

Eastern & Central
COMMUNITY
TRUST



2017
FINANCIAL REPORT

chair's welcome

It is with pleasure that I present my fourth annual report as the Chair of the Trust, for and on behalf of my fellow Trustees.

Like any organisation, we can only make a difference with good people, and the Trust continues to be governed and managed by individuals who are not only passionate about serving on the Trust but who also bring a diversity of skill, experiences and community relationships.

Annually, the Minister of Finance reviews the terms and appointments of Trustees and during the year we farewelled from the Board former Deputy Chair Bruce Mills, and Kaye McAulay, both of whom had served two terms. It was particularly sad early in 2017 when we heard the news of the passing of Bruce Mills, who made a tremendous contribution to the Trust during his eight years. The Trustees and staff were in shock with the news and there was strong attendance by both current and former Trustees and staff at his funeral service where we saw and heard first-hand his involvement in many regional and national interests.

As is the case every year, the Trust welcomed two new Trustees in Brian Guy (Feilding) and Roland Ellis (Dannevirke) who have both quickly found their stride and offer fresh ideas to the leadership of the Trust based on their life experiences. During the year the Trustees also elected Caren Rangi to serve the Board as its Deputy Chair and we wish to thank Caren for her support and for her leadership contribution which has included standing in for me as required.

During the year, I was elected by my fellow Community Trusts Chairs to be the Convenor of the Combined Community Trusts of New Zealand, which provides a platform for our Trust to participate in national initiatives and share experiences from within the Community Trust sector.

The Trust has been extremely lucky to have experienced a stable staff structure under the direction of our General Manager Jonathan Bell, and on behalf of the Board we thank Jonathan for his support in stewarding this Community Trust which is now closing in on 30 years of age. The growing experience of our staff within the Trust has also enabled them to focus on improving processes and providing greater community engagement through their growing regional relationships. I am always pleased to hear the positive feedback from within our community on the conduct and professionalism of our staff.

Our General Manager will touch upon our financial results in more detail but through a combination of prudent management, sound policies and an ounce of good luck,



the Trust has continued to enjoy positive financial returns on its Investment portfolio that has enabled us to report the fifth consecutive financial surplus in a row whilst we continue to grow our donations into our community.

Our strengthening Balance Sheet also provides the Board with a sound foundation to consider how we can improve our contribution to our communities and, to that end, there were two new areas where the Trust invested during 2016/17 – we invested in our own building as a future office for the Trust and we invested in the review of our Funding Strategy. Both investments will bear returns to the Trust and our Community in the 2018/19 year and we look forward to communicating the changes these investments may contribute to our Trust vision – to help build stronger, more sustainable communities.

As the Trust approaches its 30 year anniversary, the community we serve today and into the future has evolved dramatically from the community that was in existence during its foundation in 1988. I have previously communicated that we as Trustees and staff must continually challenge ourselves, and challenge our processes and policies to ensure the Trust is positioned to maximise its contribution to build stronger, more sustainable communities. We cannot do all things and we must find our “place” as a Trust amongst a myriad of other partners and stakeholders who also want what we want, albeit with slightly different visions and boundaries of operations.

In closing, can I thank all of those organisations that made donation applications to the Trust, and those organisations who were lucky enough to have received a donation, for the heart and enthusiasm with which you serve your community. The Eastern & Central Community Trust is proud to have partnered with you in some small way to make a real difference to lives of the people within your communities.

Geoff Milner
Chair

a message from the general manager

Twelve months ago if someone had suggested that during the next year we would see the UK exit the European Union, Donald Trump be elected President of the United States of America and the rise of the Far-Right in Europe, I would have wondered what they were thinking. These events, and others, caused jitters amongst financial markets and looked to have impacted upon our investments and cashflows. How things can turn quickly; the months of February and March 2017 proved positive from a financial aspect and provided a solid result for the year.

Our investments have increased by just over \$10 million and our realised income levels were maintained at similar levels to last year, but our unrealised income achieved much higher levels. Our level of expenditure was lower than last year and we continued to approve donations to our communities at similar levels to last year.

Our Annual Public Meeting was held in Gisborne and was well-attended by members of the Gisborne community. The meeting was held in the recently refurbished War Memorial Theatre which encouraged a different format to past APMs – we held a concert. Three local youth groups performed items from Kapa Haka to soul music and short films. Apart from being very entertaining and polished performances, it served to showcase some of the talents of our young people.

