



Eastern & Central
**COMMUNITY
TRUST**
Helping fund a better community

AUDIT & RISK COMMITTEE MEETING

12.30am Thursday, 28 May 2015
Eastern & Central Community Trust Board Room

**THE AGENDA FOR A MEETING OF THE AUDIT & RISK COMMITTEE
OF THE EASTERN AND CENTRAL COMMUNITY TRUST INC., TO BE
HELD AT THE TRUST'S OFFICE, ON THURSDAY
28th MAY 2015, COMMENCING AT 12:30 P.M.**

*Auditor Stuart Signal will be in attendance.
A light lunch will be available from 12.00 p.m.*

1. Welcome and Apologies

2. Audit & 2015 Financial Statements [pages 3-42](#)

The Auditor, Stuart Signal, will present and discuss the

- 2015 Financial Statements and Notes
- 2015 Audit process
- Management Letter

3. 2015 Summarised Financial Statements [pages 43-46](#)

4. Minutes from the previous Audit & risk Committee Meeting.

The minutes from the previous Audit sub-Committee Meeting held on 26th March 2015 are included in the agenda papers on [pages 47-50](#)

5. Matters arising from the previous Minutes

6. Annual Report Update

Verbal update from the General Manager

7. MCA Review Update [pages 51-57](#)

8. Risk Management Assessment Register

The Risk Management Assessment Register is included in the agenda papers on [pages 58-65](#). This has been reviewed by the General Manager. The only item to report is the “worm” which affected our emails. This is noted in the GM report to all Trustees.

9. Other Business

Close of Meeting

Next meeting: 25th June 2015, time TBC

Report type:	Board Decision Papers
Recommendation:	The Audit & Risk Committee considers and approves the Financial Statements for Year End March 31 2015.
Agenda item no:	2
Subject:	2015 Financial Statements and Auditors Report
Responsible for the report:	General Manager

Purpose of report:	To provide the Committee with the Financial Statements for their approval. To consider the Management letter and Auditors report.
---------------------------	-----------------------------------------------------------------------------------------------------------------------------------

Attached are;

1. The draft Financial Statements for the Audit & Risk Committee to consider and approve recommendation to the full Board of Trustees.
2. Management Letter for consideration
3. Auditors report which is also included in the Financial Statements

Stuart Signal will attend the meeting and speak to these documents.

Jonathan Bell
May 2015

**EASTERN & CENTRAL
COMMUNITY TRUST INC**

**ANNUAL REPORT
For the Year Ended
31 MARCH 2015**

**First Floor, Westerman's Building
102-104 Russell Street South
Hastings
Telephone 06 878 7200
Freephone 0800 878 720
Facsimile 06 878 9550
Email enquiry@ecct.org.nz**

INDEX

	Page
TRUST DIRECTORY	1
TRUSTEES' REPORT	2 – 4
GOVERNANCE REPORT AND HISTORY OF THE TRUST	5
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 24
AUDITOR'S REPORT	25
SCHEDULE OF COMMUNITY PAYMENTS	26
ANNUAL DONATION LIST	27 - 30

EASTERN AND CENTRAL COMMUNITY TRUST INC

DIRECTORY

TRUSTEES

Retirement Date

GEOFF MILNER	Gisborne	Chair	May 2015
BRUCE MILLS	Feilding	Deputy Chair	May 2016
ROBYN RAUNA	Gisborne		May 2017
ANNA HANSEN	Hastings		May 2016
MARK KILMISTER	Napier		May 2015
CAREN RANGI	Napier		May 2018
DAVID LEA	Pahiatua		May 2017
RON GARROD	Masterton		May 2015
STEPHEN KERR	Masterton		May 2015
KAYE MCAULAY	Martinborough		May 2016
DAME MARGARET MILLARD	Palmerston North		May 2017
SHELLY MITCHELL-JENKINS	Levin		May 2017

GENERAL MANAGER

JONATHAN BELL

BANKERS

WESTPAC

AUDITORS

STAPLES RODWAY HAWKES BAY

FINANCIAL ADVISORS

MCA NZ LIMITED

REGISTERED OFFICE

1st FLOOR, WESTERMAN'S BUILDING,
102-104 RUSSELL STREET SOUTH,
PO BOX 1058,
HASTINGS 4122

CHAIR'S REPORT

Tēnā koutou, tēnā koutou, tēnā tātou katoa. Greetings, greetings, greetings to one and all.

Welcome to the 2015 Annual Report of the Eastern and Central Community Trust.

LOOKING BEYOND 2015

The 2015 financial year has been a year where the Trust has spent a considerable amount of time looking to the future. As with most successful organisations, the future state is one that is created rather than stumbled upon. Our strategic vision of contributing to stronger, more sustainable communities within our region will underpin all our activities as we build toward this future state.

MORE THAN GIVING

The traditional strategies around our governance, giving, and financial management that have made us strong in the past have been retained. However, Trustees have identified new areas of focus that they believe will make a lasting impact on our communities.

The Trust will continue the support of grassroots community groups through contributing to their operating costs such as rent, wages, volunteers, power, programmes, resources, equipment, and other things they use every day. The Trust will also continue to focus on making sure that the buildings and other large community facilities meet the changing needs of our communities and are well-used, for many years to come.

In addition, the Trust aspires to work more collaboratively with our partners to make things easier for our community groups to carry out their activities. We will work with groups that identify community need and show a commitment to helping themselves. Our direction in the next five years expands on this. By taking a coordinated approach and working together we hope to make the best use of the resources available to our community and provide support as we become stronger and more sustainable together.

FINANCIAL RESULTS

The Trust benefited from another year of strong equity markets and the Trust is beginning to see the financial benefits of the change of investment strategy undertaken in 2013. The \$14.1M net profit for the year (\$2.6M 2014) after making \$5.2M (\$4.6M 2014) of donations was very pleasing to the Board.

The Trustees are acutely aware that these strong financial returns will inevitably adjust and the Trust continues to build its donations reserve (\$18.4M) to ensure it is able to make consistent and regular grants to our communities even in years when our investments might produce negative returns.

NEW MINISTER

The Trustees note and welcome a new Minister with responsibility for Community Trusts, the Honourable Paula Bennett, Associate Minister of Finance and we look forward to working with the Minister.

TRUSTEES

2015 continued the recent trend of a stable Board and Caren Rangī was reappointed with effect 1 June 2014 for a further four-year term. This stability has enabled the Trust to build a strong team where the strengths of each Trustee have been drawn upon for the benefit of the Trust.

STAFF

The Trust bid farewell to long serving Donations Manager Bev Watkins in February 2015. The Trust held a formal farewell for Bev with invited guests where her huge contribution was acknowledged and where the Trust wished her all the best in her retirement. The Trust also wishes to acknowledge the leadership by our General Manager Jonathan Bell and his staff to the achievements recorded in this annual report for 2015.

An acknowledgement to my fellow Trustees for their dedication and commitment to the Trust and it has once again been a privilege and honour to serve the Board as your Chair.



Geoff Milner,
Chair

GENERAL MANAGERS REPORT

It has now been 16 months since my appointment as General Manager of the Trust and this time has been one of learning and challenges but extremely rewarding. Some of the major highlights have been the introduction of online applications, the strategic planning work with Trustees and staff, meeting community groups and organisations and seeing the results of our donations into the community.

We have seen some personnel changes with the retirement of Bev Watkins in February of this year. Bev will be known to many of you as she worked with the Trust for just over 22 years. In that time she saw many changes and many challenges not only to the Trust but also within our communities. Her knowledge of community organisations and the people within was vast and is sorely missed. In November of last year we appointed Neil Attapattu to our donations team. Neil is of Sri Lankan descent and has had a career in banking and investment, latterly with Kiwibank. Neil has also been involved in volunteer work with Good Cents in Porirua, and returning to Sri Lanka to help his family's community.

The past twelve months have seen some changes in the way we do things and also some new initiatives which the Trust is investing in. Firstly we saw the introduction of online applications. This initiative is to help streamline the application process and provide a consistency in information provided by applicants. As time progresses the process and online forms will be improved to enable the application process to be as simple and streamlined as possible.

The Trustees and staff have spent many hours reviewing the direction and vision of the Trust, and developing and refining our Strategic Plan and Vision. The Trust is now looking at a number of new initiatives to provide our communities with more than just donations, some of these include;

- Social Lending – Providing a hand up rather than a hand out. Social Loans are used to assist community groups achieve their long term goals. This is an area we are currently developing.
- Guarantees Against Loss – A form of underwriting to assist organisations running community events. Adverse weather can affect attendance and ticket sales; this gives comfort to those running the event that a major loss will be covered.
- Capacity and Capability Building – Many organisations require assistance in such areas as Governance, financial management and volunteer management. The Trust is looking at ways we can assist to build and improve these areas so as to assist organisations become more self-sustainable.
- Multi Year Funding – Many organisations exist from year to year and are unsure of future funding. The Trust is investigating the concept of multi-year funding as a means of providing some surety for the future.

Some other areas which came out of our strategic discussions were around gaining more knowledge of our communities and the issues and challenges they are facing. One of the biggest challenges is providing donations to our communities in a fair and equitable manner. To address some of these challenges we will be developing and implementing a communications plan in the coming twelve months, this will involve;

- Client surveys to fully understand what you do, why you do it, and your experience in interacting with the Trust,
- Reviewing our websites look and feel to make it more user friendly to the community,
- Reviewing our funding clinics, their format and frequency,

- Increasing the numbers of visits to the regions, and,
- Strengthening our relationships with local funders and the forums that represent them

The donations side of the Trust is only part of what we do, the other side is the investments, and their prudent care and management. This is done to insure future generations can have the benefit of the foresight of the original concepts of the Community Trusts.

Our Fund Managers, Chris Swasbrook, Richard Burton, Phil Williams and Tony Hildyard do a sterling job in managing our investment portfolios to ensure their future protection and more importantly revenue generation. All this is ably reviewed by our Funds Advisor, Michael Chamberlain. I would like to thank them for the work they have done over the past twelve months and their tolerance towards me as I have gained an understanding of their roles.

My staff has worked tirelessly over the past twelve months, firstly to pick up some of the work that Bev Watkins did, and secondly to train the two newbie's, Neil and I. Many thanks to Rose, Patricia and Jill for their continued support.

As a former staff member of TrustBank Central, it is a pleasure to come back into an organisation which has the community at heart and does community good. I look forward to the coming year and the challenges and changes which it will bring. More importantly I thank you, the community organisations we serve who in turn help build stronger communities.

Jonathan Bell
General Manager

GOVERNANCE

The Board of Trustees has been appointed by the Minister of Finance to govern the Trust. The Board establishes the Trust's objectives, major strategies and the overall investment and donation policy framework. The General Manager has delegated authority within approved guidelines for the day to day management of the Trust. To assist in the process of Board governance, the Trustees have established three committees. Each committee has defined duties as listed. Their recommendations are reported to the Board for consideration. As required, the Board refers additional matters to the committees for consideration.

Executive – monitor investment performance, review fund managers' performance, consider investment policy and strategy, monitor compliance and appraise the General Manager.

Audit & Risk – liaise with the external auditor, review the annual audit plan, review audit findings, monitor compliance to relevant statutory requirements, monitor, review and report performance and recommendations of the auditor.

Special Programmes – monitor, review and report on the performance of the Regional Sports Trusts, the Summer Reading Programme, the Maths is Fun Programme and any other special programmes.

Conflicts of interest, whether actual or potential, must be disclosed to the Board and minuted. In such circumstances a trustee is not entitled to enter discussion or vote. The Annual Report is published on the Trust's website and a public meeting is held in August each year.

HISTORY OF THE TRUST

The Hawke's Bay Savings Bank was established in 1962 and merged with the Manawatu-Wairarapa Savings Bank in 1972 to form the Eastern and Central Savings Bank. Over time the bank expanded to having more than 30 branches across the lower North Island.

When the government deregulated the banking industry in 1988 "Trust Bank Eastern & Central Community Trust Inc" was formed. The Trust was provided with shares in the Trust Bank Group to the value of \$11.8 million to hold for the benefit of the communities within the defined region. Although the region is specifically defined it broadly covers the Gisborne District, Hawke's Bay, Taranaki, Wairarapa, Manawatu and Horowhenua, being the region of the original Eastern and Central Savings Bank.

In 1996 Westpac Bank purchased the Trust Bank Group and the Trust sold its shares for \$109 million. The starting capital of the Trust was set at \$90 million with \$19 million set aside in reserves. The proceeds from the sale were invested into a diversified range of asset classes (fixed interest, equities, property and cash), within New Zealand and overseas. Once Trust Bank Group was sold the Trust dispensed with the "Trust Bank" title and is now known as the "Eastern & Central Community Trust Inc".

The Trust has increased its capital by over 50% from \$90 million to \$162 million which more than covers inflation and population increases over this time, maintaining the real value of the Trust for future generations. It is the investment returns from these funds that has enabled the Trust to provide donations, and the Trust has provided over \$100 million in donations to its communities since 1988.

The Trust comprises a Board of up to 12 Trustees, representing the various regions within the Trust area, who are appointed by the Minister of Finance. Terms of appointment are usually for four years and trustees may serve more than one term.

EASTERN AND CENTRAL COMMUNITY TRUST INC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 \$	2014 \$
REVENUE			
Realised Income			
Dividend income on held for trading financial assets		3,690,923	2,020,227
Interest income on held for trading financial assets		3,998,407	3,516,213
Gain/(Loss) on derivatives		(323,160)	1,435,800
Gain/(Loss) on disposal on held for trading financial assets		(2,079)	4,306,204
Sundry income		170	10,550
		<u>7,364,261</u>	<u>11,288,994</u>
Unrealised Income/(losses)			
Foreign exchange gains/(losses)		3,854,388	(6,059,199)
Change in fair value of derivatives		(548,878)	1,578,350
Change in fair value of financial assets held for trading		10,297,410	2,330,663
		<u>13,602,921</u>	<u>(2,150,186)</u>
TOTAL INCOME FROM INVESTMENTS		<u>20,967,182</u>	<u>9,138,808</u>
LESS EXPENSES			
Administrative Expenses	5	470,869	491,439
Investment Expenses	5	486,045	729,925
Personnel Expenses	5	757,701	740,157
Net Community Donations	10	5,167,541	4,625,238
TOTAL EXPENSES		<u>6,882,156</u>	<u>6,586,759</u>
PROFIT/(LOSS) FOR THE YEAR		<u>14,085,026</u>	<u>2,552,049</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>14,085,026</u>	<u>2,552,049</u>

The notes to the Financial Statements form part of and are to be read in conjunction with the above accounts

EASTERN AND CENTRAL COMMUNITY TRUST INC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 \$	2014 \$
EQUITY AT START OF PERIOD		148,247,705	145,695,656
Comprehensive income for the year		14,085,026	2,552,049
Total Recognised Revenue and Expenses		<u>14,085,026</u>	<u>2,552,049</u>
EQUITY AT THE END OF PERIOD	6	<u>162,332,731</u>	<u>148,247,705</u>

The notes to the Financial Statements form part of and are to be read in conjunction with the above accounts

EASTERN AND CENTRAL COMMUNITY TRUST INC

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015 \$	2014 \$
NON-CURRENT ASSETS			
Financial Assets Held for Trading	7	156,785,423	137,856,245
Plant & Equipment	8	33,461	35,018
Te Kete Putea Ltd Partnership	4	72,525	90,656
TOTAL NON-CURRENT ASSETS		156,891,409	137,981,919
CURRENT ASSETS			
Cash and Cash Equivalents	9	6,806,709	10,807,068
Derivatives	14	804,112	1,352,990
Prepaid Expenses		15,826	-
TOTAL CURRENT ASSETS		7,626,647	12,160,058
TOTAL ASSETS		164,518,056	150,141,977
EQUITY			
Trust Capital	6	143,934,669	140,334,669
Donation Reserve	6	18,398,062	7,913,036
TOTAL EQUITY	6	162,332,731	148,247,705
LIABILITIES			
CURRENT LIABILITIES			
Trade Payables		167,639	71,118
Other Payables		50,896	150,252
Employee Entitlements		27,748	14,852
Donations Payable	10	1,939,042	1,658,050
TOTAL CURRENT LIABILITIES		2,185,325	1,894,272
TOTAL EQUITY AND LIABILITIES		164,518,056	150,141,977

These Financial Statements have been authorised for issue by the Trustees on 29th May 2015

Geoff Milner
Chairman

Kaye McAulay
Audit & Risk Committee Chair

The notes to the Financial Statements form part of and are to be read in conjunction with the above accounts

EASTERN AND CENTRAL COMMUNITY TRUST INC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Interest		388,040	473,206
Dividends		4,406,532	2,368,929
Investment Disposals		3,100,000	87,848,510
Derivatives		1,743,718	2,861,704
		<u>9,638,290</u>	<u>93,552,349</u>
Cash was applied to:			
Trustees and Employees		(713,319)	(720,249)
Suppliers of Other Goods & Services		(862,479)	(894,130)
Community Donations		(4,886,549)	(4,757,138)
Investment of Funds		(5,093,443)	(86,898,846)
Derivatives		(2,066,878)	(1,425,905)
		<u>(13,622,668)</u>	<u>(94,696,268)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	(3,984,378)	(1,143,919)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was applied to:			
Purchase of Plant & Equipment		(15,981)	(16,772)
		<u>(15,981)</u>	<u>(16,772)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		(15,981)	(16,772)
NET INCREASE/(DECREASE) IN CASH HELD		(4,000,359)	(1,160,691)
Add Cash at 1 April		10,807,068	11,967,759
CASH & CASH EQUIVALENTS AT 31 MARCH	9	<u>6,806,709</u>	<u>10,807,068</u>

The notes to the Financial Statements form part of and are to be read in conjunction with the above accounts

EASTERN AND CENTRAL COMMUNITY TRUST INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. REPORTING ENTITY

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

The financial statements, for the year ended 31st March 2015, have been prepared in accordance with the Financial Reporting Act (FRA) 2013. This act has repealed the previous section 13 of the Community Trusts Act 1999 under which the Eastern and Central Community Trust Inc. was deemed to be a reporting entity for the purposes of the Financial Reporting Act 1993. The Trust does not meet the definition of an "FMC reporting entity" under the new FRA 2013.

