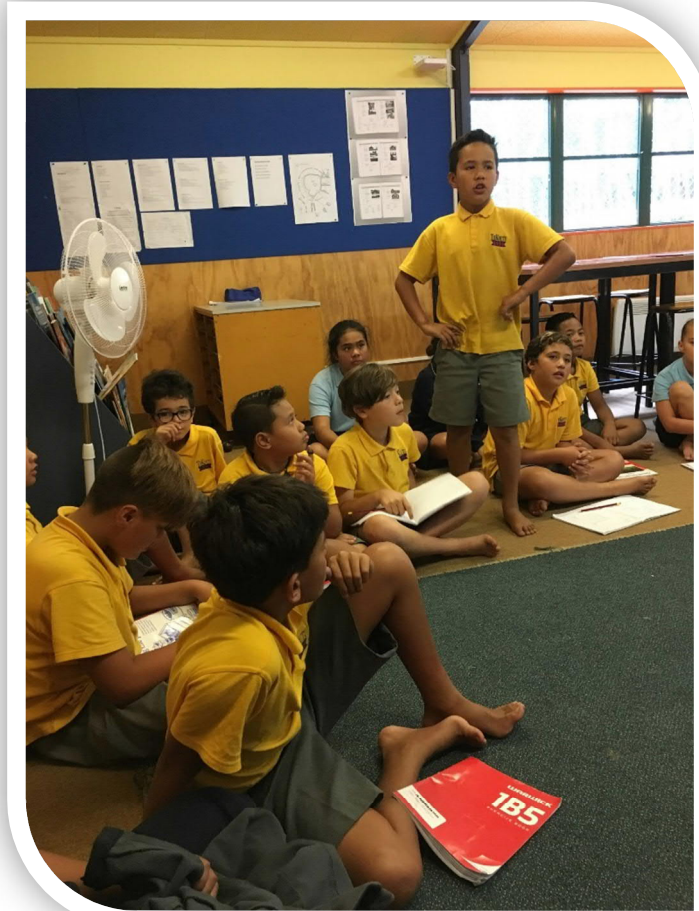




NGATI WHAKAUE EDUCATION ENDOWMENT TRUST BOARD

Te Toroihi Matauranga



ANNUAL REPORT 2020

The Board's mission is: "To enhance the legacy of Ngati Whakaue Tupuna by

- The responsible and effective management of the endowment, and*
- The provision of financial support to the beneficiaries of the Trust for education purposes, that add value and benefit to our community."*



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BOARD ATTENDANCE 12 MONTHS TO 30th JUNE 2020

MEMBER	MEETINGS ATTENDED				DATE JOINED BOARD
	BOARD	EDUCATION SUBCOMMITTEE	PROPERTY	INVESTMENT	
Malcolm Short	9/11	1	2/2		11-6-96
Violet Pelham	11/11	7/11	-		11-6-96
Jane Savage	10/11	9/11	-		12-7-04
Fred Whata	11/11	8/11	-		9-5-09
Aramoana Mohi	11/11	11/11	-		11-10-10
Alec Wilson	10/11	-	2/2		1-7-11
Monty Morrison	10/11	11/11	-		1-7-11
Bella Tait	11/11	9/11	-		1-7-14
Herby Ngawhika	10/11	8/11	-		17-10-18
Wynel Raureti-George (deceased)	10/11	10/11	-		23-1-19
Colin Bennett	10/11	-	1/2		13-2-19

Board members are paid meeting attendance fees at the following rates:

<i>Board & subcommittee meetings:</i>	
Chairman	\$1,625.00
Deputy Chair	\$1,363.64
Board members	\$1,113.64

2020 CHAIRMAN'S REPORT

The Minister of Education
NZ Government
Wellington

Tena koe Minister

OPERATIONS REPORT

It is a great privilege to present my 24th annual report on the Ngati Whakaue Education Endowment Trust Board.

2020 is a year that we will all want to put behind us. The Global Coronavirus Pandemic has impacted on all our lives and will continue to do so for some time yet. Thankfully in Aotearoa the action we have taken collectively to keep the virus out has worked so far but we must not be complacent as its impact will remain in our world for years to come. The financial impact has been mixed across our businesses and communities. While some doors have closed others have opened. For some the financial impacts is minimal, for others the impact will last for years. While there is still much to be determined from the economic fallout of social lockdown and border closures we acknowledge that there will be a significant financial impact on the Endowment. Many of the perpetual leases have a 21 year rent review due at the end of this year. These leases have not had a rent increase for 21 years. It is unfortunate timing given that should there be a significant short term decrease in market rents at this cycle then the financial impact on the Endowment rental income by locking in impacted rentals will last for decades. It could potentially mean that some leases will not have a rent increase for 42 years.

The majority of lessees continue to pay their ground rent but a small number of lessees are claiming rent relief due to difficulties experienced by their subleases. The Board has approached this current crises on the basis that it has statutory and contractual limitations on what it can do. Not all lessees share this view and some appear reluctant to take a one off impact. Some are seeking to put the full financial impact on the Board. Conversely when sub tenant rentals have been buoyant lessees have had little regard that their ground rent may be well below fair market rent and impacting on the landlord's position.

We have maintained communication with our lessees and offered to discuss their individual situation as each lessee has their own set of unique circumstances. In a number of situations the Board has negotiated time arrangements to pay current 6 monthly rental due on 1 July 2020. Other discussions are pending new Government legislation applying to leases.

In 2014 the Board objected to the removal by the Rotorua District Council of a rating discount that had applied to the Board land due to the alienation restriction inherent in the Endowment legislation. After a series of Court hearings the Land Valuation Tribunal ruled last year that a 15 % discount should apply. That is a 50% increase over the previous discount of 10% that applied. Since the original objection was lodged the Council changed its rating policy to Capital Value. Our advice is that the discount should apply to the Capital Value not just the Land Value. Council has contested that view and so that matter is being referred back to

Tribunal for clarification. In the meantime refunds of overpaid rates is held up at a time when Lessees could well do with it.

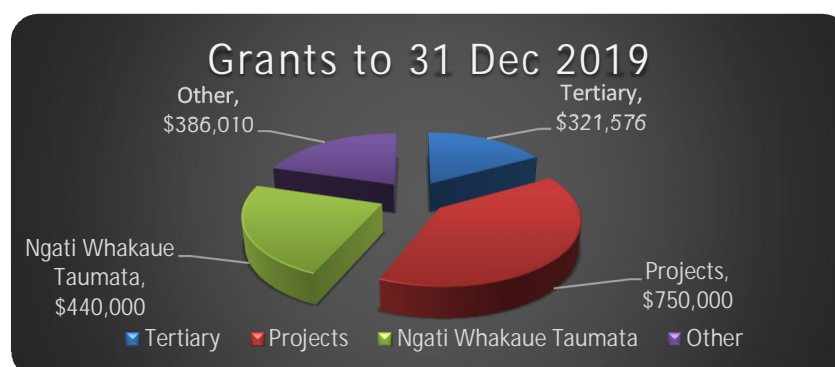
The Covid-19 enforced lockdown highlighted the relevance of modern technology in communicating when traditional face to face contact was prohibited. While many funded activities were cancelled during lockdown many processes continued without hitches. Online grants processing continued and with emails, phone and zoom many activities continued uninterrupted. However the Board has recognised the need to strengthen its online, cloud and paperless environment and has approved advancing its full online solution to ensure all functions will continue seamlessly in the event of similar events occurring in the future. This solution will be implemented over the next 12 months.

The Board has also reactivated its project to review its mandating legislation. This process started many years ago but lost momentum through successive changes of Government. The Board has engaged a new specialist to assist with this and discussions are currently underway with Government officials.

Another aspect of the Covid 19 Pandemic was the impact on the investment markets. Through prudent management of its finances the Board has accumulated diversified investment reserves of approx. \$31m. The income from these reserves helps to offset the static lease rental income which doesn't change over 21 years. That allows the Board to maintain modest growth in distributions to satisfy an ever increasing demand. In the initial stages of the lockdown the value of investments dropped by 10%. In the following months that drop has since recovered but markets will remain volatile as economies continue to deal with the Pandemic issues.

During the financial year end 31 December 2019 year the Board's financial position consolidated with increased investment returns putting it in a good position to handle the financial impacts of the pandemic. Rental and investment income showed a modest increase of \$33,788 over 2018 year. The net operating surplus before grants excluding the Rotorua Energy Trust Projects Grant contribution of \$250,000 increased by \$75,297. Investment gains added a further \$3,510,402 for the year to give a total surplus from all sources before distributions of \$6,201,222 (\$3,400,941 in 2018).

The Board made grants totalling \$1,897,586 (\$1,318,034 in 2018) including the \$250,000 joint venture contribution with Rotorua Energy Trust and an additional \$200,000 support package for the Ngati Whakaue Education Taumata. Detailed grants payments are included in the financial accounts at pages 24 and 25.



