

Bay of Plenty
Community Trust Inc.

Consolidated Annual
Report for the Year
ended 31 March 2023

BAY
TRUST

Supporting
Great Communities



Contents

Our Statement of Service Performance	1
Why do we exist – Our Kaupapa	1
Chair and Chief Executive Officer report	2
Our People	4
Who are we	5
Organisational Structure	6
Tū Māori Mai	7
In Memory of Louis Rāpīhana	7
Our Planet	8
Climate Change	9
Our Investments	12
Investment Performance	13
Our Impact	18
Granting	19
Community feedback	22
How did we perform	24
Consolidated Statement of comprehensive revenue & expense	25
Consolidated Statement of changes in equity	25
Consolidated Statement of financial position	26
Consolidated Statement of cashflows	27
Notes to the financial statements	28
Audit Report	36

“Thank you to BayTrust for supporting the 2022 Escape Festival. We saw the community come together, as we laughed, learnt something new, felt motivated to make change & were swept away by moving interactions & conversations.”

Tauranga Arts Festival Trust
Cover photo. Photo Credit: Katie Cox Photography

Thank you to BayTrust, the funding has enabled Bay Conservation Alliance to continue delivering services to support many communities working for the benefit of indigenous biodiversity. By enhancing our natural environment, we also enhance the well-being of our people.

Bay Conservation Alliance
Next page



Our Statement of Service Performance



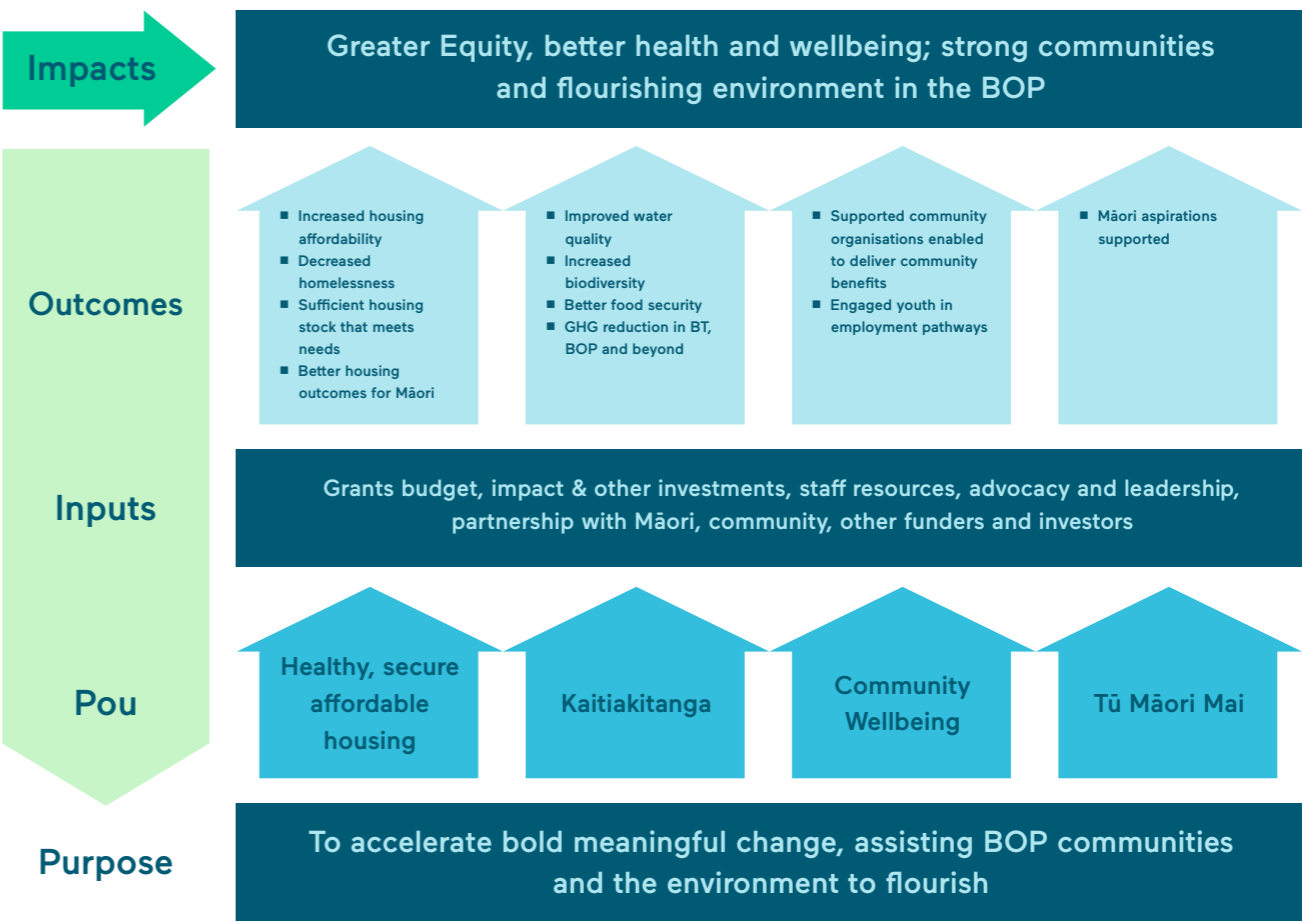
Why do we exist – Our Kaupapa

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 Tūrangi to Te Kaha and includes the Eastern and Western Bay of Plenty and Rotorua and Taupō districts.

The Trust's Kaupapa ensures that we deeply incorporate our commitments to Te Tiriti Waitangi and being climate responsible into everything we do.

Bay Trust Theory of Change



What did we do

Chair and Chief Executive Group Report

Tēnā Koutou Katoa

BayTrust's Kaupapa is "to accelerate bold and meaningful change, assisting BOP Communities and our Environment to flourish" *Toi tangata, Toi tū te taiao, Toi te hua mākohakoha* and it is our pleasure to share the BayTrust's group key activities, achievements and highlights for the year in our Annual Report.

Overall, largely as the result of continuing high inflation, geopolitical uncertainty and the devastating situation in Ukraine, it has been a challenging year financially for the Trust. That said, the Trust is pleased with its near breakeven result for the year (-1.3%) which compares well with high growth kiwisaver providers who had a medium loss of (-3.4%) over this same period. This result is a testament to the quality of our investment decisions and the increased diversification and focus on sustainability that we have built into our portfolio over the past five years.

Despite the challenging investment returns, operationally we have had a strong year with the Trust distributing a record \$8.9m of grants (\$8.1m last year) with our Trustees and staff continuing to perform well and held in high regard in our community and by our peers. We have also continued to refine and significantly grow our support for Māori initiatives, our Impact Investments and the Trust's Climate Change actions. All of this has been done in alignment with our core values and funding priorities of:

- **Kaitiakitanga**
- **Healthy, Secure and Affordable housing**
- **Community Wellbeing**
- **Tū Māori Mai**

More detailed updates for the year ended 31 March 2023 are contained within the rest of the Annual report, however the following initiatives we would like to draw your attention to:

- In November 2022, we delivered a fantastic Combined Community Trusts conference in Rotorua where we looked to **accelerate bold meaningful change at a National Level** – "Toi tangata, Toi tū te taiao, Toi te hua mākohakoha". Nationwide Community and BOP Energy Trusts joined forces with over 200 people in attendance to pursue major housing and climate change initiatives on a nationwide scale. This was the first time in four years all 12 Community Trusts, plus several Energy Trusts and Investment Advisors came together and the first time they've pledged to use their **collective resources on a national scale to tackle significant issues facing Kiwis**.
- As **housing** is a basic human right, and stable, safe, warm, and affordable accommodation is a necessity to enable people to not only thrive but participate in other activities, BayTrust is increasingly investing in resources and effort to making an impact in this space. Because of the cost of housing, the financial investment required to make an impact is beyond one investor alone. As such, BayTrust has been working throughout last year to develop a BOP Housing Impact Fund. This

fund has been developed alongside other philanthropic and community investors and stakeholders across the BOP and aims to attract commercial/kiwisaver investors to help maximise its impact. To help catalyse this, we are pleased to announce that BayTrust has committed \$10m to this venture, which along with other BOP investors is currently on track to launch later in 2023 with a target fund size of close to \$100m. The fund will seek to address housing issues by developing and investing in housing solutions where government and the market have not been effective.