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

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements were approved by the Board of Trustees on 29th May 2015.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis modified as detailed in the specific accounting policies below.

c) Functional and Presentation Currency

These financial statements are presented in New Zealand dollars (NZD), which is the Trust's functional currency. All financial information has been rounded to the nearest dollar.

d) Use of Key Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of the income and expenses during the period. Actual results could differ from these estimates.

Judgements are made by management in the application of NZIFRS that have a significant effect on the financial statements. Fair value estimates with a significant risk of material adjustment in the next year relate to financial instruments.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. Further discussion regarding fair value estimation uncertainty can be found in Note 14.

e) Proposed Changes to the Financial Reporting Framework

New Zealand has adopted a two sector, multi-tier accounting framework for financial reporting which means that different financial reporting standards will apply to public benefit entities (PBE) and for-profit entities. The new standards will become effective for the 2016 financial reporting year.

The Trust will be a Tier 2 Public Benefit Not for Profit Entity and will need to comply with the PBE IPSAS RDR (Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime) suite of accounting standards. Management is still assessing the impact of adopting the new framework.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are the particular accounting policies, which have a material effect on the measurement of results and financial position. They have been applied consistently to all periods presented in these financial statements.

a) Foreign Currency Transactions

Foreign currency balances are converted to NZD at the year-end rate of exchange. Transactions completed during the year are converted at the rate applying at the date of the transaction. Any foreign exchange gain or loss on monetary items is included within the statement of comprehensive income as revenue.

b) Financial Instruments

The Trust classifies its financial instruments in the following categories: financial assets at fair value through profit or loss; loans and receivables; held to maturity financial assets; available for sale financial assets; financial liabilities at amortised cost. The classification depends on the nature of the instrument and the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date.

A financial instrument is recognised only when the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual right to the cash flows from the financial assets expire or if the Trust transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Purchases and sales of investments are recognised on trade date, the date on which the Trust commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit or loss

Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit or loss in the period in which they arise. Financial assets held for trading and derivatives are classified as financial assets at fair value through profit or loss.

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 stated at amortised cost using the effective interest rate method less accumulated impairment losses. Cash and cash equivalents and short term advances are classified as loans and receivables.

Held to maturity financial assets

These investments have fixed maturities and the Trust has the intention and ability to hold these investments to maturity. Any held to maturity investments held by the Trust are stated at amortised cost using the effective interest rate method less accumulated impairment losses. The Trust has no held to maturity financial assets in the reported period.

Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The investment in Te Kete Putea Ltd Partnership is classified as an available for sale financial asset.

Financial liabilities at amortised cost

Trade and other payables and donations payable are recognised at amortised cost.

EASTERN AND CENTRAL COMMUNITY TRUST INC

c) Donations

Donations are recognised as a liability of the Trust when they are approved by Trustees and notified to applicants notwithstanding that the applicants may still have to fulfil some conditions. Donations no longer required, or not fully used by donation recipients, are shown separately as donations written back.

d) Revenue

Dividends are recognised as income on the date that the Trust's right to secure payment is established and recorded net of any imputation tax credits. Interest income is recognised on a time proportion basis using the effective interest method.

e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, short term deposits and other highly liquid investments inclusive of accrued interest at balance date that are readily convertible into cash and which are subject to an insignificant risk of changes in value. The Trustees consider all bank deposits to be cash and cash equivalents, as they are available as cash for liquidity purposes. Deposits are sometimes longer than three months to obtain higher returns but are still considered cash and cash equivalents.

Cash and cash equivalents do not include cash or deposits held by the fund managers. Therefore, the Statement of Cash Flows does not reflect the cash flows within the fund managers' portfolios.

f) Plant and Equipment

Items of plant and equipment are recorded at cost less accumulated depreciation and impairment losses. The Trust has one class of plant and equipment being office equipment, furniture and fittings.

g) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight line basis on all tangible fixed assets at rates calculated to allocate the assets' cost less estimated residual value, over their estimated useful lives. Depreciation methods, useful lives and residual values are reassessed at the reporting date. The estimated life of assets is between 3 and 10 years.

h) Impairment on items of Plant and Equipment

The Trust's plant and equipment assets are reviewed at each balance date to determine whether there is any objective evidence 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 the statement of comprehensive income.

i) Employee Benefits

Provision is made for salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions in respect of employee entitlements expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

j) GST

GST inclusive accounting has been adopted, as the Trust is not registered for GST.

k) Income Tax

The Trust is exempt from income tax under section CW52 of the Income Tax Act 2007.

l) Leases

Operating lease payments are recognised in the statement of comprehensive income on a straight line basis.

m) Cash Flows

The cash flow statement is prepared inclusive of GST, which is consistent with the method used in the statement of comprehensive income. The following are the definitions of the terms used in the cash flow statement:

- Investing activities are those activities relating to the acquisition and disposal of plant & equipment and other long term assets.
- Financing activities are those activities that change the equity of the Trust.

EASTERN AND CENTRAL COMMUNITY TRUST INC

- Operating activities are those relating to the principal revenue generating activities of the trust and includes all transactions and other events that are not investing or financing activities. Cash flows from movements in investments are classified as operating activities.

n) Changes in accounting policies

There have been no changes in accounting policies. All other policies have been applied on bases consistent with those used in previous periods.

4. TE KETE PUTEA LIMITED PARTNERSHIP

The Trust, in collaboration with the other participating community trusts, has;

- formed and registered a limited partnership under the name "Te Kete Putea Limited Partnership" to own, manage and operate the DMS Database (a donation management system database).
- incorporated a company under the name "Te Kete Putea General Partner Limited" to act as the general partner of the Limited partnership.

The Trust has made a \$108,630 capital contribution to the limited partnership and received 456 of the 10,000 shares in the limited partnership.

The Trust's interest in the Limited Partnership is carried at fair value based upon the carrying value of the partnership assets (principally software carried at cost less accumulated amortisation and subject to impairment testing).

The Trust has entered into a hosting agreement with the limited partnership to provide it with data hosting, database and communication services utilising the DMS Database. The Trust has agreed to pay fees to the limited partnership of 7.93% of the operating costs.

	2015 \$	2014 \$
Opening balance at beginning of year	90,656	108,630
Capital contribution	-	-
Impairment	<u>(18,131)</u>	<u>(17,974)</u>
Closing balance at end of year	72,525	90,656
5. <u>EXPENSES</u>	2015 \$	2014 \$
Administrative expenses		
Office administration	104,801	101,906
Advertising and promotion	67,924	62,461
Fees paid to the auditor for		
- audit of the financial statements	22,640	22,426
- professional advice	1,014	-
- agreed upon procedure engagement	2,300	-
Depreciation	17,289	19,312
Rent and services	109,577	103,442
Professional expenses	93,092	149,691
Donation expenses	24,015	1,104
Impairment of Limited Partnership	18,131	17,974
Loss on disposal	248	28
Other expenses	<u>9,838</u>	<u>13,095</u>
	470,869	491,439
Investment expenses		
Fund managers' fees	379,101	398,403
Brokerage fees	57,894	272,336
Custodian fees	<u>49,050</u>	<u>59,186</u>
	486,045	729,925

EASTERN AND CENTRAL COMMUNITY TRUST INC

Personnel expenses

Trustees' remuneration	171,300	196,015
Trustees' meeting expenses & training	55,604	96,251
Trustees' liability insurance	9,537	8,789
Staff remuneration	482,611	432,882
Staff training and travel	20,762	13,204
KiwiSaver contributions	18,431	18,055
ACC levies	<u>(544)</u>	<u>1,961</u>
	757,701	740,157

6. EQUITY

a) Trust Capital

The initial Trust capital was set at \$90 million in 1997. The Trust capital has been increased over time as a surrogate for inflation and population growth within the region administered by the Trust. The Trustees periodically review the capital maintenance transfer. This year the Trustees determined to increase the capital by a further \$3.6 million (2014:\$3.6 million) to ensure the "real" capital of the Trust is maintained.

	2015 \$	2014 \$
Balance at the beginning of the year	140,334,669	136,734,669
Transfer from donations reserve	<u>3,600,000</u>	<u>3,600,000</u>
Balance at the end of the year	143,934,669	140,334,669

b) Donations Reserve

The Trustees retain all undistributed income in the donation reserve. The optimum level of the donation reserve is 25% of the capital base so that the annual donation distribution is able to be maintained when investment markets provide negative results and for the value of the assets to remain above the Trust Capital.

Balance at the beginning of the year	7,913,036	8,690,987
Transfer (to) capital reserve	(3,600,000)	(3,600,000)
Gain/(Loss) for the year	<u>14,085,026</u>	<u>2,552,049</u>
Balance at the end of the year	18,398,062	7,913,036

Donation Reserve as a % above Trust Capital	12.8%	6.5%
----------------------------------------------------	--------------	-------------

c) Total Equity

Trust Capital	143,934,669	140,334,669
Donations reserve	<u>18,398,062</u>	<u>7,913,036</u>
Equity balance at the end of the year	162,332,731	148,247,705

7. FINANCIAL ASSETS HELD FOR TRADING

All portfolio investments are classified as fair value through profit or loss.

	2015 \$	2014 \$
<i>Investment portfolio movement</i>		
Opening balance	137,856,245	135,838,175
Net income & change in value	21,443,361	5,640,902
Investment in portfolio	5,093,443	6 14,437
Withdrawals to fund donations (net)	<u>(7,607,624)</u>	<u>(4,237,271)</u>
Closing Balance	156,785,423	137,856,245

EASTERN AND CENTRAL COMMUNITY TRUST INC

Investments comprise

Bonds	55,617,403	51,878,382
Equities	100,493,473	85,396,759
Private Equity	<u>674,547</u>	<u>581,104</u>

156,785,423 **137,856,245**

Investments held in:

New Zealand	59,109,868	56,530,815
Off Shore	<u>97,675,552</u>	<u>81,325,430</u>

156,785,423 **137,856,245**

8. PLANT & EQUIPMENT

	2015	2014
	\$	\$
Cost		
Opening balance at beginning of year	187,553	171,616
Additions	15,981	17,337
Disposals	<u>(15,087)</u>	<u>(1,400)</u>
Closing balance at end of year	188,447	187,553

Depreciation & Impairment Losses

Opening balance at beginning of year	152,535	134,031
Depreciation for the year	17,289	19,312
Impairment	-	-
Disposals	<u>(14,838)</u>	<u>(809)</u>
Closing balance at end of year	154,986	152,535

Carrying Amounts

At beginning of year	35,018	37,585
At end of year	33,461	35,018

9. CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
Current accounts	388,209	12,647
Call account	883,957	686,926
Petty cash	5	49
Short term deposits	<u>5,534,538</u>	<u>10,107,446</u>
Total cash and cash equivalents	6,806,709	10,807,068

10. NET COMMUNITY DONATIONS

	2015	2014
	\$	\$
Standard donations	2,066,116	1,604,140
Special donations	<u>3,249,849</u>	<u>3,146,000</u>
Total community donations	5,315,965	4,750,140

Less donations written back	<u>(148,424)</u>	<u>(124,902)</u>
Net community donations	5,167,541	4,625,238

Total of donations payable at year end was \$1,939,042 (2014 -\$1,658,050). Included in donations payable was \$1,825,799 (2014 -\$1,589,750) of donations which are subject to the applicants fulfilling certain conditions.

11. RECONCILIATION OF OPERATING CASH FLOWS WITH NET SURPLUS

	2015	2014
	\$	\$
Comprehensive income for the year	14,085,026	2,552,049
<i>Adjust for non-cash items:</i>		
Foreign Exchange (Gains)/Losses	(3,854,389)	6,059,199

EASTERN AND CENTRAL COMMUNITY TRUST INC

Change in fair value of financial assets held for trading	(10,297,410)	(2,330,663)
Unrealised (gains)/losses on derivatives	<u>548,878</u>	<u>(1,578,350)</u>
Total unrealised (gains)/losses	(13,602,921)	2,150,186
Realised (gains)/losses on financial assets held for trading not paid in cash	(2,892,849)	(6,701,050)
Depreciation	17,289	19,312
Impairment – investment in Te Kete Putea Limited Partnership	18,131	17,974
Management fees not paid in cash	108,915	48,918
Loss on Disposal	248	28
<i>Movement in working capital items:</i>		
(Incr)/Decr in trade & other payables & employee entitlements	10,061	(4,961)
(Incr)/Decr in donations payable	280,992	(131,900)
(Incr)/Decr in sundry debtors	(15,826)	-
Net principal (investment)/withdrawal in financial assets held for trading	<u>(1,993,443)</u>	<u>905,525</u>
Net operating cash flows	(3,984,378)	(1,143,919)

12. CONTINGENCIES & COMMITMENTS

Capital Commitments

The Trust has a commitment of \$1.3 million being the uncalled balance of the private equity fund with Pioneer Capital Partners Limited (2014: \$1.4 million).

Operating commitments	2015	2014
	\$	\$
Less than 1 year	68,838	65,340
1 – 5 years	24,805	81,675
Over 5 years	-	-
	<u>93,643</u>	<u>147,015</u>

The lease on the present Westerman's premises expires on 30th June 2016.

During the year ended 31 March 2015, \$65,340 was recognised as an expense in the statement of comprehensive income in respect of rent and other operating costs (2014: \$65,340). The commitment for the coming year ending 31 March 2016 in respect of rent and other operating costs is \$68,838. The Trust is also committed to a proportion of operating expenses of Te Kete Putea Limited Partnership as detailed in note 4.

Contingencies

There are no contingent liabilities or contingent assets at balance date (2014: nil).

13. RELATED PARTY TRANSACTIONS

There have been no related party transactions during the year.

Trustees update their personal register of interests at each Trust Meeting. A folder containing each Trustee's register of interests is readily available to members of the public.

In addition, a record of all declarations of interests with any donation application is maintained and is also included in the Trustees' register of interest's folder. Trustees abstain from discussion and decisions regarding donations to entities in which they have an interest.

Key management personnel include the Trustees and General Manager. Short term benefits paid to key management personnel year ended 31 March 2015 were \$316,396 (2014: \$351,699).

EASTERN AND CENTRAL COMMUNITY TRUST INC

14. FINANCIAL INSTRUMENTS

The Trust has the following financial assets and liabilities which are shown at their fair value:

	2015 \$	2014 \$
a) Financial Assets.		
NZ & Australian equities	31,419,701	28,590,052
Offshore equities	<u>69,073,769</u>	<u>56,806,707</u>
	100,493,471	85,396,759
 NZ bonds	 40,123,905	 39,801,233
Offshore bonds	<u>15,493,498</u>	<u>12,077,149</u>
	55,617,403	51,878,383
 Private equity	 <u>674,547</u>	 <u>581,104</u>
Financial assets held for trading	156,785,423	137,856,245
 Cash and cash equivalents	 6,806,709	 10,807,068
Te Kete Putea Limited Partnership	72,525	90,656
Derivatives	<u>804,112</u>	<u>1,352,990</u>
	164,468,767	150,106,959
b) Financial Liabilities		
Trade Payables	167,639	71,118
Donations Payable	<u>1,939,042</u>	<u>1,658,050</u>
	2,106,681	1,729,168

c) Risk Management

Risks arising from the Trust's financial assets and liabilities are inherent in the nature of the Trust's activities, and are managed through an ongoing process of identification, measurement and monitoring. The Trust is exposed to credit risk, liquidity risk and market risk (including currency, interest rate and pricing risks).

The Trust's income is generated from its financial assets. Liabilities which arise from its operations are met from cash flows provided by these assets.

Information regarding the fair value of assets and liabilities exposed to risk is regularly reported to the Trust's management, the Trust's Executive sub-Committee and ultimately the Board of Trustees. The Investment Portfolio is rebalanced, as necessary, to ensure that the asset classes remain within the strategic asset allocation policies as set out in the Trust's Statement of Investment Policies and Objectives (SIPO). The Trustees regularly review the Trust's SIPO.

