



Eastern & Central
**COMMUNITY
TRUST**

Helping fund a better community

AUDIT & RISK COMMITTEE MEETING

Monday

21st March 2016

Commencing at 4.00 pm.

AGENDA PAPERS

**THE AGENDA FOR A MEETING OF THE A & R COMMITTEE OF THE EASTERN AND CENTRAL
COMMUNITY TRUST INC., TO BE HELD AT THE TRUST'S OFFICE, ON MONDAY 21ST MARCH
COMMENCING AT 4:00 P.M.**

Ring 08 30 33, then on voice prompt enter the PIN 333352 followed by the hash key.

SECRETARIAL AND COMMITTEE ADMINISTRATION ITEMS

1. Welcome and Apologies
2. Draft Minutes of the A & R Committee Meeting held February 25th 2016 : [pages 2-5](#)
3. Matters arising and action items: [pages 6-7](#)

OPERATIONAL REPORTS TO THE COMMITTEE

4. General Managers Report to the Committee: [pages 8-10](#)

COMMITTEE DECISION PAPERS

5. Notes to Financial Statements: [pages 11-23](#)
6. Audit Plan Update: [Refer GM Report](#)
7. Draft Budget 2016/17: [pages 24-28](#)

COMMITTEE INFORMATION PAPERS

8. Risk Register Project Update: [A & R Chair to provide update](#)
9. General Business

Close of Meeting

Next meeting: 28th April 4:00pm

**MINUTES FOR THE MEETING OF THE AUDIT & RISK COMMITTEE OF THE
EASTERN AND CENTRAL COMMUNITY TRUST INC.,
HELD IN THE MEETING ROOM, 1ST FLOOR, WESTERMAN'S BUILDING,
102-104 RUSSELL STREET SOUTH, HASTINGS,
ON THURSDAY 25TH FEBRUARY, COMMENCING AT 4.00 PM.**

PRESENT:

In Person: Mark Kilmister, Jonathan Bell (General Manager), Kelie Jensen (Trust Secretary)

Stuart Signal (Auditor)

Teleconference: Shelly Mitchell-Jenkins (Chair), Geoff Milner, Stephen Kerr,

COMMITTEE DECISION PAPERS

Meeting started at 4.07pm

1. Audit Plan Update (Agenda Item 11)

Auditor Stuart Signal presented the Audit Plan Report and noted:

- Responsibilities of management, the Board and the auditor.
- Confirmation of auditor independence; noted that ECCT has engaged external consultants RSM for advice on new PBE standards.
- Auditing standards require that auditors begin with a presumption of risk around 1) fraud, and 2) recognition of revenue; focus is on 1) revenue recognition, and 2) opportunities for management to override controls.
- Identified four areas of key financial statement risk: 1) valuation of investments, 2) valuation of derivatives, 3) valuation of private equity, 4) new financial reporting framework.
- Trustees asked about valuation of private equity, particularly for the future as plans are to increase PE investment up to \$20M. S Signal noted that accounting at Fair Market Value (FMV) will likely be required; will likely rely on PCP and other fund managers FMV valuations (noted \$44K discrepancy at 2015 year end was not material); increased level of PE investment means this will be a growing area for audit interest. Trustees noted recent decisions to invest in two PE funds – these will need to be included in the notes as uncalled commitments once accepted by the PE fund managers. **ACTION ITEM**
- New reporting framework: although resulting in only minor changes, this will be an audit focus because it is the first year. Trustees noted that the GM has completed a first draft of the notes based on the new framework – the GM confirmed that this has been sent to S Kerr for feedback early next week and will then be sent to the auditor.
- Timetable: critical dates are May 2nd (Draft financial statements due) and May 26th (A&R Committee clearance on financial statements). The GM noted that reporting in the *Gazette* is no longer required. Trustees noted that the A&R Committee will need to see the final accounts the week prior to the May 26th Trust Meeting. **ACTION ITEM** The GM confirmed that the A&R Committee will see draft accounts in April before they are provided to the auditor; Trustees also noted the importance of ensuring the full Board have access to the accounts and information throughout the audit process.
- Materiality: historically the level of materiality was not disclosed prior to the audit, but the trend is now to disclose up front; S Signal has taken the view that “the community” is the primary user of the financial statements and on that assumption, the level of donations has been used to set materiality this year – \$150,000 (3% of donations), with reporting to the Board of any unadjusted differences greater than \$15,000; note that this threshold is lower than in previous years.
- Fees: \$17,400 (reduced from \$18,100 in 2015).

- Team: audit supervisor, Vipin Thomas, has had preliminary meeting with management.

1.1 RESOLUTION

The Committee resolved to receive and agree to the Audit Plan and Audit Fees, as presented on pages 70-79 of the February Audit & Risk Agenda Papers.