We have begun a review of our funding strategy and associated framework. This entailed the commissioning of some research to understand our communities, what funding we have historically given, and a literature review of current trends in philanthropy and funding in New Zealand. Planned community consultations will be held in the coming year to provide affirmation of the work we commissioned, as well as providing ECCT Trustees and staff with your thoughts, concerns and ideas. Any changes to our funding strategy will be communicated to our community as progress through this journey.

In March of 2017 we purchased office premises. An opportunity presented itself to purchase the Hawke's Bay Cancer Society premises in Nelson Street, Hastings. We see this as an opportunity to invest directly in commercial property, provide suitable premises for our staff and Trustees and allow easier access when meeting with community groups. We will remain in our current offices whilst the

Cancer Society build new premises closer to the hospital in Hastings. The planned move is for September 2018.

Our focus for the coming twelve months is to complete the development of our new Funding Strategy, develop and implement a communications and marketing plan, and review our in-house Grant Management System. Whilst doing this we will continue to develop our relationships within our community through funding clinics and individual visits and assist community organisations with their funding requirements.

In June last year we welcomed two new Trustees and farewelled two long-serving Trustees. The transition has been seamless and the new Trustees are working well with the existing Board. Staff have remained unchanged and recent reviews of our Fund Managers and Fund Advisor have resulted in their reappointment. This consistency and stability has allowed us to continue to work hard in ensuring that you, the community organisations which help strengthen our communities, are able to do the work that you do.



Jonathan Bell
General Manager



summary financial statements

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES

For the year ended 31 March 2017

	2017 \$000	2016 \$000
Revenue		
Dividend and interest income	7,668	7,060
Gain/(loss) on derivatives	1,681	(2,467)
Foreign exchange gains/(losses)	(3,601)	7,844
Changes in fair value of derivatives and investments	10,445	(4,120)
	16,193	8,317
Expenses		
Administrative expenses	623	474
Investment expenses	505	772
Personnel expenses	683	710
Community donations	5,071	5,195
	6,882	7,151
Total comprehensive surplus for the year	9,311	1,166

SUMMARY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	2017		
	Trust Capital \$000	Donation Reserve \$000	Total Equity \$000
Opening balance as at 1 April	145,230	18,269	163,499
Total comprehensive surplus for the year		9,311	9,311
Transfer to trust capital	1,888	(1,888)	-
Equity as at 31 March 2017	147,118	25,692	172,810

	2016		
	Trust Capital \$000	Donation Reserve \$000	Total Equity \$000
Opening balance as at 1 April	143,935	18,398	162,333
Total comprehensive surplus for the year		1,166	1,166
Transfer to trust capital	1,295	(1,295)	-
Equity as at 31 March 2016	145,230	18,269	163,499

SUMMARY STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2017

	2017 \$000	2016 \$000
Current Assets		
Cash & cash equivalents	3,960	6,766
Derivatives	-	178
Investments	170,420	159,073
Other current assets	49	23
	174,429	166,040
Non Current Assets		
Other non current assets	874	84
	175,303	166,124
Total Assets		
Equity		
Trust Capital	147,118	145,230
Donation Reserve	25,692	18,269
	172,810	163,499
Current Liabilities		
Trade and other payables	181	181
Donation payables	2,312	2,444
	2,493	2,625
Total Equity and Liabilities	175,303	166,124

SUMMARY STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 \$000	2016 \$000
Net Cash flows from operating activities	(1,985)	(32)
Net Cash flows from investing activities	(821)	(9)
Net(decrease)/increase in cash & cash equivalents	(2,806)	(41)
Cash & cash equivalents as at 1 April	6,766	6,807
Cash & cash equivalents at 31 March	3,960	6,766

notes to the summary financial statements

1. Reporting Entity

The Eastern and Central Community Trust Inc. (the Trust) is a Charitable Trust domiciled in New Zealand and incorporated in accordance with the provisions of the Community Trusts Act 1999.

The Trust is primarily involved in the management of the investment of assets and the distribution of donations to the community within a designated North Island region of New Zealand.