The SIPO sets out the Trust's primary investment objectives. These can be summarised as to:

- ensure that the investment fund is invested prudently;
- provide inter-generational equity with regard to distribution levels over time;
- ensure money is available for distribution, as required, to meet the needs and distribution policies of the Trust;
- to maintain the value of the investment fund's capital base in real terms and to grow such capital value at a level equal to the population base growth of the region. Real in this context relates to changes in the Consumer Price Index (CPI);
- maximise the funds available for donations.

The Trust manages its Investment Portfolio in terms of its SIPO. The SIPO is monitored on a regular basis by the Board of Trustees and amended as necessary. The Portfolio's strategic asset allocation is reviewed annually. The strategic asset allocation was last reviewed in November 2014. MCA NZ Limited assists both management and the Trustees with investment advice and portfolio management.

EASTERN AND CENTRAL COMMUNITY TRUST INC

d) Portfolio Characteristics and Changes

The Trust has its investments in five different portfolios and the performance of each asset class, with the exception of private equity, is measured against an appropriate index.

Following the November 2012 SIPO review, the Trustees implemented the agreed changes to the investment policies and how the capital should be invested. The current policies place greater emphasis on having appropriate cash available for distribution and the generation of a growing stream of income. The Trust allocates capital to \$10m in cash assets for liquidity management, \$50m to bonds to provide a base level of income and maturity profile cash flow, private equity (up to \$20m) with the balance invested in listed shares to provide growth opportunities.

2015

Portfolio	Investment Manager	Investments	Allocation	
			Target \$m	Actual \$m
Listed Shares	Forsyth Barr Elevation Capital	NZ and international shares & listed property	39.5	52.2
		NZ and international shares & listed property	39.5	48.3
		<i>-offshore component 50% hedged to NZ dollars</i>	79.0	100.5
Private Equity	Pioneer Capital Partners	NZ private equity funds	20.0	0.7
NZ Bonds	Forsyth Barr	NZ bonds	40.0	40.1
Offshore Bonds	PIMCO	Pooled investment fund (international bonds) <i>-100% hedged to NZ dollars</i>	10.0	15.5
		Held for Trading	149.0	156.8
Cash	Self managed	Bank deposits	10.0	5.5
		TOTAL	159.0	162.3

2014

Portfolio	Investment Manager	Investments	Allocation	
			Target \$m	Actual \$m
Listed Shares	Forsyth Barr Elevation Capital	NZ and international shares & listed property	34.35	43.0
		NZ and international shares & listed property	34.35	42.4
		<i>-offshore component 50% hedged to NZ dollars</i>	68.7	85.4
Private Equity	Pioneer Capital Partners	NZ private equity funds	20.0	0.6
NZ Bonds	FBEC	NZ bonds	40.0	39.8
Offshore Bonds	PIMCO	Pooled investment fund (international bonds) <i>-100% hedged to NZ dollars</i>	10.0	12.1
		Held for Trading	138.7	137.9
Cash	Self managed	Bank deposits	10.0	10.8
		TOTAL	148.7	148.7

e) Performance against Policy

The following table shows the actual performance, the benchmark performance and value added for all asset classes held by the Trust for the year ended 31st March 2015:

Asset	Actual Return (%)	Benchmark Return (%)	Value Added (%)
Listed Shares	18.0	18.3	-0.3
NZ Bonds	9.0	8.1	+0.9
Offshore Bonds	11.3	8.7	+2.6
Private Equity	-	-	-
Cash	4.0	3.4	+0.6
TOTAL	14.1	14.4	-0.3

Performance Measures

- The Listed Shares portfolio is measured against the MSCI World (net dividend) Index converted to NZ dollars.
- The NZ Bonds portfolio is measured against the NZX Corporate A Grade Index

EASTERN AND CENTRAL COMMUNITY TRUST INC

- The Offshore Bonds portfolio is measured against the Citigroup WGBI Index (100% Hedged).
- The Cash portfolio is measured against the NZX call rate.

The following table shows the actual performance, the benchmark performance and value added for all asset classes held by the Trust for the year ended 31st March 2014:

Asset	Actual Return (%)	Benchmark Return (%)	Value Added (%)
Listed Shares	9.3	16.9	-7.6
NZ Bonds	3.3	2.6	+0.7
Offshore Bonds	2.4	2.5	-0.1
Private Equity	-	-	-
Cash	3.8	2.6	+1.2
TOTAL	6.3	9.2	-2.9

f) Credit Risk

Credit risk represents the risk that a counter party to a financial asset fails to discharge an obligation which will cause the Trust to incur a financial loss. With regard to the credit risk arising for financial assets, the Trust's credit risk arises from any default by a counter party. There is no security held over these assets.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities, geographic regions, or similar economic features that would influence their ability to meet their contractual obligations by reason of changes in economic, political or other conditions.

The Trust manages credit concentration risks through:

- a diversified and non-correlated basket of investments;
- ensuring compliance with the individual mandate requirements of each investment.

As at 31st March 2015 the maximum exposure to credit risk for New Zealand corporate bonds is detailed in the table below. The credit quality is classified using Standard and Poor's rating categories.

	AAA to AA-	A+ to A-	BBB+ to BB+	Unrated	2015 \$	2014 \$
NZ Bonds	0%	12.9%	61.5%	25.6%	35,492,322	33,825,504
Offshore Bonds	14.0%	32.0%	48.0%	5.0%	15,493,498	12,077,149
Cash with Manager	100%				4,631,583	5,975,728
Total					55,617,403	51,878,381

As at 31st March 2014 the maximum exposure to credit risk for New Zealand corporate bonds is detailed in the table below. The credit quality is classified using Standard and Poor's rating categories.

	AAA to AA-	A+ to A-	BBB+ to BB+	Unrated	2014 \$	2013 \$
NZ Bonds	0%	22.2%	67.9%	9.9%	33,825,504	33,794,075
Offshore Bonds	21.0%	31.0%	45.0%	3.0%	12,077,149	13,685,289
Cash with Manager	100%				5,975,728	10,613,524
Total					51,878,381	58,092,888

g) Liquidity Risk

Liquidity risk is the risk that the Trust will encounter difficulties in meeting the obligations associated with its financial liabilities. This risk is managed through the Trust's investment in a diversified portfolio of financial assets providing regular income cashflows.

The Trust's investment portfolio during the year under review consisted of over 99% listed securities which under normal market conditions are readily convertible to cash. In addition the Trust maintains sufficient cash and cash equivalents to meet normal operating requirements, as well as the timing of the commitments below.

EASTERN AND CENTRAL COMMUNITY TRUST INC

At balance date all trade and other payables were current, and are normally settled on the 20th of the month following invoice date.

Committed but unpaid donations are held as current liabilities pending the satisfaction of conditions under which the donations were made. At balance date committed but unpaid donations totalled \$1,939,042 (2014:\$1,658,050).

These committed and unpaid donations at 31st March 2015 had the following profile:

Financial Year Approved	Number of Grants Outstanding	Value \$
2014	9	311,500
2015	93	1,627,542
Total	102	1,939,042

Committed but unpaid donations at 31st March 2014 had the following profile:

Financial Year Approved	Number of Grants Outstanding	Value \$
2013	11	278,550
2014	87	1,379,500
Total	98	1,658,050

h) Market Risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest risk and price risk.

The Trust's investment strategy and the management of the market risk are detailed in the SIPO. The Trust's investments are diversified across a range of asset classes, entities, geographies, currencies and maturities. Within each asset class there are defined policies and mandates to ensure diversification, to minimise investment risk and to limit exposure to any one investment. Each asset class has a defined target allocation and is managed within a defined allocation range.

1. Currency Risk

Currency risk is the risk that the fair value of, or future cash flows from, financial assets will fluctuate due to changes in foreign exchange rates. The Trust has exposure to currency risk through its investments in offshore equities and bonds. The strategic investment policy requires full hedging of currency risk for overseas bonds, when held, and 50% hedging, on average, of currency risk for overseas equities. When exchange rates are at extreme levels (e.g. plus or minus more than 2 standard deviations from the long term average) the percentage of hedging is varied as determined by the Trust's currency policy (e.g. raised up to 100% or decreased down to 0%). Hedging decisions are constantly reviewed. Currency risk is self managed with the Bank of New Zealand with a range of tolerance.

The Trust manages its foreign exchange risk by using forward exchange contracts to cover varying amounts of its foreign currency exposure. Such forward exchange contracts have the economic effect of converting foreign currency denominated balances into NZ dollars. These forward exchange contracts are not treated as hedges for accounting purposes. All contracts are with the Bank of New Zealand which has a Standard and Poor's Rating of AA.

At balance date the Trust's exposure to currency risk was as follows:

	2015	2014
	\$	\$
Foreign currency denominated assets	97,675,552	81,325,430
Less fully hedged Funds	15,493,498	12,077,149
Less forward foreign exchange contracts	<u>14,300,000</u>	<u>34,750,000</u>
Unhedged currency exposure at 31 March	67,882,054	34,498,281

EASTERN AND CENTRAL COMMUNITY TRUST INC

Unhedged currency exposure:

USA/Canada	38,691,613	15,303,711
UK/Europe	16,082,156	12,752,996
Australia	<u>13,108,285</u>	<u>6,441,574</u>
	67,882,054	34,498,281

The following table details the three-month forward foreign exchange contracts outstanding as at 31st March 2015:

Currencies	Buy Amount NZD	Deal Rate 8 Feb 2015	Valuation Rate 31 Mar 2015	Gain/(Loss) NZD
Euros	8,500,000	0.6454	0.6926	541,727
British Pounds	5,800,000	0.4817	0.5065	262,385
TOTAL	14,300,000			804,112

In 2014 the Fund Managers sold out of the Australian Listed Property Index Trust and reduced the investment in the Off Shore Bond Securities Index Fund. This reduced the exposure to Australian Dollars. Reinvestment within the portfolio included investment in Euro and British Pounds denominated equities.

The following table details the three-month forward foreign currency contracts outstanding as at 31st March 2014:

Currencies	Buy Amount NZD	Deal Rate 8 Feb 2014	Valuation Rate 31 Mar 2014	Gain/(Loss) NZD
Australian Dollars	6,000,000	0.9236	0.9375	88,525
Euros	7,900,000	0.6062	0.6279	272,487
British Pounds	4,500,000	0.5020	0.5193	149,267
US Dollars	16,350,000	0.8187	0.8633	842,711
TOTAL	34,750,000			1,352,990

Sensitivity Analysis for Currency:

A 10 per cent movement of the NZD against the following currencies at 31 March would have increased (decreased) profit or loss by the amounts shown below. The analysis includes the mitigating effects of hedging policies. This analysis assumes that all other variables, in particular interest rates, remain constant. The comparisons for 2014 have been modified to account for the effects of hedging policy.

Effect in NZD:

Effect of Movements in NZD	Profit or (Loss) 31 March 2015 \$	Profit or (Loss) 31 March 2014 \$
10% fall in NZD/AUD	1,263,689	634,693
10% rise in NZD/AUD	(1,148,808)	(576,993)
10% fall in NZD/USD	3,291,121	1,001,842
10% rise in NZD/USD	(2,991,928)	(910,766)
10% fall in UK Pound	567,942	534,069
10% rise in UK Pounds	(516,311)	(485,518)
10% fall in Euro	616,278	391,992
10% rise in Euro	(560,252)	(356,356)

2. Interest Rate Risk

The Trust's investments in fixed rate securities are subject to interest rate risk. The Trust's SIPO requires a fixed rate security to have a minimum of a BBB- rating or equivalent grade. Trustee approval is required for ratings lower than BBB-. The maximum exposure to each fixed security is controlled by the credit rating so that the higher the credit rating, the higher the allowable exposure. Short term deposits are invested for periods up to 365 days taking into account current interest rates.

The Trust's cheque and call accounts are interest bearing. Any movement in interest rates on these accounts is minimal and not considered to be material.

EASTERN AND CENTRAL COMMUNITY TRUST INC

At the reporting date the interest rate profile of the Trust's interest bearing financial instruments was:

	Carrying Amount 2015	Carrying Amount 2014
	\$	\$
Fixed Rate Instruments	43,269,648	41,159,303
Variable Rate Instruments	26,042,947	25,863,862
Total	69,312,595	67,023,165

Sensitivity Analysis for Fixed Rate Instruments:

A change of 100 basis points (1%) in interest rates for the entire period reported would have increased or (decreased) profit or loss by the amounts shown.

Fixed Rate Instruments	Cash Flow Sensitivity 31 March 2015	Cash Flow Sensitivity 31 March 2014
	\$	\$
100 basis points increase	401,720	443,193
100 basis points decrease	(401,720)	(443,193)

Sensitivity Analysis for Variable Rate Instruments:

A change of 100 basis points (1%) in interest rates for the entire period reported would have increased (decreased) profit or loss by the amounts shown below.

Variable Rate Instruments	Cash Flow Sensitivity 31 March 2015	Cash Flow Sensitivity 31 March 2014
	\$	\$
100 basis points increase	280,041	242,225
100 basis points decrease	(280,041)	(242,225)

3. Pricing Risk

Pricing risk is the risk that the value of the instrument will fluctuate as a result of changes in market price (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuers or all factors affecting all instruments traded in the market. As the majority of the funds' financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect investment income.

Price risk is managed by the Trust by constructing a diversified portfolio of instruments traded on various markets. The SIPO sets down the guidelines for this diversification.

Sensitivity Analysis for Pricing Risk:

The Trust's financial assets are priced at fair value. The effect on the Trust's statement of comprehensive income and balance sheet as at 31st March 2015, due to a possible change in market factors is represented in the following table:

Financial Asset	Sensitivity Range (-1 to +1 Standard Deviations)	Sensitivity Impact \$,000
Listed Shares	-8.5% to 24.4%	-8,631 to 24,704
NZ Bonds	1.4% to 9.1%	562 to 3,651
Offshore Bonds	1.9% to 9.6%	293 to 1,489
Cash	2.8% to 5.2%	191 to 355
Private Equity	-	-
Total Portfolio	-4.6% to 18.4%	-2,916 to 10,046

There is a 68% probability that the return in any one year will be within the range -4.6 % to 18.4%.

The effect on the Trust's statement of comprehensive income and balance sheet as at 31st March 2014, due to a possible change in market factors is represented in the following table:

EASTERN AND CENTRAL COMMUNITY TRUST INC

Financial Asset	Sensitivity Range (-1 to +1 Standard Deviations)	Sensitivity Impact \$,000
Listed Shares	-9.3% to 25.2%	-2,401 to 6,780
NZ Bonds	1.0% to 9.5%	343 to 3,208
Offshore Bonds	1.9% to 9.6%	226 to 1,163
Cash	2.7% to 5.3%	579 to 1,110
Private Equity	-	-
Total Portfolio	-4.9% to 17.2%	-1,853 to 6,859

There is a 68% probability that the return in any one year will be within the range -4.9% to 17.2%.

These sensitivity analyses are based on the volatility of each asset class and the investment portfolio as a whole, as measured by plus or minus one standard deviation. The overall effect of the Trust's diversified portfolio of uncorrelated financial assets is to reduce volatility and stabilise investment returns over time.

i) Fair Value Information

The following fair value information provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level	Financial Assets	at 31 March 2015 \$	at 31 March 2014 \$
1	Financial assets held for trading	156,110,873	137,275,141
2	Derivative financial assets/(liabilities)	804,112	1,352,990
3	Limited Partnerships	747,072	671,760

There were no transfers between levels during the year.

Fair Value and Impairment

The level 1 and 2 financial instruments are re-valued on the basis of published prices therefore there is no subjectivity as to whether the assets are impaired.

The fair value measurements for level 3 financial assets are based on the valuation of the underlying assets of the Limited Partnerships. These assets are carried at fair value based on valuation techniques such as market multiples, discounted cashflows and precedent transactions using observable inputs where available. The Trust holds only a small ownership proportion in the Limited Partnerships therefore any variability in the valuation inputs is unlikely to materially change the carrying valuation in the Trust.

The carrying value equals fair value for all financial assets.

Fair value of financial instruments not carried at fair value

Loans and receivables and financial liabilities carrying amounts are a reasonable approximation of fair value.

The fair value estimates were determined by the following methodologies and assumptions:

Cash and cash equivalents, term deposits and short-term advances

The reported amount approximates fair value because they are receivable in the short term.

Trade and other payables and donations payable

The reported amount approximates fair value because they are payable in the short term.

EASTERN AND CENTRAL COMMUNITY TRUST INC

15. TRUSTEE'S ATTENDANCE AND REMUNERATION

Trustees' remuneration for meeting attendance and annual honorarium is set by the Minister of Finance. Trustees are also reimbursed for travel costs. Details of the Trustee's attendance and remuneration are:

Trustee	Two Day Trust Meetings attended	Sub-Committee Meetings attended	Fees \$
Ron Garrod	6	8	13,200
Anna Hansen	6	12	12,000
Stephen Kerr	5	12	13,200
Mark Kilmister	6	8	12,000
David Lea	6	8	13,200
Kaye McAulay	5	10	13,200
Margaret Millard	6	9	13,200
Bruce Mills	5	14	16,500
Geoff Milner	6	16	26,400
Shelly Mitchell-Jenkins	5	7	13,200
Caren Rangi	5	4	12,000
Robyn Rauna	6	7	13,200
Total Fees			171,300

16. TRUSTEES' INDEMNITY LIABILITY INSURANCE

Trustees' indemnity liability insurance of \$9,537 (2014:\$8,287) has been paid by the Trust as approved by the Trustees under the Community Trusts Act 1999.

