

20 October 2020

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The Chairperson
The Waikato Catchment Ecological Enhancement Charitable Trust
Mercury Energy
PO Box 445
Waikato Mail Centre
Hamilton 3240

Dear Sir/Madam

Audit Management Letter For The Year Ended 30 June 2020

1. Introduction

We have completed the audit of The Waikato Catchment Ecological Enhancement Charitable Trust performance report for the year ended 30 June 2020 and enclose the performance report with the audit report attached.

This letter provides a summary of:

- the audit scope
- the audit opinion
- the issues arising from the audit

You will appreciate that while our audit is carried out in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised), it cannot, and should not, be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency.

The responsibility for the implementation and monitoring of internal and management controls rests with management and the board.

2. Audit Scope

The audit aimed to:

- provide an audit opinion on whether the performance report fairly reflect the Trust's reported financial results and financial position.
- assess and report on aspects of the Trust's financial management and controls.

3. Audit Opinion

We have issued an unmodified (clear) audit opinion on the performance report for the year ended 30 June 2020.

4. Issues Arising From the Audit

Internet Banking – To improve control on online payments

We recognise the efficiencies of this system with its key benefits of allowing an easier and prompt method of payment of accounts.

However, there have been a number of cases reported in the media recently, involving internet fraud which highlight the need for close monitoring of this system.

Key controls for internet banking include:

- Senior management sets up the supplier accounts and all payments are approved by two signatories.
- Passwords must be kept secure and never shared – they represent the key to your funds.
- Senior management/Committee Members occasionally perform spot checks to verify the bank account numbers of suppliers to ensure that payments have been made to the correct parties.
- Payments are only made on original invoices that have been processed through the creditors system.
- Once a payment is made, the invoice should be cancelled. That is, all paid invoices should be marked as paid and preferably have noted the payment method and date.
- Audit trails of processing should be retained.

Following control systems such as these will help safeguard against fraud or the same invoice being paid twice.

5. Reporting Requirements

Under the NZ International Standards on Auditing (NZ ISAs), we are required to advise you of the following:

We have had no disagreements with management during our audit nor have we had any serious difficulties in dealing with management.

We have not noted any significant risk or exposures that are required to be separately disclosed in performance report.

We have not identified any instances of fraud involving senior management or any other frauds that have caused a material misstatement in the performance report.

We reaffirm we are independent of your organisation, and that we have no relationship with your organisation that impairs our independence.

6. Conclusion

We wish to acknowledge the friendly assistance provided by your staff during the audit. If there is any further information you require, please do not hesitate to contact us.

Yours Faithfully,

Owen McLeod & Co Ltd
Owen McLeod & Co Ltd

Performance Report

Waikato Catchment Ecological Enhancement Charitable Trust
For the year ended 30 June 2020

Prepared by Cleland Hancox Limited

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Compilation Report

Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2020

Compilation Report to the Directors of Waikato Catchment Ecological Enhancement Charitable Trust.

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Waikato Catchment Ecological Enhancement Charitable Trust for the year ended 30 June 2020.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

The Trustees are solely responsible for the information contained in this financial report and have determined that the accounting policies used are appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence

We have no involvement with Waikato Catchment Ecological Enhancement Charitable Trust other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Disclaimer

We have compiled these financial statements based on information provided. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on this financial report.



Cleland Hancox Limited

Dated: 14 October 2020

Entity Information

Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2020

Legal Name of Entity

Waikato Catchment Ecological Enhancement Charitable Trust

Entity Type and Legal Basis

Charitable Trust and Registered Charity

Registration Number

CC25746

Purpose or Mission

The Waikato Catchment Ecological Enhancement Trust (WCEET) assists organisations, agencies and individuals with projects that foster and enhance the sustainable management of ecological resources in Lake Taupo and the Waikato River catchment. We do this by considering applications from parties wishing to undertake appropriate projects within the Waikato River catchment, providing funding grants where projects meet the Trust's criteria, and monitoring and reporting on such projects.

Trust Structure

Our trust deed states that we must have between seven and twelve Trustees. Currently the Trust has eight Trustees that constitute our governance board which includes a Chairperson. The eight trustees nominated, two are from the Department of Conservation, Fish and Game, and Mercury Limited and one each by ACRE (Advisory Committee for Regional Environment) and Royal forest and Bird Protection Society Incorporated. Waikato Regional Council nominates an Observer without voting rights.

