TECT

At the heart of our community

Annual Report 2022/23

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Who Are We

TECT Community Trust is governed by six trustees who are elected by the community for a 4-year term. The terms of appointment of trustees are staggered so that three trustees retire every two years. The next election of trustees will be held in 2024. The trustees, acting in accordance with the trust deed, are responsible for ensuring that the trust operates according to its key roles and meets all its regulatory and legal requirements.

The Board are supported by a team who run the day to day operations of the trust including the investments, community grants scheme, collaborating with other local funders and community organisations, and working on projects for the Trust.

It is recognised that Trustees and staff have a wide range of involvement throughout the TECT region and that the potential for conflict will arise from time to time. To cover this eventuality, Trustees and staff disclose their involvement with other organisations, do not take part in discussions relating to organisations with which they have a conflict of interest, and do not vote on any matter where a conflict or potential conflict exists.

Trustees (clockwise): Bill Holland, Mark Arundel, Kate Barry-Piceno, Peter Blackwell, Rachael Gemming, Peter Farmer.

Directory as at 31 March 2023

Trustees

B Holland, Chairperson
M Arundel, Deputy Chairperson
P Blackwell
P Farmer
R Gemming (appointed Sept '22)
K Barry-Piceno (elected Nov '22)
N Bridges (resigned Sept '22)
T Jennen (retired Nov '22)

Chief Executive

Wayne Werder

Board Committees

Finance, Audit & Risk Committee

R Gemming
K Barry-Piceno

Investment Committee

E Shuck, Independent Chair
B Holland
M Arundel
P Farmer

Auditor

Crowe NZ Audit Partnership

Solicitor

Sharp Tudhope Tauranga

Accountant

KPMG Tauranga

Date of Commencement

TECT Community Trust	8 February 2022
TECT Holdings Ltd	15 December 2006

The TECT head office is located at The Kollective, 145 Seventeenth Ave, Tauranga

Trust Deed Amendments

TECT Community Trust and its subsidiary TECT Holdings Ltd are guided by the Trust Deed and company constitution respectively. During the year, Trustees approved a variation to the Trust Deed of the TECT Community Trust.

Background - A Year of Change For TECT

The Tauranga Energy Consumer Trust was established under a trust deed in 1993 to hold 42M shares in Trustpower Ltd in trust for the benefit of the Trusts beneficiaries. In January 2021, Trustpower announced it was undertaking a review of its retail business and the likelihood of its future sale.

In response to the proposed sale, the TECT Trustees agreed on a preferred restructuring approach for consideration by its Consumers. The final proposal was agreed in May 2021, and High Court approval was received in December 2021. The restructure was completed on 1 April 2022. Trustpower Ltd was renamed Manawa Energy (MNW) on 4 May 2022.

The consequence of the restructure was that the Tauranga Energy Consumer Trust (renamed the TECT Consumer Trust) continues, but with a substantially amended Trust Deed. The Trust now exists for the sole purpose of paying rebates to existing Consumers through to 2050.

A new charitable trust was established, the TECT Community Trust. The TECT Community Trust, with its subsidiary TECT Holdings Ltd, is the primary vehicle to hold and manage TECT's assets (including shares in MNW), and benefit the local community in Tauranga and the Western Bay of Plenty region, primarily through grants. These entities report as a group – the TECT Community Trust Group.

This annual report is for the TECT Community Trust Group. A separate annual report is available for the TECT Consumer Trust.

Chairperson & CEO's Report

Bill Holland
Chairperson

Chairperson & CEO's Report

It is our pleasure to present the Chair/CEO report for the TECT Annual Report, covering the exciting first year after the trust restructured, a tough investment climate, and our pleasure in distributing funds to many worthy community groups in the Western Bay/Tauranga region.

The past year has been a period of significant change for TECT, as we underwent a restructuring process to ensure that we remain agile and effective in our mission of supporting the community. We believe that the changes we have made have positioned us well for the future, and we are confident that TECT will continue to be a vital resource for the Western Bay/Tauranga region.

One of the key highlights of the past year has been our ability to distribute funds to many worthy community groups. We are proud to have contributed to the betterment of our community through these distributions, and we would like to take this opportunity to thank all of the organisations that have partnered with us to make this possible.

Despite a challenging investment climate, TECT is well positioned to deliver long term sustainable returns in the future. Our investment strategy has been guided by a commitment to responsible stewardship of the funds entrusted to us, and despite being a very challenging year we are pleased that our efforts to diversify our portfolio has yielded positive results over a longer period. We are confident that our investment strategy will continue to be effective in the years to come.

Throughout the past year, our staff and trustees have demonstrated their dedication to the mission of TECT. We are proud of their hard work and commitment to excellence, and we believe that their contributions have been instrumental in our success. We would like to take this opportunity to thank each and every member of our team for their tireless efforts.

There is no doubt that New Zealand is currently facing significant issues in areas such as housing, climate change, and inequality. The country is grappling with a shortage of affordable homes, which has led to soaring prices and increased homelessness. Climate change poses a threat to the country's unique ecosystems, while inequality persists across various aspects of society.

In the Western Bay of Plenty, rapid growth has strained infrastructure and facilities, highlighting the need for strategic planning and investment. Addressing these challenges requires collective efforts to create sustainable solutions and prioritize the well-being of all New Zealanders.

Looking ahead, we acknowledge these challenges but are also excited about the opportunities that lie before us. We remain committed to the core objectives of TECT, including supporting the community and ensuring the responsible management of the funds entrusted to us. We are confident that, with the support of the community and our stakeholders, we will be able to achieve our goals and continue to make a positive impact on the Western Bay/Tauranga region.

In conclusion, we would like to thank all of our stakeholders for their continued support of TECT. We believe that the past year has been a strong one for our organisation, and we are excited about the future. We look forward to continuing to work with our partners and stakeholders to build a better community for all.

Bill Holland
Chairperson

Wayne Werder
CEO

Wayne Werder
CEO

Total Grants Approved: $156.6M

Why Do We Exist, What We Aim To Do

As a passionate and community-driven Trust, we strive to nurture and build the prosperity of Tauranga and the Western Bay of Plenty residents through unwavering support for local initiatives, events, and facilities.

Our efforts empower the communities and organisations we support, as we work together to make a significant impact on shaping the quality of life and wellbeing for all.

In 1993, the birth of TECT marked a momentous turning point in our community's history. We embarked on a journey towards a vision for a region where our communities and environment can thrive. Today, the Trust's impact has reverberated throughout our region, touching the lives of countless individuals now and in the future.

We are committed to supporting innovation and progress in our community in order to create sustainable and measurable change. By protecting and growing our capital base, building strong partnerships, and investing well into community initiatives, TECT's impact can be transformational.

We strive to make a difference for Tauranga and Western Bay of Plenty communities, positively impacting the lives of current residents and future generations. Our funding approach is inclusive of all communities, and we prioritise support for those experiencing the highest need as well as enabling future transformational projects which benefit everyone in our community.

Our Strategic Plan

We're on a mission to make a real difference in our community, and following TECT's recent restructure, we've developed a new strategy and funding framework that will guide our decision-making and fuel our action.

We've conducted an evidence-based review that included analysing our community profile and gathering input from key representatives of local community organisations. This review identified a range of challenges in our region. Housing, the natural environment, and community infrastructure have been identified as priority issues, but we also know that supporting community wellbeing and vibrancy is vital in building an economically sustainable and healthy region.

The evidence review shows that Māori, diverse ethnic communities, children, and young people are more likely to experience inequity in relation to socio-economic deprivation, income, and education. The NZ Deprivation Index identifies local communities within our region with high levels of deprivation – Matakana Island; Te Puke West and Maketū; Yatton Park, Baypark-Kairua, Tauranga Hospital, Gate Pā, Greerton South and Matapihi. We also know that there are pockets of need within other sections of our communities, and that our rapidly aging population also brings challenges.

We're not just prepared to talk about these issues; we're taking action to make a difference and prepare for future needs now. We have developed strategic focus areas that will guide our funding into our wider community, prioritising funding for initiatives that not only support communities experiencing the greatest disadvantage but also contribute to long-lasting benefits for all.