17. SUBSEQUENT EVENTS

There are no subsequent events of a material nature. (2014: Nil).

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Eastern & Central Community Trust

Report on the Financial Statements

We have audited the financial statements of Eastern & Central Community Trust (the Trust) on pages 6 to 24, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of financial statements in accordance with Public Benefit Entity Standards issued in New Zealand by the New Zealand Accounting Standards Board, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have conducted two small non assurance engagements for the Trust during the year. Other than these engagements and in our capacity as auditor we have no relationship with, or interests in the Trust.

Opinion

In our opinion, the financial statements on pages 6 to 24 present fairly, in all material respects, the financial position of Eastern & Central Community Trust as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards.

Staples Rodway Hawkes Bay Partnership
29 May 2015
Hastings, New Zealand

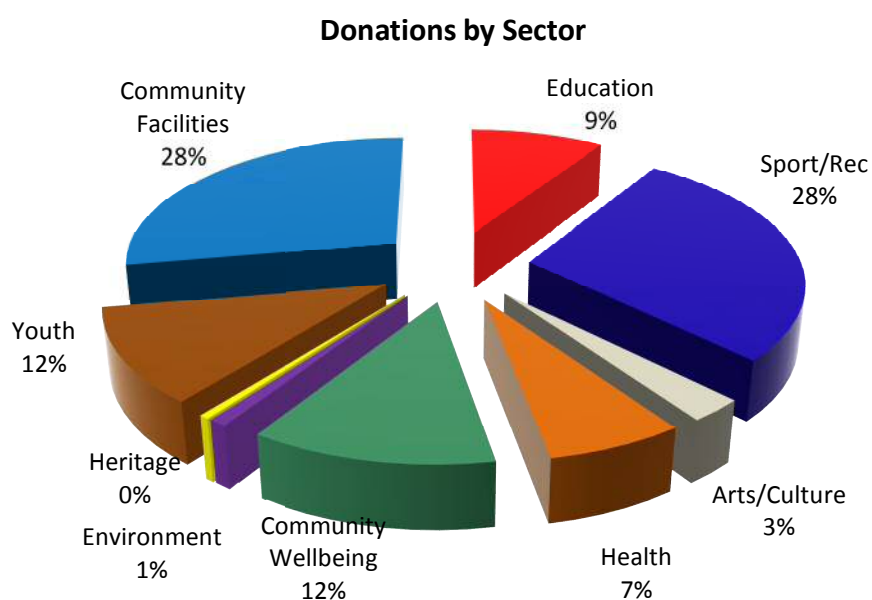
EASTERN AND CENTRAL COMMUNITY TRUST INC

SCHEDULE OF COMMUNITY PAYMENTS FOR THE YEAR ENDED 31 MARCH 2014

DONATIONS BY REGION

	2015 \$	2014 \$
Gisborne District	638,449	707,040
Hawke's Bay	1,715,725	1,491,330
Tararua	320,106	291,270
Wairarapa	850,587	544,630
Manawatu	1,023,648	938,370
Horowhenua	247,150	230,100
Regional	520,300	547,400
TOTAL DONATIONS	5,315,965	4,750,140

An itemised list of all donations is available at www.ecct.org.nz



LIST OF DONATIONS BY REGION

for year ended 31 March 2015

CONFLICT OF INTEREST POLICY – Trustees must disclose to the Board any actual or potential conflicts of interest. All disclosures are minuted. Trustees who have disclosed an interest do not participate in the discussion and are not entitled to vote. A Register of Interest is available for public scrutiny at the Trust Office.

GISBORNE DISTRICT

Alzheimers Society Gisborne Inc	4,000	Tawhiti Rugby Club	3,000
Anglican Care - Growing Through Grief - Eastland	4,000	Te Hapara Whanau Aroha Centre	4,000
Anglican Parish of Gisborne	6,600	Te Kura Kaupapa Maori O Mangatuna	3,300
Arohaina Resource Centre	4,000	Te Parekerekere Mokopuna o Hiruharama Incorporated	1,000
Awapuni Under Fives Community Preschool - Gisborne	5,000	Te Whakaruruhau Te Kohanga Reo	3,000
Blue Light Ventures Inc - Gisborne	4,000	Tiniroto School	1,800
Canteen - East Cape Branch	4,000	Toko Toru Tapu Manutuke Restoration Trust	38,399
CCS Disability Action Tairawhiti Hawkes Bay Inc	4,000	Turanganui Schools Maori Cultural Festival Committee	2,250
Comet Swimming Club Inc	15,000	Waerenga-o-Kuri School	1,800
Eastland Kart Club Inc	4,000	Waikanae Surf Life Saving Club Inc.	40,000
Eastland Sports Foundation Education Trust	30,000	TOTAL GISBORNE DISTRICT	638,449
Eastland Sports Foundation Education Trust	61,440		
Gisborne Basketball Association	3,500	HAWKE'S BAY	
Gisborne Bowling Club Inc.	4,000	60's Up Movement of NZ Inc - Hastings	440
Gisborne Boys' High School	4,500	Age Concern - Flaxmere	4,000
Gisborne Budget Advisory Service Incorporated	4,000	Age Concern - Hastings	3,500
Gisborne City Vintage Railway Inc	4,000	Age Concern - CHB	4,000
Gisborne Cycling Club Incorporated	4,000	Age Concern - Havelock North	3,500
Gisborne East Coast Council of Social Services	3,060	Age Concern - Napier	4,000
Gisborne Gymnastics Club Inc	2,800	Amputee Society of Hawke's Bay East Coast Inc	2,000
Gisborne Hospital Child Care Society Inc	3,500	Anglican Care - Growing Through Grief - Central Hawkes Bay	3,000
Gisborne International Music Competition Charitable Trust	4,000	Anglican Care - Growing Through Grief - Hawkes Bay	4,000
Gisborne Pain and Terminal Care Trust	4,000	Anglican Care - Pakeke Centre	4,000
Gisborne Rowing Club	10,000	Arthur Miller School	4,000
Gisborne Stroke Support Group	4,000	Aubyn Live Theatre Incorporated	4,000
Gisborne Toy Library Inc	3,500	Awhina Whanau Services Inc	4,000
Gisborne Unity Theatre Inc	2,500	Birchleigh Polo Club	4,000
Gisborne Volunteer Centre	4,000	Birthingright Hawke's Bay Child & Family Care Trust	4,000
Gisborne Volunteer Coastguard Assn Inc	4,000	Bowls Napier Inc	1,500
Hackfalls Arboretum Charitable Trust	4,000	Bowls Omarunui Inc	2,000
Hatea-A-Rangi School	20,000	Brain Injury Association Hawke's Bay Inc	4,000
IHC New Zealand Incorporated	4,000	Bridge Pa Sports Club Incorporated	2,500
Kimihia Te Kupu Te Kohanga Reo	3,500	Buckingham Guards Marching	2,000
Life Education Community Trust - Gisborne	20,000	Burlington Marching Teams	2,140
Marotiri Kohango Reo	3,500	Camp Wakarara Inc.	8,000
Matapuna Trust	20,000	Canteen - Hawkes Bay Branch	4,000
National Heart Foundation of NZ	4,000	Carlyle Kindergarten	3,500
New Zealand Red Cross	6,000	Central Connect Whare Manaaki Inc	8,000
Ngai Tamanuhiri Whanui Trust	50,000	Central Districts Cricket Assn Inc	7,000
Papawhariki Society Incorporated	4,000	Central Hawke's Bay College	4,000
Poverty Bay Agricultural & Pastoral Assn Inc	4,000	Central Hawke's Bay District Community Trust	50,000
Poverty Bay Cricket Association	4,000	Central Hawke's Bay Food Bank	4,000
Poverty Bay Golf Club Inc	55,000	Central Hawke's Bay Junior Football Club	4,000
Rape Crisis Gisborne Inc	4,000	Central Hawke's Bay Settlers Museum Inc	10,000
Reynolds Hall	40,000	Central Hawke's Bay Toy Library Inc	1,500
Riding for the Disabled - Gisborne Branch	15,000	Central Viking Softball Assn Inc.	4,000
Sunshine Service Incorporated	9,000	Challenge 2000 Trust	4,000
Tairawhiti Beneficiary Advocacy Trust	4,000	Child Cancer Foundation Inc	4,000
Tairawhiti Community Arts Trust	4,000	Christian Fellowship for Disabled Hawke's Bay	3,000
Tairawhiti Community Law Trust	4,000	Christian Love Link Napier/Hastings Inc.	4,000
Tairawhiti Computer Hub Trust	4,000	Citizens Advice Bureau - Hastings	4,000
Tairawhiti Computer Hub Trust	4,000	Citizens Advice Bureau - Napier	4,000
Tairawhiti Cultural Development Trust	35,000	Citizens Advice Bureau - Wairoa	2,500
Tairawhiti Multicultural Council	3,500	City of Hastings Pipe Band Inc	4,000



P O Box 1058
102-104 Russell Street
HASTINGS

Phone 06 878 7200

Fax 06 878 9550

email: enquiry@ecct.org.nz

Clifton County Cricket Club	30,000
Clive Rugby and Sports Club Inc	3,500
Clive Tennis Club Inc	1,000
Colenso Paddlers Society Inc	700
Connecting for Youth Employment Trust	4,000
Creative Hastings Incorporated	2,000
Crime Prevention Education Foundation	8,000
Deco Bay Napier Port Brass Inc	10,000
Diabetes Hawke's Bay Incorporated	4,000
Disability Information Trust Hawke's Bay	4,000
Disability Resource Centre Hawke's Bay Inc	4,000
Epic Ministries Inc.	4,000
Equestrian Sport NZ - Wairoa	1,000
Equippers Church Hastings	3,500
Equippers Church Hawkes Bay	6,000
Eskdale School	49,000
Eskview United Assn Football Club Inc.	5,000
Eventing Hawke's Bay (NHB)	500
Flaxmere College	17,000
Flemington School	4,000
Girl Guides - Tuki Tuki District	1,500
Girl Guides - Waipukurau District	2,300
Greendale Swim Club Inc	45,500
Harold Mayo Kindergarten	1,800
Hastings Arts and Culture Trust	4,000
Hastings Athletic Club	10,000
Hastings Blue Light Ventures Inc	4,000
Hastings Boys' High School	11,000
Hastings Central School	7,900
Hastings District Council	10,000
Hastings Foodbank Trust	4,000
Havelock North Cricket Club	4,000
Hawke's Bay Ballet & Dance Inc	2,000
Hawke's Bay BMX Club Inc	7,500
Hawke's Bay Cook Islands Community Centre Society Inc	24,950
Hawke's Bay Cricket Association	4,000
Hawke's Bay Digital Archives Trust	4,000
Hawke's Bay Ecumenical Hospital Chaplaincy Assn	20,000
Hawke's Bay Event Equipment Trust	4,000
Hawke's Bay Hockey Artificial Surface Trust	50,000
Hawke's Bay Hockey Assn	4,000
Hawke's Bay Land Search and Rescue	10,000
Hawke's Bay Lawn Tennis & Squash Club Inc	10,000
Hawke's Bay Live Poets' Society	1,000

Hawke's Bay Multiple Sclerosis Society	4,000	Napier Operatic Society Inc	3,000	St Vincent de Paul Society - Waipukurau	1,000
Hawke's Bay Optimist Yacht Trust	3,000	Napier Parents' Centre	2,500	Stage Challenge Foundation	4,000
Hawke's Bay Orienteering Club	4,000	Napier Performing Arts Competitions Society Inc	1,500	Summer in the Parks	3,000
Hawke's Bay Playcentre Assn	3,500	Napier Pottery Club	4,000	Swimming Hawke's Bay Poverty Bay Inc	2,700
Hawke's Bay Presbyterian Bible Class - camp site committee	20,000	Napier Repertory Players Inc.	4,000	Takitimu District Maori Wardens Trust	4,000
Hawke's Bay Regional Orchestra	4,000	Napier Technical Old Boys' Football Club Inc	3,500	Taokotaiana Apii Kuki Airani Hastings Inc	3,500
Hawke's Bay Regional Sports Park Trust	20,000	Napier Toy Library	4,000	Tapuae Multi-Sports Complex Inc	2,400
Hawke's Bay Regional Sports Park Trust	60,000	Napier Women's Refuge Inc	12,000	Taradale Cricket Club Inc.	4,000
Hawke's Bay Rescue Helicopter Trust	10,000	National Science Technology Roadshow Trust Board	34,000	Taradale Primary School	5,000
Hawke's Bay Road Safety Compliance Trust	4,000	National Youth Drama School Trust	4,000	Taradale Rugby and Sports Club Inc	15,000
Hawke's Bay Society for Music Education	500	Nga Tukemata O Kahungunu Charitable Trust	4,000	Te Aranga Marae	4,000
Hawke's Bay Softball Association	4,000	NZ National Horse & Pony Show Assn Inc	2,400	Te Matau a Maui Voyaging Trst	4,000
Hawke's Bay Softball Umpires Assn	3,300	NZ Singing School Trust	4,000	Te Rau Oranga O Ngati Kahungunu	4,000
Hawke's Bay Tertiary Chaplaincy Trust	1,400	Pacific Surf Life Saving Club Inc	4,000	Te Whakaritorito Trust	4,000
Hawke's Bay Trail Running Club Inc	800	Parent to Parent New Zealand Inc	4,000	The Limit Hawke's Bay Trust	4,000
Hawke's Bay Volunteer Coastguard Inc	4,000	Parkinsonism Society - Hawke's Bay Inc	4,000	Tidal Arts Inc.	2,500
Hawke's Bay Woodworking Education Trust	35,000	Piping and Dancing Assn of NZ Inc - Hawke's Bay	2,000	Tikokino Playcentre	3,500
Hayseed Trust Inc	1,800	Pleroma Trust	5,200	Tutira War Memorial Church Board	3,000
Heart to Heart Parent Infant Classes	500	Poraiti Pony Club	3,500	Volleyball Hawke's Bay	4,000
Heretaunga Seniors	4,000	Porangahau Country Club Inc	20,000	Volunteering Hawkes Bay	4,000
Heretaunga Women's Centre	25,000	Port Ahuriri Bowling Club Inc	4,000	Waiata Maori Awards Charitable Trust	4,000
Hinemihi Marae	44,000	Pourerere Beach Improvement Assn	2,000	Waimarama Surf Life Saving Club	30,000
Hohepa Homes Trust Board	20,000	Presbyterian Support Services - East Coast	3,000	Waipukurau Arts & Crafts Inc	300
Houngarea Marae Committee	3,795	Presbyterian Support Services - East Coast	4,000	Waipukurau Blue Light Ventures Inc	4,000
Hunter Park Kindergarten	3,500	Prima Volta Charitable Trust	4,000	Waipukurau Bowling Club Inc	40,000
Irongate School	8,000	Prison Fellowship of NZ - Hawkes Bay	1,300	Waipukurau Bridge Club Inc	4,000
Jireh Charitable Trust Hawkes Bay	4,000	Public Dreams Charitable Trust	4,000	Waipukurau Lawn Tennis & Squash Rackets Club	25,000
Kairakau Beach Development Society	4,000	Pukeora Trust	10,000	Wairoa College	20,000
Kaisen Charitable Trust	2,000	Purena Koa Rehua Youth Services O Heretaunga Inc.	4,000	Wairoa Playcentre	25,000
Kaiwaitau Kids Club	2,500	Real Life Youth Trust	1,000	Wairoa Ross Shield	4,000
Karamu High School	5,000	Regional Indoor Sports and Events Centre Trust	14,500	Westshore Surf Life Saving Club Inc	7,000
Kereru Tots and Dots Early Childhood Centre Inc	2,500	Returned Services Association Inc - Wairoa	35,000	Whangawehi Catchment Management Group Inc	4,000
Kia Toa Bowling Club Inc	4,000	Riding for the Disabled - Hastings	10,000	Youth Development Hawke's Bay	4,000
Kings Force Health Charitable Trust	4,000	Riding for the Disabled - Napier Group	4,000	TOTAL HAWKES BAY	1,715,725
Kiwi Adventure Trust	4,000	Rotary Pathway Trust	8,000	TARARUA	
Ladies Probus Club of Hastings	700	RSPCA - Central Hawke's Bay	4,000	Akitio Recreation and Sports Club	20,000
Leg Up Trust	4,000	RSPCA - Hastings & Districts	4,000	Akitio Sheep Dog Trial Club Incorporated	2,000
Mahia Boating and Fishing Club Inc	10,000	Ruahine Cadet Unit Support Committee Inc	3,000	Alfredton School	10,000
Mahia Hunt Incorporated	2,000	Sailability Hawkes Bay Trust	17,000	Anglican Care - Elske Centre	3,000
Mahora Kindergarten	3,500	Scout Association - Takapau Scout Group	4,000	Anglican Care - Growing Through Grief - Southern Hawke's Bay	4,000
Maraekakaho Early Childhood Centre Trust	5,000	Scout Association - Waiapu - Weka Campsite Committee	4,000	Bush Sports Club Incorporated	600
Maraenui Donations	500	Scout Association - Westshore Sea Scout Group	4,000	Dannevirke Community Toy Library	1,500
Maraetotara Tree Trust	4,000	Seven Dwarfs Community Trust	3,500	Dannevirke Golf Club Inc	10,000
Marewa Cricket Club Inc	4,000	Sherwood School	10,000	Eketahuna Golf Club Inc	6,000
Marewa Croquet Club Inc	4,000	Sounds of Hawke's Bay Chorus Inc	2,000	Eketahuna Health Centre Trust Inc	4,000
Men's Restoration House Trust	2,000	South City Playcentre	3,500	Eketahuna Tennis Club Inc	320
Menz Shed Napier Trust	4,000	SPCA - Hawke's Bay	4,000	Holyoake Kindergarten	3,500
Multicultural Association Hawke's Bay Inc	1,000	Spirit of Napier Lions Club Inc	1,000	Knox Presbyterian Church - Dannevirke	50,000
Napier Aquahawks Swim Club Inc	4,000	Sport Hawke's Bay	3,000	Kumeroa - Hopelands School	643
Napier Bridge Club Inc	800	Sport Hawke's Bay	101,120	Makirikiri Marae	4,000
Napier City Council	1,300	Sportslink Charitable Trust	9,000	Makuri School	3,000
Napier Civic Choir Inc	1,000	SSG Foundation Inc	1,000	Menzshed Dannevirke Incorporation	4,000
Napier Community Child Care Centre Inc	7,000	St Joseph's School - Hastings	8,000	New Zealand Pacific Studio Incorporated	7,000
Napier Community Foodbank Trust	2,500			Pahiatua & Districts Museum Society Inc	1,000
Napier Community House Charitable Trust	1,180			Pahiatua On Track Inc	15,000
Napier Family Centre Inc	4,000			Pahiatua Toy Library Inc	1,680
Napier Friendly Neighbour Service Inc	4,000			Polish Association in New Zealand	4,000
Napier Girls' High School	4,000			Pongaroa School	16,000
Napier Golf Club Inc	15,000			Pukaha Mount Bruce Board	120,000
Napier Marist Football Club Inc	4,000			Riding for the Disabled - Tararua	6,000
Napier Old Boys' Marist Cricket Club	4,000			Scout Association - Dannevirke Scout/Cub Group	3,500