Main Sources of Entity's Cash and Resources

The entity's activities are funded by earnings from the Trust's investment portfolio and the annual payment from Mercury Limited, as well as any interest earned through bank accounts.

Main Methods Used by Entity to Raise Funds

Investment Capital

Entity's Reliance on Volunteers and Donated Goods or Services

Mercury Limited supports costs associated with the administration of the Trust's functions e.g. secretarial services, accountancy, audit, website and all administration costs. Trustees are not paid any honorarium, and effectively donate their time for meetings and to action their responsibilities to liaise with projects undertaken. Most of the Trustees are in paid employment and their employer effectively donates their time.

Additional Information

The Waikato Catchment Ecological enhancement Trust was formed with the execution of the Trust Deed on 13 June 2003. The Trust originated from the resource consent process for Mercury's continued operation of the Waikato Hydro System. Mercury, the owner and operator of the Waikato Hydro Scheme, applied under the Resource Management Act (RMA) to replace the expiring resource consents that authorise the operation of the Hydro Scheme.

The organisations that are party to the Trust worked together to develop and appropriate response, in RMA terms to the consent applications. They recognized that a variety of ecological changes were occurring in Lake Taupo, the Waikato River and the hydro lake environments resulting from a combination of natural processes, other activities in the catchment and the operation of the Hydro Scheme.



The contributing organisations sought to develop practical means to achieve:

- an acceptable response to the ongoing ecological changes occurring throughout the Lake Taupo and Waikato River catchments;
- an acceptable response to changes associated with the operation of the Waikato Hydro system; and
- wider ecological benefits in the Lake Taupo and Waikato River catchments.

A Memorandum of Understanding was developed between the interested parties which included the establishment of a fund from Mercury, and formation of the Trust with representation allocated to all interested parties, to invest that fund in projects that meet the Trust's criteria.

A fund was established to address issues of concern due to effects of system operation on riparian areas and the ecological resources they could sustain. At its inauguration, the Trust was paid in a lump sum contribution which was placed into an investment fund. The balance of the agreed amount is received as an annual increment, adjusted annually for changes in the CPI over the 35 year term of the Resource Consents for the Waikato Hydro System.

Physical Address

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PO Box 445, Waikato Mail Centre

Email

enquiries@wceet.org.nz

Website

www.wceet.org.nz



Statement of Service Performance

Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2020

Description of Entity's Outcomes

The outcomes of the Waikato Catchment Ecological Enhancement Charitable Trust includes:

1. To foster and enhance the sustainable management of the ecological resources in the Lake Taupo and Waikato River catchments;
2. To mitigate adverse effects of the operation of the Waikato Hydro Scheme on the ecological environments in the Lake Taupo and Waikato River catchments;
3. To maintain and enhance:
 1. Indigenous biodiversity; and
 2. Sports fishery and game bird populations, in the Lake Taupo and Waikato River catchments through appropriate and sustainable species and habitat management by:
 1. Identifying important habitats and/or species;
 2. Identifying risks and threats to those identified habitats and/or species;
 3. Identifying the most practicable means to ameliorate or resolve risks and threats to habitats and species in the catchment;
 4. Identifying a practical means to enhance important habitats and/or species;
 5. Establishing an enduring and beneficial working partnership between Mercury and the Trust.

	2020	2019
Description and Quantification of the Entity's Outputs		
Projects Completed - Total Paid	606,138	396,012
Projects Considered at Annual Funding Round/Grants Awarded	565,995	389,712

Description and Quantification of the Entity's Outputs

Projects Completed in the 2020 Financial Year

Application Number	Applicant	Project	Total
2013/19	Waikato Raupatu River Trust	Restoration of Maurea Islands	\$32,379
2014/07	Project Tongariro	Eastern Te Maapuna Wetland Restoration Project	\$194,910
2014/26	Fish & Game Auckland/Waikato Region	David Saxton Wetland Restoration	\$19,950
2014/27	Fish & Game Auckland/Waikato Region	Kenny Smith	\$25,901
2016/11	Waikato RiverCare	Mangawara Catchment	\$33,638
2017/02	Mangakotukutuku Stream Care Group	Mangakotukutuku Stream Restoration	Funds no longer Required
2017/10	Fish & Game Auckland/Waikato Region	Bruce Grant Wetland	\$21,500
2017/13	Fish & Game Auckland/Waikato Region	Kelvin Babington Wetland	\$11,000



