

Waiheke Health Trust Group

Annual Report

For the year ended 30 June 2020

Waiheke Health Trust Group

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Waiheke Health Trust Group

Directory

As at 30 June 2020

Formation date: 22 April 1992

Bankers: ASB Bank

Business address: 5 Belgium Street
Ostend
Waiheke Island 1081

Accountants: Harrop & Hargrave Limited

Auditors: William Buck Audit (NZ) Limited

Registration number: *Charitable Trust Incorporation Number - 524607*

Charities Commission Registration Numbers: - CC28036 / CC55227

Entity structure: *Charitable Trust, Health service provider*

Board of Trustees: Tom Schaefer (Chairperson)
Ed Schuck (Deputy Chairperson)
Vicki Montgomery
Amanda Pratley
Tupara Morrison (appointed Oct 19)
Maree Grbin (resigned March 2020)
Beth Johnson (resigned August 19)

Business address: 5 Belgium Street
Ostend
Waiheke Island 1081

Waiheke Health Trust Group

**Consolidated Statement of comprehensive revenue and expenses
For the year ended 30 June 2020**

| | Note | 2020 \$ | 2019 \$ |
|--|----------|------------------|------------------|
| Revenue | 3 | | |
| Donations, fundraising and other similar revenue | | 77,868 | 11,063 |
| Revenue from providing goods or services | | 3,147,985 | 3,018,777 |
| | | <u>3,225,852</u> | <u>3,029,840</u> |
| Expenses | 4 | | |
| Direct Clinical and Medical Costs | | 2,026,398 | 1,995,726 |
| Administration Costs | | 1,201,408 | 1,033,341 |
| | | <u>3,227,806</u> | <u>3,029,067</u> |
| Net surplus (deficit) | | <u>(1,954)</u> | <u>773</u> |

The accompanying policies and notes form part of these financial statements. These statements should be read in conjunction with the attached auditors report prepared by William Buck Audit (NZ) Limited.

Waiheke Health Trust Group

**Consolidated Statement of Changes in Equity
For the year ended 30 June 2020**

| | 2020 | 2019 |
|---|----------------------------|----------------------------|
| | \$ | \$ |
| Equity as at 01 July 2019 | 580,317 | 579,543 |
| Net profit (loss) for the period | (1,954) | 773 |
| | <hr/> 578,363 | <hr/> 580,317 |
| Closing balance as at 30 June 2020 | <hr/> 578,363 <hr/> | <hr/> 580,317 <hr/> |

The accompanying policies and notes form part of these financial statements. These statements should be read in conjunction with the attached auditors report prepared by William Buck Audit (NZ) Limited.

Waiheke Health Trust Group

Consolidated Statement of Financial Position

As at 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|----------------------------------|------|------------------|----------------|
| Current assets | | | |
| Cash and cash equivalents | 7 | 426,582 | 327,989 |
| Accounts receivable | 5 | 193,770 | 182,418 |
| Tax refund due | | - | 2,914 |
| Total current assets | | 620,352 | 513,321 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 394,294 | 400,550 |
| Total assets | | 1,014,647 | 913,871 |
| Current liabilities | | | |
| Trade and other payables | 9 | 371,161 | 274,275 |
| GST payable | | 65,123 | 59,279 |
| Total current liabilities | | 436,284 | 333,554 |
| Total liabilities | | 436,284 | 333,554 |
| Net assets | | 578,363 | 580,317 |
| Equity | | | |
| Retained earnings | | 578,363 | 580,317 |
| Total equity | | 578,363 | 580,317 |

Signed for and on behalf of the Board of Trustees who authorized these consolidated financial statements for issue on

Trustee

Trustee

The accompanying policies and notes form part of these financial statements. These statements should be read in conjunction with the attached auditors report prepared by William Buck Audit (NZ) Limited.