S Kerr/M Kilmister

CARRIED

2. Audit Engagement Letter (Agenda Item 10)

2.1 RESOLUTION

The Committee resolved to accept and approve for signatory by the Committee Chair, the Auditor Engagement Letters for the audit of the Trust's Full Financial Statements and Summarised Financial Statements, as presented on pages 58-68 of the February Audit & Risk Agenda Papers.

S Mitchell-Jenkins/S Kerr

CARRIED

Auditor S Signal left the meeting at 4.32pm

SECRETARIAL AND ADMINISTRATION ITEMS

3. Welcome and Apologies (Agenda Item 1)

3.1 RESOLUTION

The Committee resolved to accept an apology from Caren Rangī.

S Mitchell-Jenkins/M Kilmister

CARRIED

4. Draft Minutes of the Audit & Risk Meeting held on 28th January 2016 (Agenda Item 2)

4.1 RESOLUTION

The Committee resolved to approve the minutes of the meeting held on 28th January 2016 as a true and accurate record of the meeting.

S Mitchell-Jenkins/S Kerr

CARRIED

5. Matters Arising and Action Items (Agenda Item 3)

Matters Arising:

- Trustees noted that an action item from the last page of the minutes was not transferred to the Action Plan – the GM to please add Work Plan item to the A&R Agenda for the next few meetings. **ACTION ITEM**
- #4 – Schedule of dividend payments from Public Trust: The GM has requested the report, but not yet received.
- #14 – Drafting of new Notes for the Financial Statements: The GM advised that RSM will review for a nominal fee, following feedback from S Kerr.

OPERATIONAL REPORTS TO THE COMMITTEE

6. General Manager's Report to the Committee (Agenda Item 4)

The Committee received and noted the General Manager's report to 18th February 2016 and the Financial Information Papers to 31st January 2016. Noted:

- Error on cover page – should be 18th February, not 18th January.
- The GM will be seeking feedback from John Prendergast, CE of Southland Trust, on the decision to replace M Chamberlain as Funds Advisor.
- Asset Allocation / the question around the 0% Private Equity figure – the GM noted that this does not line up with SIPO and will provide clarification at the March Trust Meeting, following further discussion with M Chamberlain. **ACTION ITEM**

FINANCIAL INFORMATION PAPERS

7. Dashboard Report to 31st January 2016 (Agenda Item 5)

- Dashboard lights have improved, but still behind budget for income – the GM noted that although not great, given the current market, the Trust is in a reasonable position; Trustees discussed if/how the year end result will impact on the message to be communicated at the APM – noted that the message remains consistent 1) even if the P&L is less favourable, the B/S remains strong and the capital of the Trust has been maintained, and 2) in difficult market conditions, the Trust has continued to service the community by making donations.

8. Summarised Financial Position & Financial Performance YTD (Agenda Item 6)

- Commitments Schedule: Te Whare Whai has not responded to requests and will be written back; Pahiatua Railcar Society had extension granted and should be in a position to report back by end of March; Martinborough Town Hall Development Trustees noted significant negative discussion in the community / from ratepayers.

9. Hedging Report (Agenda Item 7)

- Update: as of today the position was at -\$389K (was worst at -\$1.3M) and the GM believes the NZ\$ will continue to strengthen slightly before close.

10. Draft Budget 2016/17 (Agenda Item 8)

- S Kerr raised several questions to the GM by e-mail – the GM has responded to most and will circulate to the Committee. **ACTION ITEM** More work to be done, particularly around income (the GM is awaiting further information from the Public Trust) and income assumptions; once this work has been done, the GM will circulate an updated Budget to the Committee. **ACTION ITEM** At that point it will be clear whether the bottom line is a deficit and the Committee can consider, if applicable, whether they are willing to present a deficit budget to the Board.
- Other questions raised by S Kerr, specifically Trustee Expenses, are less material. The Committee Chair suggested removing these from the Budget process and addressing concerns at a later date. The GM noted limitation in reporting Trustee Expenses in more detail due to current G/L coding – he will extrapolate 2-3 key expense classes eg: Trustee Accommodation and will add more G/L codes for future reporting. **ACTION ITEM**
- M Kilmister offered to do benchmark analysis exercise on Budget from 2012-2016 for presentation to the Board at the March Trust Meeting. The GM to please provide the relevant information. **ACTION ITEM**
- Trustees also suggested the GM provide rationale and information to support the assumption of a 2.5% increase in staff remuneration. **ACTION ITEM**
- The Budget will need to be included in the Agenda Papers for the March Trust Meeting, for approval at that meeting. **ACTION ITEM** The Board is looking to the

A&R Committee for assurance and the Committee will likely need to convene an additional teleconference meeting prior to preparation of the March Agenda Papers. Trustees noted that where possible, Committees should avoid meeting the day of the Board Meeting.