2018/02	Waikato RiverCare	Hickey Farm Project	\$30,000
2018/03	Waikato RiverCare	Butler Farm Project	\$33,889
2018/06	Dave & Leeann Gamble	Gamble Property Project	\$15,700
2018/09	Stu Muir	Te Papa Riparian Restoration Project	\$25,000
2018/16	Lower Mangapiko Streamcare Group	Lower Mangapiko Streamcare Project	\$4,151
2018/23	Ngati Haua Mahi Trust	Nga puna o Manaonua me Mangaone ki Waikato	\$80,250
2018/24	Mark Waters	Te Miro Road Native Biodiversity Restoration Project	\$5,000
2019/02	Howick Tramping Club	Northern Pureora Kokako Recovery Project	\$11,140
2019/04	Fish & Game Auckland/Waikato Region	Frontier Farms Wetland Enhancement Project	\$33,000
2019/05	Riverview Oaks Ltd	Waiora Awa Project	\$19,588
2019/16	Barrie Stewart	Rangaakiaki Stream Headwaters Restoration Project	\$9,142
Total			\$606,138

List of Applications Approved during 2020 Funding Round

All funds approved are GST inclusive

Application Number	Applicant	Project	2020	2021	2022	2023	Total
2019/14	Tongariro Natural History Society	Te Matapuna Wetlands Restoration Project (Application received in 2019, funding approved 2020)	\$45,000	\$5,000			\$50,000
2020/03	Hatepe Residents Association	Lower Hinemaiaia River Bush Restoration		\$6,632		\$6,632	\$13,264
2020/04	Waikato RiverCare	Taupiri Cemetery Planting Project	\$11,000	\$34,000			\$45,000
2020/06	Craigelea Farms Ltd	Craigelea Planting Project Manaaki Arapuni te Awa	\$20,700	\$1,725	\$4,571		\$26,996
2020/08	Wairakei Pastoral Estate and Ngati Tahu Ngati Whaoa	Wairua O Tahoukouri Wetland and association riparian areas	\$28,000				\$28,000



2020/09	Colleen Grayling		\$11,631				\$11,631
2020/10	Pukawa Wildlife Management Trust (PWMT)		\$2,850	\$2,850	\$2,850		\$8,550
2020/12	Hallmark Stud Ltd	Restore and protect two ponds in the Waikato River Catchment	\$10,000				\$10,000
2020/13	Te Runanga o Ngati Kea Ngati Tuara Trust	Te Waea Wetland	\$20,000				\$20,000
2020/14	TKDM Farms Ltd	Restore and protect a lake in the Mangatawhiri River catchment	\$15,000				\$15,000
2020/15	S & N Wagstaff	Restore and enhance a wetland and stream in the Opuatia Stream catchment	\$10,000				\$10,000
2020/16	Mangakotukutuku Stream Care Group	Mangakotukutuku Gully Restoration Project - St Pius X School Site	\$10,000				\$10,000
2020/17	M Riddington	Tata Valley	\$4,600	\$4,600			\$9,200
2020/18	Waihaha Papakainga		\$30,000	\$10,000			\$40,000
2020/19	Project Tongariro	Oruatua Restoration Project	\$17,440	\$6,280	\$6,280		\$30,000
2020/20	CJ & HJ Evans & Sons Ltd	Waikato River Catchment Protection and Restoration	\$12,000				\$12,000
2020/22	Tongariro Natural History Society	Te Matapuna Wetlands Restoration - Willow work extension 2021	\$17,526				\$17,526
2020/24	Maniapoto Maori Trust Board	Waipa River Oxbow Restoration Project - Stage 1		\$6,817	\$7,354	\$1,737	\$15,908
2020/25	Greening Taupo	Completion of Gully 1 Whakaipo Bay Recreation Reserve	\$3,130	\$8,203	\$8,667		\$20,000
2020/26	Ani Waata Whanau Trust	The Mangaroa Gully Restoration		\$20,000			\$20,000
2020/27	Fish and Game Auckland/Waikato	Sweetwaters	\$40,125				\$40,125