Waiheke Health Trust Group

Consolidated Statement of Cash Flow For the year ended 30 June 2020

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Cashflows from Operating Activities | | |
| Receipts from non-exchange transactions | 77,676 | 10,740 |
| Receipts from exchange transactions | 3,135,132 | 2,915,609 |
| Payments to suppliers and employees | (3,099,602) | (2,956,438) |
| Net cash generated by operating activities | <u>113,206</u> | <u>(30,089)</u> |
| Cashflows from Investing Activities | | |
| Interest & Dividends received | 1,691 | 2,329 |
| Purchase/sale of property, plant and equipment | (16,305) | (28,145) |
| Net cash generated by (used in) investing activities | <u>(14,614)</u> | <u>(25,816)</u> |
| Cashflows from Financing activities | | |
| Net cash generated by (used in) financing activities | <u>-</u> | <u>-</u> |
| Net increase in cash and cash equivalents | 98,593 | (55,905) |
| Cash and cash equivalents at 1 July | 327,989 | 383,894 |
| Cash and cash equivalents at 30 June | <u>426,582</u> | <u>327,989</u> |

The accompanying policies and notes form part of these financial statements. These statements should be read in conjunction with the attached auditors report prepared by William Buck Audit (NZ) Limited.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Summary of Significant Accounting Policies

Reporting Entity

The reporting entity is Waiheke Health Trust and wholly owned subsidiary Waiheke Health Limited (the "Trust"). The Trust is domiciled in New Zealand. The financial statements are presented for the year ended 30 June 2020. These financial statements and the accompanying notes summarise the financial results of activities carried out by the Trust. The Trust provides primary healthcare services to Waiheke Island residents. The Trust is a charitable organisation registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

These financial statements have been approved and were authorised for issue by the Board of Trustees.

2 Statement of accounting policies

Statement of compliance

The Trust financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

Changes in accounting policies

There have been no changes in accounting policies.

Summary of accounting policies

The significant accounting policies used in preparation of these financial statements as set out below have been applied on a consistently to both years presented in these financial statements.

Base of measurement

These financial statements have been prepared on the basis of historical cost. The financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the parent Waiheke Health Trust and its subsidiary Waiheke Health Limited. The Trust uses the purchase method and all inter group transactions are eliminated on consolidation.

Functional and presentational currency

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the 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 recognised.

Revenue from exchange transactions

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Revenue from non-exchange transactions

Donations

Donations are recognised upon receipt. Donations-in-kind are minimal and are not measured. Services-in-kind are also not recognised as the financial value is not readily available.

Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provision of the financial instrument.

The Trust derecognises a financial asset or, where applicable, as part of a financial asset or part of a Trust of similar financial asset when the rights to receive cash flows from the asset have expired or are waived, or the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- The Trust has transferred substantially all the risks and rewards of the asset; or
- The Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Assets

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition. The Trust has one type of financial asset, receivables carried at amortised cost.

All financial assets are subject to review for impairment at least at each reporting data. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets; which are described below.

Impairment of financial assets

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there are any objective evidence of impairment, the Trust first assesses whether there are objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account.

Waiheke Health Trust Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

Financial liabilities

The Trust's financial liabilities include trade and other creditors.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a straight line basis for Buildings and on a diminishing value basis for the remaining assets, except for Land. Land is not depreciated. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

| | |
|--------------------|-----------|
| Buildings | 0% - 20% |
| Motor Vehicles | 26% - 30% |
| Medical Equipment | 20% - 25% |
| Office Equipment | 10% - 67% |
| Computer Equipment | 30% - 50% |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

Income tax

Due to its charitable status, the Trust and Waiheke Health Limited as at 6th March 2018 are exempt from income tax. Refer to Note 6.

Significant judgements and estimates

Debtors are reviewed annually for impairment

Useful lives of fixed assets are assessed as described in the property, plant and equipment policy above.