11. Summarised Fund Manager Reports (Agenda Item 9)

Noted.

COMMITTEE INFORMATION PAPERS

12. Risk Register Project Update

- S Mitchell-Jenkins provided a verbal update – she, C Rangi and the GM met following the last A&R Committee meeting to discuss the scoring system, but came to the conclusion that more work needs to be done on identifying / detailing risks first; this is in progress.

13. General Business

- Teleconferencing: The GM noted that a proposal will be included in the 2016/17 Capex Budget at a cost of approx. \$12K.
- Office Space update: Currently two potential options; the GM will present a formal proposal to the Board at the March Trust Meeting.
- Elevation Capital: Trustees continued to raise concerns over EC performance; the GM reiterated that C Swasbrook will be in attendance at the March Trust Meeting and Trustees will have an opportunity to raise concerns directly; also that the formal performance review will be conducted by the GM, Chair and M Chamberlain in April.

14. Close of A&R Committee Meeting

Next A&R Meeting will be held on Wednesday 30th March at 12.00pm. Audit Meeting with Auditor.

There being no further business, S Mitchell-Jenkins closed the meeting at 5.12pm.

A & R COMMITTEE ACTION PLAN

Meeting Date; 25th March 2016

#	ACTION	WHO	WHEN	STATUS
1	Add amended Trustee exit interview strategy to plan and charter	Jonathan	At Governance Charter Review	Pending
2	Review Fund Managers Contracts	Jonathan	Sept	Part of Annual Review due March/April 2016
3	Elevation Capital – Holding more cash than mandate	Jonathan & MCA	Mar/Apr	To be discussed at Annual Review in Mar/Apr
4	Request Schedule of dividend payments from Public Trust	Jonathan	Feb	Completed
5	ECCT needs income as well as gains in the portfolio – emphasise to Fund Managers	Jonathan	March	Part of review process
6	ECap \$2mill which is now being managed by ECCT still needs to sit on their reports. GM to clarify	Jonathan	Feb	Completed
7	NZ Bonds – Ask Michael Chamberlain the general question “Is the allocation of NZ bonds where you would have it?”	Jonathan	Feb	Completed
8	Ethical Investment – Add to January Board meeting as an agenda item	Jonathan	Jan	Agenda item for Strategic Retreat in June
9	GM to seek advice from RSM Audit on valuing Private Equity Investment	Jonathan	March	Expect an opinion on this by end of March
10	Public Trust Custodial Letters and System update – GM to inquire	Jonathan	ASAP	Completed
11	Audit Plan to be provided Committee prior to Feb Meeting	Jonathan	Feb	Completed
12	Committee members to email Jonathan with any questions they would like raised with Elevation Capital for their review	Trustees	March	Pending
13	Drafting of new Notes for the Financial Statements	Jonathan & Andy	Feb	Meeting planned Friday 19 th Feb
14	Risk Register Matrix development – Update to be reported at the Feb meeting	Shelly & Caren	Feb	Feb Agenda Item
15	Private Equity Commitments – To be included in Notes to Financial Statements as uncalled commitments	Jonathan	May	Noted
16	Financial Statements to be provided to the A & R Committee prior to May 26 th Board Meeting	Jonathan	May	Noted

17	Work Plan Update	Shelly/Caren	Ongoing	Update from Committee Chair in meetings
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Report type:	A & R Committee Decision Papers
Recommendation:	The A & R receives and accepts the General Managers Recommendations as outlined in his report
Agenda item no:	n/a
Subject:	General Manager's Report to the A & R Committee
Responsible for the report:	Jonathan Bell

Purpose of report:	To inform the A & R Committee of progress and/or exceptions to the achievement of the 2015/16 Audit Plan. Provide an updated Forecast Budget with assumptions for the committee to consider.
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GENERAL MANAGERS REPORT MARCH 2016

1.0 Action Plan

The action plan is attached and the following comments are made;

#4 – The Public Trust were unable to provide future dividend payments. To extrapolate this information from their system requires annual intervention and would be extremely time consuming.

#9 – RSM Audit will be providing an official response within the next two weeks. They have contacted our auditor as part of the process.

#12 – Michael Chamberlain and the General Manager are beginning to develop the review format for the fund Managers.

#13 – See below

2.0 Financial Reporting new XRB Standards

Attached is a copy of the Notes to the Financial Statements which has been developed by Andy Arcus and myself, and reviewed and commented on by Jason Stinchcombe of RSM Audit. We have provided this to Stuart Signal and will await his comments on the proposed reporting. Stuart has indicated that they will be sending the document to one of their technical people based in Auckland.