Statement of Service Performance

2020/28	Fish and Game Auckland/Waikato	Te Kauri Farm, Opuatia Riparian and Wetland Restoration Project	\$19,320				\$19,320
2020/29	Simon Saxton	Medway Farm Restoration Project	\$9,528	\$19,222	\$17,250		\$46,000
2020/30	National Wetlands	Rotopiko Restoration	\$20,000	\$20,000			\$40,000
2020/32	Pirongia Te Aroaro o Kahu Restoration Society Inc	Mangakaraa Project	\$7,475				\$7,475
Totals			\$365,325	\$145,329	\$46,972	\$8,369	\$565,995



Statement of Financial Performance

Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2020

	NOTES	2020	2019
Revenue			
Donations, fundraising and other similar revenue	1	217,419	213,679
Interest, dividends and other investment revenue	1	248,755	276,508
Grants Written Back		84,840	13,676
Total Revenue		551,014	503,863
Expenses			
Costs related to providing goods or service	2	231	291
Grants and donations made	2	493,144	340,335
Other expenses	2	4,357	4,348
Total Expenses		497,732	344,974
Surplus/(Deficit) for the Year		53,282	158,889



These financial statements should be read in conjunction with the notes to the financial statements and attached audit report.

Statement of Financial Position

Waikato Catchment Ecological Enhancement Charitable Trust
As at 30 June 2020

	NOTES	30 JUN 2020	30 JUN 2019
Assets			
Current Assets			
Bank accounts and cash	3	197,166	382,756
Debtors and prepayments	3	225,701	243,982
Total Current Assets		422,867	626,738
Non-Current Assets			
Investments	3	3,629,861	3,606,610
Total Non-Current Assets		3,629,861	3,606,610
Total Assets		4,052,728	4,233,348
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	1,600,735	1,834,637
Total Current Liabilities		1,600,735	1,834,637
Total Liabilities		1,600,735	1,834,637
Total Assets less Total Liabilities (Net Assets)		2,451,993	2,398,711
Accumulated Funds			
Accumulated surpluses or (deficits)	5	2,451,993	2,398,711
Total Accumulated Funds		2,451,993	2,398,711

For and on behalf of the Board

Chairperson: *[Signature]*

Date: 19/10/20

Trustee: *[Signature]*

Date: 19/10/20



These financial statements should be read in conjunction with the notes to the financial statements and attached audit report.

Statement of Cash Flows

Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2020

	2020	2019
Cash Flows from Operating Activities		
Donations, fundraising and other similar receipts	217,419	213,679
Interest, dividends and other investment receipts	141,504	180,031
GST	(10,212)	8,654
Payments to suppliers and employees	(4,588)	(4,588)
Donations or grants paid	(613,713)	(315,015)
Total Cash Flows from Operating Activities	(269,590)	82,761
Cash Flows from Investing and Financing Activities		
Receipts from sale of investments	84,000	71,747
Total Cash Flows from Investing and Financing Activities	84,000	71,747
Net Increase/ (Decrease) in Cash	(185,590)	154,509
Cash Balances		
Cash and cash equivalents at beginning of period	382,756	228,247
Cash and cash equivalents at end of period	197,166	382,756
Net change in cash for period	(185,590)	154,509



These financial statements have should be read in conjunction with the notes to the financial statements and attached audit report.

Statement of Accounting Policies

Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2020

Basis of Preparation

The Waikato Catchment Ecological Enhancement Charitable Trust has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Waikato Catchment Ecological Enhancement Charitable Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Donations, Fundraising and Other Similar Revenue

Donations are recognised as revenue upon receipt.

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant has been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to income as the conditions are fulfilled.

Interest Income

Interest income is recognised on an accruals basis.

Other Income

All other income is accounted for on an accruals basis and accounted for in accordance with the substance of the transaction.

Grants Made

Grants expenses consists of grants approved during the year.

Income Tax

Waikato Catchment Ecological Enhancement Charitable Trust is registered as a charitable entity under the Charities Act 2005 and is exempt from income tax under the income tax legislation.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Investments

Investments are valued at market value.



Creditors and Accrued Expenses

Creditors represent liabilities for grants approved but unpaid at balance date. Creditors are recorded at the amount of cash required to settle the liability.

