

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Otago Community Hospice Trust

Otago Community Hospice Trust
Financial Statements
For the year ended 30th June 2018

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Otago Community Hospice Trust
As at 30th June 2018
Trust Directory

NATURE OF BUSINESS

Hospice

CHARITIES SERVICES REGISTRATION NUMBER

CC20590

OFFICE

293 North Road
North East Valley
Dunedin 9041

TRUSTEES

Stuart McLauchlan (Chairperson)
Tony McKewen (Deputy Chairperson)
Peter McIntyre
Rachel Brazil
Jenny Guthrie
Murray Tilyard
Dale Preddy
Merrin Bath
Gaye Robertson
Jack Gordge

ACCOUNTANTS

G S McLauchlan & Co Limited
P O Box 743
DUNEDIN 9054

AUDITORS

J W Smeaton Ltd

BANKERS

ANZ Bank New Zealand Ltd

SOLICITORS

Wilkinson Rodgers Lawyers

Otago Community Hospice Trust
For the year ended 30th June 2018
Statement of Comprehensive Revenue and Expenses

	Notes	2018 \$	2017 \$
Revenue from Non-Exchange Transactions			
Rendering of Services		3,599,328	3,579,070
Sale of Donated Goods		1,554,938	1,459,883
Fundraising and Donations		812,494	800,910
Government Grants		37,000	43,000
Grants Revenue		255,149	527,892
Distribution from Otago Hospice Foundation Trust		324,000	178,580
		6,582,909	6,589,335
Revenue from Exchange Transactions			
Rendering of Services		71,459	66,763
Other Income		51,057	53,761
Interest Income		615	945
		123,131	121,469
Total Revenue		6,706,040	6,710,804
Expenses			
Direct Cost of Charity Shops and Public Fundraising		490,431	431,550
Wages, Salaries, Volunteer and Employment Costs		5,065,209	4,993,816
Service Delivery Costs		227,802	173,645
Depreciation and Amortisation Expense	7&8	198,018	178,139
Donations		200,000	-
Other Overhead and Administration Expenses		486,736	518,672
Total Expenses	4	6,668,196	6,295,822
Total Surplus for the Year		37,844	414,982
Other Comprehensive Revenue and Expense		-	-
Total Comprehensive Revenue and Expense for the year		37,844	414,982

The accompanying notes form part of these financial statements and Independent Auditor's Report.

Otago Community Hospice Trust
For the year ended 30th June 2018
Statement of Changes in Net Assets/Equity

	2018 \$	2018 \$
	Accumulated Comprehensive Revenue and Expense	Total Equity
Opening Balance 1 July 2017	3,475,121	3,475,121
Surplus for the year	37,844	37,844
Closing Equity 30 June 2018	3,512,965	3,512,965

	2017 \$	2017 \$
	Accumulated Comprehensive Revenue and Expense	Total Equity
Opening Balance 1 July 2016	3,060,139	3,060,139
Surplus for the year	414,982	414,982
Closing Equity 30 June 2017	3,475,121	3,475,121

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Otago Community Hospice Trust
As at 30th June 2018
Statement of Financial Position

	Note	2018 \$	2017 \$
Current Assets			
Cash and Cash Equivalents	5	613,376	588,599
Trade and Other Receivables	6	1,118,856	717,628
Prepayments		91,897	117,073
		<u>1,824,129</u>	<u>1,423,300</u>
Non-Current Assets			
Intangible Assets	7	18,463	32,650
Property, Plant and Equipment	8	2,712,166	2,719,782
		<u>2,730,629</u>	<u>2,752,432</u>
Total Assets		4,554,758	4,175,732
Current Liabilities			
Trade and Other Payables	9	229,378	190,357
Employee Entitlements		439,767	449,935
Deferred Revenue	10	372,648	60,319
		<u>1,041,793</u>	<u>700,611</u>
Total Liabilities		1,041,793	700,611
Net Assets		3,512,965	3,475,121
Equity			
Accumulated Comprehensive Revenue and Expense		3,512,965	3,475,121
Total Net Assets Attributable to the Charity		3,512,965	3,475,121