Tararua College	3,903	Red Star Cricket Club	3,400	Financial Freedom Trust	5,000
Tararua Family Services Inc	4,000	Riversdale Surf Life Saving Club Inc	7,000	Free Store Charitable Trust	4,000
Wairarapa Community Counselling Centre Inc	4,000	RNZ Plunket Society - Wairarapa Branch Inc	30,000	Girls' Brigade - 7th Palmerston North Company	700
Whiti Te Ra Marae Maori Reservation	3,160	Scout Association - Lansdowne Scout Group	1,000	Green Hub Trust	2,000
Woodville Old Folks Assn Inc	800	South Wairarapa District Council	200,000	Heritage Park Rhododendron Charitable Trust	8,000
Woodville Playcentre	3,500	Sport Wellington	56,320	Highland Home Christian Camp	4,000
TOTAL TARARUA	320,106	St Matthew's Church - Masterton	4,000	Hiwinui School Board of Trustees	8,000
		Stopping Violence Services Wairarapa Inc	4,000	Hokowhitu Children's Centre Society Inc.	3,500
		Street Youth Ministries Trust Inc	4,000	Hokowhitu Football Club	4,000
WAIRARAPA		The Wairarapa Branch of The NZ Society of Genealogists	2,000	Hokowhitu Village Centre Inc	3,000
Access Radio Wairarapa Charitable Trust	4,000	Wainuioru School	5,000	Interdenominational Tertiary Chaplaincy Trust Board	4,000
Age Concern Wairarapa WOOPS Incorporated	3,000	Wairarapa Arts Festival Trust	4,000	Journeys To Wellbeing	4,000
Alzheimers Disease & Related Dementia Soc. Wairarapa Inc	4,000	Wairarapa Bush Rugby Football Union Inc	120,000	Kimbolton School	5,000
Autism Wairarapa Charitable Trust	4,000	Wairarapa College	4,500	Kiwi Kids Life Skills Trust	4,000
Bowls Wairarapa Inc	4,000	Wairarapa Community Centre Trust	4,000	Learning and Growing Together Trust	4,000
Brain Injury Association Wellington Inc	4,000	Wairarapa Community Law Centre	4,000	Legacy Centre	4,000
Cancer Society of NZ Wairarapa Centre Inc.	3,000	Wairarapa Green Dollar Exchange Inc	1,500	Life Education Trust - Manawatu	20,000
Carterton Kindergarten	3,500	Wairarapa Hockey Association Inc	4,000	Linton Camp School	2,800
Carterton Playcentre	467	Wairarapa Mathematical Association Inc	600	Lions Club of Fitzherbert Charitable Trust	1,600
Carterton Tennis Club Inc.	1,500	Wairarapa Resource Centre Incorporated	4,000	Mamaternity Charitable Trust	3,000
Castlepoint Ratepayers & Residents Assn Inc	1,500	Wairarapa Road Safety Council	2,700	Manawatu Access Radio Charitable Trust	4,000
Citizens Advice Bureau - Wairarapa	4,000	Wairarapa Sports Artificial Surface Trust Inc	100,000	Manawatu Badminton Assn Inc.	4,000
Connecting Communities Wairarapa Inc	3,000	Wairarapa Tennis Association Inc	10,000	Manawatu Blokart Club Incorporated	30,000
Cross Creek Railway Society Incorporated	15,000	Wairarapa Women's Centre Inc	3,400	Manawatu Chinese Community Trust	3,000
East Coast Rural Support Trust	3,000	Wellington Free Ambulance Service Incorporated	20,000	Manawatu Community Housing Trust	4,000
Equippers Church Masterton	2,000	Wings Over Wairarapa Community Trust	20,000	Manawatu Cricket Assn Inc	10,000
Featherston Golf Club Inc	4,000	Young Men's Christian Assn of Greater Wellington Inc	4,000	Manawatu District Council	200,000
Friends of Millennium Native Forest Reserve Soc. Inc	8,000	TOTAL WAIRARAPA	850,587	Manawatu District Neighbourhood Support Inc	1,000
Friends of the Anzac Memorial Bridge				Manawatu Estuary Trust	3,000
Kaiparoro Inc	900			Manawatu Home Budgeting Service Inc	4,000
Gladstone School	5,000			Manawatu Horowhenua Tararua Diabetes Trust	4,000
Greytown Arts Festival Inc	3,000	MANAWATU		Manawatu Mountain Bike Club Inc	1,200
Greytown Community Gym Incorporated	3,700	Abuse & Rape Crisis Support Manwatu Incorporated	470	Manawatu Multicultural Council	1,000
Greytown Community Sport & Leisure Society Inc	15,000	Age Concern New Zealand Inc	4,000	Manawatu Multiple Birth Club	400
Greytown Early Years Inc	3,500	Alliance Francaise de Palmerston North Inc	19,000	Manawatu Multiple Sclerosis Society	4,000
Greytown Football Club	4,000	Amesbury Christian Counselling Services Inc	2,000	Manawatu Naturist Club Inc	3,000
Henley Trust 2003	20,000	Amitabha Buddhist Centre	4,000	Manawatu Pregnancy Centre Trust	4,000
Hospice Wairarapa Community Trust Board	20,000	Aokautere School	2,000	Manawatu Rural Support Service Inc	4,000
Incredible Families Charitable Trust	4,000	Arohanui Hospice Service Trust	4,000	Manawatu Sports Foundation	101,120
King Street Artworks Inc	4,000	Ashhurst Playcentre	2,248	Manawatu Striders Inc	4,000
Lakeview School	4,200	Ashhurst School	5,000	Manawatu Tenants Union Inc	4,000
Lansdowne Kindergarten	800	Big Brothers Big Sisters of Manawatu	4,000	Manawatu Touch Assn Inc	4,000
Learning Disabilities Assn Wairarapa	3,300	Brain Injury Association Central Districts Inc.	4,000	Manawatu Toy Library Assn Inc	4,000
Lighthouse Church Charitable Trust	4,000	Caccia Birch Trust	18,000	Manawatu Triathlon Club	4,000
Literacy Wairarapa Incorporated	4,000	Camellia House Trust	4,000	Manawatu Woodworkers Guild Inc	1,900
Martinborough Rugby Football Club Inc	5,800	Canteen - Manawatu	4,000	Manawatu Youth Orchestra Inc	900
Martinborough Squash Rackets Club Inc	4,000	Central Squash Assn Inc	8,000	Manchester Kindergarten	3,500
Masterton Agricultural & Pastoral Assn Inc	10,000	Cornerstone Christian Preschool - Palmerston North	2,000	Massey University	2,000
Masterton Community Toy Library	2,500	Deaf Aotearoa New Zealand Inc - Manawatu	4,000	Massey University Students' Assn	
Masterton Family Education & Support Centre Inc	3,500	English Language Partners Palmerston Nth	4,000	Palmerston Nth Inc	7,400
Masterton Foodbank Inc	4,000	Environment Network Manawatu Inc.	4,000	Methodist Social Service Centre	4,000
Masterton Golf Club Inc	3,000	FAHS - Feilding High School	4,000	Milson Combined Church	2,500
Masterton Red Star Rugby Club	1,000	Feilding & District Art Society Inc	15,000	Milverton Kindergarten	1,650
Masterton Rifle Club Inc	4,000	Feilding Old Boys Oroua Rugby Football Club Inc	4,000	Mt Biggs Community Hall Society Inc	20,000
Netball Wairarapa Inc	4,000	Feilding Playcentre	3,500	Netball Manawatu Centre Inc	4,000
NZ Association of Radio Transmitters - Wairarapa Amateur Radio Club Inc	3,000	Feilding Rugby Football Club Inc	4,000	New Zealand Down Syndrome Association	4,000
Parent to Parent Wellington Region	2,000			New Zealand Schools Cycling Association	4,000
Pirinoa School	5,000			NZ Chinese Assn - Manawatu Branch	4,000
Presbyterian Support Services - Central	4,000			Palmerston Nth Boys' High School	15,000
				Palmerston Nth Christian Leaders Association Inc	2,000
				Palmerston Nth City Brass Band Inc	4,000
				Palmerston Nth Contract Bridge Club	2,000
				Palmerston Nth Dance Association Inc	500
				Palmerston Nth End Assn Football Club	4,000

Palmerston Nth Fijian Community Inc	2,000
Palmerston Nth Golf Club	4,000
Palmerston Nth Jets Basketball Inc.	3,900
Palmerston Nth Neighbourhood Support Groups Inc	1,130
Palmerston Nth Operatic Society Inc	4,000
Palmerston Nth Parents' Centre Inc	3,500
Palmerston Nth Street Van Inc	4,000
Palmerston Nth Tramping and Mountaineering Club Inc.	850
Palmerston Nth Women's Health Collective	4,000
Parent Teachers Association Feilding High School	1,000
Parent to Parent - Manawatu	3,500
Parentline Manawatu Inc	4,000
Parkinsonism Society - Manawatu	4,000
Parkland School	2,500
Phoenix Inc. - Palmerston North	4,000
Pohangina Valley Community Trust	900
Prisoners Aid and Rehabilitation Society - Manawatu	4,000
Rangiwahia Environmental Arts Centre Trust Inc	4,000
Red Kiwi Orienteering Club	4,000
Reel Earth Environmental Film Soc of Aotearoa New Zealand Inc	1,000
Renaissance Singers Inc	500
Rifle Rod and Gun Club Manawatu Incorporated	10,000
Riverdale Kindergarten - Palmerston North	1,300
RNZ Plunket Society - Manawatu/Wanganui	12,000
Rose Gardens Croquet Club Inc	2,700
Roslyn School	10,000
Ross Intermediate School	10,000
Rotary Club of Makino Incorporated	4,000
Ryder Cheshire Foundation	4,000
Samaritans Manawatu Inc	4,000
Shepherd's Rest Trust	1,200
Social Socks Charitable Trust	4,000
Somerset Kindergarten	1,000
Special Olympics Manawatu	4,000
SPELADD NZ Inc	4,000
St Mary's School - Palmerston North	5,000
St Peter's Anglican Church	8,000
Supergrans Manawatu Charitable Trust	3,000
Supporting Families in Mental Illness	1,680
Sustainable Living Trust	1,000
Swamp City Roller Rats	1,500
Taekwondo Manawatu	4,000
Te Kiko Trust	3,000
Te Manawa Museum Society Inc.	3,700
Te Manawa Museums Trust	10,000
Te Manawa Services Charitable Trust	4,000
Terrace End Bowling Club Inc	8,000
Terrace End Playcentre	3,500
The Salvation Army New Zealand Trust	50,000
The Salvation Army New Zealand Trust	4,000
Tiritea School	18,000
Tu Toa Project Charitable Trust	5,000
U3A Manawatu Incorporated	1,400
United Cricket Club Incorporated	1,500
Wellstop Inc - East Coast	4,000
West End Kindergarten	3,500
Whanau Ataahua Beautiful Families Trust	18,000
Young at Heart Parent Support Group	2,000
Youthline Central North Island Inc	10,000
TOTAL MANAWATU	1,023,648

HOROWHENUA

Age Concern - Horowhenua	1,300
Anglican Methodist Parish of Otaki	3,000
Anglican Parish of Levin	10,000
Big Bang Adventure Charitable Trust	3,500
Birthingright Foxton Inc	1,000
Central Bowling Club Levin Inc	4,000
Coast Access Radio Trust	1,500
Foxton Area Community Medical Trust	50,000
Foxton Combined Churches' Choir	500
Foxton Horse Tram Society Inc	3,500
Foxton Tourist & Development Association	1,000
Hearing Association - Horowhenua	4,000
Himatangi Beach Community Trust	35,000
Horowhenua Agricultural Pastoral & Industrial Assn	4,000
Horowhenua District Health Transportation Trust	4,000
Horowhenua Kapiti Rugby Football Union Inc	4,000
Horowhenua Kids Teens & Family Trust	4,000
Horowhenua Rowing Club Inc	15,000
Horowhenua Supergrans Inc	1,500
Koputaroa Hall Society Inc	600
Koputaroa School	650
Levin Budget Service	7,000
Levin Christian Care Trust	4,000
Levin Golf Club Inc	4,000
Levin Gymsports Inc.	4,000
Levin Interchurch Foodbank	4,000
Levin Old Boys' Cricket Club	4,000
Levin Playcentre	2,000
Life Education Trust - Kapiti/Horowhenua	4,000
NZ Stairway Society Inc	4,000
Parkinsonism Society - Kapiti Horowhenua	4,000
Pipes and Drums of Horowhenua	2,200
Poroutawhao School	5,000
Samaritans of Horowhenua Inc	1,500
Taitoko Kindergarten	3,500
Te Horowhenua Trust	29,000
Tokomaru School	5,000
Weraroa Cricket Club Inc	4,000
Whenua Fatales Roller Derby League Inc	1,900
Wildlife Foxton Trust	2,000
TOTAL HOROWHENUA	247,150

WHOLE REGION

Alan Duff Charitable Foundation	2,300
Arthritis Foundation of New Zealand Inc	8,000
Autism New Zealand Inc	12,000
Camp Quality Wellington Central	4,000
Cancer Society of NZ - Hawke's Bay	20,000
Central Districts Hockey Inc	4,000
Chamber Music New Zealand Trust	8,000
Donald Bain Memorial Trust	1,500
Environmental Education for Resource Sustainability Trust	2,000
Equestrian Sports New Zealand Inc	4,000
Haemophilia Foundation of NZ	4,000
Hawke's Bay Addiction Centre Trust	10,000
Hearing Dogs for Deaf People New Zealand	2,500
JTD Solutions Limited	4,000
Kidscan Charitable Trust	4,000
Lifeline New Zealand Inc	8,000
Manawatu Rugby Football League	4,000

New Zealand Canoe Polo Association Inc	4,000
NZ Federation of Family Budgeting Services Inc	4,000
Parents Centre New Zealand	4,000
People First New Zealand Inc	3,000
Performing Arts Competitions Assn of NZ Inc	3,500
Road Safety Education Ltd	4,000
Ronald McDonald House Auckland Trust	4,000
Ronald McDonald House Wellington Trust	4,000
Royal New Zealand Ballet	6,000
Stroke Foundation of NZ - Central Region	16,000
Summer Reading Programme	15,000
Summer Reading Programme	230,000
Surf Life Saving New Zealand Inc.	4,000
Talk Link Trust	4,000
Tangata Whenua Community & Voluntary Sector Research Inc.	4,000
The House of Grace Trust	4,000
The Parenting Place	12,000
Wairarapa Rural Education Activities Programme	92,500
TOTAL REGIONAL	520,300

SUMMARY TOTALS

Gisborne District	638,449
Hawke's Bay	1,715,725
Tararua	320,106
Wairarapa	850,587
Manawatu	1,023,648
Horowhenua	247,150
Whole	\$ 5,315,965

**Total Donations for year ended
31 March 2015 total \$5,315,965**

29 May 2015

Staples Rodway
P O Box 46
HASTINGS

Dear Sirs

In connection with your examination of the financial statements of our Trust as at 31 March 2015 you have asked us to confirm certain representations implicit in the books and records maintained by the employees of the Trust and certain other representations made orally during your examination that are not necessarily reflected in the Trust's books of account or other records.