Our vision | Ko te whakakitenga

A thriving, caring and connected community here in the Western Bay of Plenty.

Our mission | Ko te uaratanga

Responsibly manage our investments and effectively distribute funds for the long-term benefit of the community we serve.

Our purpose | Ko te whāinga

To make a significant impact on shaping the quality of life and wellbeing of current and future generations in the Western Bay of Plenty. We are part of the fabric of this region and are ambitious for the future of our community.

Our Region

The TECT region is the same as the regions administered by Tauranga City Council and Western Bay of Plenty District Council.

At TECT, we strive to make a difference for Western Bay of Plenty communities, positively impacting the lives of current residents and future generations. Our funding approach is inclusive of all communities, and we prioritise support for those experiencing the highest need.

Our Way of Working

Impact Focused - We aim to be embedded in our community and to meaningfully contribute to community wellbeing and quality of life. Our fund enables us to invest in ways that seek to achieve deep, measurable impact, addressing key challenges and benefiting our region's people intergenerationally.

Collaborative - We have unique flexibility to use our resources collaboratively alongside other funders and believe it is important to work with people who have strong community connections and understanding. Together we work to bring about sustainable and equitable change in our region.

Balanced Approach - We will balance our funding approach between responsive and strategic investment. Responsive funding ensures we listen and stay open to community needs and ambitions. Strategic funding approaches give us the tools we need to address systemic issues in our region.

Enabling - We believe in empowering communities to lead change. Our aim is to help strengthen local organisations so they can create long-term social change that enables our region's communities to thrive. Across all of our funds we aim to be approachable, accessible and enabling of community aspirations.

Agile - We recognise the value of being nimble and flexible – meaning that we can respond quickly to opportunities that may arise, and can adapt as the needs of our partners and communities change. Being evidence-informed ensures we adapt to our community's changing needs.

Commitment to Māori - We recognise the importance of building meaningful relationships with tangata whenua and enabling the aspirations of Māori in our region. As a Trust, we are committed to developing our understanding of Te Tiriti o Waitangi and its implications for our work.

What We Have Done/Our Outputs

Financial & Investment Performance

The themes of market volatility continued throughout the financial year, with New Zealand and most of the Western world challenged by a highly inflationary environment created by the fiscal and monetary loosening during the Covid period of 2020 to 2022.

As a consequence, central banks have significantly raised interest rates including our own Reserve Bank. The market volatility looks to remain for some time with continued geopolitical considerations, ongoing tightening of monetary policy, and remaining inflation concerns.

In the previous year the Trust strengthened the governance of the investment approach with the appointment of Frontier Advisors. This was complemented with the establishment of an Investment Committee with an independent chair (Dr Ed Schuck). The Board maintains responsibility for establishing the objectives and policies set out in the Statement of Investment Policy & Objectives (“SIPO”) with the Trust’s Investment Committee ensuring compliance with the SIPO, making recommendations and manager selection and monitoring.

The Trust holds a 26.8% shareholding in Manawa Energy Limited and a diversified portfolio of investments. TECT’s investment approach is formalised through the SIPO, the Trust’s investment objective is to protect and equitably grow TECT’s investment capital so that it can provide ongoing returns for distribution to current and future generations. The Trustees achieve this through investing the assets of the Trust in a broad range of diversified investments designed to achieve the following objectives:

The Trust’s spending policy is to have available 4% of the average value of the portfolio over the last 12 quarters. The difference between the Trust’s 4% spending rate and the portfolio’s overall long term return objective builds in a buffer for growth.

Key Performance Highlights For The Year Include

The overall Trust portfolio experienced a difficult 12 months, largely owing to the decline in the Manawa share price. The three and five year annual returns remained in positive territory.

Overall, performance of the diversified portfolio has been in line with other portfolios of similar asset allocations. Most portfolios have seen a return to positive performance over the March quarter owing to strong equities performance for which sentiment has improved due to cooling inflation.

Furthermore, yearly returns across similar portfolios remain flat or slightly negative, which have followed on from a very difficult 2022 calendar year for most asset classes.

$39.3M Group net surplus, this included a special dividend of **$29.3M** following the sale of the retail arm of Trustpower.

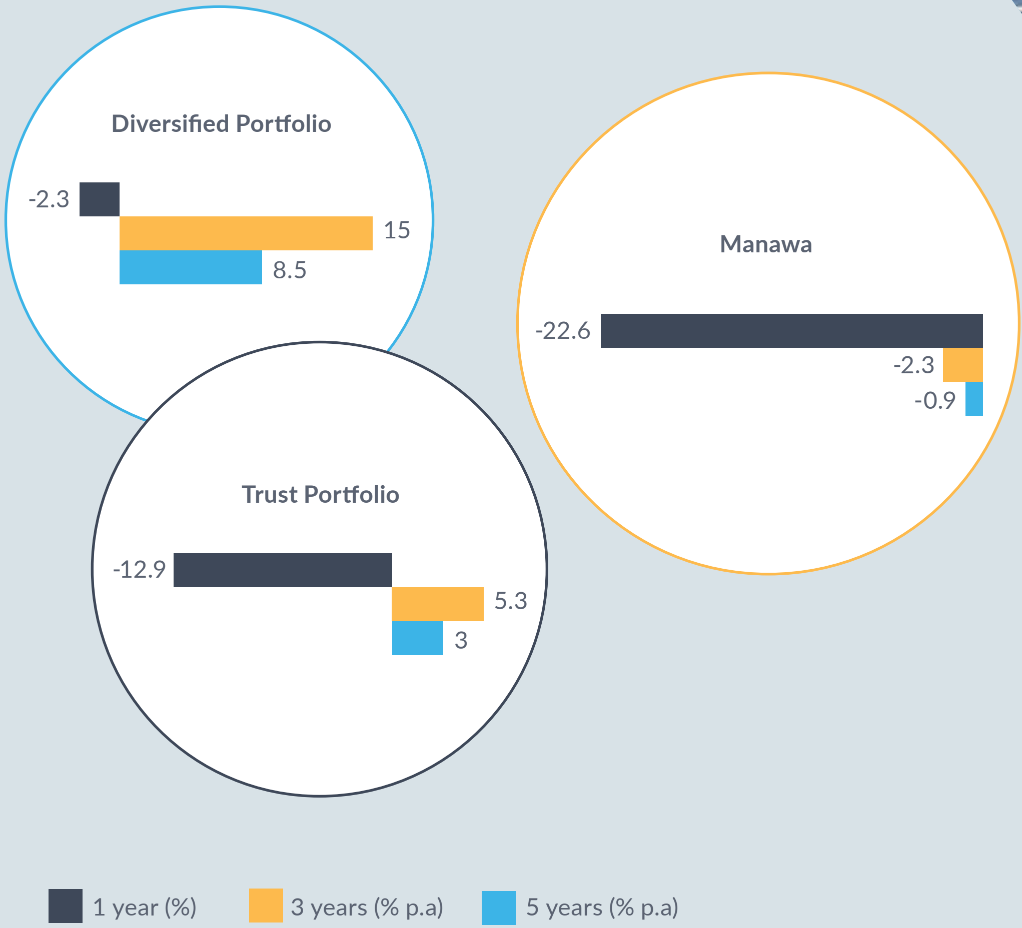
Group administration expenses of **$2.5M** (before finance and interest payments).

Total Assets were **$893.6M**, with Net Assets of **$535.2M** after the loan to the TECT Consumer Trust.