2. Basis of Preparation

a) Statement of Compliance

The summary financial statements have been prepared in accordance with the Public Benefit Entity Standards as they relate to summary financial statements (PBE FRS 43) and have been extracted from the full financial statements.

For the year ended 31 March 2017, the Trust prepared its financial statements using the Not-For-Profit PBE IPSAS – RDR standards as appropriate for Tier 2 Public Benefit Entities.

b) Basis for measurement

The financial statements have been prepared on the basis of historical cost modified as defined in the specific accounting policies in the full financial statements (principally fair valuation of investments and derivatives with movements accounted for through surplus or deficit).

c) Functional and presentation currency

The summary financial statements are presented in New Zealand dollars and rounded to the nearest thousand dollars.

d) Summary financial statements

The summary is extracted from the full financial statements authorised for issue by the Trustees on 28th July 2017. Once issued the Trustees do not have the power to amend these statements. The full financial statements of the Trust have been audited by Staples Rodway who have issued an unmodified audit opinion. Staples Rodway have audited these summary financial statements and found them to be consistent with the full financial statements.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as is provided by the full financial statements.

3. Related party transactions

From time to time, the Trustees may be involved at the governance level in donation recipient organisations. Total donations paid to these related donee organisation for the year was \$32,000 (2016 \$62,000). Trustee fees for the year were \$169,991 in total (2016 \$171,291).

4. Capital commitments

The Trustees have resolved to invest \$5.5 million into the Direct Capital V Limited Partnership and \$6.0 million into the Pioneer Capital III Limited Partnership. (2016: nil)

The Trust has a commitment of \$18.6 million being the uncalled balance of the private equity funds with Pioneer Capital Partners Limited II \$1.9 million, Pioneer Capital Partners III \$5.4 million, Waterman Capital \$3.9 million, Direct Capital V Limited Partnership \$5.5 million and Morrison & Co \$1.9 million.

A copy of the full financial statements can be obtained from the ECCT website www.ecct.org.nz and is available from the General Manager, P O Box 1085, Hastings, 4156, Tel **06 878 7200** or **0800 878 720**, or send a request to enquiry@ecct.org.nz

independent auditor's report



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Trustees of Eastern and Central Community Trust Inc

Opinion

The summary financial statements on pages 4 to 6, which comprise the summary statement of financial position as at 31 March 2017, the summary statement of comprehensive revenue and expenses, summary statement of changes in equity, and summary statement of cash flows for the year then ended, and related notes are derived from the audited financial statements of Eastern and Central Community Trust Inc for the year ended 31 March 2017.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with PBE FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

Our report is made solely to the Trustees of Eastern and Central Community Trust Inc, in accordance with the Community Trusts Act 1999. Our audit work has been undertaken so that we might state 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 Trustees of Eastern and Central Community Trust Inc, for our audit work, for our report or for the opinions we have formed.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified opinion on the audited financial statements in our report dated 28 July 2017.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the Trust's annual report for the year ended 31 March 2017 (but does not include the summary financial statements and our auditor's report thereon).

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

In connection with our audit of the summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements or our knowledge obtained in the audit or otherwise appears to be 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.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation of the summary financial statements in accordance with PBE FRS-43: Summary Financial Statements.



Auditor's Responsibility

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

Other than in our capacity as auditor we have no relationship with, or interests in, Eastern and Central Community Trust Inc.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the summary financial statements of Eastern and Central Community Trust Inc for the year ended 31 March 2017 included on Eastern and Central Community Trust Inc's website. The Trustees of Eastern and Central Community Trust Inc are responsible for the maintenance and integrity of Eastern and Central Community Trust Inc's website. We have not been engaged to report on the integrity of Eastern and Central Community Trust Inc's website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website.

The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to or from these summary financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements and related audit report dated 28 July 2017 to confirm the information included in the audited summary financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of summary financial statements may differ from legislation in other jurisdictions.

A handwritten signature in black ink that reads 'Staples Rodway'.