3.0 Draft Budget 2016/17

The draft budget was sent out earlier in the week and is version number 5.

In response to Mark and Stephens questions received on 17th/18th March;

- Bonds self-interest has been adjusted
- Capex Budget is now included and attached
- Brokerage Fees – We decided to remove these from the expenses and treat them as cost of trading. The question can be asked of the Fund Managers as to what they intend to do in the coming twelve months. Interesting to note that the most activity comes from Forsyth Barr, not Elevation Capital.
- Video Conferencing is now in the Capex budget attached
- Savings form rent & rates is in the order of \$17k per annum
- I envisage the Comms plan could cost approximately \$30k. This project would consider reviewing and revamping our current website, reviewing who and how we communicate with people and determining what we should be communicating to people. This includes our application forms, letters, emails and their distribution lists, funding clinics, newspaper articles etc.
- Computer expenses – TKP \$3k per annum, H/Bay Technologies \$9.8k per annum, contingency of \$3k.
- Trustee expenses – This is an area which we need to invest in. The last Trust meeting it was suggested that the General Manager lead this.
- Audit Fees – the number in the budget is the quoted fee from Staples Rodway
- Custodian fees are a direct result of any activity in the portfolio, the more activity the higher the fees. This year we have had more activity hence slightly higher than budgeted.

The current version of the budget has some slight changes from the last versions, notably a reduction in the Promotion budget, and the computer expenses and an increase in Professional expenses to accommodate the work that we would like to start with the Centre for Social Impact on the development of our Funding Strategy, Funding Framework and the start of our new Distributions Policy.

I would make the following comments on different options which we can consider

- a. Leave the budget as is and present to the Board as forecasting a minor loss
- b. Reduce the Donations Budget to achieve a break even budget

When considering these two options I would make the following observations.

- We are considering a budget for the coming twelve months however we need to consider our long term focus on investment and community support
- We could maintain our level of donations by using some of the reserves
- We currently have reserves of approximately \$14 million

4.0 Audit Plan

The Audit Plan as presented by Stuart Signal is tracking to timelines apart from the Notes to Financial Statements which is two weeks behind schedule. I do not believe this will hinder the completion of the proposed field work or the compilation of the Financial Statements and associated Annual Report.

Jonathan Bell
General Manager
18th March 2016

EASTERN AND CENTRAL COMMUNITY TRUST INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. REPORTING ENTITY

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

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

2. BASIS OF PREPARATION

The Trust Inc is a Public Benefit Entity (PBE) and has chosen to report in accordance with Tier 2 PBE Standards and applied disclosure concessions. Tier 2 Standards have been adopted as the entity has no public accountability as defined by the standards, and has expenses less than \$30 million.

a) Statement of Compliance

The financial statements, for the year ended 31st March 2016, have been prepared in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements were approved by the Board of Trustees on 26th May 2016.

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 PBE Standards (Reduced Disclosure Regime) 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.

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 revenue and expenses as revenue.

EASTERN AND CENTRAL COMMUNITY TRUST INC

b) Financial Instruments

The Trust classifies its financial instruments in the following categories: financial assets at fair value through surplus or deficit; 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 surplus or deficit. Financial assets carried at fair value through surplus or deficit are initially recognised at fair value and transaction costs are expensed in the surplus or deficit. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through surplus or deficit

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

The investment portfolio financial assets meets the condition for designation in this category at initial recognition as they form an investment portfolio which is managed and evaluated on a fair value basis, in accordance with investment strategy contained in the Trust's Statement of Investment Policies and Objectives.

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, except where a decline is considered to be an impairment of the asset. 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.

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

EASTERN AND CENTRAL COMMUNITY TRUST INC

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 revenue and expenses 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 of assets

Plant and equipment

The Trust's plant and equipment is considered to be a non-cash generating asset. 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 revenue and expenses.

Financial assets

Where there is objective evidence of impairment subsequent to the initial recognition of a financial asset - such as a default or significant financial difficulty of the counterparty - the expected recoverable amount of financial assets carried at amortised cost is calculated as the present value of estimated future cash flows to be received from the asset, discounted at their original effective interest rate. Receivables with a short duration are not discounted. For an equity security classified as an available-for-sale financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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 revenue and expenses on a straight line basis.

m) Cash Flows

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The cash flow statement is prepared inclusive of GST, which is consistent with the method used in the statement of comprehensive revenue and expense. 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.
- 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 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 an estimate of its 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 using the DMS Database. The Trust has agreed to pay fees to the limited partnership of 7.93% of the operating costs.