Waiheke Health Trust Group

Notes to the Consolidated Financial Statements For the year ended 30 June 2020

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| 3 Analysis of revenue | | |
| Donations, fundraising and other similar revenue | | |
| Interest Received | 192 | - |
| Donations & Fundraising | 77,676 | 11,063 |
| | 77,868 | 11,063 |
| Revenue from providing goods or services | | |
| ACC - Home Support Contract | 215,895 | 199,861 |
| Other Income | 366,028 | 395,938 |
| ACC - Patient Claims | 164,663 | 185,209 |
| Patient Fees | 412,854 | 398,662 |
| Interest Received | - | 962 |
| Healthpac GMS & Wage Subsidy | 138,980 | 73,925 |
| District Health Board - General Contracts | 524,918 | 499,933 |
| PHO Capitation Income | 673,982 | 617,952 |
| Program specific Income from PHO | 115,219 | 79,475 |
| District Health Board - Home Support Contracts | 244,260 | 233,758 |
| Fees from patients - Home Support Services | 13,217 | 44,076 |
| Palliative Care and Nursing receipts | 89,046 | 86,469 |
| ACC - Community Nursing | 45,178 | 48,683 |
| Meals on Wheels | 75,504 | 70,004 |
| Rural Retention and Rural Bonus Receipts | 68,240 | 83,871 |
| | 3,147,985 | 3,018,777 |
| Not-for-profit revenue | 3,225,852 | 3,029,840 |
| 4 Analysis of expenses | | |
| Direct Clinical and Medical Costs | | |
| Clinical Salaries | 1,827,323 | 1,834,183 |
| Health & Safety | 5,910 | 2,292 |
| Meals on Wheels | 65,457 | 56,436 |
| Medical Supplies and Consumables | 99,230 | 79,027 |
| Repairs and maintenance | 28,479 | 23,788 |
| | 2,026,398 | 1,995,726 |
| Administration Costs | | |
| ACC Levy | 4,729 | 5,492 |
| Advertosomg | 1,658 | 732 |
| Auditing | - | 5,636 |
| Bank Fees | 4,745 | 5,502 |
| Board of Trustees Fees and Expenses | 4,464 | 9,158 |
| Cleaning | 18,941 | 20,548 |
| Computer Costs | 57,148 | 51,889 |
| Depreciation | 22,561 | 21,553 |
| Insurance | 17,509 | 19,753 |

These notes should be read in conjunction with the attached auditors report prepared by William Buck Audit (NZ) Limited.

Waiheke Health Trust Group

Notes to the Consolidated Financial Statements For the year ended 30 June 2020

| | 2020 \$ | 2019 \$ |
|--|-------------------------|-------------------------|
| Locums and Sub-contractors | 189,345 | 120,609 |
| Motor Vehicle Expenses | 4,067 | 4,457 |
| Printing, postage & Stationery | 19,081 | 23,991 |
| Professional fees - accounting and legal | 17,889 | 11,806 |
| Property running costs | 9,849 | 10,673 |
| Rent | 61,266 | 67,959 |
| Salaries - administration & management | 477,698 | 462,094 |
| Subscriptions and licences | 8,997 | 9,331 |
| Sundry expenses | 188,355 | 132,695 |
| Telephone and communications | 40,082 | 34,768 |
| Training and Development | 9,534 | 10,268 |
| Travel | - | 1,453 |
| Travel - National | 190 | - |
| WDHB Audit fees | 3,708 | 2,976 |
| WHL Prior Year Adjustment | 28,128 | - |
| WHT Prior Period Adjustment | 11,466 | - |
| | <u>1,201,408</u> | <u>1,033,341</u> |
| Total expenses | <u>3,227,806</u> | <u>3,029,067</u> |
| 5 Trade and other receivables | | |
| Accounts Receivable | 193,770 | 182,418 |
| | <u>193,770</u> | <u>182,418</u> |
| 6 Taxation | | |
| <p>Waiheke Health Limited was incorporated in April 2001 to operate the Ostend Medical Centre. As a wholly owned subsidiary of Waiheke Health Trust all Trustees are also appointed directors of the company. Waiheke Health Limited successfully attained charity status as of 6th March 2018. As a result, both entities which forms the group have charity status and hence no income tax liability has been recognised in the financial statements.</p> | | |
| 7 Cash and cash equivalents | | |
| Current assets | | |
| Cheque Accounts | 185,970 | 147,622 |
| Business Saver Accounts | 240,612 | 180,317 |
| Petty cash | - | 50 |
| | <u>426,582</u> | <u>327,989</u> |
| | <u>426,582</u> | <u>327,989</u> |