Signed for and on behalf of the Board of Trustees who authorised these financial statements for issue on the 9th day of November 2018

Trustee

Trustee

Otago Community Hospice Trust
For the year ended 30th June 2018
Statement of Cash Flows

	Note	2018 \$	2017 \$
<u>Cash Flows from Operating Activities</u>			
Cash was provided from:			
Fundraising, Donations and Grants		1,010,380	1,032,823
Government Grants		37,000	43,000
Receipts from Goods and Services provided, Non Exchange Transactions		5,156,106	5,124,583
Receipts from Goods and Services provided, Exchange Transactions		109,147	115,627
Distribution from Otago Hospice Foundation Trust		300,000	173,800
Goods and Services Tax (net)		215	5,185
		6,612,848	6,495,018
Cash was applied to:			
Payments to Suppliers		1,364,465	1,390,839
Donation to Otago Hospice Foundation Trust		200,000	-
Payments to Employees		4,850,121	4,692,011
		6,414,586	6,082,850
Net Cash Flows from Operating Activities		198,262	412,168
<u>Cash Flows from Investing Activities</u>			
Cash was provided from:			
Receipts from the sale of Property, Plant and Equipment		1,641	104
		1,641	104
Cash was applied to:			
Purchase of Property, Plant and Equipment		175,741	238,400
		175,741	238,400
Net Cash Flows from (to) Investing Activities		(174,100)	(238,296)
<u>Cash Flows from Financing Activities</u>			
Cash was provided from:			
Interest Received		615	945
		615	945
Net Cash Flows from Financing Activities		615	945
Net increase in Cash and Cash Equivalents		24,777	174,817
Cash and Cash Equivalents at 1 July 2017		588,599	413,782
Cash and Cash Equivalents at 30 June 2018	5	613,376	588,599

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Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

1. REPORTING ENTITY

The reporting entity Otago Community Hospice Trust (the "Trust") is domiciled in New Zealand and is a charitable trust incorporated under the Charitable Trusts Act 1957 and a registered charity under the Charities Act 2005.

The financial statements comprising of Otago Community Hospice Trust are presented for the year ended 30 June 2018.

These financial statements and the accompanying notes summarise the financial results of activities carried out by Otago Community Hospice Trust. The Trust provides hospice services in Otago.

These financial statements have been approved and were authorised for issue by the Board of Trustees as per the date on the Statement of Financial Position.

2. BASIS OF PREPARATION

a) Statement of Compliance

The Otago Community Hospice Trust's financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector 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 Otago Community Hospice 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.

b) Basis of Measurement

These financial statements have been prepared on the basis of historical cost, unless otherwise noted in a specific accounting policy.

c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$), which is the Otago Community Hospice Trust's functional currency.

All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the previous year.

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

3. SPECIFIC ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements as set out below.

Financial Liabilities

The Otago Community Hospice Trust's financial liabilities include trade and other creditors (excluding GST), employee entitlements, income received in advance and deferred revenue.

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.

Income Received in Advance

Income received prior to the end of the financial year for events that take place after balance date are recorded under Deferred Revenue.

Employee Entitlements

Employee entitlements that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at the current rate of pay. These included salaries and wages accrued up to balance date, annual leave and time in lieu earned to but not yet taken at balance date.

3.1 CURRENT ASSETS

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. Cash and Cash Equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less. The carrying amount of cash and cash equivalents represent fair value.

Prepayments

Prepayments include insurances, motor vehicle lease deposits, Hospice NZ membership subscription, staff travel and education, and expenses that relate to periods after balance date.

Debtors and other Receivables

Trade debtors and other receivables are measured at their cost less any impairment losses (if any).

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

Creditors and Other Payables

Trade creditors and other payables are stated at cost.