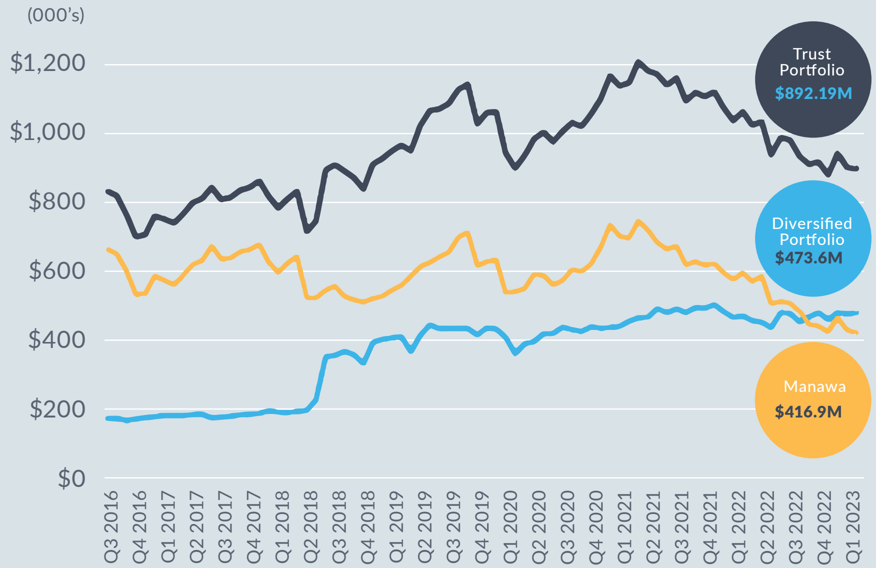
The diversified portfolio had a negative return of **-2.3%** due to the volatility in the markets throughout the year.

Performance Summary

as at 31 March 2023



Market Value



Impact Investments

As at 31 March 2023

The Kollective Encouraging collaborative practice amongst community organisation	$10,650,000
Durham Street Property Development of Tertiary Precinct	$5,970,748
Purpose Capital Impact Fund Mobilises new capital for systemic social and environmental change	$1,818,200
Te Mana O Toi - Loan Development of Blake Park sporting precinct	$1,088,006
WNT Ventures Fund 2 Development of regional investment eco system	$416,643
WNT Ventures Fund 3 Development of regional investment eco system	$118,219
Enterprise Angels - EA Fund 2 Development of regional investment eco system	$209,681
Enterprise Angels - EA Fund 3 Development of regional investment eco system	$185,059
Omanu Beach Charitable Trust - loan Organisational sustainability of Surf Life Saving	$77,514
Total Impact Investments	**$20,534,070**

The performance objective of the Trust's impact investments is to generate a financial return consistent with the benchmark, as well as positive, measurable social and environmental impact. To date, the Trust has invested in a number of impact investments.

Grants Programme

Each year the TECT grants programme makes funding available to community organisations and initiatives. The Trust engages in community consultation and receives feedback on the distribution plan. Funds that are not uplifted because a project does not go ahead, or accountability has not been met will be returned to the grants distribution pool and any unused funds will be carried over to the following year.

The year under review was our first under the new Trust structure and as a result it was pleasing to able to deliver immediate benefit to the community with $27.5m allocated for distribution across our five Grant Funds. This compares with $6.7m the previous year, a significant increase which is a signal of the transformational opportunity the restructure has provided. TECT's grants fund is split between strategic and responsive, across our five funds – Projects of Regional Significance, Catalyst for Change, Community Facilities, Community Development and Community Events.

The following distribution plan was approved for the 2022/23 period:

	Allocated to Reserve 2022/23		Balance in Reserves at 31 March 2022		TOTAL in Reserve
Proactive					
Projects of Regional Significance	$13,350,000	+	$1,675,744	=	**$15,025,744**
Catalyst for Change	$3,500,000		$1,910,256	=	**$5,410,256**
Reactive					
Community Facilities	$4,950,000	+	$309,689	=	**$5,259,689**
Community Events	$650,000	+	$317,996	=	**$967,996**
Community Development	$5,000,000	+	$22,553	=	**$5,022,553**
TOTAL ALLOCATIONS	**$27,450,000**		**$4,236,238**	=	**$31,686,238**

Description and quantification of the entity's output

	Actual	Forecast
Total number of grants approved	243	225
Number of community groups approved funding	238	220
Value of grants approved	$15,982,275	$31,686,238
Percentage of grants approved	88.8%	85%
Total grants paid out in the year	$13,616,517	$27,450,000
TOTAL ALLOCATIONS	**$27,450,000**	**$4,236,238**

** Grants approved include total number of grants approved directly from TECT, as well as the funding decisions made through the joint funds where TECT has made a contribution.*

The Trust continued to strive to operate a clear, consistent and transparent funding process. The value of grants approved is dependent on the number and type of applications received during the year. A further breakdown of the value of grants approved is as follows:

Grants approved by type:

	Actual	Available for distribution
Projects of Regional Significance	$920,000	$15,025,744
Community Development	$5,072,009*	$5,023,035
Community Facilities	$3,616,488	$5,259,689
Catalyst for Change	$5,406,719	$5,410,256
Community Events	$967,559	$967,996
TOTAL	**$15,982,275**	**$31,686,238**

**Include lapses returned to the fund, then reallocated*
**The strategic funds (Projects of Regional Significance and Catalyst for Change) are built up over a number of years to allow for larger grants, and as such funds will be carried over into the next year.*

In the 2022/23 year, 60% of grants were made from our responsive funding approach and 40% made from the strategic funds.

Applications received decreased through the previous two years, however the number of grant application numbers has bounced back to pre-covid levels and an average application approval rate of 90% remains consistent with previous years. In this financial year TECT granted $15.5m to 171 organisations.

Significant Grants

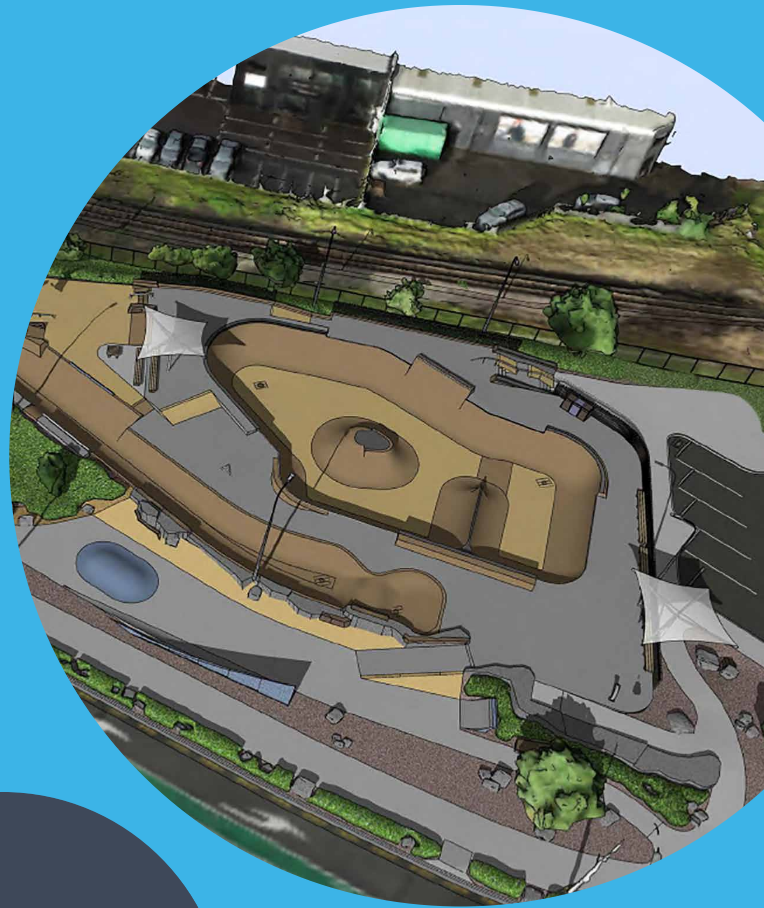
$650,000

grant to Tauranga Volunteer Coastguard to support the replacement of their main rescue vessel.

$2.52M

over three years to expand four key environmental restoration projects in the Kaimai-Mamaku ranges through Manaaki Kaimai Mamaku Trust.

$195,000
allocated for scholarships over three years to local students studying through the University of Waikato at the Tauranga Tertiary Campus.



$1.023M
to a world-class destination Skatepark in Mount Maunganui – the first of its size, scale and appeal in our region.