These notes should be read in conjunction with the attached auditors report prepared by William Buck Audit (NZ) Limited.

Waiheke Health Trust Group

Notes to the Consolidated Financial Statements For the year ended 30 June 2020

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| 8 Property, plant and equipment | | |
| Land and Buildings | | |
| Cost | 396,358 | 396,358 |
| Accumulated Depreciation | (55,935) | (49,922) |
| | 340,423 | 346,436 |
| Medical Equipment | | |
| Cost | 268,019 | 263,289 |
| Accumulated Depreciation | (238,910) | (230,783) |
| | 29,109 | 32,506 |
| Motor vehicles | | |
| Cost | 51,080 | 42,706 |
| Accumulated Depreciation | (41,549) | (40,311) |
| | 9,531 | 2,395 |
| Office equipment | | |
| Cost | 221,329 | 221,329 |
| Accumulated Depreciation | (213,936) | (210,677) |
| | 7,393 | 10,652 |
| Computer software and equipment | | |
| Cost | 79,834 | 76,633 |
| Accumulated Depreciation | (71,995) | (68,071) |
| | 7,839 | 8,562 |
| Total property, plant and equipment | 394,294 | 400,550 |
| 9 Trade and other payables | | |
| Accounts Payable | 152,955 | 20,743 |
| Accrued Expenses | 23,873 | 10,938 |
| Employee Entitlements | 194,333 | 242,595 |
| | 371,161 | 274,275 |

These notes should be read in conjunction with the attached auditors report prepared by William Buck Audit (NZ) Limited.

Waiheke Health Trust Group

Notes to the Consolidated Financial Statements For the year ended 30 June 2020

10 Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board of Trustees, the Senior Management Team including the General Manager of Operations, the Practice Manager and the Accounts Manager, which constitutes the governing body of the Group. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|------------------|------------------|
| Total Key Management Personnel | \$243,938 | \$241,438 |

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|-------------|-------------|
| Total Number of FTE persons | 2.4 | 2.4 |

Expenses paid to members of the Board of Trustees as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------------|----------------|----------------|
| WHT BOT Meeting Expenses | 3,620 | 7,315 |
| WHT BOT Catering | 119 | 393 |
| Total | \$3,739 | \$7,708 |

11 Going Concern

Waiheke Health Trust is reliant on continued funding from the Ministry of Health to be considered as a going concern. It is the belief of the Trustees that further funding contracts will be able to be successfully negotiated with the appropriate funding body, at levels indicated in the approved budgets. This is in addition to the existing negotiated contracts for the Trust to remain a going concern.

12 Operating Lease Commitments

As at the reporting date, the Board of Trustees has entered into the following operating lease commitments.

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| Not later than one year | 13,456 | 51,362 |
| Later than one year and not later than five years | 0 | 13,457 |

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2020**

13 Capital commitments

There were no capital commitments during the year under review.

14 Contingent liabilities

At balance date there are no known contingent liabilities. Waiheke Health Trust Group has not granted any securities in respect of liabilities payable by any other party whatsoever.

15 Events after the Reporting Period

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. This event has not caused any immediate impact on the Joint Venture. At this time, no significant financial impact of the COVID-19 pandemic is expected, however the matter remains uncertain due to the unpredictable nature of the pandemic.

There were no other significant subsequent events after balance date (2019 - \$nil).

Waiheke Health Trust Group

**Auditors report
For the year ended 30 June 2020**