Inventories

Inventories, under PBE IPSAS 12, are valued at lower of cost or net realisable value. The Trust has taken advantage of the Donated Goods (Amendments to PBE IPSAS 23) RDR exemption as it is not practicable to measure reliably the fair value of those goods at the date of acquisition because the costs of recognising the goods outweigh the benefits.

3.2 NON-CURRENT ASSETS

Property Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses in accordance with Accounting Standard PBE IPSAS 17. 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. The cost of assets purchased for the charity shops are stated inclusive of GST as per note 3.9 Goods and Services Tax (GST).

Depreciation is charged on either straight line or diminishing value over the useful life of the asset. 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. Depreciation is calculated at the following rates:

Buildings & Improvements	2%CP to 40%DV
Motor Vehicle	20% to 30%DV
Furniture Fittings & Plant	8% to 67%DV
Computer Software	40% to 50%DV

Items of property plant and equipment are reviewed annually.

3.3 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost.

The Otago Community Hospice Trust does not hold any intangible assets that have an indefinite life.

Intangible assets acquired by the Trust which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised on a diminishing value basis over the estimated useful life of the asset, from the date they are available for use and expensed in the reported in surplus or deficit for the year.

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

The following amortisation rates have been applied to each class of intangible assets:

Computer software	40%-50%DV
Computer licences	50%DV

Intangible assets are assessed annually.

Purchased computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure is expensed as incurred. Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, is expensed as incurred.

3.4 LEASES

Payments of 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.

3.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Otago Community Hospice Trust becomes a party to the contractual provisions of the financial instrument.

The Otago Community Hospice Trust derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Otago Community Hospice 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 Otago Community Hospice Trust has transferred substantially all the risks and rewards of the asset; or
- The Otago Community Hospice 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 categorisation determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses.

The Otago Community Hospice Trust's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables. The Trust's financial assets include: cash

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

and cash equivalents, receivables from non-exchange transactions, and receivables from exchange transactions.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. 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.

Financial Assets at Fair Value through Surplus or Deficit

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Trust's cash and cash equivalents, receivables from non-exchange transactions, and receivables from exchange transactions fall into this category of financial instruments.

Impairment of Financial Assets

The Otago Community Hospice Trust assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

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 is any objective evidence of impairment, the Otago Community Hospice Trust first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Otago Community Hospice Trust determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.



Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

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. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

3.6 EMPLOYEE ENTITLEMENTS

Wages, Salaries, Annual Leave, Alternative Leave

Liabilities for wages and salaries, annual leave and alternative leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

3.7 REVENUE

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 is recognised.

Revenue from Non-Exchange Transactions

A non-exchange transaction is where the Trust either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Where non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

When non-exchange revenue is received with restrictions attached, but no requirement to return the asset if not deployed as specified, then revenue is recognised the earlier of receipt or confirmation of funding.

Condition stipulation – funds received are required to be used for a specific purpose, with a requirement to return unused funds.

Restriction stipulation - funds received are required to be used for a specific purpose, with no requirement to return unused funds.

Donations

Goods donated to the Trust's charity shops are recognised as revenue when the donated goods are sold. Other donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific fundraising events and donated assets.

The Trust has benefited from significant donations of services by volunteers. Although recognised as

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

a major contribution to the Trust's operations, these contributions are not recognised in these financial statements because of the difficulty in determining their value with reliability.

Donations of significant assets, for use by the Trust, are recognised at fair value at the date of the donation.

Grant Revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations, local government and central government agencies. Grant revenue is recognised at the earlier of notification of approval of the grant, or receipt of the funding. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled. Grants received during the year are acknowledged in the Annual Report, which is available on the Trust's website.

Revenue from Exchange Transactions

Exchange revenue is recognised when the significant risks and rewards have been transferred to the buyer on delivery of the goods or services and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Trust.

Contract Revenue

The Trust receives funding from various government agencies for carrying out the services specified in the relevant contracts. Revenue is recognised in the period the services are provided.