The independently managed investment portfolio performance was strong during the calendar year to 31 December 2019 recording an increase in value of \$1,841,417 from \$25,999,175 to \$27,840,592. Despite market volatility the investment portfolio grew by a further \$1,342,377 in the 6 months to 30 June 2020. The 12 month investment yield to 30 June 2020 was 7.77% and 8.79% since inception in 2003. At 31 December 2019 the Total Equity of the Board was \$68,611,970 (\$64,279,990 in 2018) comprising Cash(less liabilities) of \$31,203,378, Investments of \$31,423,193 and land recorded at \$37,651,000.

The Endowment has been well served by Investment Adviser James Porteous from Craig's Investments who retired in December 2019. James' invaluable contribution over 20 years was recognised at the annual end of year Board dinner.



Full audited financial statements are included in this report. The audit qualification remains due to the Board policy of not undertaking market valuation of the land due to the nature of the perpetually renewable leases. The audit process has incurred additional cost this year due to audit process changes and the lockdown impacts.

In closing it is with sadness that we record the recent unexpected passing of Board member Wynel Raureti- George. Wynel was appointed by Rotorua Lakes High School in January 2019. In that short period Wynel was a valuable contributor to the Board functions and will be missed. We extend our deepest sympathy to her whanau.

The 3 year terms of the Board members came up on 1 July 2020 and the appointing bodies have been asked to consider their appointments for the next 3 year term. Trustee fees were independently reviewed during the year and adjusted to the market rate.

The Endowment Board has consistently operated as a sound collective unit and I commend my fellow Trustees for their stability and guidance in prudently managing the business of the Endowment with support from our very capable and hardworking management team.

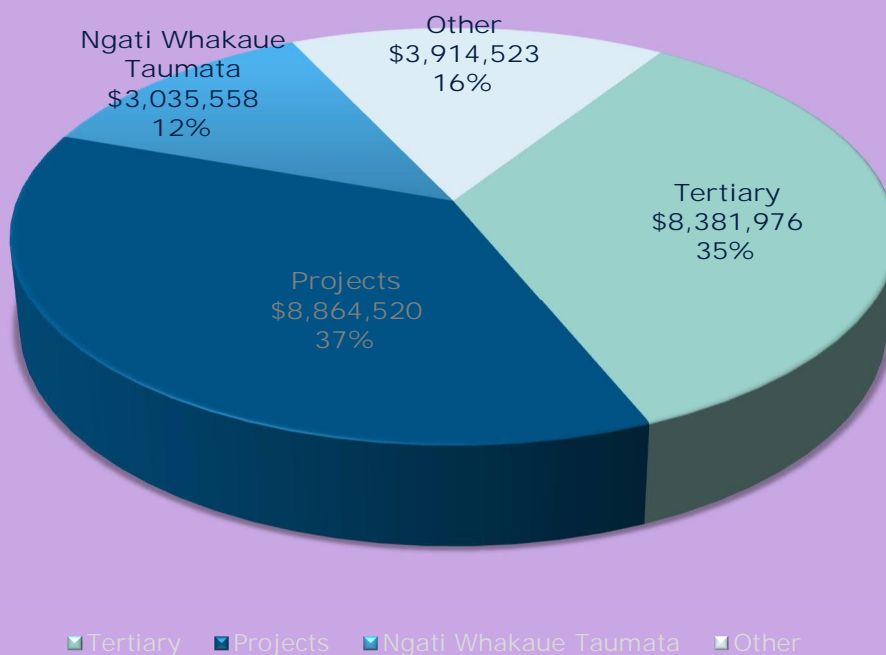
Nga mihi

Handwritten signature of Malcolm Tukino Short.

