rotorua Lakes Council	33	
Rotorua Mountain Bike Club Inc	20	
Safe Surfer	20	
Students Against Dangerous Driving (SADD)	3	
Surf Lifesaving NZ Inc, Eastern Region	5	
Swimming NZ	35	
Taupo Neighbourhood Support Soc Inc	10	
The Order of St John Central Region (Te Kaha)	33	
Water Safety NZ	10	
Whakatane District Neighbourhood Support Trust	5	
Youth Search & Rescue Tauranga Trust	25	
	<b>718</b>	

# Bay of Plenty Community Trust Incorporated – 2018 Annual Report

## Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

<b>16</b>	<b>Strengthened Whanau</b>		<b>Vibrant &amp; Fun Communities</b>	
	Barrardos NZ	15	Detour Theatre Trust	10
	Grandparents Raising Grandchildren Trust NZ	30	Easterfest NZ Trust	5
	Holy Trinity Anglican Church Tauranga	10	One Taupo Trust	10
	Inspiring Stories Trust	15	Ra Whakangahau Trust	12
	Katch Katikati Inc	10	Rock Quest Charitable Trust	5
	Katikati Community Resource Centre Inc	25	Rotorua Arts Village Trust	15
	Kawerau Blue Light Ventures Trust Inc	30	Rotorua Lakes Council	130
	Kidz Need Dadz Charitable Trust Tauranga Inc	10	Rotorua Lakeside Concert Charitable Trust	13
	Kimiora Community Trust	22	Safe Turangi	10
	Live for More Charitable Trust	80	Tarnished Frocks & Divas Charitable Trust	10
	Maketu Health & Social Services	24	Tauranga Arts Festival Trust	10
	Manaaki Ora Trust (Tipu Ora)	260	Tauranga Historical Society Inc	2
	Merivale Community Inc	40	Tauranga Jazz Society Inc	8
	Parent to Parent Central Lakes	5	Te Arawa Kapa Charitable Trust	10
	Parent to Parent Coastal Bay of Plenty	20	Te Manatu Ahurea o Tuhoie Trust	10
	Pregnancy Choice	15	Te Roro o Te Rangī Turipuku Tribal Trust	25
	Pregnancy Help Inc Taupo	15	Te Whakatohea Research & Archives Trust	2
	Priority One WBoP Inc	30	The Incubator Growing Art & Culture Charitable Trust	30
	Royal NZ Plunket Trust	9	The Tauranga Community Trust	10
	Storytime Foundation Trust	40	Torere Reserves Trust	14
	Tauranga Parents Centre Inc	5	Waterwheel Historic Trust	3
	Tauranga Youth Development Team	25	Whakatane District Community Arts Council Inc	10
	Te Puke High School (CACTUS Te Puke)	10		<b>354</b>
	The Boys' Brigade in NZ Inc	15	<b>Toolbox funding</b>	
	The Bright Vision Charitable Trust	10	Akina Foundation	6
	The Scout Assoc of NZ	10	Empowerment NZ	2
	Tumanako Hou Trust Whakatane	10	Katch Katikati Inc	1
	Turangi Blue Light Ventures	21	Mockingbird Inc	2
	Whakaatu Whanaunga Trust	31	Priority One WBoP Inc	4
	Whakatane Blue Light Ventures	20	Social Sector Innovation WBoP Charitable Trust (SocialLink)	5
	Youth Encounter Ministries Trust	25	SuperGrants WBoP Charitable Trust	2
	Youth Projects Trust	15	Taupo District Council	2
		<b>902</b>	Tauranga Moana Nightshelter Trust	6
	<b>Strong Community Organisations</b>		The Acorn Foundation	25
	Child Matters	16	The Inspiring Communities Trust	5
	Community Research	3	Uretara Estuary Managers Inc	15
	International Centre for Entrepreneurship Foundation	60	Visions of a Helping Hand Charitable Trust Rotorua	4
	Social Sector WBoP Charitable Trust (SocialLink)	277	Volunteering Bay of Plenty	1
	Taupo Council of Social Services Inc	105		<b>80</b>
		<b>461</b>	<b>Scholarships</b>	<b>94</b>
			<b>Grants refunded</b>	
			Te Runanga O Ngati Awa	-1
			Dyslexia Support Taupo Trust	-2
			Opotiki Fibre & Fleece Trust	-15
			Beyond Imagination Trust (t/a Curate Church)	-4
			Maketu Health & Social Services Trust	-7
			BoP Young Fruit Growers Upskilling Inc Soc	-15
			Rockquest Charitable Trust	-2
			Dillon Scholarship	-2
				<b>-48</b>
			<b>Grand Total - Grants Expenditure</b>	<b>5,855</b>





# Independent Auditor's Report

To the beneficiaries of Bay of Plenty Community Trust

## Report on the financial statements

### Opinion

In our opinion, the accompanying financial statements of Bay of Plenty Community Trust (the Trust) on pages 7 to 19:

- i. Present fairly in all material respects the Trust's financial position as at 31 March 2018 and its financial performance and cash flows for the year ended on that date; and
- ii. Comply with Public Benefit Entity Standards Reduced Disclosure Regime (Public Sector).

We have audited the accompanying financial statements which comprise:

- The statement of financial position as at 31 March 2018;
- The statements of comprehensive revenue and expense, changes in equity 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 Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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



### Other information

The Trustees, on behalf of the Trust, are responsible for the other information included in the entity's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, 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.



## Use of this independent auditor's report

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



## Responsibilities of the Trustees for the financial statements

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

- The preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Public Sector));
- Implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.



Tauranga

31 July 2018