Event income

Event income is recorded as revenue when the function or event takes place.

Charity Shops

Charity Shop income is recognised on a cash basis at time of sale.

3.8 INCOME TAX

The Trust has been granted charitable status and as such is exempt from income tax pursuant to the Income Tax Act 2007.

3.9 GOODS AND SERVICES TAX (GST)

The financial statements have been prepared with both income and expenditure items exclusive of GST, with the exception of items relating to the sale of donated goods. In the Statement of Financial Position, accounts receivable and accounts payable are both inclusive of GST (if any). Other assets and liabilities are exclusive of GST. The net amount of GST recoverable from, or payable to the

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

Inland Revenue Department is shown as a separate item in current assets or current liabilities. Cash flows are included in the Statement of Cash Flows exclusive of GST.

The Trust operates charity shops which sell donated goods. In terms of the Goods and Services Act 1985, the sale of donated goods is an exempt supply, so income and expenditure, prepayments, accounts payable, and fixed asset purchases in relation to these activities are inclusive of GST (if any).

3.10 EQUITY

Equity is made up of the following components:

Accumulated Comprehensive Revenue and Expense

Accumulated comprehensive revenue and expense is the Otago Community Hospice Trust's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves (if any).

3.11 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Otago Community Hospice Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Otago Community Hospice Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating Lease Commitments

The Otago Community Hospice Trust has entered into a number of leases.

The Trust has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the assets, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Otago Community Hospice Trust based its assumptions and estimates on parameters available when the financial

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Otago Community Hospice Trust. Such changes are reflected in the assumptions when they occur.

Useful Lives and Residual Values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Changes in the market in relation to the asset

4. TOTAL EXPENSES

Expenses in the Statement of Comprehensive Revenue and Expenses includes the following specific expenses:

	2018	2017
	\$	\$
Accounting	41,219	43,956
Audit Fees	7,500	7,500
Computer Expenses	45,558	31,928
Electricity	67,537	77,964
Insurances	40,358	38,682
Operating Lease Payments	51,611	51,611
Other Expenses including Wages	6,414,413	6,044,181
Total Expenses	6,668,196	6,295,822

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2018	2017
	\$	\$
Cash Float	2,850	1,718
ANZ Bank Account	53,815	65,641
ANZ Bank 02 Account	261,244	74,020
ANZ Bank Shops Account	94,926	74,046
ANZ Bank Call Account	200,541	373,174
Total Cash and Cash Equivalents	613,376	588,599

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

6. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Receivables – Exchange Transactions		
Trade Receivables	384,020	374,348
Related Party Receivables	1,615	-
Receivables – Non Exchange Transactions		
Related Party Receivables	464,000	304,780
Grants Receivable	269,221	38,500
Total Trade and Other Receivables	1,118,856	717,628

7. INTANGIBLE ASSETS

	2018	2018	2018
	Cost	Accum	Book
		Dep	Value
	\$	\$	\$
Acquired Computer Software	44,005	27,348	16,657
Licences	21,680	19,874	1,806
	65,685	47,222	18,463

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening	Additions	Disposals	Amortisation	Net Book
	Balance				Value
	30/6/17				30/6/18
	\$			\$	\$
Acquired Computer Software	29,037	-	-	12,380	16,657
Licences	3,613	-	-	1,807	1,806
	32,650	,	-	14,187	18,463

	2017	2017	2017
	Cost	Accum	Book
		Dep	Value
	\$	\$	\$
Acquired Computer Software	44,005	14,968	29,037
Licences	21,680	18,067	3,613
	65,685	33,035	32,650

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/16	Additions	Disposals	Amortisation	Net Book Value 30/6/17
	\$	\$		\$	\$
Acquired Computer Software	3,988	27,470	-	2,421	29,037
Licences	7,226	-	-	3,613	3,613
	11,214	27,470	-	6,034	32,650