STAPLES RODWAY AUDIT LIMITED

Hastings, New Zealand

28 July 2017

Where the money went



DONATIONS BY SECTOR





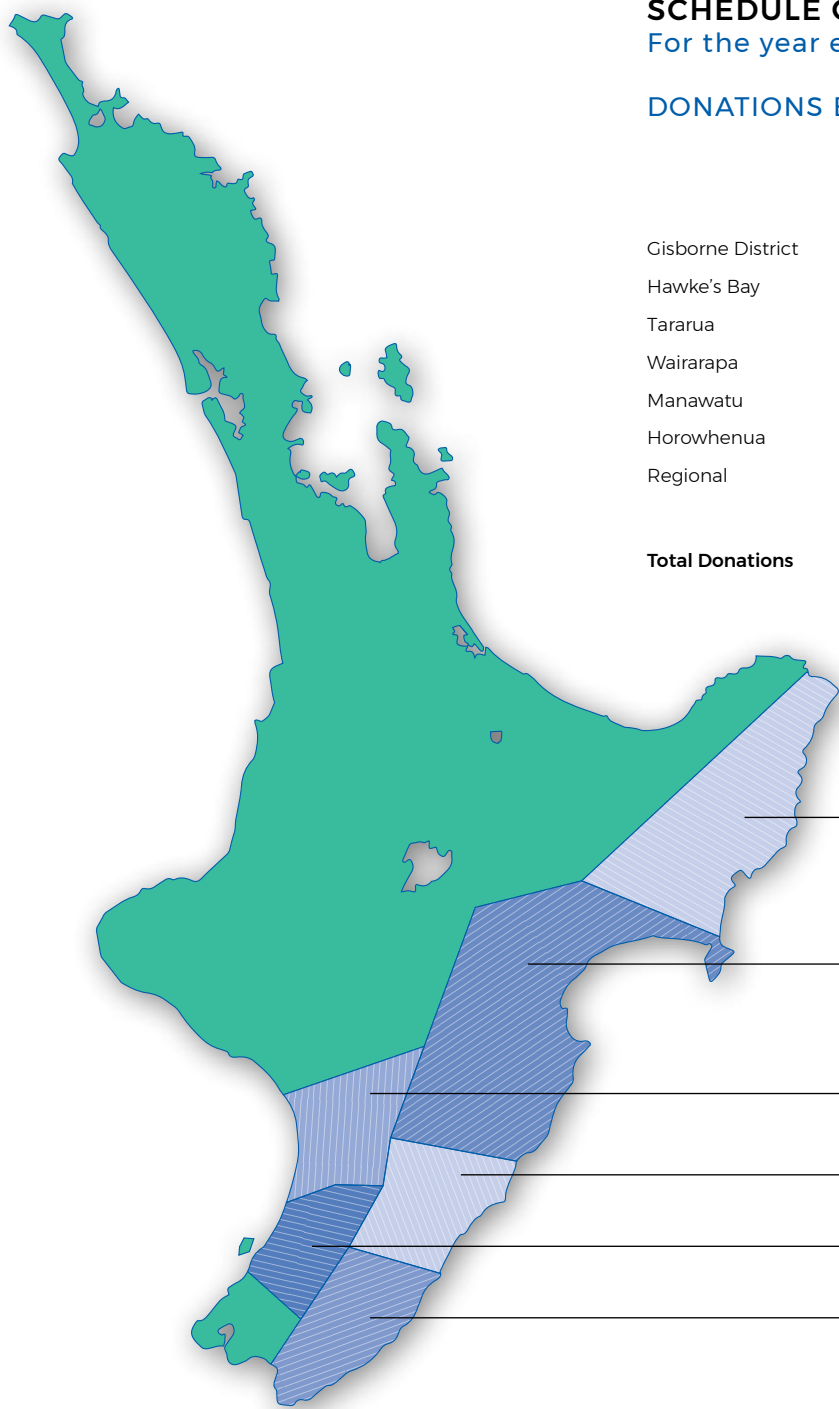
WHERE THE FUNDING GOES

SCHEDULE OF COMMUNITY PAYMENTS For the year ended 31 march 2017

DONATIONS BY REGION

	2017 \$	2016 \$
Gisborne District	595,440	905,640
Hawke's Bay	1,788,966	1,698,170
Tararua	195,900	164,500
Wairarapa	657,370	570,120
Manawatu	708,870	1,127,480
Horowhenua	196,850	382,350
Regional	1,026,100	699,467
Total Donations	5,169,496	5,547,727

An itemised list of all donations is available on page 24-27 of our Storyboard, or on our website: www.ecct.org.nz