	2016 \$	2015 \$
Opening balance at beginning of year		90,656
Capital contribution	-	-
Impairment	-	<u>(18,131)</u>
Closing balance at end of year		72,525

5. EXPENSES

	2015 \$	2015 \$
Administrative expenses		
Office administration		104,801
Advertising and promotion		67,924
Fees paid to the auditor for		22,640
- audit of the financial statements		1,014
- professional advice		2,300
- agreed upon procedure engagement		17,298
Depreciation		109,577
Rent and services		93,092
Professional expenses		24,015
Donation expenses		

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Impairment of Limited Partnership	18,131
Loss on disposal	248
Other expenses	<u>9,838</u>
	470,869

Investment expenses

Fund managers' fees	379,101
Brokerage fees	57,894
Custodian fees	<u>49,050</u>
	486,045

Personnel expenses

Trustees' remuneration	171,300
Trustees' meeting expenses & training	55,604
Trustees' liability insurance	9,537
Staff remuneration	482,611
Staff training and travel	20,762
KiwiSaver contributions	18,431
ACC levies	<u>(544)</u>
	757,701

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 (2015:\$3.6 million) to ensure the "real" capital of the Trust is maintained.

	2016	2015
	\$	\$
Balance at the beginning of the year	143,934,669	140,334,669
Transfer from donations reserve	<u> </u>	<u>3,600,000</u>
Balance at the end of the year		143,934,669

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.

	2016	2015
	\$	\$
Balance at the beginning of the year		7,913,036
Transfer (to) capital reserve		(3,600,000)
Gain/(Loss) for the year		<u>14,085,026</u>
Balance at the end of the year		718,398,062

Donation Reserve as a % above Trust Capital	12.8%
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c) Total Equity

Trust Capital	143,934,669
Donations reserve	<u>18,398,062</u>
Equity balance at the end of the year	162,332,731

7. FINANCIAL ASSETS HELD FOR TRADING

All portfolio investments are classified as fair value through surplus or deficit.

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	2016 \$	2015 \$
<i>Investment portfolio movement</i>		
Opening balance		137,856,245
Net income & change in value		21,443,361
Investment in portfolio		5,093,443
Withdrawals to fund donations (net)		<u>(7,607,624)</u>
Closing Balance		156,785,423
<i>Investments comprise</i>		
Bonds		55,617,403
Equities		100,493,473
Private equity		<u>674,547</u>
		156,785,423
<i>Investments held in:</i>		
New Zealand		59,109,868
Offshore		<u>97,675,552</u>
		156,785,423

8. PLANT & EQUIPMENT

	2016 \$	2015 \$
Cost		
Opening balance at beginning of year		187,553
Additions		15,981
Disposals		<u>(15,087)</u>
Closing balance at end of year		188,447
Depreciation & Impairment Losses		
Opening balance at beginning of year		152,535
Depreciation for the year		17,289
Impairment	-	-
Disposals		<u>(14,838)</u>
Closing balance at end of year		154,986
Carrying Amounts		
At beginning of year		35,018
At end of year		33,461

9. CASH AND CASH EQUIVALENTS

	2016 \$	2015 \$
Current accounts		388,209
Call account		883,957
Petty cash		5
Short term deposits		<u>5,534,538</u>
Total cash and cash equivalents		6,806,709

10. NET COMMUNITY DONATIONS

	2016 \$	2015 \$
Standard donations		2,066,116
Special donations		<u>3,249,849</u>
Total community donations		5,315,965
Less donations written back		<u>(148,424)</u>

EASTERN AND CENTRAL COMMUNITY TRUST INC

Net community donations

5,167,541

Total of donations payable at year end was \$ (2015 -\$1,939,042). Included in donations payable was \$ (2015 -\$1,825,799) of donations which are subject to the applicants fulfilling certain conditions.

11. RECONCILIATION OF OPERATING CASH FLOWS WITH NET SURPLUS

	2016	2015
	\$	\$
Comprehensive revenue and expenses for the year		14,085,026
<i>Adjust for non-cash items:</i>		
Foreign Exchange (Gains)/Losses		(3,854,389)
Change in fair value of financial assets held for trading		(10,297,410)
Unrealised (gains)/losses on derivatives		548,878
Total unrealised (gains)/losses		(13,602,921)
Realised (gains)/losses on financial assets held for trading not paid in cash		(2,892,849)
Depreciation		17,289
Impairment – investment in Te Kete Putea Limited Partnership		18,131
Management fees not paid in cash		108,915
Loss on Disposal		248
<i>Movement in working capital items:</i>		
(Incr)/Decr in trade & other payables & employee entitlements		10,061
(Incr)/Decr in donations payable		280,992
(Incr)/Decr in sundry debtors		(15,826)
Net principal (investment)/withdrawal in financial assets held for trading		(1,993,443)
Net operating cash flows		(3,984,378)

12. CONTINGENCIES & COMMITMENTS

Capital Commitments

The Trust has a commitment of \$million being the uncalled balance of the private equity fund with Pioneer Capital Partners Limited (2015: \$1.3 million).