8. PROPERTY PLANT AND EQUIPMENT

	2018 Cost	2018 Accum Dep	2018 Book Value
	\$	\$	\$
Land	160,000	-	160,000
Buildings	3,103,409	959,596	2,143,813
Motor Vehicle	167,868	80,794	87,074
Furniture, Fittings & Plant	769,656	448,377	321,279
	4,200,933	1,488,767	2,712,166

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/17	Additions	Disposals	Depreciation	Net Book Value 30/6/18
	\$	\$	\$	\$	\$
Land	160,000				160,000
Buildings	2,132,440	79,846	-	68,473	2,143,813
Motor Vehicle	112,030	1,391	-	26,347	87,074
Furniture, Fittings & Plant	315,312	108,052	13,074	89,011	321,279
	2,719,782	189,289	13,074	183,831	2,712,166

	2017 Cost	2017 Accum Dep	2017 Book Value
	\$	\$	\$
Land	160,000	-	160,000
Buildings	3,023,563	891,123	2,132,440
Motor Vehicle	166,477	54,447	112,030
Furniture, Fittings & Plant	931,210	615,898	315,312
	4,281,250	1,561,468	2,719,782

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/16	Additions	Disposals	Depreciation	Net Book Value 30/6/17
	\$	\$	\$	\$	\$
Land	160,000				160,000
Buildings	2,183,726	23,307	9,656	64,937	2,132,440
Motor Vehicle	35,594	98,286	-	21,850	112,030
Furniture, Fittings & Plant	312,440	89,018	828	85,318	315,312
	2,691,760	210,611	10,484	172,105	2,719,782

9. TRADE AND OTHER PAYABLES

	2018 \$	2017 \$
Payables – Exchange Transactions		
Trade Payables and Accrued Expenses	117,939	67,496
Related Party Payables	2,472	14,511
GST Payable	108,967	108,350
Total Trade and Other Payables	229,378	190,357

10. DEFERRED REVENUE

	2018 \$	2017 \$
Unexpended Grants	232,648	60,319
Related Party Unexpended Grants	140,000	-
Total Income in Advance	372,648	60,319

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

11. RELATED PARTY TRANSACTIONS

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Trust.

The Trust has a related party relationship with its Trustees and other key management personnel. The following transactions were carried out with related parties:

- Purchases and Payables

Messrs Stuart McLauchlan and Jenny Guthrie are on the Board of both the Otago Community Hospice Trust and the Otago Hospice Foundation Trust. The Otago Community Hospice Trust, received \$464,000 in distributions from the Otago Hospice Foundation Trust during the year. (Last year \$473,800). The Otago Community Hospice Trust made a donation of \$200,000 to the Otago Hospice Foundation Trust during the year. Grants of \$464,000 (GST exclusive) have been approved but were unpaid as at balance date. (Last year \$304,780).

G S McLauchlan & Co Ltd is contracted to provide accounting services to the Trust. Mr Stuart McLauchlan is a partner in the firm G S McLauchlan & Co Ltd. Transactions between the Trust and G S McLauchlan & Co Ltd are on a discounted commercial arms length basis. \$45,960 (GST exclusive) for accountancy services and consultancy fees are included in these financial statements. (Last year \$58,396). A balance of \$2,008 (GST inclusive) was repayable to the Trust as at balance date. (Last year \$14,511 owing).

Wilkinson Rodgers Lawyers is contracted to provide legal services to the Trust. Jennie Guthrie is a trustee of the Trust and partner in the firm Wilkinson Rodgers Lawyers. No transactions were conducted during the year. (Last year nil).

Rachel Brazil, of Rachel Brazil Law is a trustee of the Trust. The Trust from time to time pays for the services of Rachel Brazil Law. \$406 (GST exclusive) of services on a commercial arms length basis are included in these financial statements. (Last year \$2,150).

Merrin Bath is a trustee of the Trust and is a contractor to Edinburgh Realty Ltd. During the year a payment of \$8,625 (GST inclusive) was made to Edinburgh Realty, on behalf of the landlord, for a property lease deposit on normal trade terms and conditions. (Last year nil).