Gisborne District \$595,440

Hawke's Bay \$1,788,966

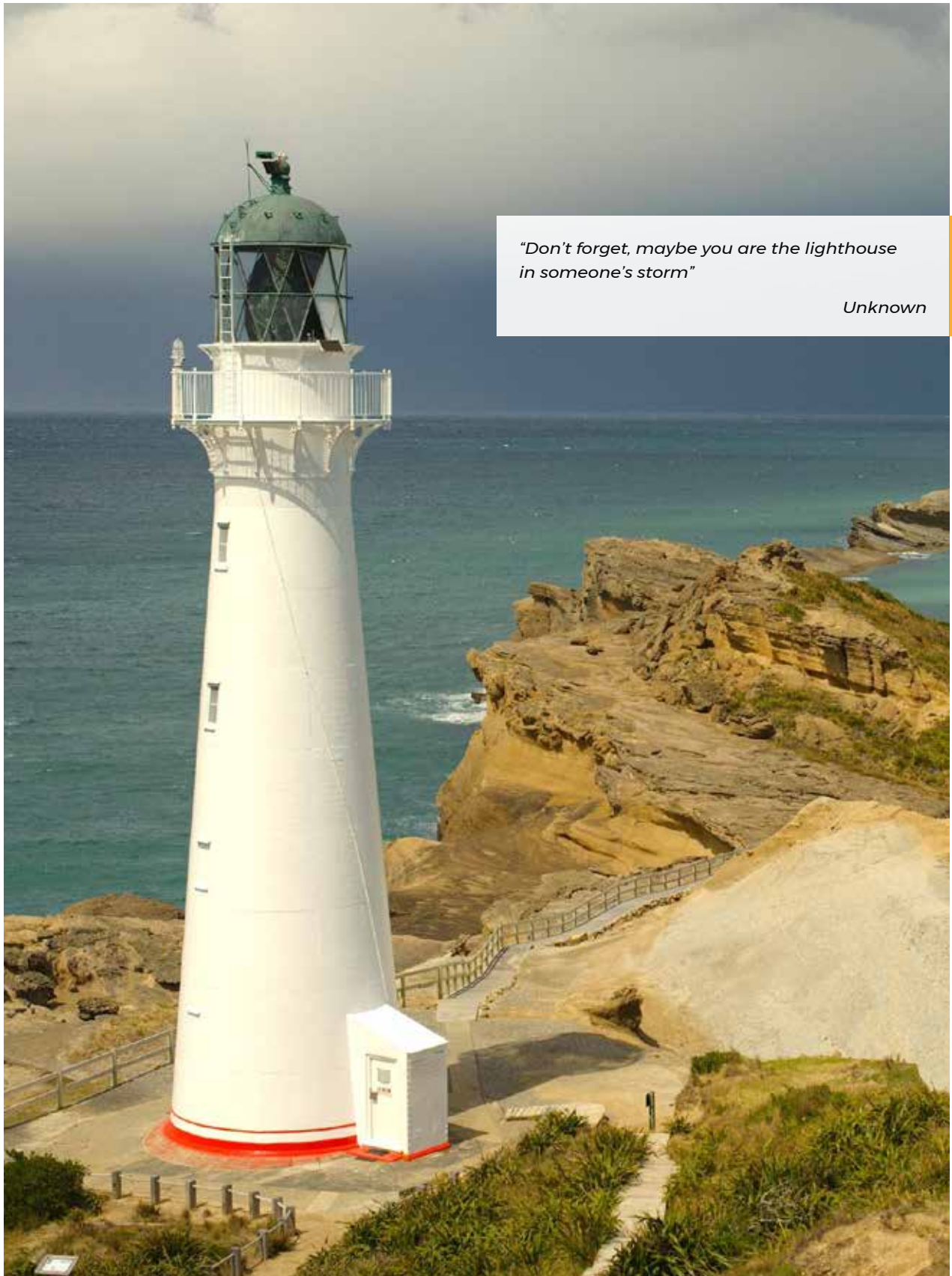
Manawatu \$708,870

Tararua \$195,900

Horowhenua \$196,850

Wairarapa \$657,370

Regional \$1,026,100



*"Don't forget, maybe you are the lighthouse
in someone's storm"*

Unknown

Eastern & Central
COMMUNITY
TRUST

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