Malcolm Tukino Short, ONZM

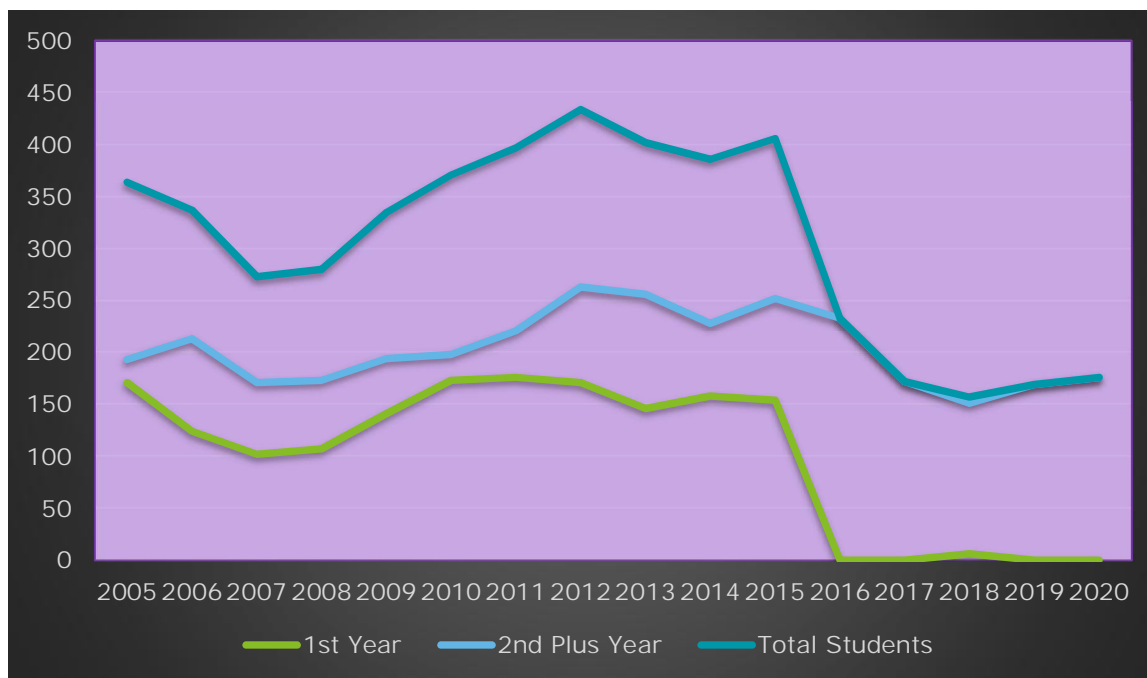
CHAIRMAN

Total Grants since 1998

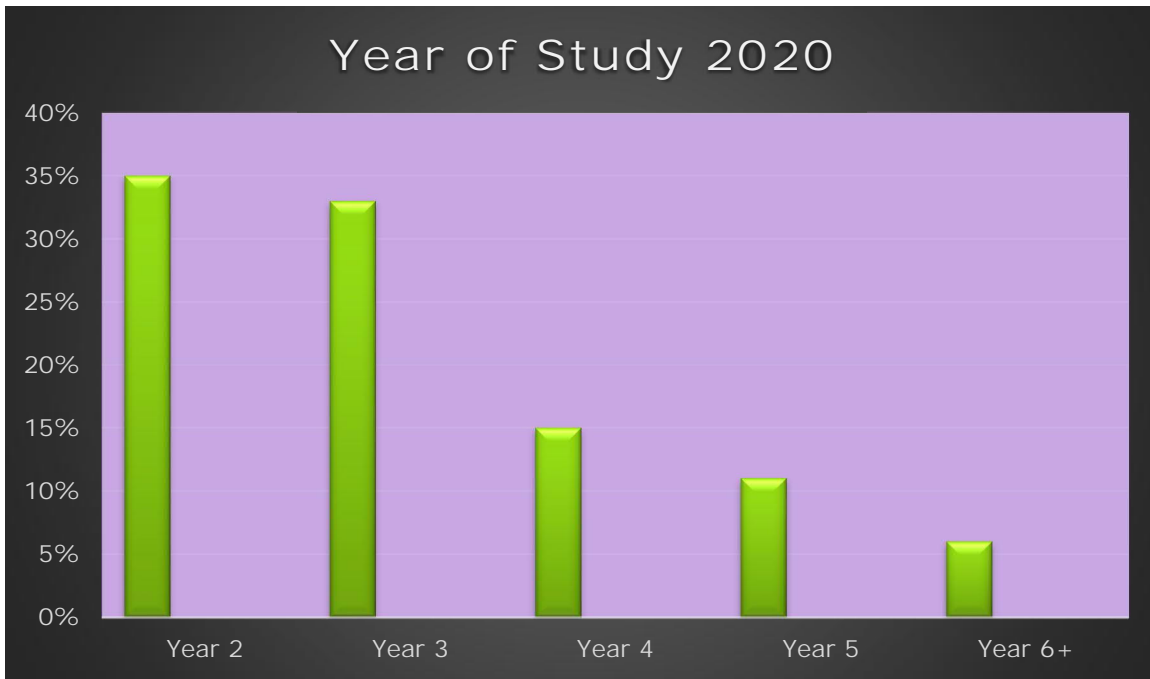


Total Grants Made to 31 December 2018 = \$24,196,577

TERTIARY STUDENTS – YEAR OF STUDY AND TOTAL TREND



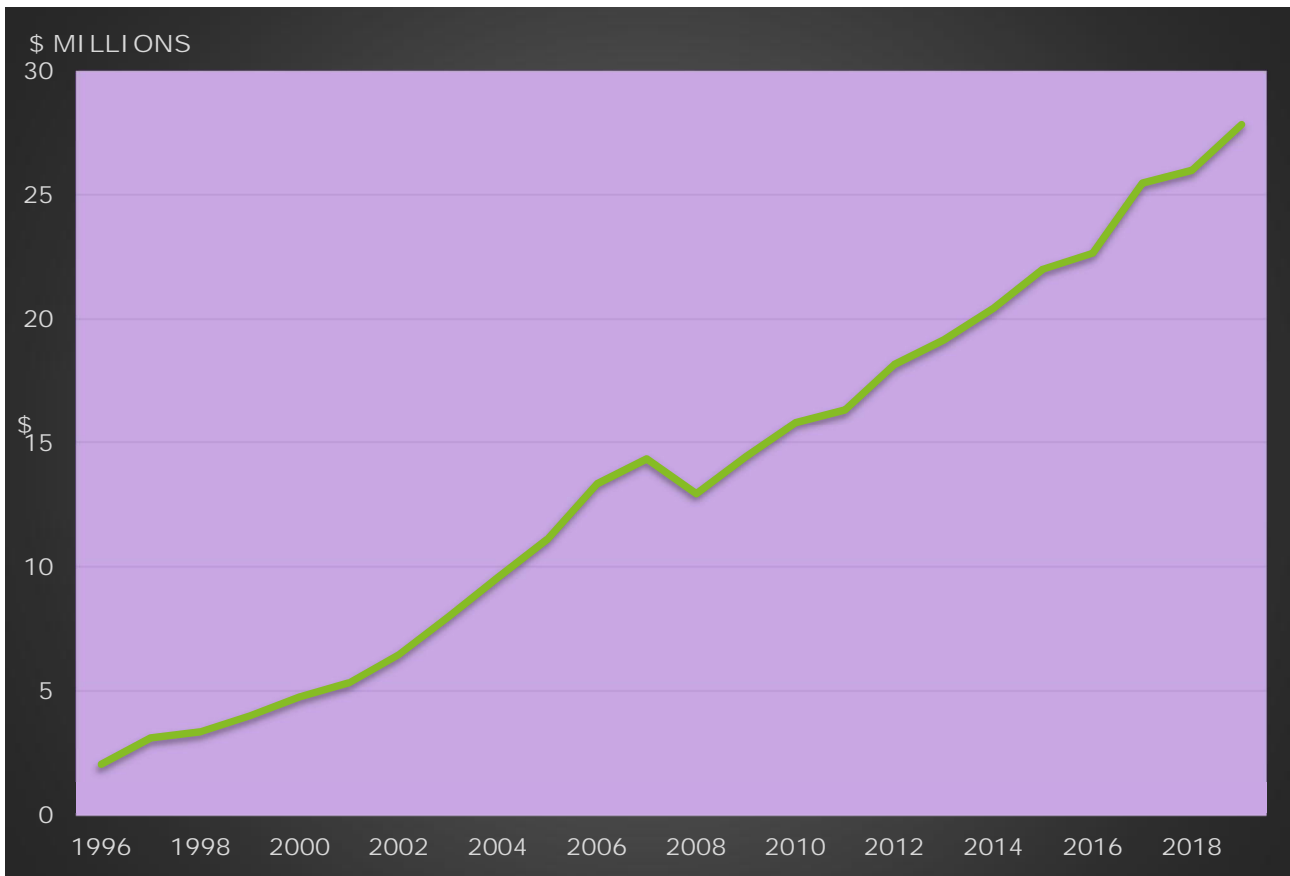
Note: Funding of first year students ceased after 2015 year.



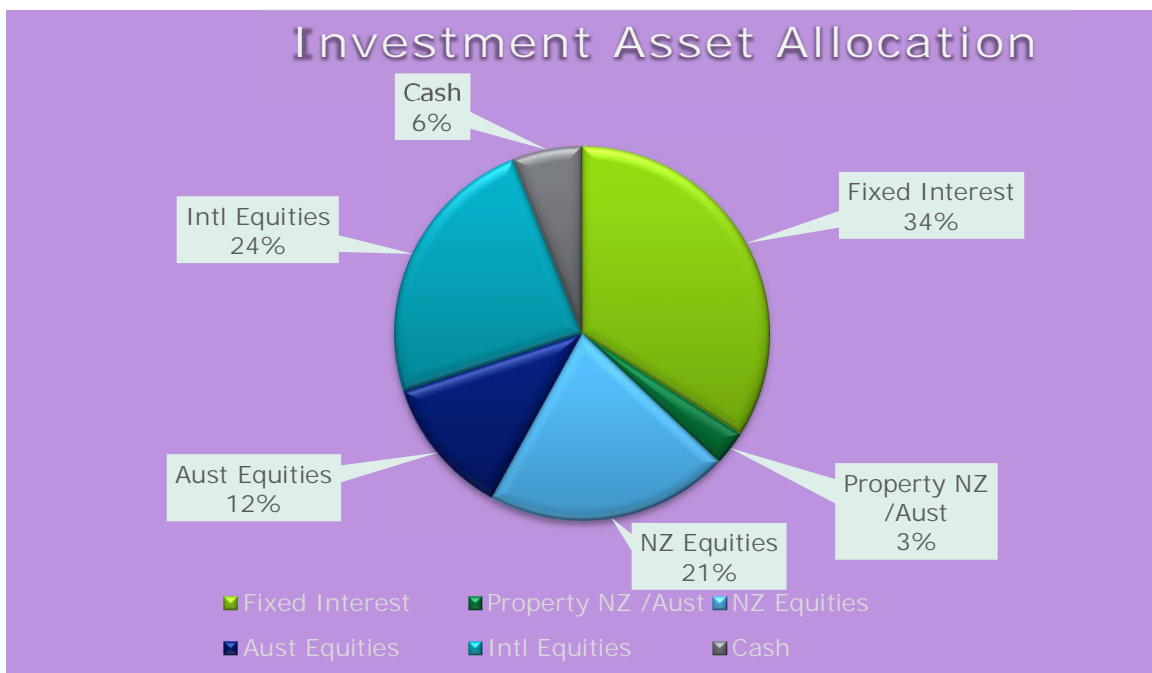
2020 Data Snapshot:

- 176 Students received Tertiary grants for 2020 year
- 65 new Students were funded in 2020
- 62% are female students (66% since 2012)
- 38% are male students (34% since 2012)
- 73% of students at NZ Universities
- 12% of students at NZ Polytechnics
- 9% of students at NZ Wananga
- 3% of students are studying overseas
- 78% of students are studying Bachelor degrees
- 37% of students are studying in Society/culture areas
- 17% of students are studying Management/commerce
- 16% of students are studying in the Agriculture/Environment area

VALUE OF DIVERSIFIED INVESTMENT PORTFOLIO (Excluding Land)



The diversified investment portfolio is managed by Craigs Investment Partners and has generated an 8.79% average annual return since inception. The current asset allocation is:



Education Consultants Annual Report 2019-2020

"The reports paint a picture at our monthly meetings, but last night after watching and listening to our Ngati Whakaue schools presenting their projects and the wonderful things they do for our tamariki that painting came alive". (NWEETB member 2019)

The Ngati Whakaue Education Endowment Trust Board (NWEETB) have an important role in the distribution of additional funding for the literacy and numeracy projects. More importantly they have a total commitment to the descendants of Ngati Whakaue because the funding is a unique gift from the Ngati Whakaue people. It is significant Rotorua Schools are able to access this funding.

In January 2019 the funding from a joint venture formed between Ngati Whakaue Education Endowment Trust Board and the Rotorua Energy Charitable Trust (RECT) was implemented under the administrative guidelines of NWEETB. The funds of each trust were fairly allocated. Schools included were within both NWEETB/RECT boundaries. The policy and purpose of this external funding is strictly adhered to when finalising the allocation of these grants.

NWEETB/RECT want to ensure that the support they provide to schools and learners is being utilized in the best way possible to achieve their educational goals for their people. There is one 'point of difference' NWEETB emphasis a focus on Ngati Whakaue learners RECT funding supports all learners. RECT do not fund secondary schools. The policy states that schools need to implement literacy and mathematics projects that specifically focus on programmes at junior level. That means the delivery of the programmes have to be designed at level 1-3 of the New Zealand Curriculum (NZC).

In 2019 NWEETB approved funding to twenty three schools (23) RECT approved funding to 13 schools that means thirty six (36) schools accessed the funding. In 2020 there are currently thirty four (34) schools who access the funding.



Quick 60 is an intervention programme that ensures literacy learning for all tamariki. The plan is very explicit and the focus is on reading, spelling, fluency, comprehension, vocabulary and writing.

This year one thousand and ninety two (1092) Ngati Whakaue learners access the funding and about two thousand (2000) overall. There are approximately 100 educators who implement the programmes this includes principals, teachers and support staff. There is a complete inschool wrap around team who design and monitor the projects.

The New Entrant learning Intervention (NELI) helps the tamariki to be confident at school, engage in learning, develop oral language skills, and enjoy the whole school environment. Teams of educators design the programmes unique to the learning need of their schools.



Schools involved: There is one Kura Kaupapa

There is one School of Science and Technology

There is one Rotorua Specialist School

There is one Child Care Trust

The rest of the schools are Kura who are English and Maori Medium and English medium Schools and include intermediate and secondary.