- Sales and Receivables

During the year the Trust received income of \$5,641 (GST exclusive) from administration and project management services provided to the Otago Hospice Foundation Trust. (Last year \$4174). \$648 (GST inclusive) was receivable as at balance date. (Last year \$400)

During the year the Trust received \$8,907 (GST exclusive) of fundraising and services income from Trustees on normal trade terms and conditions. \$968 (GST inclusive) was receivable as at balance date. (Last year \$1,488)

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For the year ended 30th June 2018
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Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are members of the governing body which comprised the Board of Trustees, CEO and Senior Management Team. During the reporting period, no remuneration has been paid to Board Trustees.

The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2018	2017
Total Remuneration	\$685,093	\$646,551
Number of persons (FTEs)	4.1	4.1

12. LEASE COMMITMENTS

As at the reporting date, the Trust has entered into the following non-cancellable operating leases:

	2018	2017
	\$	\$
Not later than one year	252,770	242,387
Later than one year and no later than five years	117,914	237,126
Later than five years	-	-
	370,684	479,513

13. CAPITAL COMMITMENTS

The Trust has committed to capital expenditure projects with an estimated cost of \$519,217 excluding GST. (Last year \$42,345). Work is expected to commence between October and December 2018.

14. CONTINGENT LIABILITIES

There are no contingent liabilities at the reporting date. (Last year nil).

15. EVENTS AFTER THE REPORTING DATE

A grant from the Otago Hospice Foundation Trust, for up to \$140,000 for a capital works project, was approved in the year ended 30 June 2018. On 21 August 2018 the Otago Community Hospice Trust formally withdrew the grant application. A new grant application for capital works projects, for a higher amount, was submitted to the Otago Hospice Foundation Trust to consider on 21 August 2018. (Last year \$155,250)

Otago Community Hospice Trust
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The Trust entered into the following non-cancellable operating lease since 30 June 2018:

	2018	2017
	\$	\$
Not later than one year	3,439	43,125
Later than one year and no later than five years	-	112,125
Later than five years	-	-
	3,439	155,250

The Board of Trustees and management is not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of Otago Community Hospice Trust.

16. RECLASSIFICATION AND RESTATEMENT OF INFORMATION

Revenue from government contracts for the year ended 30 June 2017 totalling \$3,579,070 previously classified as exchange revenue has been reclassified as non-exchange revenue.

A grant from the Otago Hospice Foundation Trust for \$300,000 was approved on 23 March 2017 with payment to be received during the year beginning 1 July 2017. This grant was not included in the Performance Report for the year ended 30 June 2017. Figures for the year ended 2017 have been restated in the Performance Report for the year ended 30 June 2018. The impact of this correction for the year ended 30 June 2017 is an increase in grants receivable, an increase to net surplus for the year and an increase in Total Accumulated Funds.

17. OTAGO HOSPICE FOUNDATION TRUST

The Otago Hospice Foundation Trust (the "Foundation") was formed on 1 April 1995. The purpose of the Foundation was not to fund day to day operations of the Hospice but to build up reserves for the future to a point where there were sufficient resources to cover shortfalls if required. The Foundation consists of five trustees of which no less than three are appointed by the Otago Community Hospice Trust Board. The remaining Foundation members are to be appointed by the appointed trustees.

Administration services are provided to the Foundation by staff at the Otago Community Hospice Trust. Services are invoiced to the Foundation on an arms length basis.

The Foundation owns two properties in Felix Street Dunedin which are used by the Otago Community Hospice Trust in its provision of hospice services. The Foundation makes these properties available at no cost to the Otago Community Hospice Trust. The Otago Community Hospice Trust pays for any operating costs related to the use of the Felix Street properties.