Accordingly, the following representations, which are true to the best of our knowledge and belief, are made to supplement information obtained by you from the records of the Trust and to confirm representations made to you during the course of your examination.

1. Requirements of Statutes and Accounting Standards

We recognise that in accordance with the Financial Reporting Act 2013 the trustees are responsible for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards issued in New Zealand by the New Zealand Accounting Standards Board.

All statutory obligations have been fulfilled and all transactions are within the powers and rules set out in the Trust Deed. Proper accounting records have been maintained.

There have been no violations or possible violations of laws or regulations, or communications from Government Departments or Commissions or the Institute of Chartered Accountants of New Zealand regarding non-compliance with laws or regulations, the effects of which should be considered for provision or disclosure in the financial statements.

The general accounting principles and particular accounting policies are appropriate, accurately described and have been consistently applied.

2. Internal Accounting Control

We recognise management's responsibility for establishing and maintaining a system of internal accounting control, the objectives of which are to provide us with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorised use or disposition and that transactions are executed as authorised and recorded properly to permit preparation of such financial statements. There are no material weaknesses in the system of internal accounting control, including any for which we believe the cost of correcting actions exceeds the benefits. There have been no changes in the system of internal accounting control since the balance date that would significantly affect the system.

3. Procedures to Prevent and Detect Fraud

We acknowledge our responsibilities for the design and implementation of internal controls to prevent and detect fraud. We have disclosed to you the results of our assessment of the risk that the financial reports may be materially misstated as a result of fraud.

We have disclosed to you our knowledge of fraud or suspected fraud affecting the Trust involving:

- a) Management;
- b) Employees who have significant roles in internal control;
- c) Others where the fraud could have a material effect on the financial reports

We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the Trust financial statements communicated by employees, former employees, analysts, regulators or others.

4. Errors and Irregularities

All accounting records have been presented to you for audit and all transactions during the period have been properly recorded therein, including transactions not within the normal course of business.

We understand that you have examined or tested the records of the Trust and obtained other supporting evidence by methods and to the extent you deemed appropriate for the purpose of expressing an opinion on the financial statements, but that such tests or examination would not necessarily disclose irregularities should any exist. No irregularities were discovered or are being investigated that have not been disclosed to you. To the best of our knowledge there is nothing reflecting on the integrity of members of our organisation.

5. Uncorrected Misstatements

The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole and they do not need to be adjusted in the financial statements. We confirm we are aware of the uncorrected misstatements that are detailed below.

Description of adjustment	Value \$	Effect on profit
Revaluation of private equity	44,271	44,271

6. Minutes

We have made available to you all minutes of the meetings of trustees and sub committees.

7. Future Cash Resources

We believe the Trust has adequate resources to continue operations for the foreseeable future. For this reason we will continue to adopt the going concern assumption in preparing the financial report.

We have reached this conclusion having regard to circumstances which we consider likely to affect the Trust during the period from one year from the date the financial statements are approved by the Trustees, and to circumstances which we know will occur after that date. The key considerations are set out below:

- (a) there will be sufficient cash flows generated from operating activities to meet the investing and financing cash flow requirements of the Trust;
- (b) the available borrowing facilities are adequate to meet peak borrowing requirements;
- (c) cash flow is sufficient to meet all commitments for the next 12 months.

8. Pending Investigations

We confirm, at the date of this letter, that there are no pending investigations by any regulatory bodies.

9. Related Party Transactions

We have reviewed the definition of a related party as per NZ IAS 24 Related Party disclosures.

The Trustees are fully acquainted with the circumstances and parties involved with all significant related party transactions. Disclosure of such transactions in the financial statements has been made to the extent required by NZ IAS 24 issued by the XRB.

The Trustees confirms that the related party disclosures in the related party note of the financial statements are a true and complete representation of all related party transactions with the Trust during the current financial period.

10. Subsidiaries and Jointly Controlled Entities

We have reviewed the definition of subsidiary as per NZ IAS 27 and joint control as per NZ IAS 31.

Except as disclosed in the financial statements, the Trust does not have any subsidiaries or other special purpose entities that would be required to be consolidated into the Trust's financial statements.

11. Statement of Financial Performance

All income earned prior to 31 March 2015 has been taken into account in the financial statements.

With the possible exception of relatively immaterial amounts, for which could not be readily determined or estimated, all known items of expenses reflected in the financial statements represent all expenses incurred by the Trust for the period ended 31 March 2015.

Except as disclosed in the financial statements, the results for the year were not materially affected by:

- a) transactions of a sort not usually undertaken by the Trust;
- b) circumstances of an exceptional or non-recurrent nature;
- c) charges or credits relating to prior years;
- d) any change in the basis of accounting or application of accounting policies; and
- e) transactions or agreements with related parties (such as subsidiaries, jointly controlled entities, affiliates, principal shareholders, directors or management) which were not in the ordinary course of business.

12. Fair Value

In relation to assets and liabilities that have been described in the financial statements as being measured at fair value, we have applied appropriate methodologies and inputs and these have been disclosed in the notes to the financial statements all in accordance with the requirements of NZ IFRS 13 Fair Value Measurement.

13. Impairment

We have reviewed the carrying values of all non-current assets, which include property, plant and equipment, investments and intangibles, for indications of impairment. We have performed an impairment test for non current assets where there is an indication of impairment or reversal of a previous impairment loss.

Our tests comprised a comparison of the carrying amount of the assets or the relevant cash generating unit with their recoverable amount and, hence, involved consideration of the higher of fair value less costs to sell or value-in-use for each asset. The cash flows used in the value-in-use calculations are consistent with the most up-to-date budgets and plans formally approved by management and are based on reasonable and supportable assumptions and appropriately reflect our intent and ability to carry out planned actions on behalf of the entity that are relevant to value-in-use measurements or disclosures. The discount rate used, in our view, represents the rate that the market would expect on an investment of equivalent risk. Where an asset's recoverable amount is lower than its carrying amount, it has been written down to that lower value.

There have been no events subsequent to balance date which would require adjustment to the fair value or value-in-use measurements and disclosures included in the financial statements.

14. Pledged or Assigned Assets

None of the Trust's assets were specifically or generally assigned, pledged, subject to purchase option, or encumbered by lien in any manner except as disclosed in the financial statements.

15. Contracts, Commitments, and Contingencies etc

Except as disclosed in the notes to the financial statements:

- There are no commitments of any consequence.
- There are no contingent liabilities of any consequence.

Among other things, the term "contingent liabilities" is generally understood to relate to the following: notes and accounts receivable discounted, assigned or sold; endorsements or guarantees; pending law suits; unsatisfied judgements or claims; additional taxes for prior years; uncalled share or other capital; re-purchase agreements, etc.

At balance date the Trust had no unfulfilled purchase commitments in excess of normal requirements or at prices materially in excess of prevailing market prices, and had no sales contracts at prices materially below current sales prices or inventory prices. There is no potential liability arising from an inability to fulfil the commitment.

All contractual commitments have been complied with.

We confirm that no termination or suspension of any material section of the business is foreseen or intended to take place.

The Trust is adequately indemnified by its insurers against all risks which are of an insurable nature, and which having regard to the type of business, the premium payable and the risk involved should reasonably be insured.

All matters referred to or dealt with by our legal advisers other than those concerned with the normal day to day business operations, have been disclosed to you.

Except as disclosed in the financial statements, the Trust has no off-balance sheet assets or liabilities.

16. Options

The Trust does not own any options to purchase property, plant, equipment or interests in affiliated or other entities.

No shares are reserved for issuance to officers or employees, nor are any shares reserved for options, warrants, conversions or other rights

17. Liabilities

With the possible exception of relatively immaterial obligations for which invoices had not been received and which otherwise could not be readily determined or estimated all known direct liabilities of the Trust have been recorded as such in the financial statements.

18. Subsequent Events

Except as disclosed, there are no events or transactions have occurred since balance date which would have a material effect upon the financial statements or which are of such significance as to require mention in the notes to the financial statements in order to make them not misleading as to the financial position. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

Yours faithfully

.....
Trustee

Date: 29 May 2015

.....
Trustee

Date: 29 May 2015

To the Trustees of Eastern & Central Community Trust**Report on the Financial Statements**

We have audited the financial statements of Eastern & Central Community Trust (the Trust) on pages 6 to 24, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of financial statements in accordance with Public Benefit Entity Standards issued in New Zealand by the New Zealand Accounting Standards Board, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have conducted two small non assurance engagements for the Trust during the year. Other than these engagements and in our capacity as auditor we have no relationship with, or interests in the Trust.

Opinion

In our opinion, the financial statements on pages 6 to 24 present fairly, in all material respects, the financial position of Eastern & Central Community Trust as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards.

Staples Rodway Hawkes Bay Partnership
29 May 2015
Hastings, New Zealand

Report type:	Board Decision Papers
Recommendation:	The Audit & Risk Committee considers and approves the Summarised Financial Statements for Year end March 31 2015.
Agenda item no:	3
Subject:	Annual Report Format
Responsible for the report:	General Manager

Purpose of report:	To present the draft Summarised Financial Statements to be used in the Trusts Annual Report Publication..
---------------------------	-----------------------------------------------------------------------------------------------------------

Attached are the draft Summarised Financial Statements for Year End March 312015. These have been presented to the Auditor for perusal and will be discussed by the Auditor at the May meeting. These documents will be used in the Annual Report Publication as discussed and agreed by the A & R Committee at the March meeting.

Recommendations:

1. That the Summarised Financial Statements be approved by the A & R Committee.

Jonathan Bell
May 2015

Summary Statement of Comprehensive Income		2015	2014
For the year ended 31 March 2015		\$ 000	\$ 000
	Note		
Income			
Income from investments		20,967	9,138
Expenses			
Administrative expenses		471	491
Investment expenses		486	730
Personnel expenses		758	740
Community donations		5,167	4,625
Profit & total comprehensive income for the year	3	<u>14,085</u>	<u>2,552</u>
Summary Statement of Changes in Equity		2015	2014
For the year ended 31 March 2015		\$ 000	\$ 000
Balance as at 1 April 2014		148,248	145,696
Total comprehensive income for the year		14,085	2,552
Balance as at 31 March 2015		<u>162,333</u>	<u>148,248</u>

Summary Statement of Financial Position
As at 31 March 2015

		2015 \$ 000	2014 \$ 000
	Note		
Trust Equity			
Trust Capital		143,935	140,335
Donation Reserve		18,398	7,913
		<u>162,333</u>	<u>148,248</u>
Current Assets			
Cash & cash equivalents		6,807	10,807
Derivatives		804	1,353
Other current assets		16	-
		<u>7,627</u>	<u>12,160</u>
Non Current Assets			
Financial Assets held for trading		156,785	137,856
Other non current assets		106	126
		<u>156,891</u>	<u>137,982</u>
Total Assets		<u>164,518</u>	<u>150,142</u>
Less Liabilities (all current)			
Trade and other payables		246	236
Donation payables		1,939	1,658
		<u>2,185</u>	<u>1,894</u>
Total Net Assets		<u>162,333</u>	<u>148,248</u>

Summary Statement of Cashflows
For the year ended 31 March 2015

		2015 \$ 000	2014 \$ 000
Net Cash Flows from Operating Activities	3	(3,984)	(1,144)
Net Cashflows from Investing Activities		<u>(16)</u>	<u>(17)</u>
Net(decrease)/increase in cash & cash equivalents		(4,000)	(1,161)
Cash & cash equivalents as at 1 April 2014		<u>10,807</u>	<u>11,968</u>
Cash and cash equivalents at 31 March 2015		<u>6,807</u>	<u>10,807</u>

1. Reporting Entity

Eastern and Central Community Trust Incorporated is domiciled and incorporated in New Zealand in accordance with the provisions of the Community Trusts Act 1999.

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

2. Basis of Preparation

a) Statement of Compliance

The summary financial statements have been prepared in accordance with FRS43-Summary Financial Statements and have been extracted from the full financial statements. The full financial statements have been prepared in accordance with the Financial Reporting Act 2013 and New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate for 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).

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 29 May 2015. Once issued the Trustees do not have the power to amend these statements. The full financial statements have been audited and an unmodified opinion has been given. This summary has also been examined by Staples Rodway, Hawkes Bay and a copy of their summary unmodified audit opinion is included in this report.

The summary financial statements cannot be expected to provide as complete an understanding as is provided by the full financial statements.

3. Reconciliation of operating cash flows to net profit

	2015	2014
	\$000	\$000
Comprehensive income for the year	14,085	2,552
Adjust for non-cash items	(16,352)	(4,456)
Movement in working capital items:	<u>(1,717)</u>	<u>769</u>
Net operating cash flows	<u>(3,984)</u>	<u>(1,144)</u>

4. Capital commitments

The Trust has a commitment of \$1.3 million being the balance of the private equity fund with Pioneer Capital Partners Limited.

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.

Report type:	Secretarial and Administration Items
Recommendation:	The Committee approves the Minutes of the meeting held on 26 March 2015 as a true and accurate record of the meeting.
Agenda item no:	4
Subject:	Draft Minutes of the Audit & Risk Committee Meeting held on 26 March 2015
Responsible for the report:	General Manager

Purpose of report:	To record the recommendations and resolutions of the Committee from the Audit & Risk Meeting, including decisions taken.
---------------------------	--------------------------------------------------------------------------------------------------------------------------

**MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE
OF THE EASTERN AND CENTRAL COMMUNITY TRUST INC.,
HELD IN THE TRUST OFFICES, RUSSELL STREET SOUTH, HASTINGS,
ON THURSDAY 26 MARCH 2015, COMMENCING AT 12:30 PM.**

COMMITTEE MEMBERS PRESENT:

Geoff Milner (Acting Chair) Bruce Mills, Caren Rangi, Robyn Rauna, Shelly Mitchell-Jenkins, Stephen Kerr.

IN ATTENDANCE:

Jonathan Bell (General Manager), Stuart Signal (Staples Rodway, Rebecca Eaglestone (Staples Rodway)

1. APOLOGIES

Kaye McAulay

2. MINUTES FROM THE PREVIOUS AUDIT & RISK COMMITTEE MEETING

There was a general discussion around the date of the meeting and concern that a meeting had been held on 26th January. The General Manager was tasked with providing those minutes for approval. **ACTION ITEM.**

2.1 RESOLUTION

The Committee resolved to approve the minutes of the previous meeting held on 28 November, 2014 as a true and accurate record of the meeting.

B Mills/S Kerr

CARRIED

3. MATTERS ARISING FROM THE PREVIOUS MINUTES

There were no matters arising.

4. AUDIT PLAN & ENGAGEMENT LETTER

Stuart Signal presented the 2015 Audit Plan and spoke to it. The main areas of focus are;

- Investments and Revenues – Realised and unrealised gains/losses, custodial reports (which a required as soon as possible, Jonathan to chase **ACTION ITEM**) and fair valuation of Pioneer Capital portfolio.
- Derivatives – Fair valuation
- Reserves – Assessment of transfers. Clarification of the statement in the accounts versus the calculation we use to determine them.
- Financial Reports – Simplification, summary statements and the transition to NZ IFRS (PBE)RDR.

Stuart then covered off the expectations of both parties for each other, the timetable and fees. It was noted that May 28th is the target date for completion of the Full and Summarised Financial Statements. Fees have increased by \$1,200 p.a.

The members of the committee asked for further clarification around the requirements for summarised reporting, potential changes to the Financial Statements and the timetable being realistic. Stuart and Rebecca then left the meeting.

4.1 RESOLUTION

The Committee resolved that the Agreed Upon Procedures Engagement Letter from Staples Rodway be approved and signed subject to confirmation that the fee covers all our audit requirements including the Audit of the Summarised Accounts.

S Kerr/B Mills

CARRIED

5. 2015 Financial Statements Format

Jonathan presented a report from PWC with a recommendation to reduce the sensitivity analysis and reporting in section 14, Financial Instruments, of the Trusts Full Financial Statements. The rationale around this was to reduce the time and cost associated with this if it was not required.

5.1 RESOLUTION

The Committee resolved to accept the recommendation from PWC to adjust the format of the Trusts Full Financial Statements as presented subject to

- a. Section (e) is kept
- b. Agreement from the Auditors that this was satisfactory.