Accountability: An accountability requirement of NWEETB is the completion by schools of a half yearly and an end of year milestone report. This is the hard evidence that NWEETB request from schools and consists of both qualitative and quantitative data. This form of measurement focusses on the acceleration of the Ngati Whakaue learners in the implemented projects through the current year and will show the impact the funding has on the learning. A comprehensive template includes a variety of guiding questions that emphasises school administration.

Assessment: All schools assessment practices align with the New Zealand Curriculum (NZC) The Kura Kaupapa school successes are built on the strengths of Te Aho Matua which is the foundation document and the driving force for Kura Kaupapa. Schools strong commitment to teaching learning and assessment practices help identify and target those learners who need to be accelerated. The data collated is discussed and moderated. Specific literacy and mathematics programmes are then designed and implemented by the teams of educators who have researched and provided appropriate professional development.

Accelerated learning: The programmes are reviewed and the results show the shifts in learning. If the learners have not accelerated that is moved along or up a level from where they began, or they have plateaued, the school will discuss or assess the learners again to identify the specific need. This best evidence shows the impact of the funding.

Curriculum: There is a strong emphasis on identity language and culture and this is part of the localised curriculum. This common characteristic is evident in the feedback from the observations in and out of classrooms and in the milestone reporting that is confidential to the Board.

Relationships: Whanau are highly encouraged to take part in their child's learning and this plays an important part in the localised curriculum. There are numerous ways in which the schools try to engage their whanau and it differs from Kura kaupapa to mainstream schools. The commonality between schools is that school doors are open to whanau. They work hard to create a system where iwi and hapu links can be identified. Schools are able to provide authentic learning opportunities when learners can learn about their ancestral links and nurture them into the unique environment. Some schools find this easy some schools have to work a bit harder to build those relationships.

Aotearoa has just been through an absolute critical time for all. Schools were in an unprecedented situation never known before. The key was to take this situation and work to the conditions. Schools and whanau were the compass that navigated learners through it. Everyone in the school environment were at different levels of learning so whether the learners accessed the online programmes or not the targeted learners were integrated into the system by being "at home learning".

Projects: There are variety of projects implemented and these are unique to each school. Whilst all projects are different there is a common thread that is evident and that is they all have the same expected outcomes to accelerate learners. Some examples include:

- Play based learning, a pedagogical approach where play is a valued mode of learning. Tamariki can explore, experiment and solve problems in an imaginative and playful way.
- Brick therapy and Lego for learning develops social skills literacy skills and communication and numeracy skills.
- Accelerated mathematics focuses on consolidating the strands of Maths aligned with the levels of NZC.

*Reading and Comprehension
Being culturally responsive is an important
practice with the majority of learners being
Maori*



Kaumatua provide a unique opportunity to all Ngati Whakaue learners. They are able to provide local knowledge and nurture positive relationships.



Early words focuses on a one on one five minute word focused lesson. Tamariki are taught and retaught a high frequency word at both word and sentence level. The emphasis is on accuracy and fluency

NWEETB continues to be a strong iwi who successfully invest in communities with a relatively high level of social deprivation. The joint venture with RECT means more schools have the opportunity to access external funding. Evidence through Milestone reporting and in class observations show how crucial the funding is and how this investment significantly impacts on accelerating the learning of not only Ngati Whakaue learners but all learners.

Jackie Woodland
Education Consultant.
July 2020

2020 Project Grants
NWEETB-RECT

No.	School	Project Title	GRANT
1	Aorangi School	Ngati Whakaue Pre Entry Programme and Ngati Whakaue Foundation Programme	\$25,000.00
2	Glenholme School	Glenholme Literacy and Numeracy in Fortification & Enhancement	\$38,000.00
3	Horocho School	NELI	\$14,000.00
4	John Paul College	Ko nga Tipuna me te Whanau	\$8,000.00
5	Kaharoa School	Boosting oral language, reading and writing achievement across the school.	\$13,000.00
6	Kaingaroa Forest School	Whakapiki to ako 2020	\$15,000.00
7	Kawaha Point	Maori Student Achievement and Social Wellbeing Enhancement Initiative	\$27,000.00
8	(Rotorua Specialist School (formerly Kea Street Specialist)	Lego for Learning - Developing Literacy, Communication and Numeracy skills	\$30,000.00
9	Lake Rerewhakaaitu School	Understanding Neurodiversity to remove barriers to learning	\$6,000.00
10	Lynmore Primary School	Accelerating Writing using Authorship Models	\$20,000.00
11	Maketu School	PR1ME Mathematics	\$14,000.00
12	Malfroy School	'Upane' - transition into school Aratiki Literacy programme.	\$23,000.00
13	Mamaku school	Accelerating Learners in Literacy	\$29,000.00
14	Mokoia Intermediate	Accelerating Learning for Success	\$18,000.00
15	Ngongotaha Primary School	Whaowhia te kete matauranga	\$26,000.00
16	Otonga Primary School	Lifting Maths Achievement at Te Kura ? Tih?tonga	\$12,000.00
17	Owhata Primary School	Ngati Whakaue Pre Entry Transition and Junior Literacy Programmes.	\$26,000.00
18	Rotokawa School	Rotokawa Literacy Support	\$27,000.00
19	Rotorua Boys High School	Raukura Literacy Project	\$30,000.00
20	Rotorua Girls High School	Literacy Support Programme	\$34,000.00
21	Rotorua Girls High School Childcare Trust	Further developing Oral Literacy for tamariki through Te Reo M?ori and cultural identity	\$8,000.00
22	Rotorua Intermediate	Rotorua Intermediate Literacy Support Programme	\$15,000.00
23	Rotorua Lakes High School	Junior Numeracy Development	\$30,000.00
24	Rotorua Primary School	Science for the 21st Century and Beyond	\$34,000.00
25	Selwyn School	Literacy Project	\$20,000.00
26	St Marys School	Manaakitanga	\$27,000.00
27	St Michaels Rotorua	Timana te wehi me te ihi - Teaching from who we are	\$11,000.00
28	Sunset Primary	New Entrant Learning Initiative (NELI)	\$20,000.00
29	Te Kura O Te Koutu	Te Koututanga	\$20,000.00
30	Te Kura o te Whakarewarewa	Supporting students with additional needs in numeracy & literacy	\$10,000.00
31	Te Rangihakahaka Centre for Science and Technology	Te Rangihakahaka Financial Literacy Programme (Lit/Num)	\$25,000.00
32	Western Heights High School	Manaaki Tangata	\$40,000.00
33	Western Heights Primary	Pathways for Learning	\$40,000.00
34	Whangamarino School	1. Reading Eggs Programme 2. Matific 3. Te Huinga Raukura Rumaki (Yrs 1-3)	\$15,000.00
			\$750,000.00