Looking Ahead

As we look ahead, we believe we are currently experiencing some of the biggest intergenerational challenges that we have seen in our tenures (housing, climate change, inflation, war) and if we are going to be fair to our future beneficiaries we need to act now as a 'business as usual granting' approach to these issues (particularly climate change and housing) will not be sufficient. Our revised theory of change and our commitment to using all our tools in our toolbox (granting, investments, collaboration, and leadership) will be crucial to achieve these impacts.

Specific actions for the upcoming year include:

- **Continuing to action our climate change plan** and help to lead the BOP into a more sustainable and regenerative fit for purpose future.
- **Drive towards a carbon neutral investment portfolio by 2030** and an overall sustainable investment portfolio over the same time.
- **Continue to invest heavily into the housing sector** and look for gaps where our investment will make a meaningful difference and how we can attract commercial capital to invest in purpose led ways into this sector.
- **Partner with Māori/Iwi** particularly through co-investments.
- Continue to **invest in the NZ impact investment and social enterprise ecosystem**.
- Explore **more sub-regionally based funders pools** and increased commissioning for outcomes.
- **Endeavour to hold our granting at similar levels to 2023 for the upcoming year (\$8.5m)** a year despite the challenging financial markets and ensure that we achieve the most impact we can with this granting.

Lastly, a big thank you to our team of Trustees and staff for their hard work and input over the past year, working for our communities. Plus, an even bigger thank you to all the wonderful community organisations who have worked through and continue to support our communities in these tough and challenging times.

Nā māua noa, nā



Tane Phillips
Chair



Alastair Rhodes
Chief Executive Officer

27 July 2023

Our People

Who are we

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 BOP region and are supported by six fulltime staff members.

The Board's principal responsibilities are to invest the assets of the Trust in a range of diversified investments designed to sustainably deliver returns over the long term, whilst reserving for inflation and population growth and then distribute these returns in the most impactful way as possible throughout the Trust's region in order to achieve the Trust's Purpose **"to accelerate bold meaningful change, assisting BOP communities and the environment to flourish"**. 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.

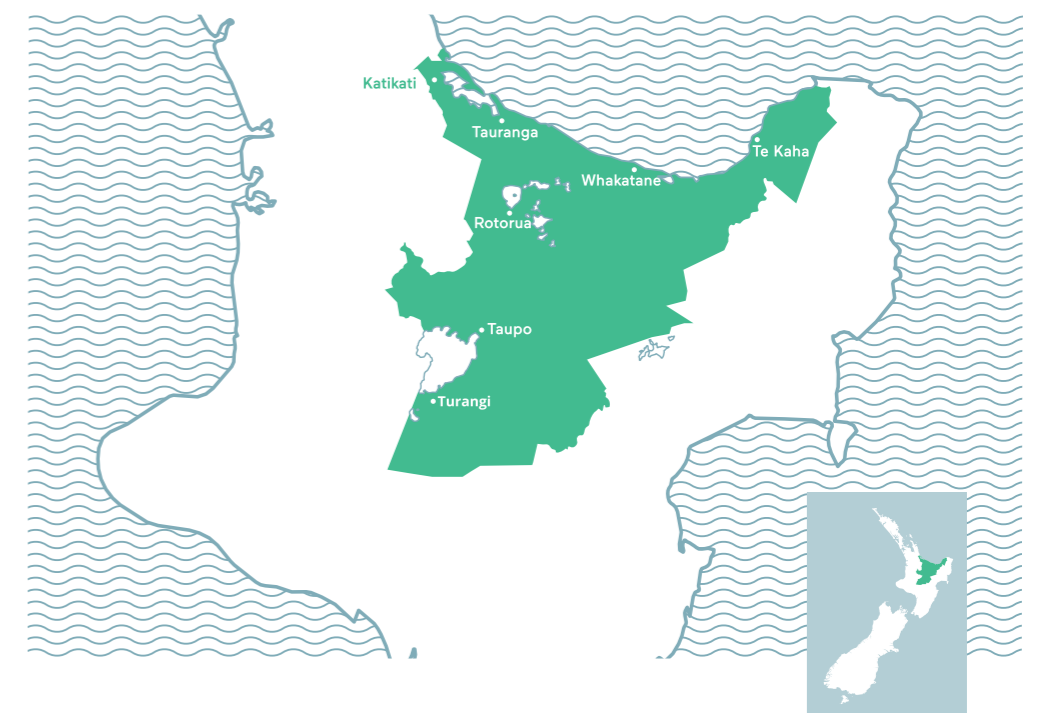
Our dedicated and experienced staff led by CEO Alastair Rhodes continue to perform well and assisted by our advisors have ensured both our investments and our granting continue to excel.

It is recognised that Trustees and staff have a wide range of involvement throughout the Bay of Plenty region, which is fantastic, however we also recognise that 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 with and do not vote on any matter where a conflict or potential conflict exists.

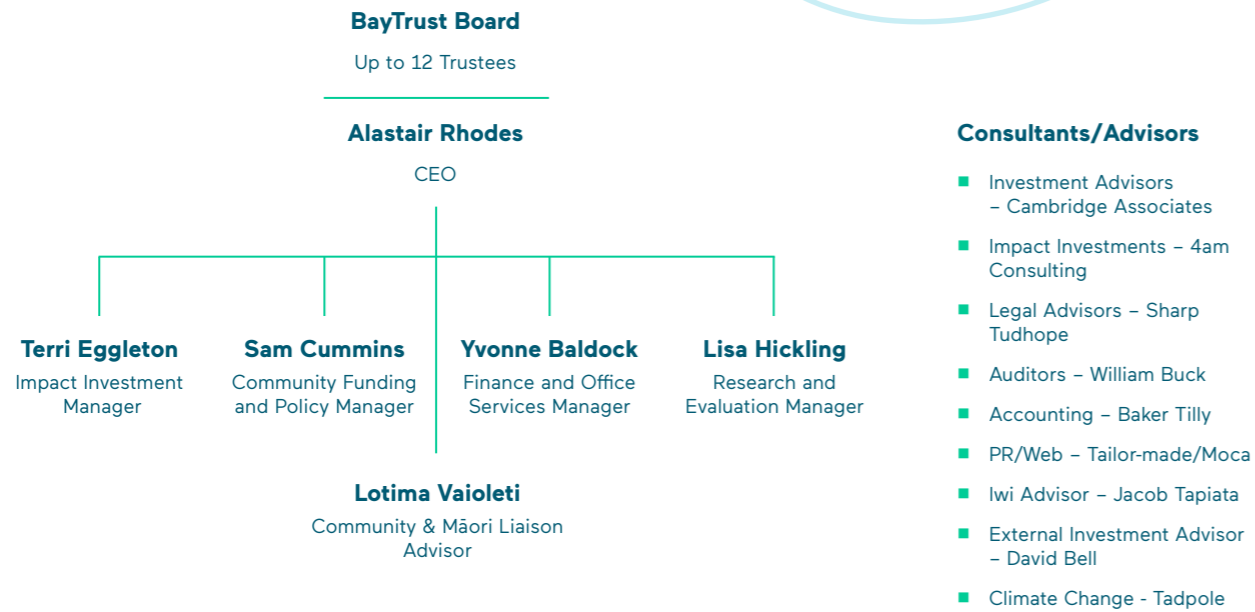
BayTrust's head office is located at Level 1, 752 Cameron Rd, Tauranga. BayTrust operates by appointment in Eastern Bay of Plenty, Rotorua and Taupo. BayTrust staff also operate remotely and are often on the road spending time with many organisations and stakeholders within our region.