Joint Funding Initiatives

In addition to TECT's direct granting, the Trust provided funding to two collaborative event funds.

Kaupapa Māori Legacy Events Fund

$90k was allocated to a 3-year collaborative funding arrangement for Kaupapa Māori Legacy Events alongside partners BayTrust and Tauranga City Council. This fund includes equal contributions from each funder making $90k p/a available to regular Community-led Kaupapa Māori events that promote local history and share tikanga.

Tauranga Western Bay Community Event Fund

TECT contributed $350k to a new collaborative fund with Tauranga City Council, Acorn Foundation, BayTrust and Western BOP District Council. Local funders jointly committed a total of $700k for community-led local events across the region. The purpose of this collaborative approach was to reduce the funding application burden on event organisers who would usually complete multiple funding applications for the same event. A total of 73 events were funded and all available funds were allocated by the end of the final funding round. Events took place between July 2022 and June 2023.

The Western Bay Community Awards brings together those involved in the Western Bay community and volunteer sector to celebrate and acknowledge their incredible community work that helps make the Western Bay of Plenty one of the greatest places to live.

Delivered by TECT, in partnership with Acorn Foundation, BayTrust, Tauranga City Council and Western Bay of Plenty District Council, the awards showcase the dedication of various community groups and volunteers towards improving spaces, places and opportunities throughout the Western Bay.

Alongside recognising all finalists and celebrating the winners of each award category, the awards are also an opportunity to showcase local talent. Autangi Ensemble played as guests arrived at the 2023 awards evening, and a Kapa Haka performance by Te Kura o Matapihi officially opened the awards, whilst StarJam performed during the ceremony.

We are proud of the hard work put in by our community and their contributions to making the Western Bay a great place to live. We want to thank each community group and volunteer for their efforts and look forward to more outstanding nominations for future Western Bay Community Awards.

2023 Winners

Event Excellence Award
Tauranga STEM Festival

Sustainable Future Award
PiPS: People and Plants in Schools

Diversity and Inclusion Award
StarJam

Heart of the Community Award
Poutiri Wellness Centre

Volunteer of the Year
Tony Booth

Youth Spirit Award
Jasrose Mallhi

Lifetime Service Award
Basil and Ann Graeme

People's Choice Award
Luke Landon

Looking Ahead

As we look ahead, we believe we are currently experiencing some of the biggest intergenerational challenges that we have seen in our lifetimes (housing, climate change, inflation and war) and that if we are going to be fair to our future beneficiaries we need to act now, as a 'business as usual granting' approach to these issues (particularly climate change and housing) will not be sufficient.

Following our restructuring in February 2022, we've developed a new 10-year strategy and funding framework that will guide our decision-making and fuel our action.

We have developed strategic focus areas that will guide our funding into our wider community, prioritising funding for initiatives that not only support communities experiencing the greatest disadvantage but also contribute to long-lasting benefits for all. We looked closely at the make-up and needs of the community we serve, and we spoke to key stakeholders and representatives of local community organisations. This was vital input for us to create our draft strategy.

The strategy describes who we are, what we want to achieve, and how we'll do it, including our focus areas and a funding framework.

The new strategy was formally approved by Trustees in May 2023.

CATALYST FOR CHANGE
$5,406,719

PROJECTS OF REGIONAL SIGNIFICANCE
$920,000

COMMUNITY EVENTS
$967,559

COMMUNITY DEVELOPMENT
$5,072,009

COMMUNITY FACILITIES
$3,616,488

Total Funding Approved

COMMUNITY DEVELOPMENT

Organisation	Purpose of Funding	$ Funded
Age Concern Tauranga	Support the wellbeing of older people	$25,000
Alzheimer's Society Tauranga	Supports individuals & whanau affected by dementia	$45,000
Anxiety NZ	Treatment & support for people with anxiety related conditions	$10,450
Aphasia NZ	Reduce the marginalisation faced by people with aphasia	$12,000
Argos Gymsport	Gymnastics equipment	$24,879
Autism New Zealand	Empowering people living with autism	$5,000
Avenues Kindergarten	Air conditioning & Laptops	$3,828
Big Buddy Mentoring Trust	Long-term mentors for fatherless boys	$10,000
BOP Classic Aircraft Trust	Preserving the aviation heritage of New Zealand	$20,000
BOP Multiple Sclerosis Society	Assist people with MS & neurological disorders	$25,000
BOP Rugby Union	Girl Code & Rippa Rugby	$50,000
BOP Sports Climbing Assn	Safety equipment for the speed wall	$18,948
BOP Youth Development Trust	Boxing programme for 'at-risk' youth	$100,000
Brain Injured Children's Trust	Improve the lives of children with brain injuries	$12,000
Cancer Society Waikato-BOP	Reduce the impact of cancer in the community	$45,000
Chrome Collective	Enrich the lives of people with disabilities	$20,000
Citizens Advice Bureau	Provide free information, advice, & support	$29,946
City Church	Seating upgrades	$52,200
Coastguard NZ	Operating costs for Maketu, Tauranga & Waihi Beach Units	$85,000
Complex Chronic Illness Support	Supporting people diagnosed with complex chronic illnesses	$35,000
Creative Bay of Plenty	Arts and culture support agency	$85,000
Detour Theatre	Creating theatre art with the community	$10,000
Diabetes NZ	Support and educatio to people living with diabetes	$12,000
Drop Deep NZ Trust	Equipment trailer	$20,000
Eastern Districts Rugby Sports Club	LED flood lights	$2,822
EnviroHub	Supporting a sustainable future	$140,000
EnviroKatikati Charitable Trust	Promotes long-term environmental, social, & cultural well-being	$30,000
Epilepsy Assn of NZ	Improve the quality of lives of those living with epilepsy	$5,000
EVolocity	To grow young people's interest in STEM	$10,000

Total Funding Approved

COMMUNITY DEVELOPMENT CONTINUED

Organisation	Purpose of Funding	$ Funded
Families Achieving Balance	Support for vulnerable families and individuals	$50,000
Film BOP	Developing the screen sector in the Bay	$40,000
Gate Pa Tennis Club	Online court booking system	$3,807
Gender Dynamix	Safe and inclusive space for the gender-diverse population	$21,100
Graeme Dingle Foundation WBOP	Kiwi Can, Stars, Project K, Career Navigator programmes	$150,000
Greerton Bible Church	Video cameras for live streaming events	$3,650
Grief Support Services	Subsidised counselling to all experiencing loss and grief	$55,000
Headway Brain Injury Assn	Brain injury support information, advice and education	$10,000
Homes of Hope	Foster care for high needs children	$90,000
House of Science	Relevant & comprehensive science resources to schools	$26,000
Impact Gymsport	New artistic sprung floor	$42,622
Katch Katikati	Promotes the Katikati district via events & projects	$40,000
Katikati Community Centre	Grow On Katikati - food security	$10,000
Katikati Community Centre	Community services - health, education, youth, and well-being	$50,000
Katikati Community Patrol	New patrol vehicle	$10,000
Kidz Need Dadz Charitable Trust	Strengthen families by supporting and educating dads	$22,000
Kutaroa Marae	Marae fitout	$32,534
Life a Plenty Charitable Trust	Therapeutic counselling, retreats for women	$15,000
Life Education Trust WBOP	Specialist educators and their mascot ‘Harold the Giraffe’	$23,000
Lifezone Church	Audio visual equipment	$17,109
Linkt Community Trust	ReMaker sustainable living hub	$10,000
Linkt Community Trust	Social Supermarket	$20,000
Live for More Charitable Trust	Surf therapy programmes (3-years funding)	$105,000
Maketu Taiapure Charitable Trust	Maketu Community Projects	$10,000
Maunganui All Day Kindergarten	Dishwasher & laptop	$3,821
Merivale Community Inc	Community support services	$50,000
Mockingbird Charitable Trust	Supportive environment for neuro diverse children	$46,244
Mt Maunganui Sports Club	Club scoreboard	$22,860
Ngati Ranginui Perf Arts & Cultural Trust	Iwi teachings, history, whakapapa and taonga	$10,000
Omanu Beach Surf Life Saving Club	Surf training equipment	$17,000