\$500,000 NWEETB

\$250,000 RECT



Building Foundations



PROJECTS IN ACTION

Science and Technology



aukura literacy project



Oral Language



Whanau support



Whakapiki to ako

Brick Therapy



Phonics

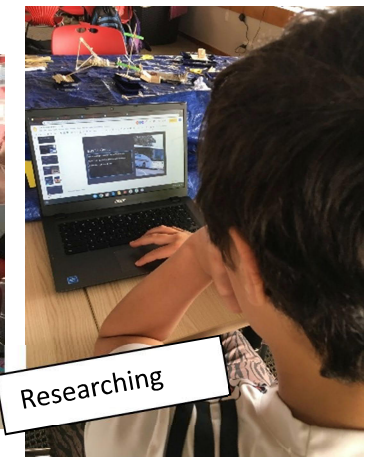


Literacy focus



Rainbow reading

Literacy and numeracy team meeting



Researching



Accelerating Mathematics



Manaakitanga



Booster Group



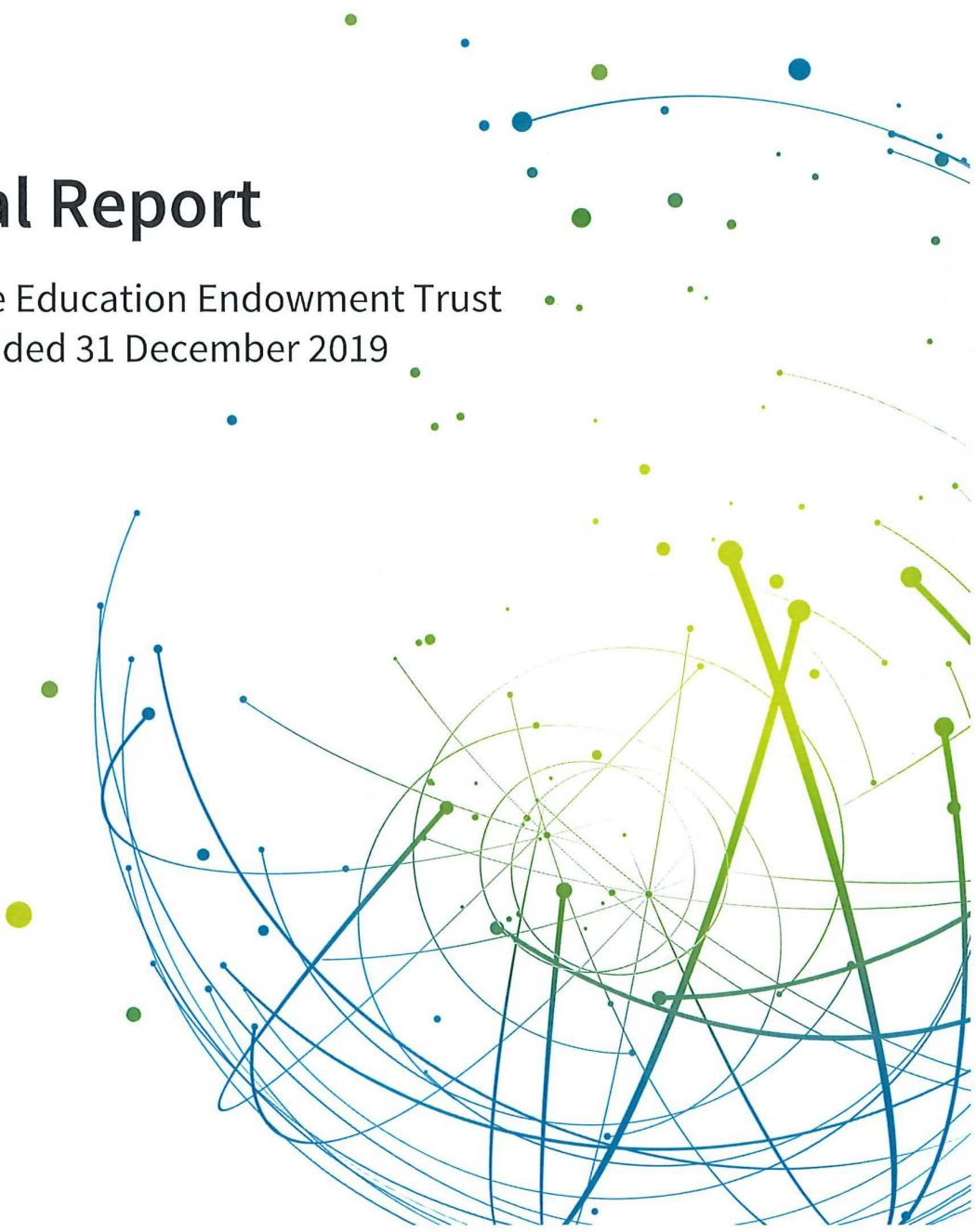
GRANT POLICY INDEX

Policy	No.
Group Discretionary Grant To support recognised Educational Organisations to develop, implement and deliver innovative educational programmes that: <ul style="list-style-type: none">• Are outside mainstream funding sources• Promote vocational and further learning opportunities, and outcomes and personal development of participants.• Encourage group study and participation	601
Individual Discretionary Grant <ul style="list-style-type: none">• To further develop the educational and development opportunities for individuals.• Assist individuals in obtaining qualifications and skills/knowledge for vocational purposes.• To engage individuals in educational endeavours that benefit Ngati Whakaue (including research).	602
Nga Mahi a Rehia (Maori Performing Arts) Grant <ul style="list-style-type: none">• To support the retention of all forms of Ngati Whakaue Waiata and Haka and consider applications from any Kapahaka Group, School, Marae or hapu.• The Board also supports the development and performance of contemporary song embodied in a Kapahaka performance.• The objective is to recognise collective cultural endeavours of Schools, Marae and hapu/iwi and promote and uphold Ngati Whakaue performing arts and tikanga a Marae.	603
Taumata Funding Grant <ul style="list-style-type: none">• To acknowledge the vision of Ngati Whakaue Iwi - "Ngati Whakaue iho ake" and to assist in developing our people towards tribal strength and global success through education.• To set the basis of intended funding arrangements between the Ngati Whakaue Education Endowment (Board) and Ngati Whakaue Education Taumata (Taumata). The Board supports the development of the Ngati Whakaue education strategy as promulgated through the Taumata. The Board is prepared to provide for ongoing funding to the Taumata as set out in this policy statement as part of its statutory obligation to fund the general purpose of education.	604
Tertiary Grant <ul style="list-style-type: none">• To provide individual tertiary grants to assist with tertiary education and encourage academic achievement.• To set out procedures for annual tertiary grant applications and checking processes.	605
Sponsorships <ul style="list-style-type: none">• To support recognised Providers promote education programmes or outcomes that encourage the recognition and/or raising of educational standards and values within the wider Rotorua Community.	606
Haane Manahi Memorial Scholarship <ul style="list-style-type: none">• To acknowledge the significance, efforts and heroism of Lance Sergeant Haane Manahi during the Second World War.• To provide a Scholarship in memory of Lance Sergeant Haane Manahi to assist Ngati Whakaue Students and/or Apprentices undertaking study, or an apprenticeship, cadetship, traineeship that specialises in either forestry, farming, trades or service industries.	607
Marae Based Wananga Grants <ul style="list-style-type: none">• To support ngā hapū o Ngati Whakaue to convene Marae based Wānanga in order to learn, maintain, uphold, develop and retain te reo me nga tikanga o Ngati Whakaue i raro i te kawa tapū o Te Arawa• To provide support for Wānanga that preserve and maintain Ngati Whakaue and Te Arawa cultural continuity.	608

Policy	No.
Project Grants <ul style="list-style-type: none"> To identify under-achievement in the general areas of literacy and numeracy and promote programmes to address these areas targeting junior levels of schooling. Updated in 2018 to reflect joint venture with Rotorua Energy Charitable Trust (Rotorua Trust) to increase funding targeted at primary and intermediate levels of schooling in Rotorua District, noting NWEETB funding to focus on Ngati Whakaue learners at all levels, Rotorua Trust on all learners at primary and intermediate. 	609
Post-graduate Scholarship <ul style="list-style-type: none"> To provide individual post graduate scholarships to assist with post graduate education and encourage academic achievement. 	610
Whakapapa Policy (2015) <ul style="list-style-type: none"> To ensure that all applicants for the Boards various grants provide accurate information and detail relating to Whakapapa. 	611
Emergency/Disaster Discretionary grant <ul style="list-style-type: none"> On hold. (The purpose of these grants was to support student victims of an emergency/disaster including the 4 Sept 2010 and 22 Feb 2011 Christchurch Earthquakes that have relocated to Rotorua District). 	612
Support of Rangahau (Research) (DISCONTINUED) <ul style="list-style-type: none"> The Trust Board's Research Fund has been established to support emerging and established Ngati Whakaue and Te Arawa researchers. 	613
Support of Ngati Whakaue-Te Arawa Writers <ul style="list-style-type: none"> To support, develop and nurture Ngati Whakaue-Te Arawa writers. 	614
Swimming programme sponsorship (RLC – SwimMagic Swim School) <ul style="list-style-type: none"> The aim of Kia Maanu Kia Ora is to increase the safety of Ngati Whakaue children in and around water. 	615
NWEE- Sudima Hotel Joint Hospitality Scholarship <ul style="list-style-type: none"> Ngati Whakaue Education Endowment Trust Board and Sudima Lake Rotorua are Landlord and Tenant respectively of the site known and operated as Sudima Lake Rotorua Hotel. The Board and Sudima wish to develop and promote in partnership opportunities for Ngati Whakaue descendants for vocational development and educational qualifications in the Hospitality Industry. 	616
Peter Pomare Foundation – Learn to Swim – sponsorship (formerly Hinemoa Swim School) <ul style="list-style-type: none"> To increase the safety of Ngati Whakaue children in and around water. 	617
Dive Programme Sponsorship (DiveHQ Rotorua) (DISCONTINUED) <ul style="list-style-type: none"> To increase the diving capacity of Ngati Whakaue to gather kai moana for our local Marae 	618
Nga Pumanawa e Waru Education Trust Policy <ul style="list-style-type: none"> To provide terms of reference for the application of the grant approved for Nga Pumanawa e Waru Education Trust (NPEWET). 	620
NWEE and Rotorua Lakes Council Engineering Cadetship (ON HOLD) <ul style="list-style-type: none"> Ngati Whakaue Education Endowment Trust Board (The Board) and Rotorua Lakes Council have developed an opportunity for Ngati Whakaue descendants for vocational and educational qualifications in Civil Engineering 	621
NWEE and Toi Ohomai Institute and MDA Experiences <ul style="list-style-type: none"> Ngati Whakaue Education Endowment Trust Board (The Board) Toi Ohomai and MDA Experiences have developed an opportunity for Ngati Whakaue descendants to obtain employment, training and junior leadership positions within the Adventure Tourism industry and obtain qualifications in various hospitality areas including Certificate of Adventure Tourism and Diploma in Adventure Tourism. 	623

Financial Report

Ngati Whakaue Education Endowment Trust
For the year ended 31 December 2019



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8	Statement of Changes in Equity
9	Statement of Financial Position
10	Statement of Cash Flows
11	Notes to the Financial Statements

Independent Auditor's Report

To the readers of Ngāti Whakaue Education Endowment Trust's financial statements for the year ended 31 December 2019

The Auditor-General is the auditor of Ngāti Whakaue Education Endowment Trust (the Trust). The Auditor-General has appointed me, JR Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on his behalf.