Our Region

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



BayTrust Organisation Structure



Back row from left: Lotima Vaioleti (Community & Māori Liaison Advisor - Kaitakawaenga); Louis Rāpihana (since deceased); Sam Cummins (Community Funding and Policy Manager); Steve Napier; Roger Taylor

Front row from left: Alastair Rhodes (CEO); Mawera Karetai; Sara Carley; Tane Phillips (Chair); Yvonne Baldock (Finance & Office Services Manager); Lisa Hickling (Research & Evaluation Manager); Te Aorangi Murphy-Fell; Gary Smith

Absent, top to bottom: Terri Eggleton (Impact Investment & Partnership Manager); Stephanie Northey (Deputy Chair); Rita Nabney; Judy Harris.

Tū Māori Mai

In the 2023 year we granted 13% (\$1.1m) towards Tū Māori Mai aligned organisations and projects, a significant increase from the previous year funding of 9% and we are well on our way to achieving our target of 15% by 2025.

Previously part of Community Wellbeing, Tū Māori Mai is now a separate priority area, focusing on Māori contributions, needs and aspirations with a focus on services/projects delivered by Māori for Māori. We conducted funding wānanga to confirm our approach in this area and to gather insights from Māori communities and identified common themes in terms of supporting cultural identity, marae development, Te Reo revitalisation, and Māori housing aspirations.

When we analyse our beneficiaries over the last three years, around 40% of our granting benefited Māori. This is a reflection of the strong equity lens we apply across our granting strategies and unfortunately reflects how Māori are disproportionately represented in some of our more challenged communities, which is an area we are working hard on to improve.

In Loving Memory of Louis Rāpihana

BayTrust Trustee passed away Easter weekend

A Staunch Leader, A Remarkable Soul

Ko ō mātou manawa ēnei e tangi tonu nei i te rironga atu o Louis Rāpihana i te maiangitanga ake o Te Aranga. Ahakoa noho mai ai a Louis hei taratī mō BayTrust, nā āna whakahekenga werawera mō tōna ake iwi, mō Te Whānau-ā-Apanui, i hau ai ōna rongō ki te motu whānui.

Louis, ko koe tērā i whakaingoatia rā i ngā umu kohukohu o nā tata nei i tūtū mai rā i i te motu. Whāia, whāia ko te toi huarewa ki te toi o ngā rangi e tau atu ai koe ki te āhurutanga o ngā parirau atawhai o te wāhi ngaro, ki reira koe okioki atu ai. Auē, taukuri, ē!

Nationally respected among elected officials, Louis earned the admiration and respect of his peers. His list of achievements was long, but he will be forever remembered for his instrumental role in facilitating the



Te Whānau a Apanui response to Covid-19. He tirelessly supported vulnerable community members during the crisis and manned the checkpoints at hapū rohe boundaries. His dedication and selflessness set an example for us all.

As we remember Louis, we are reminded of his immense energy, boundless enthusiasm, and his unique ability to unite people. His unwavering commitment to fostering inclusion and bettering our communities serves as a lasting testament to his character. We mourn the loss of a charismatic, hardworking rangatira—a leader who made a profound difference.

Our Planet

Climate Change

Climate Change Action Plan (CCAP) highlights

Goal 1: Leadership/internal

- We continue working towards being a climate positive organisation. Our gross GHG emissions in FY23 were the same as the pre-COVID baseline. However, our net total emissions showed a 3% reduction compared to the baseline year.
- The emissions created by the Combined Community Trusts conference hosted by BayTrust in Rotorua last November were calculated and will be offset via the purchase of credits and a tree was planted in Rotorua for every delegate. Together with our internal offset requirements, sufficient NZ carbon credits will be purchased to enable BayTrust to be climate positive from FY23. We are also exploring opportunities for both ourselves and others to ensure carbon offsetting can occur within the BOP rather than credits (and their resulting benefits i.e. improved water quality, bio diversity, job creation) being purchased from other regions in NZ or offshore.



Edible Cups



Bead & Proceed – understand & action the 17 UN SDG's through creativity using beads

- BayTrust actively participated in the Combined Community Trusts leadership group (Climate Working Action Group) resulting in the completion and launch of the Aotearoa Funders Commitment, a resource for a just (tika) transition and three co-funding opportunities.

Climate Action Aotearoa

The Funders Commitment on Climate Action.

Goal 2: Sustainable Investment

BayTrust investments are on track to have a total carbon reduction of 50% by 2025

- As a sustainable investor, we have achieved a 67% reduction in carbon exposure in our listed measurable investments since June 2019 and are on track to achieve our target of 50% reduction across our entire portfolio by 2025. Targets have been reset and embedded into our SIPO that demonstrate our strong commitment in this area.

Goal 3: Supporting communities

- One of the goals of the Trust's Climate Change Action Plan is to be an active enabler in the BOP. We seek to understand at what point applicants are in their own organisations' climate change journey so we might know how best to support our communities.
- Similar to last year, over a third of applicants said they had assessed their climate change impact and identified changes (36%) and 49% reported they were just starting to think about it. How groups are responding to climate change is now integrated into our grant assessment framework.
- Compared to last year, there is an increasing trend of applicants who saw climate change as a medium-high priority for both their organisation and community. Over 70% of applicants saw climate change as a high/medium-high priority for the community and over half the applicants (56%) saw climate change as a high/medium-high priority for their own organisations.
- We supported the community in 2023 through subsidised support to climate change advice for measurement (higher tier funding recipients) and four community climate change sessions that were delivered by our partner, Tadpole. Additionally, two grants and one loan were provided to two (environmental) community organisations to enable the purchase of EV/PHEVs to replace work ICE vehicles. We will continue to support grantees and communities in their understanding and responding to climate change.

“Thank you BayTrust, the funding contributes to a full kōkako census. Monitoring is an essential part of any environmental work & for kōkako, this needs to be carried out within strict protocols to ensure results are accurate by skilled experts”

The Kaharoa Kōkako Trust



Our Investments

Investment Performance

As outlined in BayTrust's Statement of Investment Policy and Objectives ("SIPO") which is available on the Trust's website, the Trust'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 Bay of Plenty communities.

The Trustees achieve this through investing the assets of the Trust in a broad range of diversified and sustainable investments designed to achieve the following objectives:

- Maximise the total amount of distributions that can be financed by the investments of the Trust over the long term, subject to a prudent level of portfolio risk and with consideration for environmental and social sustainability.
- Maintain the Trust's real capital.

The overall **investment objective of the Trust is to earn an average annual inflation-adjusted (real) total return, after investment fees but prior spending, of 5.0% over a full market cycle**, in order to be able to achieve its 4% spending policy. More specifically, the long-term objectives are to:

- Maintain the real market value of the Trust in perpetuity.
- Ensure a stable level of spending over time.
- Maintain equity between present and future beneficiaries in perpetuity.
- Align with long-term environmental and social sustainability.

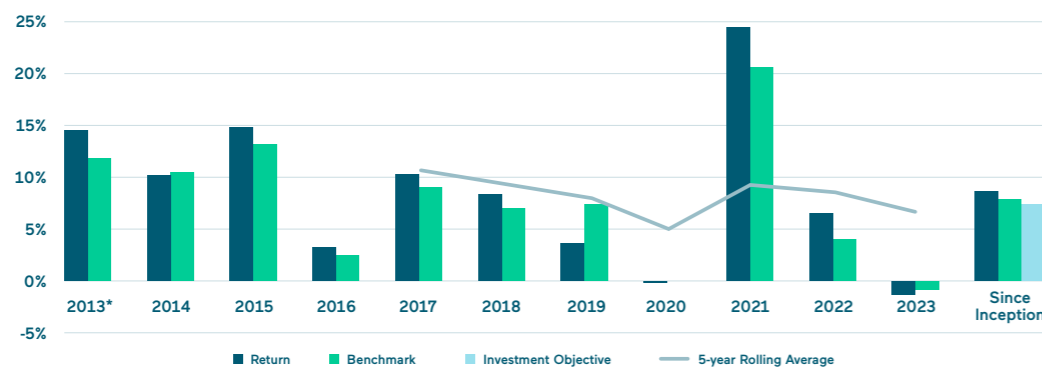
The **Trust's spending policy, is to have available 4.0% of the average value of the portfolio over the last 12 quarters**. The difference between the Trust's 4.0% spending rate and the portfolio's 5.0% real investment objective builds in a buffer for population growth in the Bay of Plenty which has historically averaged +1.0%.