Operating commitments	2016	2015
	\$	\$
Less than 1 year		68,838
1 – 5 years		24,805
Over 5 years		-
		93,643

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

During the year ended 31 March 2016, \$ was recognised as an expense in the statement of comprehensive revenue and expenses in respect of rent and other operating costs (2015:\$65,340). The commitment for the coming year ending 31 March 2017 in respect of rent and other operating costs is \$.

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 (2015: nil).

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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 the General Manager. Short term benefits paid to key management personnel year ended 31 March 2016 were \$ (2015:\$316,396).

At balance date, the Trust owed no money to related parties:

No related party balances owed or owing were written off or forgiven during the period.

Remuneration paid to key management personnel

	Number of FTE's	Number of FTE's	2016 \$	2015 \$
Board of Trustees			-	-
Senior Management			-	-
			<u>-</u>	<u>-</u>

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			13,200
Anna Hansen			12,000
Stephen Kerr			13,200
Mark Kilmister			12,000
David Lea			13,200
Kaye McAulay			13,200
Margaret Millard			13,200
Bruce Mills			16,500
Geoff Milner			26,400
Shelly Mitchell-Jenkins			13,200
Caren Rangi			12,000
Robyn Rauna			13,200
Total Fees			171,300

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14. FINANCIAL INSTRUMENTS

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

Financial Assets 31 March 2016	Fair value through Surplus or deficit	Loans and receivables amortised cost	Available for sale, carried at Fair value
<i>31 March 2016</i>			
Cash and cash equivalents	-	-	-
Trade receivables	-	-	-
Other receivables	-	-	-
Investments	-	-	-
	<hr/>	<hr/>	<hr/>

a) Financial Liabilities

	2016 \$	2015 \$
Trade Payables		167,639
Donations Payable	<hr/>	<u>1,939,042</u>
		2,106,681

b) 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 Audit & Risk 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 2015. MCA NZ Limited assists both management and the Trustees with investment advice and portfolio management.

c) 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

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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 income and growth opportunities.

2016

Portfolio	Investment Manager	Investments	Allocation	
			Target \$m	Actual \$m
Listed Shares	Forsyth Barr Elevation Capital	NZ and international shares & listed property NZ and international shares & listed property <i>-offshore component 50% hedged to NZ dollars</i>		
Private Equity	Pioneer Capital Partners	NZ private equity funds		
NZ Bonds	Forsyth Barr	NZ bonds		
Offshore Bonds	PIMCO	Pooled investment fund (international bonds) <i>-100% hedged to NZ dollars</i>		
		Held for Trading		
Cash	Self managed	Bank deposits		
		TOTAL		

2015

Portfolio	Investment Manager	Investments	Allocation	
			Target \$m	Actual \$m
Listed Shares	Forsyth Barr Elevation Capital	NZ and international shares & listed property NZ and international shares & listed property <i>-offshore component 50% hedged to NZ dollars</i>	39.5 39.5 79.0	52.2 48.3 100.5
Private Equity	Pioneer Capital Partners	NZ private equity funds	20.0	0.7
NZ Bonds	FBEC	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	162.3

d) 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 2016 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	2016 \$	2015 \$
NZ Bonds						35,492,322
Offshore Bonds						15,493,498
Cash with Manager						4,631,583

EASTERN AND CENTRAL COMMUNITY TRUST INC

Total		55,617,403	55,617,403
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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	58,092,888

e) 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.

f) 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:	2016	2015
	\$	\$
Foreign currency denominated assets		97,675,552
Less fully hedged Funds		15,493,498
Less forward foreign exchange contracts		<u>14,300,000</u>
Unhedged currency exposure at 31 March		67,882,054

Unhedged currency exposure:

USA/Canada	38,691,613
UK/Europe	16,082,156
Australia	<u>13,108,285</u>
	67,882,054

The following table details the three-month forward foreign exchange contracts outstanding as at 31st March 2016:

Currencies	Buy Amount NZD	Deal Rate 18 March 2016	Valuation Rate 31 Mar 2016	Gain/(Loss) NZD
Euros	6,000,000			
British Pounds	4,000,000			

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US Dollars	17,000,000			
AUS Dollars	4,000,000			
TOTAL	31,000,000			

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 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
	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

f) Fair Value Measurement

Fair values of investments in traded shares and bonds have been determined by reference to published bid prices in an active market. The fair value of the investments in the private equity limited partnerships is based on the net asset value of the fund, based on valuation techniques such as market multiples, discounted cashflows and precedent transactions using observable inputs where available.