Organisation	Purpose of Funding	$ Funded
Opus Orchestra Trust	Professional orchestra	$10,000
Otumoetai Football Club Inc.	Football goals & dugouts	$23,178
P.E.T. Charitable Trust	Personal care kits	$6,000
Papamoa Community Patrol	Community patrols	$3,000
Papamoa Kindergarten	Cameras, Fridge, ICT Equipment	$2,427
Parafed BOP	Supporting physically and visually impaired into sport	$25,000
Parent 2 Parent Coastal BOP	Support for families of children with disabilities	$10,000
Parkinson’s NZ	Community educators help families living with Parkinson’s	$20,000
Pillans Point School	WBOP Primary & Intermediate Inter-School Activities	$40,000
PiPS Inc.	In school gardening programme	$25,000
Pregnancy Choice	Supporting women with unplanned pregnancies	$25,000
Recreate NZ	Quality out-of-home experiences for youth with disabilities	$34,000
Rescue Revive Rehome BOP	Protect animals from ill treatment and neglect,	$10,000
Road Safety Education Ltd	Driver safety programme for youth	$7,000
Royal NZ Plunket	Plunket Community Services in the WBOP	$17,000
SociaLink	Volunteering Services	$25,000
SPELD NZ Inc	Learning Disabilities Diagnostic assessment and tuition	$10,000
Squash Bay of Plenty	Development and promotion of squash at all levels	$20,000
St Andrews Church – Mt Maunganui	Defibrillator, ICT & Sound Equipment	$10,800
St Peters House	Counselling and Community Support Programmes	$60,000
Stand Tall	Programmes for youth to maximise their potential	$25,000
StarJam Charitable Trust	Music workshops in dance, drumming, guitar and singing	$10,000
Steam-Ed Charitable Trust	Youth STEM programmes	$35,000
Surf Life Saving NZ	Lifeguard services in 5 clubs & regional office	$301,367
Sustainable BOP	Develop the BOP Sustainability programme	$15,000
Sustainable BOP - Wednesday Challenge	The Wednesday Challenge Project	$30,000
Tauranga Art Gallery	Public Art programmes	$100,000
Tauranga BOP Hearing Assn	Support the hearing-impaired community	$8,000
Tauranga City Basketball Assn	Girls GOT Game basketball programme	$25,000
Tauranga Community Foodbank	Emergency Food Provision	$40,000

Total Funding Approved

COMMUNITY DEVELOPMENT CONTINUED

Organisation	Purpose of Funding	$ Funded
Tauranga Hockey Assn	Youth hockey programme	$25,000
Tauranga Living Without Violence	Help for domestic abuse victims	$50,000
Tauranga Musical Theatre Inc	Sound Equipment	$29,995
Tauranga Netball Centre	2023 Netball Pathway programme	$15,000
Tauranga RDA	Equestrian therapy programmes	$150,000
Tauranga Seventh-day Adventist Church	Audio Visual equipment	$9,046
Tauranga Synchronised Swimming	Programme Development	$6,177
Tauranga Volunteer Coastguard	Replacement rescue vessel	$650,000
Tauranga Windsurfers Inc	Windsurfer learner boards and equipment	$8,140
Tauranga Youth Development Team	Youth development programmes and events	$20,000
Te Aranui Youth Trust	Youth Mentoring & Development programmes	$40,000
Te Puke Contract Bridge Club Inc.	Lighting	$1,494
Te Puke Events & Promotions	Promoting the Te Puke District	$25,000
Te Puke Family Heritage Group	Translation of historical documents	$5,000
Te Puke Squash Rackets Club	Solar power system & furniture	$18,800
Te Puke War Memorial Hall Society	Audio-visual system & lighting	$21,105
Te Tuinga Whanau Support Trust	Operating Costs	$200,000
The Adastra Foundation	Youth Scholarships	$30,000
The Boys Brigade in NZ	ICONZ youth programme	$20,000
The Daily Charitable Trust	Connecting the Te Puke community	$50,000
The Incubator Charitable Trust	Platform to connect the creative sector	$100,000
The Salvation Army	Community Ministries - whānau mentors	$27,200
The Stroke Foundation of NZ	Supporting people affected by stroke	$25,000
The Wish4Fish Charitable Trust	Fishing & sailing for disadvantaged individuals	$40,000
Triathlon Tauranga	Youth Triathlon programme development	$25,000
University of Waikato	Scholarships	$195,000
Victim Support Tauranga	Support to those effected by crime, trauma, and suicide	$20,000

Organisation	Purpose of Funding	$ Funded
Volleyball Bay of Plenty	2022-23 Secondary Schools Volleyball	$10,000
WaiBOP Football	Development programme	$20,000
Wairakei Kindergarten	Smart TV, microphones & sound system	$2,132
WBOP Mental Health Trust	Family Connections programme	$9,360
WBOP Neighbourhood Support	Develop neighbourhood connections	$20,000
Welcome Bay Community Centre	Activities and services to build resilience & capability	$35,000
Western Bay Heritage Trust	Western Bay Museum	$70,000
Whakamarama Kindergarten	Computers and iPads	$3,768
Youth Encounter Ministries Trust	Activity-based development programmes for youth	$45,500
YSAR Trust	Trains students in search & rescue skills	$35,000
YWAM Ships	Dental clinics in WBOP & dental equipment	$90,700

$5,072,009

CATALYST FOR CHANGE

Organisation	Purpose of Funding	$ Funded
Manaaki Kaimai Mamaku Trust	Kaimai Mamaku Restoration Projects (3-years funding)	$2,528,739
Priority One	Develop workstreams that benefit community wellbeing, education pathways (3-years funding)	$600,000
SociaLink Community Insights Lab	Building & empowering community & social sector groups	$225,000
SociaLink	Strengthen community organisations (3-years funding)	$1,602,980
Sustainability Options	20° Healthy Housing Programme (3-years funding)	$450,000

$5,406,719

Total Funding Approved

The tables on pages 24-27 include all community organisation funding approved by trustees during the year, as well as grants made through joint funds. Some grants may lapse because grant conditions are not met or because funding is no longer required by the organisation. Because of this, the total funding approved may differ from the amount shown as approved in the Financial Report.

COMMUNITY FACILITIES

Organisation	Purpose of Funding	$ Funded
Bellevue Primary School	Shade Canopy	$30,000
BOP Coast Rowing Club	Pontoon and concrete ramp on Wairoa River	$250,000
Church of Christ Otumoetai	Air conditioning in the community areas	$64,706
Dave Hume Swimming Pool Trust	All-weather pool cover	$650,000
Golden Sands Baptist Church	Community facility in Papamoa	$500,000
Golden Sands School	Multipurpose AstroTurf court	$45,500
Matua School	Shade Canopy	$12,745
Oropi School	Junior Playground	$30,000
Otumoetai Primary School	Shade Canopy	$115,000
Papamoa Primary School	Junior Playground	$50,000
Pyes Pa School	Swimming pool resurface	$19,572
St Johns Anglican Church	Bathroom upgrade	$34,500
St Mary's Catholic School	Playground	$50,000
Taumata School	Junior Playground	$50,000
Tauranga Brass Band Inc	Roofing	$12,090
Tauranga City Council	Destination Skatepark	$1,023,000
Tauranga Lawn Tennis Club	Building renovations	$45,000
Tauranga Primary School	Fitness Trail / obstacle course	$50,000
Tauranga Squash Club	Air transfer system	$90,000
Te Kura Kaupapa Māori o Te Matai	Junior Playground	$30,000
Te Puke United Football Club	Lighting	$7,400
Te Puke Volunteer Fire Brigade	Storage shed	$37,000
Te Puna Memorial Hall Society	Air conditioning & Solar power	$50,000
Te Puna Quarry Park	Electric BBQ & Shelter Construction	$25,000
The Daily Charitable Trust	New building fitout	$172,502
Tia Marae	Power Upgrade	$27,473
Waihi Beach School	Playground	$35,000
WBOPDC	Shared Community Facility	$100,000
Welcome Bay Playcentre	Kitchen upgrade	$10,000
		$3,616,488