S Mitchell Jenkins/R Rauna

CARRIED

6. ANNUAL REPORT FORMAT

The General Manager has reviewed a number of the Annual Reports produced by other Community Trusts. A summary of this was presented to the Committee with recommendations to change what we have traditionally done. The reasoning behind this was to produce an Annual Report which is;

- a. Cheaper to print
- b. Tells our story of what we do and how we have achieved it
- c. Summarises our Financial Statements

The committee discussed this recommendation and agreed in principle with the recommendation. It was noted that this document is the Trusts document, as is the Full Financial Statements, and the determination of its look and feel and what is included is the Trustees decision acknowledging that there are certain legislative requirements.

6.1 RESOLUTION

The Committee resolved that;

- a. The Annual Report be produced with summarised accounts.
- b. That draft Summarised Accounts are presented to the A & R Committee on or before the 30th April for the committee to provide feedback.
- c. That the print numbers be reduced to no more than 500
- d. A letter is sent to organisations advising them that our Annual Report and Full Financial Statements are available on our website.

R Rauna/S Mitchell Jenkins

CARRIED

7. MCA REVIEW 2015

The General Manager presented a suggested format to follow for the review of our Financial Advisor, Michael Chamberlain Associates this being a requirement of the Trust as per SIPO. The recommendations were discussed and a suggestion made for the General Manager to go back to the original lists of organisations from previous reviews, and to present the Terms of Reference to the A & R Committee for consideration but to the full board for approval at the May meeting of the Trust.

The Committee resolved that:

- a. The General Manager conducts due diligence on potential providers and presents a short list to the A & R Committee by end of May
- b. That a Terms of Reference are drafted and provided to the A & R Committee for feedback, a final document to be presented at the May meeting of the full Board .
- c. Tenders to be called for by end of June 2015.
- d. A recommendation to the A & R Committee be provided at the beginning of July.
- e. A decision is made of who to use by the A & R Committee and that review to be completed by end of September 2015.
- f. A copy of the review to be provided at the November meeting of the Trust.

C Rangi/SKerr

CARRIED

8. RISK MANAGEMENT ASSESSMENT REGISTER

The Risk Management Assessment Register was provide for the committee, the following was noted;

- a. The Credit Card Policy has been added following ratification by the Board at the January meeting.
- b. No other risks apart from volatility in the investment markets need to be brought to the committees attention.

9. OTHER BUSINESS

There was a brief discussion of the new reporting standards which come into force in April 2016. The General Manager is to provide further information on the changes, utilising some of the knowledge which sits within the A & R Committee. **ACTION ITEM.**

10. CLOSURE

The meeting closed at 1:45pm.

Report type:	Board Decision Papers
Recommendation:	The Audit & Risk Committee considers and approves the Terms of Reference and proposed reviewers as recommended by the General Manager.
Agenda item no:	7
Subject:	Funds Advisor Review
Responsible for the report:	General Manager

Purpose of report:	To present a proposed process and timeline to the A & R Committee for the review of the Trusts Fund Advisor, Michael Chamberlain Associates.
---------------------------	----------------------------------------------------------------------------------------------------------------------------------------------

Please see attached Internal Memorandum with recommendations.

Jonathan Bell
20 May 2015

Eastern & Central Community Trust

Internal Memorandum

To Audit & Risk Committee
From Jonathan Bell, General Manager
Date 19th May 2015
Topic MCA Review – Potential Reviewers Shortlist

Background

This memo provides an update on the process for the independent review of Michael Chamberlain Associates (MCA). The process was agreed to by the Audit & Risk Committee at the meeting held on March 26th 2015.

The action items which were to be completed by the General Manager by the end of May were;

1. Complete due diligence on a list of potential reviewers and provide a shortlist for the A & R Committee to consider.
2. Draft a Terms of Reference for the A & R Committee to consider and approve.

Potential Reviewers

The General Manager has spoken to three individuals involved in Funds Investment to gauge their view on people or organisations which they might consider suitable for conducting a review on MCA. Two of these have asked for anonymity, the third was Andrew Johnson of Russell Investments. When it was suggested that Russell Investments may be considered for the review Andrew declined the opportunity, even though they had the capabilities to conduct this review.

Outlined below are the five names which I wish to recommend as being appropriate to conduct the review with an associated Bio attached. These Bio's have been sourced from the Internet so are slightly different in their content and presentation.

1. Daniel Mussett

ALSA Consulting Limited; Principal and Consultant

January 2015 – Present (5 months) Auckland, New Zealand

ALSA Consulting offers independent advice to large investors who require a clear, unbiased and efficient approach. They assist with:-

- Reviews of investment strategies and asset portfolios
- Independent reviews of providers of investment services such as retained investment consultants, fund managers and implemented consulting providers
- Tender consulting
- Advice on governance structures and objective-setting
- Investment strategies including strategic and dynamic asset allocation
- Asset class strategies
- Special projects and bespoke research
- General advice on the financial management of institutional investors, such as superannuation

schemes and not-for-profit entities

- Valuation exercises and complex modelling work
- Risk measurement and management
- Stochastic asset-liability modelling projects

Work Experience

Russell Investments; Head of Consulting

December 2010 – November 2014 (4 years) Auckland, New Zealand

Leader of Russell's investment consulting team in New Zealand.

My primary responsibilities were to ensure that institutional investment clients received only the best advice in an effective and timely manner. I consulted to key clients directly and was responsible for strategy, research, business development and human resources.

Mercer Investment Consulting; Senior Associate

July 2007 – November 2010 (3 years 5 months) Zürich Area, Switzerland

Senior investment consultant in both Switzerland (based in Zurich, responsible primarily for the French-speaking clientele) and Auckland, New Zealand.

Hewitt Associates; International Consultant

August 2005 – May 2007 (1 year 10 months) Zürich Area, Switzerland

International benefits, actuarial and investment consulting.

Russell Investments; Consultant

September 2002 – June 2005 (2 years 10 months) Auckland, New Zealand

Institutional investment consulting. Related actuarial modelling.

2. Steve Napier

Steve has over 30 years experience in the funds management and share broking industries including managing and advising on asset allocation, share investment (within NZ and offshore) and bond investment.

Governance

Current Positions:

BayTrust Investment Committee – Non-voting member

Ohope Community Board – Member

Hepatitis Foundation – Deputy Chairman

Iwi Investor – Investment Committee Member

Yeastie Boys Limited – Advisory board Member

Previous Positions:

Government Superannuation Fund – Board Member, Investment Committee Chairman

Eden Agri Capital – Board Member

Work Experience:

Steve Napier Ltd – Investment Advisory Company (12 Years)

Tower - Share Manager (2 Years)

Colonial First State - Share Manager (11 years)

Qualifications:

Bachelor of Commerce and Administration from Victoria University – Accounting major.

3. David May

Mr. David J. May, B.Sc (Hons), FIA, FIAA, served as an Acting Chief Executive Officer at Accident Compensation Corporation. Mr. May has 35 years of experience in the insurance and financial services industry. He served as Managing Director of the Colonial Group (NZ). He Established and developed the Jacques Martin Superannuation and Actuarial Consultancy in New Zealand. He established Colonial's Asian operations in Hong Kong. He is a qualified Actuary. He has been instrumental in developing the management structure and investment policy for the fund. He serves as Chairman of the Guardians of the New Zealand Superannuation Fund (NZSF) and Deputy Chairman of the New Zealand Government Superannuation Fund (GSF). Mr. May serves as a Director of Southern Cross Benefits Ltd. He has been a Director/Trustee of Southern Cross Hospitals Limited since June 2002. He serves as a Director of Annuitas Management. He served as a Director of Southern Cross Healthcare Limited (alternate name, Southern Cross Healthcare Group) since 2002. He served as a Director of Southern Cross Medical Care Society since June 2002. He served as a Trustee of Southern Cross Health Trust since June 2002. Mr. May is an actuary and has worked extensively in the life insurance and disability insurance industry in the United Kingdom, Australia, Asia and New Zealand.

4. Malcolm Johnson **BA, BCA, FIDNZ**

Malcolm is a Wellington-based businessman and consulting company director. He is Chairman of the Police Superannuation Scheme, Deputy Chairman of CentrePort Limited and Chairman of CentrePort Properties Limited. He is the former General Manager of SOE Works Corporation and successfully managed the complex privatisation process of its four operating companies. He serves on a number of private and public company boards including as Chairman of innovative Bay of Plenty-based horticultural company, Aongatete Coolstores Limited.

His other directorships involve radiata plantation forestry, rural and urban land subdivision and healthcare. His is Chairman of Forestry Resource Supply Limited and of Waverley Sawmills Limited.

Malcolm also has significant professional involvement in the funds management and superannuation industry. He has been a trustee of the Police Superannuation Scheme since 1998 and Chairman since 2005. He is also Chairman of the Mercer Superannuation Investment Trust Advisory Committee. He was admitted as a Fellow of the Institute of Directors in 2003. Malcolm has an extensive management background having held various senior management positions in New Zealand and overseas, principally in the finance sector.

5. Ed Schuck

Profile

As principal of Fidato Advisory Ltd., Dr. Ed Schuck provides institutions and businesses in the wealth industry with services such as management consulting, investment strategy advice, capital markets research and assistance with product selection. Clients include wealth managers, wholesale banks, trust companies, financial adviser groups and charitable trusts. To complement his commercial activities, Ed takes on governance roles with selected organisations that can benefit from his knowledge, experience and independence. In support of his governance work, Ed has completed courses run by the Crown Ownership Monitoring Unit ('Developing Critically

Reflective Crown Company Directors') and the Institute of Directors ('Audit and Risk Committees'). An issue of particular interest to Ed is the level of institutional investment in private assets in NZ. To promote investment in unlisted assets such as direct property, venture capital and private equity, Ed works with the NZ Private Equity and Venture Capital Association, the Property Council of NZ and Investment Property Databank (a subsidiary of MSCI), for which he chairs the NZ Advisory Group.

Experience

Accuro Health Insurance: Independent Director; Chair of Risk & Audit Committee

May 2013 – Present (2 years 1 month) Wellington

MMc Ltd. : Independent Director

April 2012 – Present (3 years 2 months) Auckland, NZ

Fidato Advisory Ltd.: Director

March 2010 – Present (5 years 3 months)

Fidato provides independent advice on all aspects of the investment process to institutional investors and strategic advice to organisations operating in the wealth management industry. Clients include community trusts, endowments, major financial services businesses and retail investment advisers.

Russell Investments : Managing Director

January 2000 – December 2008 (9 years)

Overall responsibility for business of Russell in NZ offering strategy advice to institutional investors and sales and client service to institutional and mezzanine investors in multi-managed funds operated by Russell primarily in Ireland and Australia.

Recommendation

1. The A & R Committee ratifies the names recommended by the General Manager as those which ECCT will request an RFP from.
2. The A & R Committee ratify the Terms of Reference.
3. Once RFP's are received the A & R Committee will decide who will conduct the review and recommend to the full Board for their ratification.

Jonathan Bell
General Manager

TERMS OF REFERENCE
FOR THE REVIEW OF MCA NZ LIMITED

BACKGROUND

Eastern and Central Community Trust Incorporated (ECCT) is domiciled and incorporated in New Zealand in accordance with the provisions of the Community Trusts Act 1999.

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

ECCT has a Statement of Investment Policies and Objectives (SIPO) with which it mandates Fund Managers and Advisors to attend to the affairs of the Trusts investment portfolio. Part of this mandate is the review of the Trusts Financial Advisor every five years, the next review is due for completion before December 2015.

PURPOSE

To peer review the performance and advice given by MCA NZ Limited (hereafter referred to as MCA) as financial advisor to the Eastern and Central Community Trust.

EXISTING INFORMATION – SIPO EXTRACT

The following extract from ECCT's SIPO gives an overview of the beliefs behind the appointment and responsibilities of the Funds Advisor.

Appointment of investment advisor

6.1 The Trustees believe that an investment advisor should be appointed to assist the Trustees develop their investment policies, to help evaluate the performance of the investment managers, and to provide strategic research and market information. The role and accountabilities of the investment advisor are set out below.

6.2 The investment advisor, appointed under 6.1, shall be responsible and accountable for:

- assisting the Trustees review and develop the Trust's investment policies;
- evaluating the ongoing appropriateness of the long-term investment strategy relative to the investment objectives;
- monitoring the investment managers performance in terms of the Trustees' evaluation policy;
- proactively advising the Trustees in the way in which the Trust's assets should be invested given market changes, including legislation changes and trends.
- ensuring that the investment managers manage the assets under their care in terms of the mandate;
- proactively advising the Trustees on the need for changes to their policies or the implementation of their policies.

Performance evaluation

6.3 The investment advisor shall be formally evaluated, as required, by the Trustees in terms of the advice and service given and the suitability of the resources available to continually assist the Trustees. It is expected that such evaluation will occur, in the

absence of a specific need, on a five yearly basis. The next review is due on or before December 2015.

SPECIFIC AREAS TO ADDRESS IN THE REVIEW:

- The Trust's Statement of Investment Policies and Objectives (SIPO) with specific reference to, but not limited to:
 - a) the Trust's primary objectives,
 - b) the Trust's performance objectives,
 - c) the Trust's strategic long-term asset allocation and allowable ranges (investment strategy),
 - d) the Trust's Tactical Asset Allocation Policy and current tactical asset allocation,
 - e) the Trust's investment guidelines and requirements,
 - f) the Trust's Risk Management Policy,
 - g) the Trust's Reserving Policy,
 - h) the Trust's Currency Policy,
 - i) the Trust's Distribution Policy,
 - j) the annual review process of SIPO,
 - k) the role of MCA as financial advisors, and
 - l) the fund manager mandates.
- The MCA company structure and ownership.
- The qualifications, experience and skills of Michael Chamberlain and the research ability and composition of the MCA advisory team.
- The MCA reports (monthly and quarterly), trustee training and the investment advice provided by MCA.
- The Trust's long term investment performance as compared to benchmark and the other Community Trusts.
- The advisory and fund manager fees.
- The perceived strengths and weaknesses of MCA NZ Limited and any associated risks identified.

TIMEFRAMES

The following timeframes are to be considered;

1. Request for Proposal - Sent by June 19th 2015
2. Proposal Accepted - End July 2015
3. Review Completed - End September 2015
4. Review to Board - 26th November 2015

Report type:	Board Decision Papers
Recommendation:	The Audit & Risk Committee reviews the amended Risk Management Assessment, and recommends its approval to the Trustees .
Agenda item no:	8
Subject:	Risk Management Assessment
Responsible for the report:	General Manager

Purpose of report:	To provide the Audit & Risk Committee with an updated Risk Management Assessment for review.
---------------------------	----------------------------------------------------------------------------------------------

The Risk Management Assessment is attached for the Trustees perusal.

As mentioned in the May General Managers report to the Trustees we received an email from our Auditor which was opened by a staff member. The attachment was also opened and a “worm” began sending spurious emails to all addresses in that staff members email box.

We contacted our IT provider who moved quickly to rectify the situation. Whilst examining our server and PC’s he determined that there were some files/worms which had the potential to cause possible problems in the future. These have been removed and cleaned up. There were no viruses detected within our system which confirms that this is working correctly.

There are no other risks which need to be reported to the A & R Committee.

Jonathan Bell

May 2015

PART ONE - E&CCT RISK MANAGEMENT ASSESSMENT FORM

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
	INVESTMENTS	refer to "Appendix A - Risk management policy" in the current Statement of Investment Policies and Objectives (SIPO)					Identified as higher risk presently.
1	Equity Crash or prolonged period of negative returns	Medium	Significant	Trustees/General Manager/Advisor	Reserving policy, asset allocation, diversification & monitored monthly.	Global financial news & monthly Mngmt Reports very transparent.	Readdress SIPO, investment strategy, cashflows, expenditure budgets, donation distributions, call special meeting, etc..
2	Global or local failure of financial markets	High	Significant	Trustees/General Manager/Advisor	Monthly reporting. Diversification of assets.	Global financial news & monthly Mngmt Reports very transparent.	Trustees have policy for individual Trustees to call a Special Meeting. Readdress SIPO, investment strategy etc as above.
3	Currency Fluctuations	High	Significant	Executive/Trustees General Manager/Advisor	Currency Policy & FX rates monitored & reviewed monthly.	Monitored monthly by Executive - permanent item on the agenda. Controls sound although current FX rates abnormal (mean reversion?).	Bonds 100% hedged, equities 50% hedged but fluctuating. Exposure to currency appreciation on approximately NZ\$65m to \$80m. Currency policy defined in SIPO.
4	Poor Fund Manager Performance	Medium	Medium	Fund Managers/ Financial Advisor/ Trustees	High proportion of investments in passive index funds. Annual Fund Manager Presentations. Performance reviewed monthly. Diversified amongst managers and assets.	Diversification of assets maintained close to benchmarks. Preference for passive over active assets. Performance over short and longer terms reported.	Monthly, quarterly and annual reviews. MCA recommendations. Change manager or change mandate. Take advice on alternative investments that arise.
5	Poor performance & advice from Financial Advisor	Low	Significant	Trustees/General Manager/ Financial Advisor	Peer reviewed every five years.	Actual v Benchmark performance monitored monthly.	Advise and monitor. Replace the financial advisor if necessary.
6	Fund Manager not adhering to fund mandate or not holding a satisfactory internal controls assurance report	Low	Medium	Fund Managers/ General Manager/ Financial Advisor	Mandates provided to fund managers at appointment. Monitored monthly by Financial Advisor, General Manager & Trustees. Annual checks on Internal Controls of Fund Managers to be reported when concern or annually to the May Audit & Risk Meeting	Mandates are very clear and applied as stated. Latest Internal Controls Assurance Reports for PIMCO, Elevation Capital & Forsyth Barr signed off at Sept Audit & Risk Meeting.	Advise and monitor. Replace the fund manager. Seek compensation from Fund Manager if losses occur. General Manager and/or Financial Advisor to advise the Board immediately of any concerns regarding internal controls.
7	Reporting errors in fund manager reports	Medium	Medium	Fund Managers/ General Manager/ Financial Advisor	Monitored monthly by Financial Advisor, General Manager & Trustees.	Reconciled each month by General Manager and MCA. Process works well.	Advise fund manager and monitor.
8	Nil donation reserves	Medium	Significant	Trustees	Monitored monthly by Trustees from Monthly Mngmt Report.	Donation reserves under pressure at times (i.e. reserves < 5%)	Cease donations or continue on the premise that investment markets will correct over the long term.
9	Incorrect accounting procedures	Low	Low	General Manager/ Trustees/ Auditor	Monitored monthly. Full fund manager reports provided to Trustees on a monthly basis.	Annual sign off by Auditor confirms all is in order.	Interim and full year reviews by Auditor. Correct methodology in creating GL entries.