The Board maintains responsibility for establishing the objectives and policies set out in the SIPO with the Trust's Investment Committee ensuring compliance with the SIPO, making recommendations, manager selection and monitoring. The Trust retains Cambridge Associates as its Investment advisors to provide ongoing advice and recommendations over the Trust's investments. Over the past year, the Board with the assistance of its Investment Advisors, Cambridge Associates ran a well diversified and global portfolio of investments which performed well compared to peers given Covid-19, inflation, Ukraine war and other geo-political market challenges with no SIPO breaches occurring during the period.

Key performance highlights for the year include:

- The Trust's investment base **has grown from \$89m when first established as a separate investment entity in 1997 to \$241m (2022: \$257m)**, which has allowed the Trust to reserve for inflation and population growth as well as to provide a buffer for challenging investment periods. **This is an increase of \$152m over 27 years, whilst over the same period the Trust has granted \$106m into Bay of Plenty communities.**
- After a stellar prior year performance in 2021 (+24%) and reasonable returns last year (+6.3%) the returns this year were disappointing due to global market challenges (-1.3%). However, these returns were still strong when we compare against high growth kiwisaver funds which had a medium loss for the year of (-3.4%) illustrating the benefits of BayTrust's sustainable and globally diversified portfolio.
- At an asset class level, **the Trust's decision to increase its exposure to unlisted private assets (particularly in the sustainable space) and sustainable global equity strategies drove the better than peer outperformance.** This performance supports our thesis that, the traditional investment portfolio which has performed well for us over the past 30 odd years, will not perform as well over the next 30 years and **moving to a more illiquid, low carbon and sustainable portfolio, will best position us to maximise returns to our community over the long-term.**

BayTrust Investment Performance



Period	Net Return	Benchmark* Return	Benchmark Outperformance
1 Year	-1.3%	-0.9%	-0.5%
Prior Year	6.3%	5.0%	1.3%
5 years annualised	6.2%	6.0%	0.3%
Since 30 June 2012 (inception)**	8.6%	7.8%	0.8%

* The Trust's Benchmark is a blended policy index composed of indices reflecting the allocation and benchmark of asset class in the Strategic Asset Allocation. Details for each asset class is available within the Trust's SIPO which is available on the Trust's website.

** Portfolio was incepted for comparison purposes as at 30 June 2012.

Responsible Investment Policy

BayTrust believes in the principles behind Responsible Investing, by investing in a sustainable manner and using its capital to drive a more equitable and environmentally sustainable world on the basis that as a perpetual investor this will drive sustainable and superior long-term investment returns.

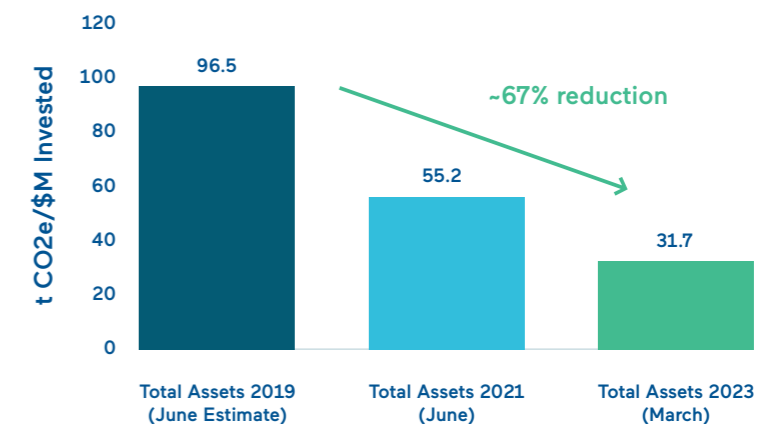
BayTrust **accepts that climate change poses a serious and immediate risk** to both our potential investment returns and to our communities, and requires urgent action.

The Trust ensures its managers and advisers incorporate **Environmental, Social and Governance (ESG) considerations** in their investment processes and will transition **its entire investment portfolio to be sustainable (consistent with a low-carbon, prosperous, equitable, healthy and safe society) by 2030, or earlier if possible.**

The Trust will not invest in industries or sectors that are contrary to New Zealand legislation or current government policies, or where there is clear evidence that it is contradictory to the Trust's mission of benefitting Bay of Plenty communities, or where the investments will negatively impact long-term environmental and social sustainability.

BayTrust will actively measure the carbon footprint of the investment portfolio and will, without materially impacting the portfolio's financial returns, move to a robust and evidence-backed approach to assessing all new investments to **ensure that the investment portfolio's carbon exposure is reduced by 50% by 2025 (current tracking at a 67% reduction), with the long-term goal to be carbon neutral by 2030, or earlier if possible.**

Carbon Emissions of Measurable Assets including Listed and Private Managers



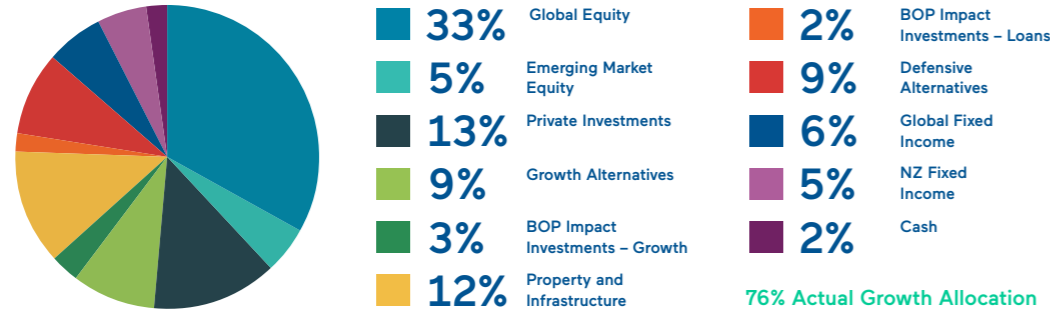
Fund Managers (5% and over)

Fund Manager and Fund Name	Asset Class	% of FUM
Baillie Gifford Worldwide Positive Change Fund	Global Equities	8.8%
NT Emerging Markets Green Trans Index Fund	Global Equities	8.3%
Generation IM Global Equity Fund	Global Equities	8.0%
Ownership Capital Global Equity Fund	Global Equities	7.9%
Forester Strategic Opportunities Fund	Growth Alternatives	6.8%
ICG Australia Senior Loan Fund	Defensive Alternatives	6.2%
Lazard Global Listed Infrastructure Fund	Property & Infrastructure	5.6%
Fisher Institutional NZ Cash Fund	NZ Fixed Income	5.2%

Investment changes during the year

At its annual SIPO review in March 2022, the Trust agreed to maintain its growth allocation at 75% which is targeted to drive a real return of CPI +5% over rolling 5-year periods. However a long-term commitment to drive towards a growth allocation of 85% (which aligns with international best practice and will support the strong growth in the BOP population) was also agreed to, with this commitment being phased in over the next two-three years or when market conditions are opportune.

BayTrust's Asset Allocation March 2023



“The Mauri (life force) of wananga”
 “Te Ao Hou” (new beginnings) is a harm reduction, whanau centered wananga supporting those identified as being substantively at risk due to family violence. Through Mātauranga Māori, whakapapa, outdoor activity, and good kai, magic happens.