Debtors

Debtors are recognised at expected realisable value.

Tier 2 PBE Accounting Standards Applied

The entity has not adopted any Tier 2 PBE accounting Standards in the preparation of these accounts.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.



Notes to the Performance Report

Waikato Catchment Ecological Enhancement Charitable Trust For the year ended 30 June 2020

	2020	2019
1. Analysis of Revenue		
Donations, fundraising and other similar revenue		
Mercury	217,419	213,679
Total Donations, fundraising and other similar revenue	217,419	213,679
Interest, dividends and other investment revenue		
Interest Received	140,024	164,009
Unrealised (Gain)/Loss on Investment	112,040	133,728
Realised Loss/(Gain) on Sale of Investments	(3,309)	(21,229)
Total Interest, dividends and other investment revenue	248,755	276,508
Other revenue		
Grants Written Back	84,840	13,676
Total Other revenue	84,840	13,676
	2020	2019

2. Analysis of Expenses

Costs related to providing goods or services		
Administrative Fees	-	240
DIA Charities Services	51	51
Web Hosting Fees	180	-
Total Costs related to providing goods or services	231	291
Grants and donations made		
2019/01 Waikato River Care	-	75,679
2019/02 Howick Tramping Club	-	11,162
2019/03 TL & SL Taylor Limited	-	5,361
2019/04 Fish & Game	-	28,696
2019/05 Riverview Oaks Ltd	-	17,033
2019/06 Fish & Game Auckland/Waikato Region	-	15,652
2019/09 Jim & Louise Foote	-	25,105
2019/10 Greening Taupo	-	80,250
2019/13 Glen & Graham Wilson	-	23,131
2019/15 Waikato River Trails	-	23,318
2019/16 Barrie Stewart Rangaakiaki Stream Headwaters	-	7,950
2019/17 Gary Driver	-	27,000
2019/14 Tongariri Natural History Society	43,478	-
2020/03 Hatepe Residents Association	11,534	-
2020/04 Waikato RiverCare	39,130	-
2020/06 Craiglea Farms Ltd	23,475	-
2020/08 Wairakei Pastoral Estate and Ngati Tahu Ngati Whaoa	24,348	-
2020/09 Colleen Grayling	10,114	-
2020/10 Pukawa Wildlife Management Trust (PWMT)	7,435	-



	2020	2019
2020/12 Hallmark Stud Ltd	8,696	-
2020/13 Te Runanga o Ngati Kea Ngati Tuara Trust	17,391	-
2020/14 TKDM Farms Ltd	13,043	-
2020/15 S & N Wagstaff	8,696	-
2020/16 Mangakotukutuku Stream Care Group	8,696	-
2020/18 Waihaha Papakainga	34,783	-
2020/19 Project Tongariro	26,087	-
2020/17 M Riddington	8,000	-
2020/20 CJ & HJ Evans & Sons Ltd	10,435	-
2020/22 Tongariro Natural History Society	15,240	-
2020/24 Maniapoto Maori Trust Board	13,833	-
2020/25 Greening Taupo	17,391	-
2020/26 Ani Waata Whanau Trust	17,391	-
2020/27 Fish & Game Auckland/Waikato Sweetwaters	34,891	-
2020/28 Fish & Game Auckland/Waikato	16,800	-
2020/29 Simon Saxton	40,000	-
2020/30 National Wetlands	34,783	-
2020/32 Pirongia Te Aroaro o Kahu Restoration Society Inc	7,475	-
Total Grants and donations made	493,144	340,335
Other expenses		
Management Fee - Craigs	4,357	4,348
Total Other expenses	4,357	4,348

	2020	2019
3. Analysis of Assets		
Bank accounts and cash		
Craigs Cash Management Account	147,101	286,632
SBS Bank	50,065	96,124
Total Bank accounts and cash	197,166	382,756
Debtors and prepayments		
GST	225,701	243,982
Total Debtors and prepayments	225,701	243,982
Investments		
Craigs Investments	3,629,861	3,606,610
Total Investments	3,629,861	3,606,610

	2020	2019
4. Analysis of Liabilities		
Creditors and accrued expenses		
Grants Approved & Unpaid	1,600,735	1,834,637
Total Creditors and accrued expenses	1,600,735	1,834,637



Grants Approved and Unpaid

Grants for future years are all classified as current liabilities as the payment dates may change.