COMMUNITY EVENTS

Organisation	Purpose of Funding	$ Funded
AIMS Games	2023 AIMS Games	$130,000
Creative Te Puke	Te Kete o Matariki to celebrate the Maori New Year	$10,000
Gymnastics NZ	2023 NZ Gymnastics Championships	$40,000
Kaupapa Maori Legacy Event Fund	Joint fund to support tikanga Maori events of local significance (3-years funding)	$90,000
Tauranga Arts Festival CT	Tauranga Arts Festival Oct 2023 & Escape 2024	$160,000
Tauranga Jazz Festival Inc	2023 Jazz Festival	$80,000
Tauranga Musica	2022 Concerts	$2,370
Tauranga Performing Arts Comp	2022 Performing Arts Festival	$15,000
Tauranga Western Bay Community Events Fund	Joint Event Fund to support community led events	$350,000
Te Kohanga Reo O Hairini	40th Anniversary Celebrations	$10,000
Tennis New Zealand	2022 NZ World Tennis Tour	$25,000
Tourism Bay of Plenty	Flavours of Plenty Festival	$40,000
Urban Dance Youth Trust	2022 Youth Hip Hop Dance Competition	$15,189
		$967,559

PROJECTS OF REGIONAL SIGNIFICANCE

Organisation	Purpose of Funding	$ Funded
Bay Oval Trust	Facility Development	$720,000
Priority One WBOP	Business Case	$200,000
		$920,000

TOTAL: $15,982,775

Financial Statements & Notes

Financial Statements

Consolidated Statement of Comprehensive Revenue and Expense
for the year ended 31 March 2023

	Notes	2023
Revenue		**$**
Revenue from exchange transactions	2	727,760
Finance income	3	56,707,340
Total Revenue		**57,435,100**
Expenses		
Operating and Administration expenses	4	2,496,419
Finance expenses	5	15,598,756
Total Expenses		**18,095,176**
Net Surplus		**39,339,924**
Other Comprehensive Revenue & Expense for the Year		
Gain/(loss) in fair value movement of investments		(197,672,927)
Total other comprehensive income		**(197,672,927)**
TOTAL COMPREHENSIVE REVENUE AND EXPENSES		**(158,333,003)**

Consolidated Statement of Changes in Net Assets
for the year ended 31 March 2023

	Notes	Base Capital	Investment Fair Value Reserve	Accumulated Funds	Reserves for Distribution	Total Equity
Balance at 1 April 2022		-	-	-	-	**-**
Base capital - Initial settlement assets	1	705,142,246	-	-	-	705,142,246
Reserves for distribution transferred - TECT Consumer Trust		-	-	-	4,236,238	4,236,238
Total comprehensive income for the year		-	(197,672,927)	39,339,924	-	(158,333,003)
Transfer of realised loss on disposal of investments		-	20,333,520	(20,333,520)	-	-
Distributions of equity		-	-	(27,450,000)	11,467,725	(15,982,275)
Distributions written back		-	-	-	101,172	101,172
BALANCE AT 31 MARCH 2023		**705,142,246**	**(177,339,407)**	**(8,443,596)**	**15,805,135**	**535,164,378**

These statements are to be read in conjunction with the Notes to the Consolidated Financial Statements.

Financial Statements

Consolidated Statement of Financial Position
as at 31 March 2023

	Notes	2023
Current assets		**$**
Cash and cash equivalents		1,520,662
Trade and other receivables		112,803
Loans to community organisations	7	1,088,006
Total current assets		**2,721,471**
Non current Assets		
Investment in shares	8	416,877,825
Investment portfolio	9	457,007,187
Plant and equipment	15	250,174
Investment property	10	16,620,748
Loans to community organisations	7	77,514
Total non-current assets		**890,833,448**
Total assets		**893,554,919**
Current liabilities		
Trade and other payables	6	5,050,038
Loan - TECT Consumer Trust	13	15,856,140
Provision for distributions	12	13,616,517
Total current liabilities		**34,522,695**
Non-current Liabilities		
Loan - TECT Consumer Trust	13	323,867,846
Total non-current liabilities		**323,867,846**
Total liabilities		**358,390,541**
Net assets		**535,164,378**
Equity		**535,164,378**

These statements are to be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows
for the year ended 31 March 2023

	2023
Cash flows from operating activities	**$**
Finance income	56,697,944
Revenue from exchange transactions	646,119
Cash paid to suppliers, staff and Trustees	(13,151,786)
Grants paid to the community	(10,824,649)
Proceeds from sale of investments	427,424,591
Funds invested	(342,822,226)
Cash transferred on resettlement	13,664,590
Taxes paid	(6,711)
Net cash flow from operating activities	**131,627,872**
Cash flows from investing activities	
Acquisition of property, plant and equipment	(64,128)
Acquisition of investment property	(5,970,748)
Loans (repaid)/issued	(124,072,334)
Net cash from investing activities	**(130,107,210)**
Net increase/(decrease) in cash and cash equivalents	1,520,662
Cash at beginning of year	-
Cash at end of year	**1,520,662**
Represented by:	
Cash on hand and at bank	**1,520,662**

Bill Holland – Trustee
23 June 2023

Mark Arundel – Trustee
23 June 2023

Notes to the Financial Statements

1. Reporting Entity

These consolidated financial statements are for the Group consisting of TECT Community Trust, TECT Holdings Limited and TECT Charitable Trust (until May 2022 when it deregistered). TECT Community Trust is a Charitable Trust, registered with Charities Services. All TECT Community Trust subsidiaries are incorporated and domiciled in New Zealand. TECT Community Trust Group complies with the financial reporting requirements of the Financial Reporting Act 2013. The Financial Statements comprise the Consolidated Financial Statements of the Group.

Approval of Consolidated Financial Statements
The Consolidated Financial Statements were approved by the Trustees on the 23 June 2023.

Background
The Tauranga Energy Consumer Trust (TECT) was established in 1993 as part of the reforms of the energy sector. It was created to be a cornerstone shareholder in the newly established Trustpower Limited, the energy company that succeeded to the assets of the Tauranga Electric Power Board, and to share the benefits of ownership of that company with Trustpower consumers resident in the Tauranga and Western Bay of Plenty district which it served, by way of payment of rebates and provision of grants and other benefits within the wider community of that district.

As a consequence of a strategic review by Trustpower of its retail consumer business in early 2021, TECT itself undertook a restructuring. Pursuant to that restructuring, TECT received High Court approval for a new community trust to serve the wider needs of the Tauranga and Western Bay District. Accordingly the Trustees established a charitable trust for the benefit of the people and community of the Tauranga and Western Bay of Plenty district, and for those purposes to receive from TECT the Initial Settlement Assets (including the shares then held by TECT in Trustpower Limited).

The base capital of $705,142,246 represents funds transferred on resettlement from TECT Charitable Trust and TECT Consumer Trust on 1 April 2022, in line with the implementation deeds.

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis. Although TECT Community Trust was formed on the 8th February 2022, no transactions occurred prior to 1 April 2022. TECT Holdings and TECT Charitable Trust were restructured to form part of the TECT Community Trust Group from 1 April 2022 onwards. Therefore no comparative information has been presented.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles ("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 not-for-profit public benefit entities for which all reduced disclosure regime exemptions have been adopted. The entity has elected to report in accordance with the Tier 2 standards, taking advantage of all disclosure concessions as it is not publicly accountable and has expenses less than $30 million.

(b) Basis of consolidation

The consolidated financial statements include the TECT Community Trust (The Parent) and its subsidiaries, TECT Holdings Limited (100% shareholding) and TECT Charitable Trust for the period 1 April 2022 - 31 May 2022 being the date the trust was wound up. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

Notes to the Financial Statements

(c) Measurement basis
The consolidated financial statements have been prepared on the basis of historical cost, apart from investments which are carried at fair value.