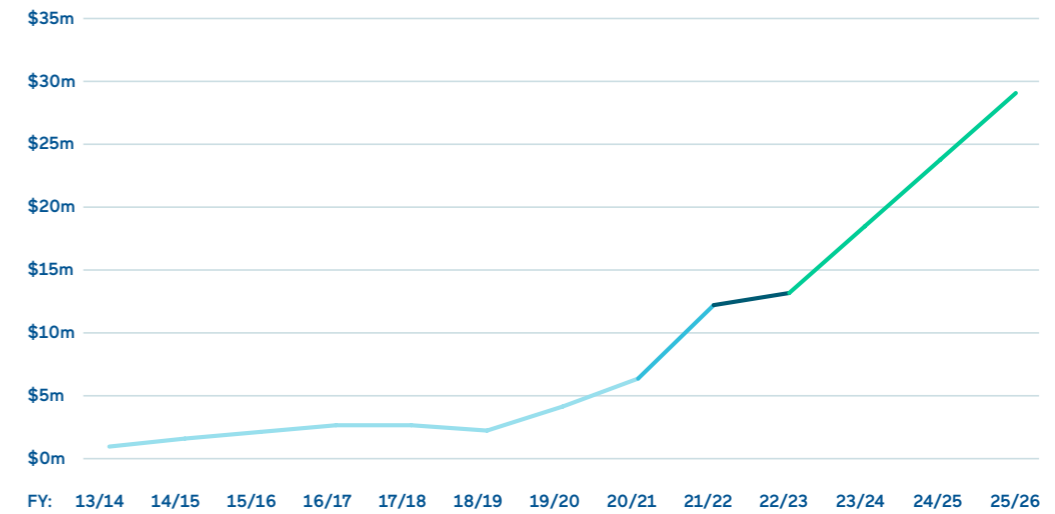
Papatuanuku Charitable Trust

Future Investment Plans

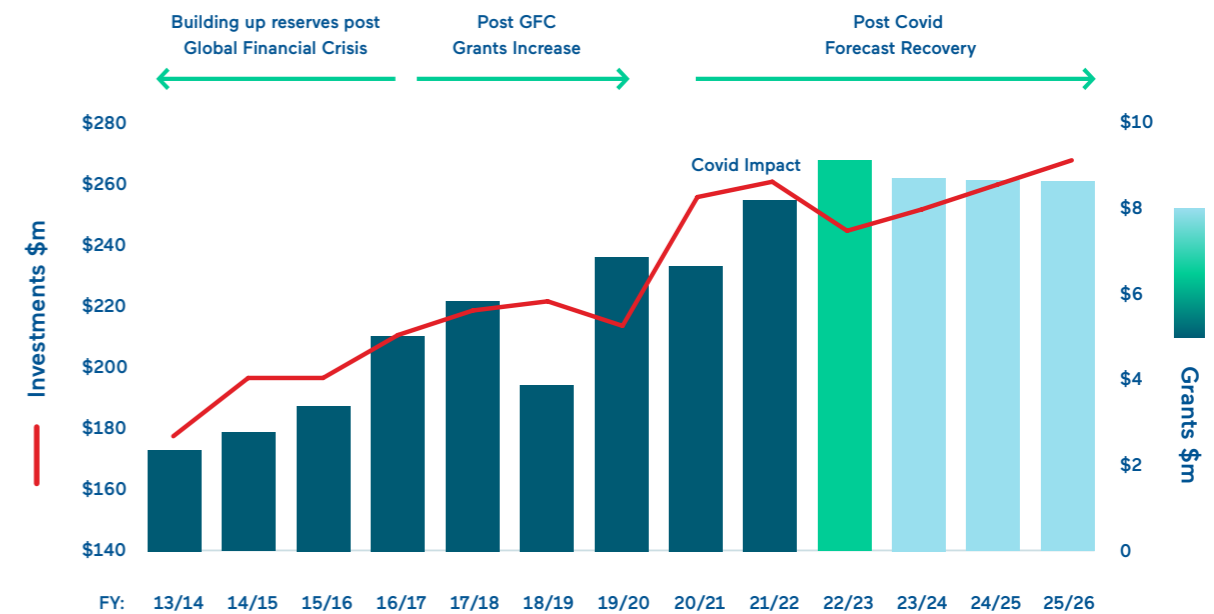
Looking ahead we anticipate significant financial market volatility is likely to continue, however our strong reserves and diversified portfolio mean we believe we are well placed to weather this storm and to exploit opportunities which volatile markets present. As such, we are working closely with our investment advisors to further refine and diversify our investment portfolio together with increasing our sustainable private investment allocations over the next two years as we move to an 85% growth allocation which aligns with the top performing perpetual overseas foundations model.

We remain committed to sustainably increasing our granting and expect to grant over \$25m over the next 3 years as well as significantly increasing our impact investments with these forecast to be over \$25m within 3 years.

Impact Investments Analysis



Granting Analysis



Our Impact

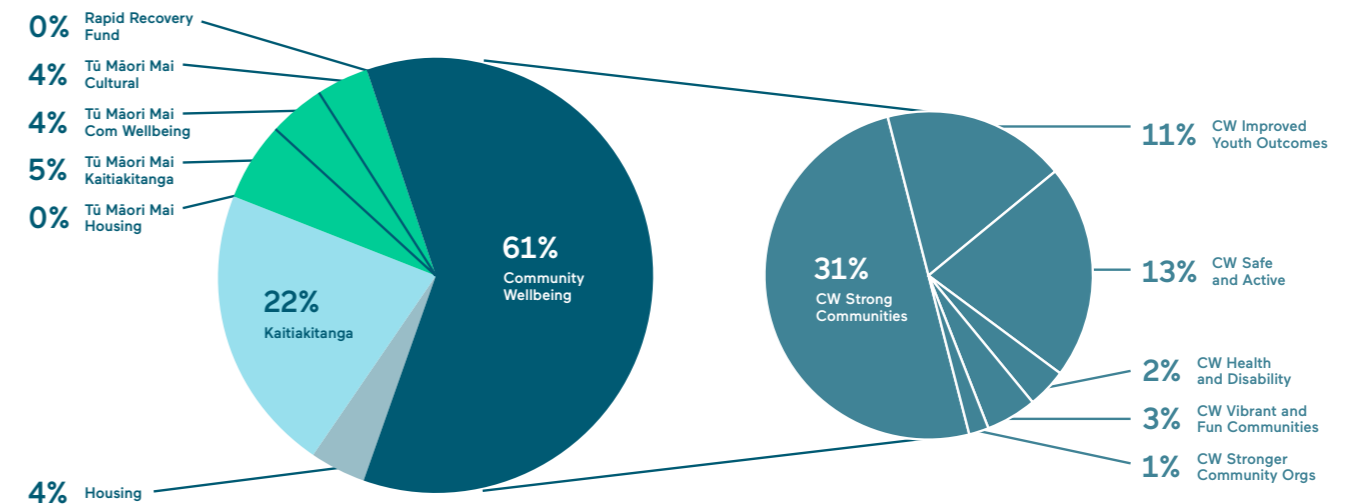
Granting

- This year, BayTrust paid \$8.9m (2022: \$8.1) in 246 grants compared to 244 last year, with these grants spread equitably across our funding areas and across our region. The Trust currently uses a rolling 3-year forward forecast for granting. The rationale behind this, is **to provide the Trust more flexibility in terms of granting**, to remove the arbitrary year end/budgeting concept, to align better and provide Trustees with a more accurate picture of multi-year funding implications. It provides the Board with a much more robust tool on which to make longer term and more strategic funding decisions and has helped enable greater multi-year funding to be provided with over 50 organisations now on multi-year funding agreements.
- 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 within our communities.
- We are taking a more **proactive** approach to attracting applications in identified outcome areas (our application success rate is now over 80%) and increasing **our acceptance of innovation and risk in granting to help actively encourage innovative approaches** to addressing social issues. As well as this we are significantly increasing our **Māori engagement**.