	2020	2019
5. Accumulated Funds		
Accumulated Funds		
Opening Balance	2,398,711	2,239,822
Accumulated surpluses or (deficits)		
Current year earnings	53,282	158,889
Total Accumulated surpluses or (deficits)	53,282	158,889
Total Accumulated Funds	2,451,993	2,398,711
Total Accumulated Funds	2,451,993	2,398,711

6. Commitments

The Waikato Catchment Ecological Enhancement Charitable Trust has no commitments as at 30 June 2020 (2019:nil).

7. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2020 (2019:nil).

8. Goods or Services Provided to the Entity in Kind

Secretarial Services are provided by Mercury Limited at no cost.

9. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (2019:nil)

	2020	2019
10. Related Parties		
Contributions		
Mercury Annual Contribution	217,419	213,679
Total Contributions	217,419	213,679

Interpretation of Related Parties

For the purposes of this report, the Trust has, under advice, interpreted the term Related Parties in its broadest sense. Inherent in the Trust's establishment (refer to page 5), was the recognition that the organisations that are party to the Trust are engaged in projects and activities that align with Trust objectives.

The Trust has a clear policy to manage any conflict of interest which may arise due to these organisational alignments (e.g. when a funding application is received from an organisation that a Trustee represents). Conflicts are required to be declared and recorded, and any conflicted Trustee must stand down from voting. If the application is approved, then a Trustee other than those that are conflicted are appointed to oversee the project and any subsequent approvals for payments.

These organisational alignments have been laid out in the table below, which describes grants made to the organisations that are party to the Trust.



Description of Related Party Relationship	Description of the Transaction	2020 Value of Transactions Approved during the year	2020 Amount Outstanding	2019 Value of Transactions Approved during the year	2019 Amount Outstanding
Trustees	Trustees regularly provide their time and skills to the oversight and operation of the trust at no charge.				
Judith Van Rossem is a trustee and also the project manger for bio-diversity at the Waikato Regional Council.	The Trust provided funding for the below Waikato Regional Council projects:				
	2018/17 Fish Passage Research & Development Project.		\$28,750		\$28,750
	2018/04 Waipa Rerenoa River Restoration Project.	\$37,950	\$374	\$19,446	\$38,323
	2016/29 Karapiro Stream Riparian and Wetland Restoration		\$10,672		\$10,672
	2016/28 Lake Hotoananga Planting Project - Chris Jew's Wetland			\$4,934	
	2016/27 Lake Maratoto Manuka Wetland Enhancement Project		\$18,657	\$9,240	\$18,657
	2016/25 Mangaotama Wetland Restoration and Stream Enhancement Project.		\$10,000	\$2,174	\$10,000
	2016/12 Continuation of Lake Waahi Planting Project - Shaw Wetland		\$8,133		\$8,133
	2015/13 Mangaotama Wetland Restoration and Stream Enhancement Project		\$62,724		\$62,724
	2014/03 Continuation of Restoration of the Lake Mangahia Wetland	1,458	\$2,928	\$796	\$4,386
Matthew McDougall is a trustee and also a senior officer at Fish and Game NZ - Eastern Region	The Trust provided funding for the below Fish and Game NZ				



	Eastern - Region projects:				
	2016/16 Hardcastle's & Mihi Bridge Wetlands		\$11,500		\$11,500
Douglas Emmett is a trustee and also an advisor at Fish and Game Auckland/Waikato.	The Trust provided funding for the below Fish and Game Auckland/Waikato projects:				
	2020/28 Te Kauri Farm, Opuatia Riparian and Wetland Restoration Project		\$19,320		
	2020/27 Sweetwaters		\$40,125		
	2019/06 Andrew and Michael Caldwell wetland development		\$18,000		\$18,000
	2019/04 Frontier Farms Wetland Enhancement Project	\$33,000			\$33,000
	2018/05 Frontier Farms Wetland Enhancement Project		\$40,000		\$40,000
	2017/16 Piggott Wetland Block Enhancement			\$3,000	
	2017/13 Kelvin Babington Wetland	\$1,225		\$8,500	\$1,225
	2017/11 Colin Hickey Wetland			\$23,406	
	2017/10 Bruce Grant Wetland	\$21,500			\$21,500
	2017/09 Kevin Ramsey Wetland		\$4,000		\$4,000
	2017/08 Andrew Ewan Wetland			\$6,522	
	2016/34 Predator Trapping Waikare West		\$1,380		\$1,380
	2014/26 David Saxton Wetland Restoration	\$2,139			\$2,139
	2014/23 Brad Marsh Wetland Restoration			\$510	
	2014/21 Jeff Tucker Wetland Restoration			\$972	
Donald Scarlet is a trustee and also a key	The trust provided funding for the below				