We have audited the financial statements of the Trust on pages 6 to 22, that comprise the statement of financial position as at 31 December 2019, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Qualified Opinion – Valuation of investment property

In our opinion, except for the matter described in the *Basis for our qualified opinion* section of our report, the financial statements of the Trust on pages 6 to 22:

- present fairly, in all material respects:
 - its financial position as at 31 December 2019; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards Reduced Disclosure Regime.

Our audit was completed on 21 December 2020. This is the date at which our qualified opinion is expressed.

The basis for our qualified opinion is explained below, and we draw your attention to the possible effects of Covid-19 on the Trust. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Covid-19

Without further modifying our opinion, we draw attention to the disclosure in note 19 on page 22 which outlines the possible effects on the Trust of the Covid-19 pandemic.

Basis for our qualified opinion

As stated in the accounting policies on page 14, and note 11 on page 17, investment property is revalued every three years and the latest valuation at 1 July 2017 of \$37,651,000 (2019 \$37,651,000) is recorded at the value used for rating purposes.

This is a departure from PBE IPSAS 16 *Investment Property*, which requires investment property measured at fair value to be valued at its fair value at the reporting date and the movement in value recognised in the surplus/deficit. The Board has not quantified the financial effects of this departure from PBE IPSAS 16 and we are unable to determine the amount of the required adjustments.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to wind-up the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustee's responsibilities arise from the Reserves and Other Land Disposal Act 1955.

Responsibilities of the auditor for the audit of the financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures,

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

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 1 to 5, but does not include the financial statements, and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.

A handwritten signature in black ink, appearing to read 'JR Smaill', with a long horizontal stroke extending to the left.

JR Smaill
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Approval of Financial Report

Ngati Whakaue Education Endowment Trust For the year ended 31 December 2019

The Trustees are pleased to present the approved financial report including the financial statements of Ngati Whakaue Education Endowment Trust for the year ended 31 December 2019 .

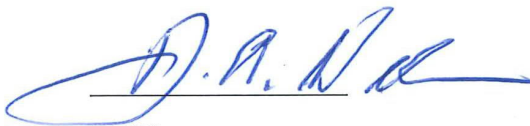
APPROVED



Malcolm Short

Chairman

Date 21/12/2020



Alec Wilson

Board Member

Date 21/12/2020

Statement of Comprehensive Revenue and Expense

Ngati Whakaue Education Endowment Trust
For the year ended 31 December 2019

	NOTES	2019	2018
Revenue			
Rental Revenue	6	2,069,702	2,072,344
Dividends Received		382,122	338,223
Interest Received		554,677	507,886
PIE Revenue		56,265	110,534
Grants Received		270,009	-
Total Revenue		3,332,775	3,028,987
Administration Expenses			
Advertising		4,948	11,862
Audit Fees	7	13,123	13,001
Bank Charges		200	211
Consultancy Fees		22,500	3,000
Education Consultant		56,923	41,032
Education Grant Expenses		50,473	42,079
Entertainment		2,982	-
General Expenses		3,870	1,795
Insurance		6,940	6,491
Koha		1,300	-
Legal Costs		89,772	194,783
Portfolio Management Fee		74,417	69,210
Printing, Stationery and Postage		1,335	3,553
Property Management		59,938	55,506
Website Maintenance		36,175	35,777
Secretarial & Accounting		106,858	93,531
Travel Expenses		1,381	1,439
Trustees Fees & Expenses		103,921	66,149
Valuation Fees		4,900	24,045
Total Administration Expenses		641,955	663,464
Net Surplus before Grants		2,690,820	2,365,523
Grants			
Ngati Whakaue Education Taumata		440,000	200,000
Tertiary Education Grants		321,576	276,099
Project Grants		750,000	495,000
Haane Manahi Scholarship		19,530	16,194
Discretionary Grants		99,011	104,179
Museum Bus Grant		11,590	-
Joint Hospitality Scholarship		2,200	-
Maths Whizz		14,060	3,370

This statement should be read in conjunction with the Notes to the Financial Statements.

	NOTES	2019	2018
Swimsation		30,200	42,156
Ngati Whakaue Authors		56,000	25,750
Tangi Grants		-	1,083
Rotorua Young Achievers Awards		4,348	5,000
Whakaue Whakanuia		20,000	20,000
RLC Cadetship		4,664	14,756
Nga Mahi A Rehia (Kawahaka) Grants		22,000	48,000
Sponsorship		82,693	64,979
Rangahau (Research) Grant		3,000	-
Postgraduate Scholarships		16,715	1,470
Total Grants		1,897,586	1,318,034
Surplus for the year		793,234	1,047,488
Other Gains/(losses)			
Fair Value change in Investments		3,456,446	(217,504)
Net Gain/(Loss) on Disposal of Shares		26,733	(77,387)
Realised Foreign Currency Gains and Losses		27,223	12,275
Total Other Gains/(losses)		3,510,402	(282,616)
Surplus/(Deficit) for the year		4,303,636	764,872
Other Comprehensive Revenue			
Fair Value Change - Available for Sale Reserve	14	34,704	(169,968)
Total Other Comprehensive Revenue		34,704	(169,968)
Total Comprehensive Revenue for the year		4,338,340	594,904

This statement should be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

Ngati Whakaue Education Endowment Trust
For the year ended 31 December 2019

	2019	2018
Equity		
Opening Balance	64,279,990	63,685,086
Surplus/(Deficit) for the year	4,303,636	764,872
Increase/(Decrease) in Other Comprehensive Revenue	34,704	(169,968)
Restated Adjustment to Retained Earnings	(6,360)	-
Total Equity	68,611,970	64,279,990

This statement should be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

Ngati Whakaue Education Endowment Trust

As at 31 December 2019

	NOTES	31 DEC 2019	31 DEC 2018
Assets			
Current Assets			
Cash and Cash Equivalents	8	1,231,488	999,467
Trade Receivables from exchange transactions	9	133,951	308,571
Prepayments		5,290	5,006
Goods and services tax		7,326	-
Investments	10	2,204,545	-
Total Current Assets		3,582,601	1,313,043
Non-Current Assets			
Investments	10	27,840,592	25,999,175
Investment properties	11	37,651,000	37,651,000
Total Non-Current Assets		65,491,592	63,650,175
Total Assets		69,074,193	64,963,218
Liabilities			
Current Liabilities			
Goods and services tax		-	7,836
Trade payables under exchange transactions		72,324	152,409
Rents Received in Advance		389,899	522,984
Total Current Liabilities		462,223	683,228
Total Liabilities		462,223	683,228
Total Assets less Total Liabilities (Net Assets)		68,611,970	64,279,990
Equity			
Capital	13	22,418,108	22,418,108
Available for Sale Reserve	14	75,275	40,571
Retained Earnings	15	46,118,586	41,821,310
Total Equity		68,611,970	64,279,990

This statement should be read in conjunction with the Notes to the Financial Statements.

Statement of Cash Flows

Ngati Whakaue Education Endowment Trust
For the year ended 31 December 2019

	2019	2018
Statement of Cash Flows		
Net change in cash for period		
Cash Flows from Operating Activities		
Cash was provided from:		
Cash Receipts from Operating Activities	2,354,473	2,250,680
Interest Received	581,450	482,877
Dividends Received	438,387	448,757
GST Received	-	42,163
Total Cash was provided from:	3,374,310	3,224,477
Cash was applied to:		
Payments to Suppliers and Employees	(737,116)	(434,005)
GST Paid	(6,731)	-
Payments of Grants	(1,897,586)	(1,318,034)
Total Cash was applied to:	(2,641,433)	(1,752,039)
Total Cash Flows from Operating Activities	732,877	1,472,438
Cash Flows from Investing Activities		
Purchase of Investments	(9,270,075)	(3,917,187)
Sale of investments	8,769,218	2,937,213
Total Cash Flows from Investing Activities	(500,857)	(979,974)
Total Net change in cash for period	232,021	492,464
Cash Balances		
Cash and Cash Equivalents at beginning of period	999,467	507,003
Net change in cash for period	232,021	492,464
Cash and Cash Equivalents at end of period	1,231,488	999,467

This statement should be read in conjunction to the Notes to the Financial Statements

Notes to the Financial Statements

Ngati Whakaue Education Endowment Trust For the year ended 31 December 2019

1. Reporting entity

The Ngati Whakaue Education Endowment Trust Board ("The Trust") is a Charity registered under the Charities Act 2005 and established under the Reserves and Other Land Disposals Act 1995. The Trust is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

2. Basis of preparation

(a) Statement of compliance

The Trust's financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with *Public Benefit Entity International Public Sector Accounting Standards* ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 2 Public Sector public benefit entities, for which all reduced disclosure regime exemptions, have been adopted.

The Trust qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

These financial statements were authorised for issue by the Ngati Whakaue Education Endowment Trust board on 31 May 2020.

(b) Measurement basis

The Trust's financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Available for sale financial instruments
- Fair Value through surplus or deficit financial instruments
- Investment property

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars. There has been no change in the functional currency of the Trust or any significant foreign operations of the Trust during the year.

3. Use of judgements and estimates

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

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

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Trust except as explained in *Note 5* which addresses changes in accounting policies.