(d) Functional and presentation currency
The consolidated financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar ($).

(e) Use of estimates and judgements
The preparation of the consolidated financial statements in conformity with PBE Standards requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the Group's accounting policies. In making these judgements, estimates and assumptions concerning the future are made. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Impairment of assets
PBE Standards require that assets are carried at no more than their recoverable amount. This requires the Trustees to make judgements regarding amounts recoverable and provisions for impairment. The Trustees must apply judgements in assessing likely outcomes.

Fair value
The Trustees have elected to account for the investments at fair value. As a result the Trustees are required to make judgements as to the fair value of the investments. Where these investments are publicly traded, the Trustees recognise fair value at the closing buy price at the reporting date. Where these investments are not publicly traded, the Trustees recognise fair value at the closing unit price of the underlying fund as provided by the fund manager of the respective investment.

(f) Taxation
TECT Community Trust Group is exempt from income tax under CW 40(1) of the Income Tax Act 2007.

Specific accounting policies
The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied consistently to all periods presented in the consolidated financial statements and consistently by the Group:

(a) Goods and services tax
All balances are presented net of goods and services tax (GST), except for receivables and payables which are presented inclusive of GST.

(b) Financial instruments
Financial instruments are recognised in the Statement of Financial Position when the Group becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables, investments in and loans to others, and term borrowings.

(c) Receivables and payables
Receivables and payables are initially recorded at fair value. Subsequently they are measured at amortised cost using the effective interest method less provision for impairment.

(d) Investments
The Group recognises its investments at fair value at every reporting date. The Group measures its investments at fair value through other comprehensive revenue and expense, in accordance with PBE IPSAS 41 Financial Instruments.

Notes to the Financial Statements

As the investments held are defined as equity investments by PBE IPSAS 28 Financial Instruments: Presentation, and are not held for trading, the Trustees have elected to apply the irrevocable other comprehensive revenue and expense option.

(e) Portfolio investments

The Group has a number of portfolio investments. These investments are recognised at fair value in the Statement of Financial Position with movements being recognised in other comprehensive revenue and expenses. As the investments held are defined as equity investments by PBE IPSAS 28 Financial Instruments: Presentation, and are not held for trading, the Trustees have elected to apply the irrevocable other comprehensive revenue and expense option.

(f) Loans to community organisations

Loans accrue interest and have been classified as financial assets measured at amortised cost. After initial recognition they are measured at amortised cost using the effective interest rate method less any impairment loss. Gains and losses when the asset is impaired or derecognised are recognised in revenue and expense.

(g) Borrowings

Borrowings are initially recorded at fair value net of transaction costs incurred, and subsequently at amortised cost using the effective interest method. All borrowing costs are recognised as an expense in the period they are incurred.

(h) Revenue from exchange transactions

Rental income from investment properties

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and included in revenue.

(j) Finance income

Interest income

Interest income is earned for the use of cash and cash equivalents or any amounts due to the Group. Interest income is recognised in the statement of comprehensive revenue and expenses as it is earned. Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income is recognised in surplus or deficit on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Dividends are shown net of imputation credits, and dividends and interest are shown gross of withholding taxes paid.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts, deposits held at call with banks and other short term liquid assets of less than 90 days not forming part of the investment portfolio.

(l) Impairment of assets

The carrying amounts of the Group's assets other than those at fair value through profit or loss are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in profit or loss.

The estimated recoverable amount of investments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Notes to the Financial Statements

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions represent expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Grants and distributions still to be paid are considered to be provisions as the amounts can be estimated reliably and past practice indicates substantially all of the communicated commitments are subsequently paid. Grant provisions are not discounted as the date of the cash outflow cannot be estimated reliably and in any event the effect of discounting is not considered to be material.

Grants and distributions recognised in the year are recorded through equity in the 'reserves for distribution' reserve, rather than through the Statement of Comprehensive Income as they are for the beneficiaries of the Group.

(n) Property, plant and equipment

All property, plant and equipment are stated at cost less depreciation. Depreciation has been calculated in accordance with maximum rates permitted under the Income Tax Act 2007. Trustees consider that these rates give a reasonable approximation of the estimated usable life's of these assets.

Principal depreciation rates are:

Motor vehicles	30%
Furniture and fittings	10% - 67%
Plant and equipment	10% - 40%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(o) 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.

Investment property is initially measured at cost. Investment property acquired through a non-exchange transaction is measured at it's fair value at the date of acquisition.

Subsequent to initial recognition investment property is measured at fair value, with changes in fair value recognised in surplus or deficit in the statement of comprehensive revenue and expense.

(p) Employee entitlements

Annual leave entitlements due to employees are accounted for on the basis of contractual requirements.

Changes in accounting policies

All accounting policies have been consistently applied in these consolidated financial statements. This is the first year of

2. Revenue from exchange transactions

	2023 $
Management fees	250,000
Services charged	23,685
Rental income	454,074
Total	**727,760**

3. Finance Income

	2023 $
Dividend income	49,069,120
Interest income	128,994
Investment portfolio distribution income	7,471,351
Other income	37,875
Total	**56,707,340**

Notes to the Financial Statements

4. Operating and Administration expenses

	2023 $
Audit fees	31,100
Depreciation expense	63,313
Election costs	337,225
Employee benefit costs	710,789
Financial accounting and consultancy	158,220
Grants programme expenses	69,642
Investment expenses	434,253
Legal and advisory expenses	186,089
Trustee expenses	235,590
Other administration expenses	270,198
Total	**2,496,419**

5. Finance Expenses

	2023 $
Interest expense - TECT Consumer Trust	15,557,247
Other finance expenses	41,510
Total	**15,598,756**

6. Trade and other payables

	2023 $
Accounts payable	200,847
Accrued expenses	23,750
Accrued interest	4,774,751
Holiday pay accrual	50,690
Total	**5,050,038**

7. Loans to community organisations

TECT Consumer Trust had advanced loans to two organisations, being Omanu Beach Charitable Trust and Te Mana O Toi LP. These two loans were novated to TECT Community Trust in line with the implementation deeds.

8. Investment in shares

Shares - Manawa Energy Limited (formerly known as Trustpower Limited)	2023 $
Opening balance	-
Balance transferred into TECT Community Trust Group on re-settlement	-591,345,808
Fair value movement	(174,467,983)
Closing balance (83,878,838 shares @ $4.97 per share (2022: 83,878,838 shares @ $7.05)	**416,877,825**

Fair value has been assessed at $4.97 per share ($7.05 per share 2022), being the closing buy quotation on 31 March 2023 (being last business day of month). No allowance has been made for commission payable on any disposal of shares.

Trustpower, which has subsequently been renamed to Manawa Energy sold its retail arm of its business to Mercury Energy, with a settlement date of 1 May 2022. The sale of the retail arm for $441M was completed, and a special dividend of $110M was declared to shareholders. A one off special dividend was paid to shareholders in the current financial year, of which TECT Community Trust Group received $29,357,593. Thereafter, Manawa Energy Limited is now focused on renewable energy generation.

TECT Community Trust Group has the majority of its funds invested in Manawa Energy Limited, therefore there is a concentration of market risk associated with this investment. The Trustees have determined TECT Community Trust Group does not have significant influence over Manawa Energy Limited.