Granting Across Priority Areas

Funding into the priority areas over the last two years has been broadly consistent. The larger allocation to Community Wellbeing and Kaitiakitanga in 2022/23 is attributable to investment in multi-year funding in these outcome areas. The Safe and Active priority area includes the contract with Sport Bay of Plenty. BayTrust also uses Impact Investment as a mechanism to achieve social impact in our strategic priorities.

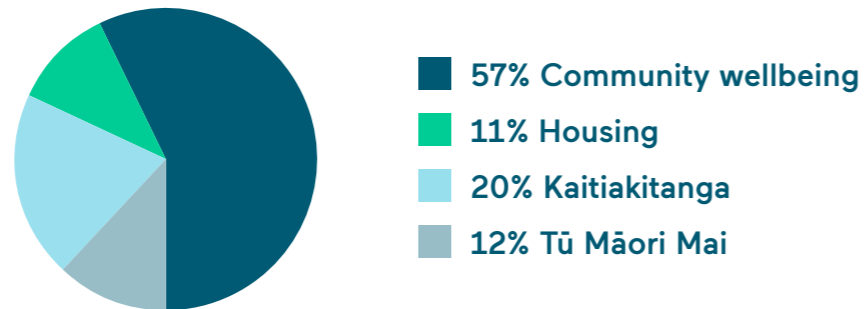
Granting Distribution FY23



Total including Grants and Impact Investment

Community Wellbeing continues to receive the largest percentage of grants (61%) while housing has the most impact investment (62%). Combining grants and impact investments, a reasonable distribution is seen between community (57%), housing (11%) and kaitiakitanga (20%).

Total Grants Paid plus Impact Investment drawdown FY23 as a percentage

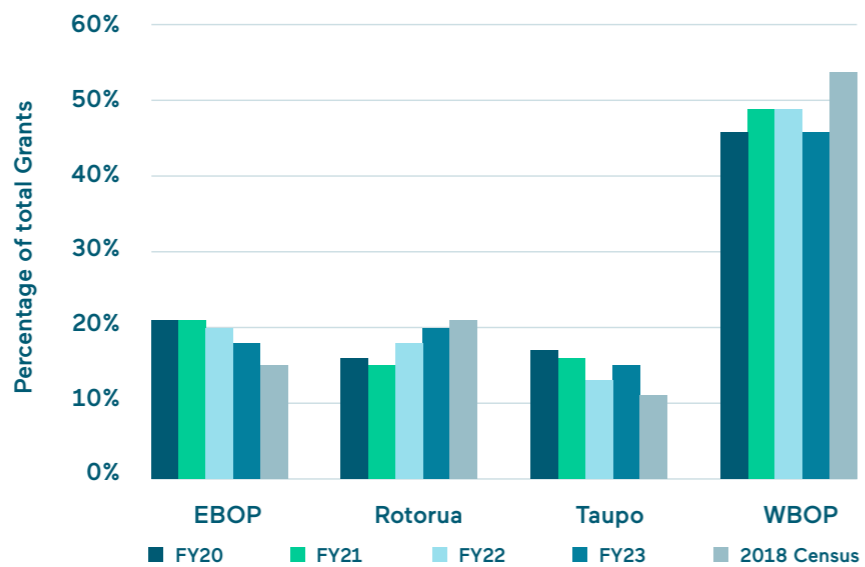


Regional Distribution of Granting

MYF for operational costs was approved for 15 organisations totalling \$1.53m in the 2022/23 year.

The number of applications 284 (2022: 292) has decreased but the approval rate is slightly higher than last year at 87% (2022: 84%). The total granted as a percentage of requests decreased to 68% (2022: 84%). This reflects the higher number of strategic partnership grants that are submitted using a business case approach jointly with staff.

Regional Distribution %



Partnerships

2022/2023 has seen the continuation of our approach to building meaningful partnerships with a selection of organisations through the Strategic Partnership Fund in our strategic priority areas. Total paid \$3.1m.

Capability Building Support

During the 2022/23 year, BayTrust supported seven organisations with Toolbox funding for a wide range of capacity building support including strategic planning training, research on climate impacts on marae, legal support for community housing providers and funding to upskill community groups that work with homelessness. We also subsidised and provided funding across our rohe for volunteering and governance.

Community Combined Event Funding

This fund was established by Acorn Foundation, BayTrust, Tauranga City Council, TECT, and the Western Bay of Plenty District Council to simplify the application process for community events. Organisations were no longer required to approach multiple funders by applying to a single joint fund. In 2023, the fund supported 73 events, ranging from grants of \$550 to \$30,000, with an average grant amount of \$10,000. The streamlined approach to funding has been well-received by organisers, allowing them to focus on event planning while benefiting from the support and promotion provided by the funding partners across various platforms, including social media.

The Tauranga Western Bay Community Event Fund has received a \$200,000 boost, resulting in increased funding opportunities for community events in the area. The fund for the 2023-24 period now offers a total of \$900,000, with a maximum grant amount of \$50,000 (\$15,000 for WBOP). This increase aims to support more community-led activities that foster vibrancy and connection in the region.



A small celebration ceremony for one of the kiwi chicks named Tu Mai, when it was returned to its local ngahere after being hatched and raised for six months at the National Kiwi Hatchery in Rotorua. Blessing by local kaumatua.

Whakatāne Kiwi Trust

Community Feedback

BayTrust surveys grantees annually, the key outtakes from the latest survey undertaken in December 2022 were:

- A high level of awareness of BayTrust’s funding priorities.
- A high level of satisfaction with the application process and assistance from staff.
- Applicants advised that funding (continued support and multi-year funding), climate change, ensuring equitable access to services (especially for older people) and responding to youth needs were the biggest community challenges that BayTrust could influence in the next two to three years. The need for health services including mental health and housing were also seen as important issues for BayTrust to support.

	2022		2021	2020	2019
High or very high level of awareness of BayTrust’s funding priorities	75%	↓	85%	78%	73%
Rating of the application process overall (out of 5)	4.4	↓	4.6	4.3	4.1
Rating of BayTrust as a “user-friendly and accessible” organisation (out of 5)	4.5	=	4.5	4.4	4.2

“BayTrust funding enabled us to train & mentor 56 Rangatahi. Teaching these students new skills & leadership whilst outdoors creates a healthy enthusiastic group of youth wanting to volunteer within their community. Changing the Bay for the better is inspirational!”

YSAR Trust



Feedback from applicants

“We find it difficult to get funding for project managers/admin staff (easier to get money for assets) who you really need, to get projects off the ground, most Trustees have full time jobs and can’t do everything! We love that BayTrust do fund operations and support whole projects.”

“Really appreciated BayTrust’s visits to Whakatāne to explain how the funding works and the priorities for BayTrust moving forward.”

“We appreciated the funding that enabled our board training this year, thank you! Much value resulted and excellent discussions about co-governance.”

“Thank you for your support – your team are always so helpful if we need any suggestions or help with an application.”

“BayTrust funding enables some amazing things in our communities, so keep up your great work and good luck with your investment portfolio returns.”

How did we perform

Bay of Plenty Community Trust Incorporated – 2023 Annual Report

Consolidated Statement of comprehensive revenue and expense

For the year ended 31 March 2023
in New Zealand Dollars (\$000's)

	Note	2023	2022
Investment Income	4	(5,142)	16,958
Less Expenses			
Portfolio management and advisory fees		361	471
Other expenses	5	1,316	1,249
Total Expenses		1,677	1,720
Grants Expenditure	6, 16	8,554	12,868
Surplus/(Deficit) for the year		(15,373)	2,370
Other Comprehensive Income		-	-
Total comprehensive revenue and expense for the period		(15,373)	2,370

Consolidated Statement of changes in equity

For the year ended 31 March 2023
in New Zealand Dollars (\$000's)

	Trust capital	Retained earnings	Population reserve	Grants maintenance reserve	Inflation reserve	Total
Note			Note 9 (c)	Note 9 (a)	Note 9 (b)	
Balance at 1 April 2021	89,308	-	44,205	57,721	54,656	245,890
Total comprehensive revenue and expense for the period	-	2,370	-	-	-	2,370
Reallocation of Funds	-	-	3,070	(13,075)	10,005	-
Reserves transfers	-	(2,370)	-	2,370	-	-
Balance at 31 March 2022	89,308	-	47,275	47,016	64,661	248,260
Balance at 1 April 2022	89,308	-	47,275	47,016	64,661	248,260
Total comprehensive revenue and expense for the period	-	(15,373)	-	-	-	(15,373)
Reallocation of Funds	-	-	3,128	(13,309)	10,181	-
Reserves transfers	-	15,373	-	(15,373)	-	-
Balance at 31 March 2023	89,308	-	50,403	18,334	74,842	232,887

The notes on pages 28 to 35 are an integral part of these financial statements.