The significant accounting policies of the Trust are detailed below:

- Revenue
- Financial instruments
- Impairment of non-derivative financial assets
- Investment property

- (e) Impairment
- (f) Goods and Services Tax
- (g) Income Tax
- (h) Cash and Cash Equivalents
- (i) Grants
- (j) Trade Receivables
- (k) Trade Payables
- (l) Available for Sale Reserve

(a) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Trust, and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Trusts revenue streams must also be met before revenue is recognised:

Rental Revenue

Rental revenue from investment property is recognised in surplus or deficit on a straight-line basis over the term of the lease.

Dividends

Revenue from dividends is recognised when the Trust's right to receive payment is established, and the amount can be reliably measured.

Interest Revenue

Interest revenue is recognised as it accrues in surplus or deficit, using the effective interest method.

PIE Revenue

A portfolio investment entity (PIE) is a type of entity (such as a managed fund) that invests the contributions from investors in different types of investments. PIE revenue is recognised when the Trust's right to receive payment is established, and the amount can be reliably measured.

(b) Financial Instruments

The Trust initially recognises financial instruments when the Trust becomes a party to the contractual provisions of the instrument.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognised as a separate asset.

The Trust also derecognises financial assets when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

The Trust classifies financial assets into the following categories: *at fair value through profit and loss, available-for-sale and held to maturity.*

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument and is specifically detailed in the accounting policies below.

Fair value through surplus or deficit

A financial instrument is classified as *fair value through surplus or deficit* if it is:

Designated at initial recognition: If the Trust manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Trust's documented risk management or investment strategy.

The Trust's Investment strategy is to maximise the total sustainable income that can be provided by investments over the long term, subject to a prudent level of portfolio risk with particular emphasis on providing sufficient cash on annual basis to enable the Trust to fulfill its responsibilities and cover its operating costs.

The board of trustees have agreed on a balanced risk profile, an asset allocation and the range for which the investment manager is required to operate within. Trading of investments is authorised by the Investment subcommittee prior to any undertaking of investment activities.

Those *fair value through surplus or deficit* instruments sub-classified as *designated at initial recognition* comprise of fixed interest securities and Equity Securities.

Financial instruments classified as *fair value through surplus or deficits* are subsequently measured at fair value with gains or losses being recognised in surplus or deficit.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets are subsequently measured at fair value with gains or losses recognised in other comprehensive revenue and expense and presented in the *AFS fair value reserve* within net assets/equity, less impairment.

Upon de-recognition, the accumulated gain or loss within net assets/equity is reclassified to surplus or deficit.

Available-for-sale financial assets comprise of equity securities not traded on national and internal stock exchanges.

Held to Maturity Financial Assets

Held to maturity financial assets are financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intent and ability to hold to maturity.

Held to maturity financial assets comprise of term deposits held by the Trust.

(c) Impairment of non-derivative financial asset

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Trust, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, 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.

Financial assets classified as available-for-sale

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in net assets/equity to surplus or deficit.

The cumulative loss that is reclassified from net assets/equity to surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in surplus or deficit.

Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired *available-for-sale* debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired *available-for-sale* equity security is recognised in other comprehensive revenue and expense.

(d) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Recognition and measurement

Investment property is measured at the Rateable Value dated 1 July 2017, as valued by Landmass Technology Limited and subsequently revalued every 3 years. The board considers this to be an indication of fair value. The net value is likely to be higher although this has not been quantified. This is not in compliance with PBE IPSAS 16 – Investment Property which requires Investment Properties to be included at Fair Value at the entities balance date.

(e) Impairment of non-financial assets

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

Impairment losses are recognised in surplus or deficit. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Goods and Services Tax (GST)

These financial statements have been prepared on a GST exclusive basis. Any GST due or recoverable at balance date is included as either a current asset or current liability.

(g) Income Tax

Ngati Whakaue Education Endowment Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(i) Grant Expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria. They are expensed when an application that meets the specified criteria for the grant has been received. Ngati Whakaue Education Endowment Trust's non-discretionary grants have no substantive conditions that need to be fulfilled to receive the grant.

Discretionary grants are those grants where Ngati Whakaue Education Endowment Trust has no obligation to award the grant on receipt of the grant application. For discretionary grants without substantive conditions, the total committed funding over the life of the grant is expensed when the grant is approved by the Board and the approval has been communicated to the applicant. Discretionary grants with substantive conditions are expensed at the earlier of the grant payment date or when the grant conditions have been satisfied. Conditions can include either:

- specification of how funding can be spent with a requirement to repay any unspent funds; or
- milestones that must be met to be eligible for funding.

(j) Trade Receivables

Trade receivables are stated at the amount due less any provision for uncollectability. When a receivable is identified as being non-collectible it is expensed immediately in surplus or deficit.

(k) Trade Payables

Trade payables are recorded at the amount payable.

(l) Available for Sale Reserve

For all available for sale financial assets, movements in fair value are recognised through the available-for-sale reserve. When the relevant asset is derecognised, upon sale, other disposal or permanent impairment, the cumulative fair value changes recognised directly in equity are transferred to the surplus or deficit and the reserve is adjusted accordingly.

5. Changes in accounting policy

There have been no changes in accounting policies during the year. All policies have been applied consistently throughout the year.

	2019	2018
6. Rental Revenue		
Consent Fees	1,435	1,696
Legal Cost Recovery	2,148	17,108
Rental Received	2,066,120	2,052,672
Repairs & Maintenance Recovery	-	870
Total Rental Revenue	2,069,702	2,072,344

	2019	2018
7. Audit Fees		
Audit Fees	13,123	13,001
Total Audit Fees	13,123	13,001

2019 Audit Fees have been accrued.

	2019	2018
8. Cash and Cash Equivalents		
Craigs Call Account	815,787	411,886
BNZ Current Account	341,047	468,160
BNZ Call Account	74,654	119,421
Total Cash and Cash Equivalents	1,231,488	999,467

There are no restrictions over any of the cash and cash equivalent balances held by the Trust.

	2019	2018
9. Trade Receivables		
Accounts Receivable	42,893	190,740
Accrued Interest	91,058	117,831
Total Trade Receivables	133,951	308,571
	2019	2018

10. Investments**Financial Assets at fair value through profit and loss**

Debt Securities - New Zealand	9,139,964	8,350,481
Debt Securities - Australia	105,024	102,360
Equity Securities - New Zealand	6,229,544	4,758,511
Equity Securities - Australia	3,261,277	3,240,077
Equity Securities - UK	993,296	1,110,853
Equity Securities - USA	5,536,182	3,847,594
Equity Securities - Euro	500,358	-
Total Financial Assets at fair value through profit and loss	25,765,645	21,409,876

Available for Sale Financial Assets

Equity Securities - New Zealand	260,452	454,500
Equity Securities - Australia	42,839	47,089
Equity Securities - Euro	124,813	81,291
Equity Securities - USA	296,843	226,086
Total Available for Sale Financial Assets	724,947	808,966

Financial Assets Held to Maturity

Term Deposits	3,554,545	3,780,333
Total Financial Assets Held to Maturity	3,554,545	3,780,333

Total Investments	30,045,137	25,999,175
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Per annum annual interest rate ranges applicable to debt securities

	2019	2018
Debt Securities - New Zealand	2.27% - 7.25%	2.00% - 7.25%
Debt Securities - Australia	5.15%	5.15%

Contractual Maturities of debt securities

	2019	2018
Debt Securities - New Zealand	3 Months - 82 Months	1 Month - 69 Months
Debt Securities - Australia	69 Months	69 Months

	2019	2018
11. Investment Properties		
Opening Balance	37,651,000	37,651,000
Total Investment Properties	37,651,000	37,651,000

Change in Fair Value

The fair value of investment properties is determined by the Rating Valuation completed every 3 years by Landmass Technology Limited. The latest valuation was completed at 1 July 2017.

Rating Valuation Objection

At balance date the rating valuations completed at 1 July 2017 and 1 July 2014 are being objected to. The Trust has been seeking a discount in the rating valuations issued at 1 July 2017 and 1 July 2014 to reflect the alienation restriction.

With no resolution sought on the original 1 July 2014 objection, the board and Rotorua Lakes Council were referred to the Land Valuation Tribunal.

On 2 May 2016 the Land Valuation Tribunal issued its decision on the objection lodged by the board against the Rotorua Lakes Council rating valuation assessments for valuations dated 1 July 2014. The decision was that the objection by the board was declined.

The board resolved to appeal the decision and have the decision reconsidered by the High Court. On 2 February 2017 the Board was successful in overturning the decision of the Land Valuation Tribunal which supported the Rotorua Lakes Council that the rating valuations of the Board land could not be discounted notwithstanding the inability for the Board to sell the land. The High Court came to a decision that a discount was justified but was not prepared to make a decision on the level of discount that should be applied.

The High Court decision was then referred to each of the parties valuers to come to a consensus on the discount. The Valuer General and Rotorua Lakes Council lodged an appeal with the Court of Appeal against the High Court judgement. The Court of Appeal hearing was held on the 20 March 2018 with a decision dismissing the appeal on the 9 May 2018. As the board was successful in the appeal the board was entitled to costs and disbursements which have since been paid.