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
	DONATIONS	refer to Donations Policy					
10	Misappropriation of a Donation	Low	Significant	Staff/Trustees	Accountability audit process on all special donations and random selection of standards.	Controls work well. Some not abiding to Client Agreement by not placing donation as separate entry in Annual Accounts.	Trust to request return of all funds. If fraud involved liaise with organisation and police. Stand down period for organisation.
11	Fictitious Application	Low	Unlikely	Staff/Trustees	Requirements of the application e.g. annual accounts, tax status etc.	None to date. Introduction of web portal could attract such fictitious applications.	Red alert for people involved into DMS.
12	Funds not used for the intended purpose	Medium	Significant	Staff/Trustees	Emphasised in approval letter. Accountability audits.	Controls work very well. Some cases have occurred over	Trust to request the return of all, or part of, donation. Stand down period for
13	Funding inappropriate organisations	Low	Unlikely	Staff/Trustees	Staff recommendations & full Board decision. If declaration of interest Trustee unable to promote or vote.	Requirements of application form determines assessment of suitability.	Monitor applicants at database entry time and rely on the community knowledge of Trustees and staff.
14	Donation Policy is publicly criticised	Low	Medium	Staff/Trustees	Donation Policy. Register of complaints.	Donation Policy is not made available to the community. Therefore difficult to criticise.	Address at annual donation policy review.
15	Negative donation publicity	Low	Medium	Trustees	Donation Policy. Media person to provide donation publicity on regular basis.	No negative publicity to date.	If warranted, prepare and release a media statement from the Chair.
16	Unable to pay donations	Low	Very significant	Trust Manager /Trustees	Maintain adequate funds in self-managed cash portfolio. NZ Bonds hold available cash if required. Hold reserves.	Added pressure from demand to meet hedging losses. Managed to date but any large FX changes could be challenging.	Ensure sufficient liquid funds to meet obligations. Adjust donation budgets and review asset allocation. Sell overseas equities (gain on FX fall) to meet need of hedges.
17	Donations surpass the two year timeframe to be uplifted or spent	Medium	Low	Staff/Trustees	Monthly check by General Manager on unpaid donations. Reminder letters dispatched.	Well-managed and easily applied.	Advise applicant and write back the donation. Predominantly fund when project is likely to be commenced in the short term.
18	Trustees and/or staff influence the donation process inappropriately	Low	Significant	Staff/Trustees/Chair	Staff recommendations & full Board decision. If declaration of interest Trustee unable to promote or vote on the application	Unlikely that one Trustee or a staff member could sway the majority of the Board.	Ensure the declaration of interest policy is adhere to. Trustees and staff must be above promoting applications. Trustee & staff education/training.
19	Diminishing number of Applications	Low	Medium	Donations Manager/Trustees	Numbers published monthly in Mngmt Report and reported on by Donations Manager.	Numbers being maintained although fall off expected in weak economic conditions.	Proactive advertising. Seek community concerns. Regional promotion. Review advertising. On-line applications.
	GOVERNANCE						
20	Poor Governance	Low	Significant	Chair/Trustees	Trust Deed, Governance Charter & Code of Conduct	Sound policies in place which are reviewed annually.	Additional Training as required.

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
	ADMINISTRATION						
21	Trustee or staff Fraud (Refer to additional comments under Part Two - Fraud Section)	Low	Significant	General Manager	Two authorised signatories required for all payments. Funds only transferred from one account to another. Protected Disclosure Policy (Appendix 7 of Gov Charter)	Controls work very well. All cashflows and creditor payments reported monthly. Almost impossible for a Trustee to commit fraud.	Remain vigilant and maintain present controls. Report matter Police
22	Acting outside the Trust Deed	Low	Significant	General Manager /Trustees	All senior staff and Trustees are issued with a Trust Deed. Discussed at training.	Recent Trustees review suggests a refresher course.	Refresher on Trust Deed
23	Trust is negligent as a good "employer"	Low	Significant	General Manager /Trustees	Employment Contracts. Salaries reviewed annually in accordance with national trends. Senior roles assessed by Hay Group periodically.	Staff appraisals and accessibility to General Manager to discuss concerns.	Address employee concerns immediately. Attend relevant employment courses.
24	Trust fails to comply to OSH requirements	Low	Significant	General Manager	Annual Building Health check. Work not dangerous by nature.	Earthquake status of building currently under assessment.	Rectify.
25	Business Continuity - Premises affected by Fire, Flood, Earthquake, Burglary, Terrorism etc	Very Low	Very significant	Staff / Trustees	Contents Insurance etc. Risk Prevention Strategy for the computer system. Pandemic Influenza Contingency Plan	Degree of cover sufficient - broker (Aon) assessment.	Salvage records where possible. Relocate to alternative premises. Staff have the ability to work from home. Reassess insurance premiums annually. Apply Business Continuity Plan.
26	Unexpected loss of staff member, pandemic etc.	Medium	Very significant	All staff	Insurance cover on the two senior roles upon death. Ensures temporary appointment. Pandemic policy.	Timeframe set for resignations e.g. Trust Manager 3 months, other staff 1 month.	If urgent replacement required use employment agency. Apply Business Continuity Plan.
27	Inappropriate Expenditure	Low	Low	General Manager	Budget sign off by Board. Budgets set at realistic levels. Budget not adjusted during year.	Over last decade expenditure has always been under budget.	Tighter controls on expenditure. Difficult to cover for "unplanned" expenses e.g. rise in GST, increase in insurance, etc.
28	Loss of records/archives	Low	Very significant	All staff	Security Alarm/Fire alarm	E&CCT lead tenant for security.	Majority of records held in computer files.

Risk #	Identified Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
ADMINISTRATION							
29	Inappropriate financial reporting	Low	Significant	Audit & Risk/ Auditor	Auditor sign off & assistance.	E&CCT Annual Accounts rated highly by BDO head office IFRS expert over recent years.	Comparison with Annual reports from the other Community Trusts. Maintain annual review by IFRS expert.
30	Inappropriate marketing	Low	Significant	Donations Manager/ Tracta/ Trustees	Marketing approved by Trustees.	Promotional Strategy review completed in March 2012.	Review the strategy
31	Loss through unauthorised expenditure/budget overrun	Low	Very significant	General Manager	Dual authorisation. Expenses reported against budgets.	To date there has not been a budget overrun on expenses.	No action required.
32	Long term unavailability of staff	Medium	Significant	All remaining staff	Sharing of roles when staff on leave. Working manuals where appropriate. Use the services of an Employment Agency.	With small staff and specialist roles this is difficult to prepare for.	Knowledge of each other's work & work collaboratively. Trialled for periods of up to 11 weeks. 1-3 months notice on contracts. Immediate training required. Staff working manuals developed. Staff back-up determined. Insurance cover exists on managers in case of sudden death.
33	Professional gaps of Trustees.	Low	Medium	Chair	Policies developed. Addressed with DIA by the Chair during appointment round. Ability to co-opt.	E&CCT has been well-served with the professional expertise required over the past. On-going policies established.	Request of Minister at appointments. Training. Seek independent advice. Maintain review process of policies. Annual Planning Reviews.
34	Staff incompetence	Low	Medium	General Manager /Trustees	Annual staff appraisals	A very competent staff.	Train, terminate, replace.
35	Inappropriate Trustee behaviour	Low	Significant	Chair	Code of Conduct Policy. Non-acceptance by fellow Trustees.	Occurs rarely - difficult to address.	Signed "Code of Conduct" by each Trustee on appointment. Encourage a screening process of new appointments (DIA?)
36	Fraud (separate section given to fraud)	Low	Significant	General Manager/Fund Managers/Trustees	Multiple checks & controls.	No evidence to date.	Minimise opportunity & minimise exposure. Audited accounts, custodial responsibility by fund managers. Internal control systems.
37	Health & Safety of Employees	Low	Medium	General Manager	Annual Building Health check. Work not dangerous by nature.	Earthquake status of building currently under assessment.	Evacuation plans. Address problems as notified.
38	Non-Statutory Compliance	Low	Significant	General Manager/Audit & Risk	Listed in Trust Deed. Annual letter to DIA & Minister.	General Manager reports annually to Trustees.	Maintain General Manager's annual report. In addition DIA do monitor.
39	Legislation Compliance	Low	Significant	Audit & Risk Committee/ Trustees	Various Acts.		Trust Deed & Community Trusts Act 1999, Trustees Act, OSH Act, Financial Reporting Act, Employment Act, etc.
40	IRD/DIA or Government interference	Low	Medium	Trustees/Tax Advisor	Chairs Group Meeting with DIA/Minister. Minimal contact with IRD. All records held for min of 7 years.	DIA represents the Minister. Relationship with CTs respectful.	Community Trusts Act. Maintain protocols around applicants' tax status and governance policies. Lobby DIA/Minister.

Risk #	Identified Fraud Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
41	New Chairman and New General manager	Low	Not significant	Trustees/All Staff	Appointment of a new Chair and new General manager exposes the Trust to a lack of institutional knowledge if both leave unexpectedly	Cover and knowledge of ECCT can be provided by experienced Trustees and Staff	No action required.
42	Negative publicity	Low	Significant	Chair/Trustees	Concerns & complaints register. Brand Research 2001. Effectiveness Survey 2005.	The two research documents were both very positive and recorded high satisfaction.	Draft of Grievance Policy prepared.
	IT						
43	General Computer system failure	Medium	Significant	Donations Manager/TKP	Internal back ups stored off-site.	Current procedure provides adequate comfort.	Reconsider the current procedures. Apply Business Continuity Plan.
44	Te Kete Putea (DMS & FMIS failure or budget overruns)	Medium	Significant	Donations Manager & providers	TKP back ups off-site. Help Desk. Governance role with Chairs Group. Directors appointed.	The inevitable budget over run. Enabling support under pressure - Helpdesk training for portal.	TKP Help Desk & Enabling. Also involved closely will be the four elected Directors and the appointed Management Group. Apply Business Continuity Plan.
45	Viruses affecting the Computer system	Medium	Significant	Staff & Trustees	Anti Virus software installed	IT provider to provide regular checks, software updated regularly	IT provider to be contacted as required

PART TWO - E&CCT FRAUD RISK ASSESSMENT FORM

FINANCIAL REPORTING

Income

46	Not recording Fund Manager or Bank receipts	Low	Significant	General Manager	All transactions are made by direct credit into cheque account & transactions published monthly..	Monthly reconciliation - transparent through Mngmt Report. Annual & Interim Audits.	No action required
47	Not recording applicant cheques	Low	Not significant	General Manager & Admin Officer	All cheques banked into cheque account & transactions published monthly.	Donation Written Back report to Trustees. Annual & Interim Audits.	No action required

Expenses

48	Not entering invoices	Low	Not significant	General Manager & Admin Officer	All invoices are approved by the General Manager and GL codes checked	Monthly check on regular creditor invoices. Annual & Interim Audits.	No action required
49	Incorrect GL coding	Medium	Medium	General Manager & Admin Officer	Check on GL codes at invoice approval by General Manager.	Monthly review of the Financial Performance Statements. Annual & Interim Audits.	No action required
50	Fictitious Vendors	Low	Significant	General Manager & Admin Officer	Check on all invoices by General Manager. Negotiated contract price for reviews.	All creditor payments are listed in Mngmt Report. Contacts for vendors in FMIS.	No action required - Management aware of small list of regular vendors (25).

51	Inflated invoices	Medium	Medium	General Manager & Admin Officer	Check on all invoices by General Manager. Negotiated contract price for reviews.	All creditor payments are listed in Mngmt Report - Trustees expected to question.	No action required
Risk #	Identified Fraud Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
CASH TRANSACTIONS							

52	Cash receipts	Low	Not significant	All staff.	There are no receipts of cash within the Trust's operations	None required	No action required
53	Petty Cash purchases	Low	Not significant as balance <\$200	All staff (cash locked in safe overnight)	Petty Cash reconciled at end of each month. All receipts retained.	Monthly reconciliation and sign off by the General Manager - works well.	No action required
54	Imprest card	Low	Significant but balance kept < \$2,000.	All staff (card locked in safe overnight).	All invoices signed off by the General Manager on the day of the expenditure.	Monthly reconciliation of imprest bank balance. Transfers recorded in Mngmt Report.	Only senior managers to use if any sign of misuse. Change PIN.
55	Credit Card	Low	Significant but Limit kept at \$5k	General Manager, Donations Manager, Donations Assessors	All Statements checked by GM for approval. GM Statement signed retrospectively by Chair	Monthly reconciliation by Admin Officer, sign off by General Manager and Chair. Reported in Monthly Reports	Only work related expenses. Abuse will lead to removal of card from staff member

EXPENSE CLAIMS

56	Staff and Trustee expense claims	Low	Not significant	All staff and Trustees.	Payment of expenses requires invoice and receipt of payment.	All expense claims signed off by General Manager - rechecked once in Payroll.	No action required - addressed at new Trustee Training Day annually.
57	Staff and Trustee mileage claims	Low	Not significant	All staff and Trustees.	Starting point and destination stated on staff claim form (AA checks at times) along with engine cc. Annual AA rates sought.	All expense claims signed off by General Manager - rechecked in Payroll. Payment authorised by two delegated authorisers	No action required - addressed at new Trustee Training Day annually.

PAYROLL

58	Unauthorised adjustments	Low	Significant	Prepared by Admin Officer. Payroll installed on three PCs only.	Payroll approved & imported into desk banking by General Manager. Access to Payroll on three computers only (passwords).	Payment authorised by two delegated authorisers. Payroll batches reported in Mgmt Report cash flows.	Only achievable if two collaborate. Two dismissals?
----	--------------------------	-----	-------------	-----------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------	-----------------------------------------------------

Risk #	Identified Fraud Risk	Likelihood	Significance	Staff/People	Existing Controls	Controls Assessment	Risk Response
FIXED ASSETS							
59	Theft by employees	Low	Significant	All staff	Majority of assets highly visible and required daily. Asset register.	Asset Register checked annually. Trustees to be advised when assets removed from register.	Inform the Police. Dismissal.
60	Theft by others	Low	Significant	Cleaner and Security on nightly basis, other visitors, burglars.	Portable laptops (2) taken home most evenings. Safe and filing cabinets locked	Asset Register check annually. Security alarm sound and monitored.	Inform the Police. Readdress security measures - continue to ensure the premises are locked each evening.
DONATIONS							
61	Fictitious applications by staff	Low	Significant	Staff	Deposit slip, financials, legal & tax status etc. Staff recommendation part of process. Sign off by Donations Manager & Trustees	Applications only submitted to the Board once all information is received	Staff dismissal.
62	Collusion between a staff member and a Trustee	Low	Significant	Staff & Trustee	Sign off of application by Trustees at Trust Meeting and two authorised signatories at payment time.	Meeting outcomes checked by three staff members and payment approval by two.	Dismissal of staff member and enforced retirement of Trustee.
62	Collusion between two staff members	Low	Significant	Two staff members	Sign off of application by Trustees at Trust Meeting and two authorised signatories at payment time.	Meeting outcomes checked by three staff members and payment approval by two.	Dismissal of staff members involved.

CHANGES SINCE LAST REVIEW

The following changes have been made since the last review and are colour coded in **red**:

DATE OF CHANGE 21st May 2015

45 Virus infection in computer system

Last Board Review - Audit & Risk Committee Meeting: 26th March 2015

Last updated and approved by Board: 28th May 2015
J:Policy>RiskManagementAssessment