Bay of Plenty Community Trust Incorporated – 2023 Annual Report

Consolidated Statement of financial position

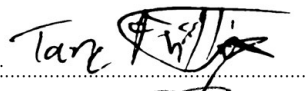
For the year ended 31 March 2023

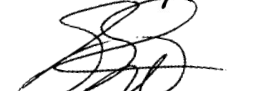
in New Zealand Dollars (\$000's)

	Note	2023	2022
Assets			
Property, plant and equipment		116	142
Loans	8	4,030	3,502
Investments	10	235,877	249,861
Total non-current assets		240,023	253,505
Loans	8	461	312
Derivatives	11	966	1,200
Other Receivables		181	114
Cash and cash equivalents		784	3,122
Total current assets		2,392	4,748
Total assets		242,415	258,253
Trust equity			
Trust capital		89,308	89,308
Retained earnings		-	-
Population reserve	9	50,403	47,275
Grants maintenance reserve	9	18,334	47,016
Inflation reserve	9	74,842	64,661
Total equity		232,887	248,260
Liabilities			
Grants Payable		5,929	4,506
Derivatives	11	-	0
Trade and other payables		118	232
Total current liabilities		6,047	4,738
Grants Payable		3,481	5,255
Total non-current liabilities		3,481	5,255
Total liabilities		9,528	9,993
Total equity and liabilities		242,415	258,253

The notes on pages 28 to 35 are an integral part of these financial statements.

Signed on behalf of the Board of Trustees;

Chair: 

Trustee: 

Date: 27 July 2023

Bay of Plenty Community Trust Incorporated – 2023 Annual Report

Consolidated Statement of cashflows

For the year ended 31 March 2023

in New Zealand Dollars (\$000's)

	2023	2022
Cashflows from operating activities		
Investment income	3,097	(2,618)
Cash paid to suppliers, Trustees and staff	(1,762)	(1,661)
Proceeds from realisation of investments	40,559	51,474
Funds Invested	(34,621)	(35,851)
Grants paid to the community	(8,904)	(8,042)
Net cash flows from operating activities	(1,631)	3,302
Cashflows from investing activities		
Acquisition of property, plant and equipment	(4)	(16)
Sale of property, plant and equipment	-	-
Loans (Issued) / Repaid	(703)	(3,231)
Net cash flows from investing activities	(707)	(3,247)
Net increase/(decrease) in cash and cash equivalents	(2,338)	55
Cash and cash equivalents at 1 April	3,122	3,067
Cash and cash equivalents at 31 March	784	3,122

The notes on pages 28 to 35 are an integral part of these financial statements.

Notes to the financial statements

1 Reporting entity

These consolidated financial statements are for the Group consisting of Bay of Plenty Community Trust (the "Trust") and its subsidiary (together, the Group). A list of the subsidiary is included in note 1(a). The Bay of Plenty Community Trust is a Charitable Trust, incorporated in accordance with the provisions of The Community Trusts Act 1999.

(a) Entities Reporting

Subsidiary company at balance date is as follows:

BayTrust Charities Limited	100% Shareholding
----------------------------	-------------------

BayTrust Charities Limited was formed during the 2020 year for the purpose of investing into the Trust Management Property Fund, this fund requires that the entity investing is a registered charity and Bay Of Plenty Community Trust is a Community Trust, not a registered charity.

(b) Consolidation

Subsidiaries are all entities that the Group has the power to govern the financial and operating policies. This power is generally accompanied by the Group having shareholding of more than one half of the voting rights of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between entities in the Group are eliminated.

2 Basis of preparation

(a) Statement of compliance

These consolidated 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 **27 July 2023**.

(b) Basis of measurement

These consolidated 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 consolidated 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 Group.

(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 Group'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 6 for the grants payable at 31 March 2023 and note 7 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. BayTrust Charities Limited is exempt from income tax with effect 25 June 2019, under section CW 52 of the Income Tax Act 2007.

Notes to the financial statements (continued)

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 assets at fair value through profit or loss

The Group 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 Group'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 Group commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investment have expired or the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are initially recognised at fair value. Separately identifiable transaction costs (including management, advisory, custodian and direct private equity fees) are expensed as incurred. Where transaction costs are not separately identifiable (i.e. fees deducted at source) these are offset against revenue from investments. 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.

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

Short term deposits

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

Trade and other payables

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

Derivatives

An instrument is classified as at fair value through profit and loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the profit or loss when incurred. Subsequent to initial recognition, financial instruments at fair value through profit and loss are measured at fair value, and changes therein are recognised in profit or loss.

The Group had a closing derivative financial instrument at fair value through profit and loss in the form of foreign exchange rate swaps to reduce foreign exchange rate risk (Refer note 11).

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

c) Grants expenditure and grants payable

The Group 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 7).

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment (if any). The cost of property, plant and equipment is the value of consideration given to acquire the assets and the value of the other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Any gain or loss on disposal of an item of property, plant or equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(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 property, plant and equipment.

The depreciation rates for the current and comparative periods are

Furniture & fittings	8.5% to 40%
Office Technology	30% to 67%
Motor vehicle	20%
Property Improvements	10%

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

(e) Impairment

The carrying amounts of the Group'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 surplus or deficit, 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 Group'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.

Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

3 Significant accounting policies (continued)

(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) Investment Income

(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'

(h) Changes in Significant Accounting Policies

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2022. The Group has not applied any standards, amendments and interpretations that are not yet effective.

4 Investment Income

	2023	2022
Interest received	148	96
Fair Value Investment gains and losses	(5,263)	17,885
Net changes in fair value movement on loans and receivables / other investments	(27)	(1,023)
Total Investment Income	(5,142)	16,958

5 Other expenses

	2023	2022
Accountancy fees	10	12
Depreciation	29	31
Office operating costs	80	39
Office lease expenses	61	56
Trust administration	183	251
Employer kiwisaver contribution	28	25
Wages and salaries	699	629
Trustees' Remuneration (note 12)	143	152
Trustee expenses and professional development	56	26
Vehicle expenses	9	10
	1,298	1,231
Auditor's remuneration to William Buck (2021 year KPMG - audit of financial statements)	18	18
Total auditor's remuneration	18	18
Total other expenses	1,316	1,249

6 Grants expenditure

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

	2023	2022
Grants Paid/Approved	8,575	12,936
Grants refunded or cancelled	(21)	(68)
Total Grants	8,554	12,868

A full list of the grants expenditure can be found in note 16. The Group provides an additional benefit to the Community by providing low-interest rate loans (see note 8), 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.

Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

7 Contingent liabilities

The Group has no contingent liabilities as at 31 March 2023.

8 Loans

From time to time the Group advances funds to organisations at low interest rates or interest free. The loans are classified as loans 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 Group. The actual value of the loans outstanding is \$5,744,801 however due to the below market interest rates that have been charged the carrying value of these loans is actually \$4,490,527. The variance of \$1,254,274 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 %	2023	2022
Tauranga Squash Racquets Club Inc	31/01/2026	3%	63	83
Theatre Whakatane Inc	19/11/2026	3%	80	101
Tauranga Community Housing Trust	17/10/2025	3%	760	760
Tauranga Community Housing Trust	01/12/2036	4%	738	785
Tauranga Community Housing Trust	25/05/2041	2%	3,151	3,293
EnviroHub	20/12/2024	0%	13	19
Habitat for Humanity	20/11/2037	4%	940	
Imputed Interest on low interest loans			(1,254)	(1,227)
Total			4,491	3,814
			2023	2022
Classified as:				
Current			461	312
Non-current			4,030	3,502
Total			4,491	3,814

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.