The Court of Appeal also noted that it was appropriate that the Tribunal consider expert valuation evidence directed to the issues of whether the restriction on the sale of land has an effect on the valuations and, if so, to what extent.

On 18 July 2019, the Land Valuation Tribunal issued its decision that a 15% discount should be applied, however it was not clear whether this is on the land or capital value.

As a result the board and the Rotorua Lakes Council have sought direction from the High Court with a hearing set down for 20 May 2020.

No contingent rents were recognised as revenue throughout the period. All leases are in perpetuity and are 21 year leases. 22 of these leases have 7 yearly rental reviews, 72 have 21 year rental reviews.

12. Leasing Arrangements

Each of the leases contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee. Minimum lease payments receivable on leases of investment properties not recognised in the financial statements are as follows:

	2019	2018
Within one year	2,104,280	2,104,280
Later than one year but not later than 5 years	6,188,629	6,909,079
Later than 5 Years	16,151,201	17,535,031
Total	24,444,110	26,548,390

2019 2018

13. Capital

Capital was established using the Government Valuations for land as at 01/09/1996	21,033,000	21,033,000
Funds held by Public Trustee as at 03/10/1995	1,385,108	1,385,108
Closing Balance	22,418,108	22,418,108

2019 2018

14. Available for Sale Reserve

Opening Balance	40,571	210,539
Current Year Revaluations	34,704	(169,968)
Closing Balance	75,275	40,571

2019 2018

15. Retained Earnings

Opening Balance	41,821,310	41,056,438
Net Surplus/(Deficit)	4,303,636	764,872
Restated Adjustment to Retained Earnings	(6,360)	-
Closing Balance	46,118,586	41,821,310

16. Financial Instruments

The tables below show the carrying amount of the trusts financial assets and liabilities

(i) Financial Assets

2019 Asset per the Statement of Financial Position	FVTSD	Held to Maturity	Loans and Receivables	Available for Sale
Cash and Cash Equivalents			1,231,488	
Trade Receivables			133,951	
Financial Assets at fair value through profit and loss				
Debt Securities - New Zealand	9,139,964			

Debt Securities - Australia	105,024			
Equity Securities - New Zealand	6,229,542			
Equity Securities - Australia	3,261,277			
Equity Securities - UK	993,296			
Equity Securities - USA	5,536,182			
Equity Securities - Europe	500,358			
Available for Sale Financial Assets				
Equity Securities - New Zealand				260,452
Equity Securities - Australia				42,839
Equity Securities - Euro				124,813
Equity Securities - USA				296,843
Held to Maturity Financial Assets				
Term Deposits		3,554,545		
Total	25,765,643	3,554,545	1,365,439	724,947

2018 Asset per the Statement of Financial Position	FVTSD	Held to Maturity	Loans and Receivables	Available for Sale
Cash and Cash Equivalents			999,467	
Trade Receivables			173,907	
Financial Assets at fair value through profit and loss				
Debt Securities - New Zealand	8,350,481			
Debt Securities - Australia	102,360			
Equity Securities - New Zealand	4,758,511			
Equity Securities - Australia	3,240,077			
Equity Securities - UK	1,110,853			
Equity Securities - USA	3,847,594			
Available for Sale Financial Assets				
Equity Securities - New Zealand				454,500
Equity Securities - Australia				47,089
Equity Securities - Euro				81,291
Equity Securities - USA				226,086
Held to Maturity Financial Assets				

Term Deposits		3,780,333		
Total	21,409,876	3,780,333	1,173,374	808,966

(ii) Financial Liabilities

	2019			2018		
	At amortised cost	Fair value through profit or loss	Total	At amortised cost	Fair value through profit or loss	Total
Trade & other payables	72,324	-	72,324	112,409	-	112,409
Rent Received in Advance	389,899	-	389,899	519,049	-	519,049
	540,466	-	540,466	631,458	-	631,458

(ii) Fair Values

Fair value determination for financial instruments subsequently measured at fair value are as follows:

Financial Assets at fair value through profit or loss*(a) Debt securities (listed) and Equity securities (listed)*

Fair values are based on the quoted market price in the active market of the security at reporting date.

Available for Sale Financial Assets*(b) Equity securities (non-listed)*

Available for Sale Financial Assets and the basis for fair value comprise of the following;

Fair values based on the sale transaction occurring for the security at or around balance date less any impairment;

- Pohutukawa Private Equity II LTD PP Staple
- Pohutukawa Private Equity Ltd Stapled
- Pohutukawa Private Equity V Fund PP LP
- Willis Bond Capital Partners Ltd pp
- Oriens Capital

Fair Values are based on cost less any impairment;

- New Zealand Social Infrastructure Fund
- Maui Capital
- PartsTrader Markets Ltd.
- New Zealand King Salmon Investment

Co-Investor No 3 Pipe Fund is an Australian Unit Trust and the values are provided on a regular basis by the company.

17. Related Party Transactions

Key Management personnel remuneration

Members of the governing body are paid set meeting fees for each meeting attended. Details and amounts of these are as follows:

	Main Committee	Education Sub-Committee	Investment Sub-Committee
Chairman	\$1,625	\$1,625	\$1,625
Deputy Chairman	\$1,364	\$1,364	\$1,364
Board Members	\$1,114	\$1,114	\$1,114

The governing body comprises of 11 members (11 FTE) (2018: 10 FTE) with total remuneration paid of \$103,921 (2018: \$66,149). Each board member is recognised at 1 FTE.

The following Board members are appointed by schools which have received grants during the year as scheduled:

Board Member	School	This Year	Last Year
Jane Savage	John Paul College	\$8,000	\$8,000
Aramoana Mohi	Rotorua Girls High School	\$34,000	\$30,000
Wynel Raureti-George	Rotorua Lakes High School	\$30,000	\$24,000
Herby Ngawhika	Rotorua Boys High School	\$30,000	\$30,000
Violet Pelham-Waarea	Western Heights High School	\$40,000	\$40,000

18. Commitments and Contingencies

At balance date the Trust has the following Grant and Scholarship Commitments:

Sir Howard Morrison Performing Arts Centre

The Trust has committed \$50,000 of funding however awaiting documentation from the applicant before grant will be paid out.

The Trust has approved scholarships to these individuals for the maximum amount however the amount to be paid is based on actual expenditure incurred:

- Haane Manahi Scholarships of \$20,000
- Dylan Taute (Postgraduate Scholarship)
- NWEW/Sudima JV Scholarship (Hinetaapora Short) \$7,500

Funds have been awarded to these applicants however the Trust is waiting on further information from the applicants before payments will be made:

- Writers grant \$55,000 (2018: \$31,000)
- Post graduate scholarships \$9,025 (2018: \$23,145)
- Howie Morrison Junior Book "Sir Howard Morrison Life Story" \$15,000

At balance date the Trust was committed to the following venture capital funds with outstanding commitments:

- Kowhai Private Equity \$112,500
- Maui Capital Indigo Fund Stapled PP \$21,000
- Oriens Capital Ltd Partnership Fund PP \$200,000
- Pohutakawa Private Equity II Ltd PP \$227,500
- Pohutakawa Private Equity V Fund PP \$50,000
- App NZD Public Infrastructure Partners Fund \$192,500

The Trust is currently going through an arbitration process in relation to the rating valuations (refer note 11). At balance date a contingent liability exists for the legal costs associated with this hearing which is estimated by the board's solicitor as being no more than \$100,000.

19. Events Subsequent Balance Date

On 11 March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this the country is operating at different alert levels. As a result, economic uncertainties have arisen which are likely to negatively affect operations.

We describe below the possible effects that we have identified on the Ngati Whakaue Education Endowment Trust as a result of the COVID-19 pandemic.

Rental Income

One of the main sources of income for the board is the receipt of lease rental income from its 94 perpetual ground leases. The board has sought legal advice and under the lease's, has no obligations to provide any relief to lessee's.

On 29 April 2020 a letter has been sent to the lessees outlining this position, the work the board has been undertaking in seeking rates relief byway of the rating discount (Refer Note 11) and the offer for the board to review each individual lessee's circumstances upon request. Subsequent to balance date no decision has been made by the board to provide any relief to lessee's.

Investment Properties

The Trust holds 94 perpetual ground leases classified as investment properties. These investment properties are valued using rating valuations (refer note 11). Subsequent to balance date it is unknown whether these investment property rating valuations will be affected.

Investments

The Trust holds a significant diversified portfolio managed by Craig's Investment Partners. Subsequent to balance date and due to the outbreak of COVID-19, the investments have been impacted with some investment values decreasing in value. As at 30 August 2020 the value of the Craigs Portfolio investment was \$30,262,163.

Charitable Distributions

The Trust makes a number of distributions for the general purpose of education. The board have considered the ongoing pandemic and consider that the trust does not need to change/alter or cancel any of its current distribution policies, however this will continuously be reviewed subsequent to balance date.

At this time it is difficult to determine the full effect of the COVID-19 pandemic, and there could be other matters that affect the Ngati Whakaue Education Endowment Trust.



NGATI WHAKAUE EDUCATION ENDOWMENT TRUST BOARD

Te Toroihi Matauranga