Notes to the Financial Statements

9. Investments as at 31 March 2023

INVESTMENT PORTFOLIOS	Asset Allocation %	2023 $
Cash Investments	3.4%	
Nikko Asset Management		16,321,441
Australasian Equities	10.4%	
Nikko AM Wholesale Core Equity Fund		26,546,151
Castle Point Trans-Tasman Fund		22,671,668
Impact Investments	0.6%	
Enterprise Angels - EA Fund 2		209,681
Enterprise Angels - EA Fund 3		185,059
Purpose Capital Impact Fund		1,818,200
WNT Ventures Fund 2		416,643
WNT Ventures Fund 3		118,219
Property	9.4%	
Mercer Unlisted Property Portfolio B		36,217,197
Resolution Capital Global Property Securities Fund		8,162,450
Unlisted Infrastructure	6.2%	29,429,127
Mercer Unlisted Infrastructure Portfolio		
International Equities	61.2%	
Mercer HOS Shares Index B		128,080,820
Mercer HOS Shares Index		102,906,757
Skerryvore Global Emerging Markets All-Cap Equity Fund		31,706,930
Vanguard International Small Companies Index Fund		27,233,697

Investment portfolios	Asset Allocation %	2023 $
Private Equity	5.3%	
Continuity Capital PE Fund No 2		2,120,685
Continuity Capital PE Fund No 4		5,375,348
Continuity Capital PE Fund No 6		1,623,915
LGT - Crown Capital Opportunities VII SCS		4,504,770
Oriens Capital Fund 1		1,617,476
Oriens Capital Fund 2		1,747,399
Pencarrow Bridge Fund		1,772,590
Pioneer Capital Partners		1,543,359
Waterman Fund 3		909,564
Waterman Fund 4		3,768,043
Total	**96.5%**	**457,007,188**

10. Investment property as at 31 March 2023

Impact Investments	Asset Allocation %	2023 $
	3.5%	
The Kollective		10,650,000
Durham Street		5,970,747
Carrying value of investment property	**3.5%**	**16,620,748**

Notes to the Financial Statements

10. Investments property - continued

Investment property comprises land and buildings that are leased to third parties under operating leases. TECT Community Trust , the owner of The Kollective, has entered into an agreement with Social Sector Innovation WBOP Charitable Trust (SociaLink) to manage the property. SociaLink lease spaces to various community organisations.

11. Commitments and contingencies

TECT Community Trust Group had the following commitments at the end of the financial year:

	2023 $
Continuity Capital PE Fund No 2	200,000
Continuity Capital PE Fund No 4	1,425,000
Continuity Capital PE Fund No 6	3,250,000
Enterprise Angels- EA Fund 3	30,000
Purpose Capital Impact Fund	2,650,000
LGT - Crown Capital Opportunities	4,005,757
HabourVest Partners Stewardship Feeder Fund LP	7,759,655
Oriens Capital Fund 1	287,500
Oriens Capital Fund 2	3,050,000
Pencarrow Bridge Fund	275,000
Pioneer Capital Partners	1,093,826
Waterman Fund 3	978,500
Waterman Fund 4	2,347,500
WNT Ventures Funds 2	50,000
WNT Ventures Funds 3	338,500
Total	**27,741,238**

The investments outlined above are a schedule of committed capital. These remain uncalled at balance date.
The Trust had no contingencies at the end of the financial year.

12. Provision for grant distributions

	2023 $
Balance at beginning of year	-
Distributed from Tauranga Energy Consumer Trust	8,560,059
Add grant distributions approved	15,972,275
Less grant distributions written back	(91,172)
	24,441,162
Less grant distributions paid	(10,824,649)
Balance at end of year	**13,616,513**
Grant distributions not yet uplifted	
Projects of regional significance	2,577,395
Community facilities	3,452,858
Community events	282,293
Community development	2,697,236
Catalyst for change	4,606,731
Total	**13,616,513**

Payments of grants is generally conditional upon the organisation obtaining the full amount of funds required to complete the project. The Group does not release funds until all conditions imposed by Trustees have been met. Grants are normally paid out within two years except in exceptional circumstances where Trustees may allow an extension of time or in the case of major projects which may require longer time frames for completion. Grant provisions are not discounted as the date of cashflow cannot be estimated reliably and in any event the effect of discounting is not expected to be material.

13. Loans from related entities

	2023
Loan - TECT Consumer Trust	
Opening balance	-
Advances	353,005,695
Repayments	(13,281,710)
Closing balance	**339,723,985**
Current portion of loan	15,856,140
on-current portion of loan	323,867,846
	339,723,985

Notes to the Financial Statements

13. Loans from related entities - continued

A loan agreement formed part of the TECT restructure and expires on 31 December 2050. Principal and interest payments were made in the year and interest accrued at year end is reflected as accrued interest.

A binding ruling and a factual review were obtained from the Inland Revenue Department confirming that the restructure transactions were at arms length terms.

14. Reserves for distribution

	2023 $
Summary	-
Opening balance	-
Distributed from TECT Consumer Trust	4,236,238
Allocated - Annual distribution plan	27,450,000
	31,686,238
Transfers to provisions and payments	(15,982,275)
Write back to reserve	101,172
Closing balance	**15,805,135**
This comprises:	
Projects of Regional Significance	
Opening balance	-
Distributed from TECT Consumer Trust	1,675,744
Allocated - Annual distribution plan	13,350,000
Transfers to provisions and payments	(920,000)
Write back to reserves	-
Closing balance	**14,105,744**

	2023 $
Community Facilities	
Opening balance	-
Distributed from TECT Consumer Trust	309,689
Allocated - Annual distribution plan	4,950,000
Transfers to provisions and payments	(3,616,488)
Write back to reserves	6,634
Closing balance	**1,649,835**
Community Development	
Opening balance	-
Distributed from TECT Consumer Trust	22,553
Allocated - Annual distribution plan	5,000,000
Transfers to provisions and payments	(5,071,509)
Write back to reserve	71,735
Closing balance	**22,779**
Community Events	
Opening balance	-
Distributed from TECT Consumer Trust	317,996
Allocated - Annual distribution plan	650,000
Transfers to provisions and payments	(967,559)
Write back to reserve	22,803
Closing balance	**23,240**
Catalyst for Change	
Opening balance	-
Distributed from TECT Consumer Trust	1,910,256
Allocated - Annual distribution plan	3,500,000
Transfers to provisions and payments	(5,406,719)
Write back to reserve	-
Closing balance	**3,537**
Total closing balance	**15,805,135**

Notes to the Financial Statements

15. Plant and equipment

	Motor Vehicles	Office Equipment	Plant & Equipment	Total
Carrying value as at 31 March 2022				
Distributed from TECT Group	59,695	170,010	19,656	249,360
Additions	-	41,951	22,177	64,128
Current year depreciation	(17,908)	(38,172)	(7,234)	(63,314)
Carrying value at 31 March 2023	41,787	173,789	34,599	250,174

16. Related party transactions

Trustees of TECT Community Trust are also Trustees of TECT Consumer Trust. Given the common ownership and the dependency on funding between the two entities, they are considered related parties. All transactions with related parties are undertaken in the normal course of business, on normal commercial terms.

No related party debts have been forgiven or written off throughout the year.

From time to time, applications for grants are received by TECT Community Trust Group from organisations in which TECT Community Trust Group Trustees have an interest. In these situations, Trustees adhere to the guidance in TECT Community Trust Group's Code of Practice, and remove themselves from the decision making process to ensure no conflicts of interest occur.

17. Capital management

The Group's capital is its Equity, which comprises base capital, accumulated comprehensive revenue and expense and the various reserves listed above. Equity is represented by net assets.

The Group manages its Equity prudently as part of the process of effectively managing its revenues, expenditure, assets, liabilities and all related financial affairs. In order to ensure that the Group achieves its charitable objectives and purpose, the Group has a board of trustees and directors that actively controls and monitors progress of plans and activities against financial and social key performance indicators.

18. Subsequent events

There are no subsequent events to disclose.

Auditor's Report

Auditor's Report

Opinion

We have audited the consolidated financial statements of TECT Community Trust (the Trust) and its controlled entities (the Trust) on pages 6 to 24, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at 31 March 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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, TECT Community Trust or any of its controlled entities.

Information Other Than the Consolidated Financial Statements and Auditor's Report

The Trustees are responsible for the other information. The other information comprises the information included in the Directory on page 3 but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Trustees are responsible for assessing the Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to

Auditor’s Report

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) 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 decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.
- 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.
- 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 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 consolidated 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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.

Restriction on Use

This report is made solely to the Group’s Trustees, as a body. Our audit has been undertaken so that we might state to the Group’s Trustees those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group’s Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
Dated at Tauranga this 23rd day of June 2023

TECT

At the heart of
our community