9 Reserves

(a) Grants maintenance reserve

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

(b) 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 \$10.2m in the March 2023 year.

(c) 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 \$50.40m being currently set aside which equates to 100% of the BOP population growth from inception of the Trust through to the 2018 census. Future population adjustments will be considered by the Trustees in the year following a New Zealand Census subject to funds being available. The population reserve is also adjusted for inflation on an annual basis.

10 Investments

	2023	2022
<i>Investments</i>		
NZ Fixed Interest	4,236	5,569
Emerging Market Equities	12,327	13,359
Global Fixed Income	15,032	24,130
Global Equities	79,753	82,605
Property & Infrastructure	29,572	27,781
Growth Alternatives	21,204	30,380
Impact Investments	7,829	7,595
Private Investments	32,160	29,503
Defensive Alternatives	21,203	15,224
NZ Fixed Income	12,561	13,715
Total investments designated at fair value through profit or loss	235,877	249,861

Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

11 Derivative Financial Instruments

	2023	2022
Balance at the beginning of the period	1,200	(1,625)
Unrealised gain in fair value	(234)	2,825
Unrealised loss in fair value		-
Balance at the end of the period	966	1,200

The fair value change to foreign exchange rate derivatives is the gain or loss on the foreign exchange rate swap at the end of the financial reporting period. The fair value of the foreign exchange rate swap is based on a mark to market valuation at balance date, obtained from BNZ.

12 Leases

Leases as lessee

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

	2023	2022
Less than one year	58	56
Between one and five years	158	211
Total	216	267

Lease is for a 6 year term until December 2025 with three, three year, rights of renewal

13 Related parties

The Trust held nine Board meetings during the year with Trustees also attending numerous other committee meetings and events representing the Trust. The table below records each Trustee's attendance at Board meetings and the remuneration paid as fixed by the Minister of Finance:

	Meeting Attendance	Remuneration \$
Carley, Sara	9	12
Harris, Judy	5	13
Karetai, Mawera	9	12
Murphy-Fell, Te Aorangi	8	13
Nabney, Rita (Trust Chair until December 2022)	4	20
Napier, Steve	9	13
Northey, Stephanie	5	15
Phillips, Tane (Trust Chair from December 2022)	6	17
Smith, Gary	9	14
Taylor, Roger	8	12
Rapihana, Louis (Commenced January 2023)	2	2
		143

There are fees payable to 11 Trustees at balance date of \$13,887 gross (2022:10 Trustees at \$11,700).

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 \$362,730 (2022: \$362,527).

14 Subsequent events

There have been no significant events subsequent to balance date

Notes to the financial statements (continued)
in New Zealand Dollars (\$000's)

15 Commitments

Prior to balance date the Board approved the following investments

- Committed up to \$600,000 flexible loan facility to Kokohinau Papakainga Trust(subject to various terms)
- Committed up to \$4,600,000 flexible loan facility to Habitat Central Region(subject to various terms). \$939,741 has been paid to 31 March 2023.
- Committed up to \$10,000,000 flexible loan facility to BOP Housing Equity Trust (subject to various terms).

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

Continuity Capital Partners	100,000
Waterman Capital Ltd	1,330,400
Pencarrow Private Equity	4,045,000
Oriens Capital	115,000
Public Infrastructure Partners II LP (Morrison&Co)	83,425
NIO Infrastructure Feeder Fund II (EURO 1,218,224)	2,115,463
WNT Ventures Fund 3 Limited Partnership	677,000
WNT Ventures Fund 2 Limited Partnership	100,000
Generation Sustainable Fund 1 (USD 291,424)	465,795
Blackbird 2019 NZ Fund	252,500
Blackbird Ventures 2020 (AUD 30,000)	32,115
LGT Crown Global Securities (USD 1,480,000)	2,365,543
Accolade Growth Fund II (USD 1,875,000)	2,996,888
Accolade Growth Fund (USD 1,274,872)	2,037,679
Purpose Capital	2,650,000
Allegro Fund IV (AUD 3,829,459)	4,099,403
Oriens Capital Fund II LP	1,220,000
Climate Adaptive (USD 615,846)	984,330
New Ground (Bureta)	50,000
Generation Sustainable Fund 4 (USD 3,600,000)	5,754,024
Blackbird Ventures 2022	1,420,345
Lightrock Climate Impact Fund (EURO 1,538,000)	2,670,759
Blackbird NZ 2022 LP	800,000
Ambienta IV, SCSp (EURO 2,451,644)	4,120,083

Notes to the financial statements (continued)

16 Grants expenditure for the year ended 31 March 2023

	No. Organisations	Granted \$
Community Wellbeing	158	5,094,760
Health Housing	3	220,000
Kaitiakitanga	25	2,283,434
Tū Māori Mai	23	811,000
Toolbox	14	320,358
Covid Recovery	2	8,145
Combined Community Event Funding	58	95,602
Scholarships (57 Individuals)		85,000
Grants Refunded		(21,134)
Grants Paid		8,897,165
Grants Paid - Approved 2022		(5,106,026)
Grants Approved not Paid - 2023		4,762,558
Paid/Approved Grants to 31 March 2023		8,553,697

For further detail on the organisations and projects, please see <https://www.baytrust.org.nz/grants-decisions>

Bay of Plenty Community Trust Incorporated Independent auditor's report to the Trustees

Report on the Financial Report

Opinion

We have audited the financial report of Bay of Plenty Community Trust Incorporated, which comprises the consolidated statement of financial position as at 31 March 2023, statement of service performance on pages 1 to 22, and consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies.

In our opinion:

- a. the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable.
- b. the accompanying financial report gives a true and fair view of:
 - the service performance for the year then ended
 - the financial position of Bay of Plenty Community Trust Incorporated as at 31 March 2023 and of its financial performance, and cash flows for the year then endedin accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (IPSAS RDR).

Basis for Opinion

We conducted our audit of the statement of consolidated financial performance, consolidated statement of financial position, statement of cash flows, statement of accounting policies and notes to the financial report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised).

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial report section of our report. We are independent of the entity in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other Matter

The statement of service performance for the period ended 31 March 2022 was not audited. Our opinion is not modified in respect of this matter.

Responsibilities of the Trustees

The Trustees are responsible on behalf of the entity for:

- a. Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance.
- b. the preparation of a financial report on behalf of the entity that gives a true and fair view, which comprises:
 - the statement of service performance
 - the consolidated statement of comprehensive revenue and expense, consolidated statement of financial position, consolidated statement of cash flows, statement of accounting policies and notes to the performance reportin accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (IPSAS RDR) issued by the New Zealand Accounting Standards Board, and
- c. for such internal control as the Trustees determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustees are responsible on behalf of the entity for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the financial report is as a whole 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 conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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.
- 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain an understanding of the process applied by the entity to select what and how to report its service performance
- Evaluate whether the service performance criteria are suitable so as to result in service performance information that is in accordance with the applicable financial reporting framework.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 report 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the entity information, financial statements and service performance information, including the disclosures, and whether the entity information, financial statements and service performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

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

The engagement director on the audit resulting in this independent auditor's report is Richard Dey.

Restriction on Distribution and Use

This report is made solely to the entity's trustees, as a body. Our audit work has been undertaken so that we might state to the entity's trustees those matters which we are required to state to them in an 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 entity and the entity's trustees, as a body, for our audit work, for this report or for the opinions we have formed.



William Buck Audit (NZ) Limited

Tauranga
27 July 2023