Fair value of derivatives are based on “mark-to-market” quotes as at balance date, which in turn are based on current equivalent forward rates.

16. TRUSTEES’ INDEMNITY LIABILITY INSURANCE

Trustees’ indemnity liability insurance of \$ (2015:\$9,537) 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. (2015: Nil).

EASTERN & CENTRAL COMMUNITY TRUST

YTD and Proposed Cash Flow Budget for the Year Ending 31 March 2017 - J Bell 18th March 2016

	2015/16 Act Budget	10 months Actual YTD	10 months Budget YTD	Comments	2016/17 Budget	2016/17 Comments
INCOME						
REALISED INVESTMENT INCOME						BASED ON ASSETS \$164m (31st Dec 2015)
New Zealand						
Shares FBarr Interest	7,000	28,884	6,600		10,000	
Shares FBarr Dividend	1,968,750	1,532,084	1,805,000	Behind by \$300k	1,882,500	3.75% on \$50.2m.
Shares FBarr Disposal gain/loss	0	0			-	Private Equity commitment will reduce the income in Equity portfolio as earns zero %
Shares ECap Interest	7,000	28,901	6,000		10,000	
Shares ECap Dividend	1,848,750	1,650,243	1,705,000	\$55k behind	1,803,750	3.75% on \$48.1m
Shares ECap Disposal gain/loss	0	0			-	
Bonds Self Interest	2,400,000	2,004,715	2,220,000	\$220k behind budget	2,200,000	6.0% on \$37m (expected return)
Bonds Self Disposal gain/loss	0	0			-	current return is 6.03%
Cash Self Realised Income	336,000	209,845	282,000	\$73k behind budget	201,000	3.35% on \$6.0m - TD average is currently 3.38%
Sundry Income	170	0			170	HB Power Dividend
Overseas						
Shares SSGA Dividend	0	0				
Bonds Pimco Interest	850,000	700,336	850,000	\$150k behind budget	1,080,000	6% on \$18m - Current return is 6.2%
Bonds Pimco Disposal gain/loss	0			last year		
Total Realised Income	7,417,670	6,155,008	6,874,600	798000 behind	7,187,420	\$230k less on 2015 budget
UNREALISED INVESTMENT INCOME						
Total Unrealised Income	0	0			0	
TOTAL INVESTMENT INCOME	7,417,670	6,155,008	6,874,600		7,187,420	This equates to a 4.38% return on Investments as at Jan 2016
EXPENSES						
Administration Expenses						
Advertising - Statutory	17,000	40,646	17,000	Over budget	34,000	Under budgeted last year
Promotion	70,000	24,059	56,000	Under Budget	50,000	Reduction from last year
Rent & Services	115,000	91,473	99,000	On Budget	115,000	If we move this could drop by \$15k
Telephone	14,000	12,208	12,000	Over Budget	14,000	same as last year
Postage	4,000	2,799	3,300	On budget	4,000	Same as last year
KiwiSaver net Contributions	17,000	13,609	14,250	Under budget	16,000	Calculated at 3% of actual salaries
Printing & Stationery	14,000	9,438	11,800	On budget	13,000	Slight decrease
Insurance	6,000	5,387	6,000	Over budget	6,000	Life (JB) & Contents
General Expenses	4,000	2,517	3,060	Tightly controlled	3,000	Dropped by \$1k
Computer Services	80,000	71,570	75,100	On Budget	67,000	From TPK Forecast Budget & New computer provider
Staff Remuneration	450,000	359,899	370,500	On Budget	436,000	See assumptions
Staff Training	8,000	2,347	6,000	Under budget	7,000	See assumptions
Staff Travel	30,000	18,286	26,000	On budget	24,000	Slight reduction from last year
ACC Levies	1,500	1,660	1,500	as per budget	1,700	Same as last year
Total Administration Expenses	830,500	655,898	701,510		790,700	\$39.8k decrease on last year
Trustee Expenses						
Trustees Remuneration	175,000	138,357	141,100	Under budget	175,000	Stay the same as budgeted last year
Trustee Meeting Expenses	58,000	52,751	47,500	Over budget, extra meetings	65,000	Slight increase to align more with actual costs this year