relationships manager at Mercury Limited. Larnie Chrystall is a trustee and also a commercial advisor at Mercury Limited.	Mercury Limited projects:				
	2020/30 Rotopiko Restoration		\$40,000		
	2019/10 Greening Taupo	\$36,959	\$55,328		
	2017/01 Rotopiko Restoration	\$31,859	\$8,519	\$22,280	\$40,378
	2016/20 Mangakowhiriwhiri Stream Wetland Restoration	\$12,095	\$12,459	\$10,480	\$24,554
Larnie Chrystall is a trustee and also an Executive Committee Member at Waikato RiverCare	The Trust provided funding for the below Waikato RiverCare projects:				
	2020/04 Taupiri Cemetary Planting Project		\$45,000		
	2019/01 Wai O te Atua Stream Project		\$87,030		\$87,030
	2018/03 Butler Farm Project	\$28,589		\$4,609	\$28,700
	2018/02 Hickey Farm Project	\$30,000			\$30,000
	2017/04 Koheroa Road Project Black Farm	\$32,472	\$21,694	\$57,170	\$54,166
	2016/10 Lake Ohinewai Project			\$11,379	
	2016/11 Mangawara Catchment	\$5,067			\$5,067
	2015/01 Taupiri Ki Weanganui			\$3,565	
Gwyneth Verkerk is a trustee of Predator Free Hamilton	The Trust provided funding for the below Predator Free Hamilton projects:				
	2017/25 Pest Free Riverlea	\$4,081	\$5,857		\$9,938
Andrew Styche is the community technical advisor at the	2020/32 Pirongia Te Aroaro Kahu Restoration Society		\$7,475		



Department of Conservation which is involved in the administration of the Pirongia Forest Park					
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Terms and conditions of transactions with related parties:

Funding for operations to date has been received from Mercury Limited (formerly Mighty River Power Limited) under the terms provided for in the Memorandum of Understanding (MoU) of 15 October 2002 between Mercury Limited and the Waikato Catchment Ecological Enhancement Charitable Trust. As part of the MoU, Mercury Limited has agreed to provide administrative support including the payment of administrative and audit expenses. Some grants are paid to organisations represented by current trustees. Transactions with related parties are recorded on normal commercial terms.



Independent Auditor's Report

Waikato Catchment Ecological Enhancement Charitable Trust
For the year ended 30 June 2020

INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Waikato Catchment Ecological Enhancement Charitable Trust

Report on the Performance Report

Opinion

We have audited the performance report of The Waikato Catchment Ecological Enhancement Charitable Trust, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 30 June 2020, the statement of financial position as at 30 June 2020, and the statement of accounting policies and other explanatory information.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the accompanying performance report presents fairly, in all material respects:
 - the entity information for the year then ended;
 - the service performance for the year then ended; and
 - the financial position of The Waikato Catchment Ecological Enhancement Charitable Trust as at 30 June 2020, and (of) its financial performance, and cash flows for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of The Waikato Catchment Ecological Enhancement Charitable Trust in accordance with Professional and Ethical Standard 1, International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, The Waikato Catchment Ecological Enhancement Charitable Trust.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included on page 3 for the Compilation Report which form part of the Trust's Performance Report, but does not include the performance report 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 performance report, our responsibility is to read the other information, and in doing so, 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 the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Performance Report

The Trustees are responsible for:

- (a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report on behalf of the entity which comprises:
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance reportin accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and
- (c) such internal control as the Trustees determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

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

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

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.

Owen McLeod & Co Ltd
Owen McLeod & Co Ltd
 20 October 2020
 Hamilton
 New Zealand