Trustee Training	12,000	1,405	12,000		12,000	Budget \$1k/Trustee
Trustees Liability insurance	10,000	10,034	10,000	Completed	12,715	Accommodates a 5% increase plus Cyber Liability
Total Trustees Expenses	255,000	202,547	210,600		264,715	\$9.7k increase
Fee Expenses						
Affiliation Fees	7,500	6,325	7,500	PNZ increased sub	7,000	Philanthropy NZ & EMA increases
Conference Fees	20,000	16,719	10,000		30,000	CT's Cnf in Canterbury (Travel \$11k, Accom \$10k, \$4k contingency, meals taxis etc)
Donation Expenses	30,000	7,794	26,700		20,000	Less pools etc, reduced
Professional Expenses	90,000	66,151	78,000		120,000	Includes CSI Work - See assumptions
Audit Fees	20,000	12,103	20,000	No expense yet -March accrual	20,000	Same as last year
Brokerage Fees	25,000	0	-	Over Budget	-	No longer budgeted for
Custodian Fees	41,000	48,020	34,500	Over Budget	60,000	Public Trust & BNP Paribas
Fund Manager Fees	370,000	328,363	303,000	Slightly over budget	370,000	Same as last year
Total Fee Expenses	603,500	485,475	479,700		627,000	\$23.5k increase from last year
TOTAL EXPENSES	1,689,000	1,343,920	1,391,810		1,682,415	Budgeted expenses \$7.4k more than last year but Brokerage removed.
SURPLUS INCOME OVER EXPENDITURE	5,728,670	4,811,088	5,482,790	Well ahead of YTD budget	5,505,005	Surplus before donations
COMMUNITY DONATIONS						
Special Donations	2,970,000	2,567,600	2,646,000	Under budget	3,060,000	SIPO states 4% of \$147m capital base
Standard Donations	1,900,000	1,684,560	1,630,000	Under budget	1,963,000	which is approximately \$5.88m.
Discretionary Donations	20,000	0	18,000	Under budget	-	
Trust Initiatives	200,000	0	-	None	-	
Maths is Fun	93,500	93,500	93,500		105,000	Increase in programmes
Science Project	40,000	34,000	-		69,000	Was included in Special Donations last year. Programme increasing
Sports Trusts	340,000	340,000	340,000	Set at \$320,000	340,000	
Summer Reading Programme	250,000	250,000	250,000	Actual at \$230,000	250,000	Annual report to SPC in March Meeting
TOTAL DONATIONS APPROVED	5,813,500	4,969,660	4,977,500	Under budget?	5,787,000	\$168k increase from last year
Less Donations Written Back	-100,000	-351,868		Will end over budget	- 100,000	An unknown, but available for distribution
Total Community Donations	5,713,500	4,617,792	4,977,500	Will be under budget	5,687,000	
NET INCOME FOR YEAR	15,170	193,296	505,290		-181,995	
Hedging gain/loss	0	0			-	Not budgeted for
NET INCOME AFTER HEDGING	15,170	193,296			- 181,995	

Assumptions

Staff Remuneration					
Budget same as last year					
Percent Increase	No Change	2.50%	2.00%	1.50%	
Current Remuneration 2015-16	424,740	10,619	8,495	6,371	
Total	424,740	435,359	433,235	431,111	

Staff Travel Based on the travel we have done for the first nine months, and the funding clinics and forums planned for next year (11 by \$1.25k) we are estimating a slight reduction in the budgetted figure from last year, down \$5k

Total Budgeted	25,000
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Donation Expenses	The trend of school pool applications did not occur, however we believe we will receive some for this coming year. Because of this we have reduced the budgetted figure from last year by \$10k
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Total Budgeted	20,000
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Staff Training	Neil & Rose have identified two conferences which they would like to attend this year as part of their personal development, one is in Wellington the other Auckalnd. I am continuing with the CE Mentoring group based in Hawkes Bay. I have reduced the budgetted figure slightly from last year
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Total Budgeted	7,000
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Income	<p>I have discussed the expected levels of income from our Equities and Global Bonds portfolios with Michael Chamberlain. I attach a copy of his letter outlining where he thinks the income will sit. I have reduced the TD income slightly and used his assumptions for the other portfolios. His comment about private equity is valid, because of our commitment we will sacrifice some income in the short term but make gains long term.</p> <p>Public Trust are unable to provide forecast income for the coming months. Dividends are paid out in reasonably regular intervals, however they change depending on company performance</p>
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CAPEX BUDGET 2016-17

	2015/16 Actual Budget	9 Months Actual YTD
Equipment	10,000	0
Computer System	6,800	0
Video Conferencing		
New Furniture		
Other	8,000	0
TOTAL CAPITAL EXPENDITURE	24,800	11,090

2016/17 Budget
8,000
3,000
12,000
24,000
-
47,000

Assumptions

Replacement of iPads 4 by \$1.2k = \$4.8k plus a contingency of \$3.2 k
if an iPad is broken or fails

Computer system - Contingency in case something needs replacing

Video Conferencing - Estimated costs for Screen, software, trolley etc at \$12k

Office Move would require Boardroom furniture etc, estimated quote is \$24k