Otago Hospice Foundation Trust has applied PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting – Accrual (Not for Profit) in the preparation of its Performance Report using the accrual

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

basis of accounting. A summary of the financial performance of the Otago Hospice Foundation Trust for the year ended 30 June is as follows:

	2018	2017
	\$	\$
Revenue	849,175	1,996,188
Less Expenses	98,774	54,173
Net Surplus Before Depreciation	750,401	1,942,015
Depreciation	1,822	2,281
Operating Surplus	748,579	1,939,734
Distribution to Otago Community Hospice Trust	464,000	478,580
Net Surplus/(Deficit)	284,579	1,461,154

A summary of their Statement of Financial Position as at 30 June is as follows:

	2018	2017
	\$	\$
Current Assets	1,065,812	781,278
Property, Plant and Equipment	1,067,374	396,865
Investments (cost price)	7,108,886	7,619,864
Total Assets	9,242,072	8,798,007
Current Liabilities	473,056	313,570
Net Assets	8,769,016	8,484,437

A summary of the movements in equity for the year ended 30 June is as follows:

	2018	2017
	\$	\$
Opening Equity	8,784,437	7,023,283
Net Surplus/(Deficit) after Distribution	(15,421)	1,461,154
Closing Equity	8,769,016	8,484,437

If these financial statements had been consolidated the Otago Community Hospice Trust would show an increase of \$140,000 in its surplus. This is due to the timing of grant revenue.

Otago Community Hospice Trust
For the year ended 30th June 2018
Notes to the Financial Statements

18. FINANCIAL INSTRUMENTS

Loan and Receivables

	2018	2017
	\$	\$
Cash and Cash Equivalents	613,376	588,599
Receivables	1,118,856	717,628
Total Loan and Receivables	1,732,232	1,306,227

Financial Liabilities

	2018	2017
	\$	\$
Payables	229,378	190,357
Employee Entitlements	439,767	449,935
Total Financial Liabilities	669,145	640,292

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Independent Auditor's Report

To the Trustees of Otago Community Hospice Trust

Qualified Opinion

We have audited the financial statements of Otago Community Hospice Trust, which comprises the Statement of Comprehensive Revenue and Expenses, Statement of Changes in Net Assets/Equity, Statement of Financial Position, Statement of Cash Flows, and Notes to the Financial Statements.

In our opinion, except for the adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning sale of donated goods, donations and all other income received in cash prior to being recorded as described in the Basis for Qualified Opinion paragraph, and except for not presenting Consolidated Financial Statements as described in the Basis for Qualified Opinion paragraph, the financial statements accompanying present fairly, in all material respects, the financial position of the Trust as at 30 June 2018, and its financial performance and cash flows for the year ended on that date in accordance with Not-for profit Public Benefit Entity PBE IPSAS tier 2 accounting standards.

Basis for Qualified Opinion

In common with other organisations of similar nature, control over donations, fundraising and similar revenue prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control.

Under PBE IPSAS 6 (NFP) Otago Community Hospice Trust should have presented consolidated financial statements containing the Financial Statements of the Otago Community Hospice Trust and the Otago Hospice Foundation Trust. The effect of non-consolidation is detailed in note 17 of the financial statements.

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 Financial Statements section of our report. We are independent of Otago Community Hospice Trust in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our 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 qualified opinion.

Other than in our capacity as auditors we have no relationship with, or interest in Otago Community Hospice Trust.

Information Other than the Financial Statements and Auditor Report

Other information included in the performance report with the financial statements comprises the Trust's directory. The Trustees are responsible for other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information appears to be materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We are required to report any misstatements, whether due to fraud or error.

We have nothing to report in this regard.

Trustees Responsibilities for the Financial Statements

The Trustees are responsible on behalf of Otago Community Hospice Trust for the preparation and fair presentation of these financial statements in accordance with Not-for profit Public Benefit Entity PBE IPSES tier 2 accounting standards and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Otago Community Hospice Trust 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 cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors 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 aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

This report is made solely to the Trustees as a body. Our audit work has been undertaken so that we might state to the Trustees those matters which we are required to state in an auditors 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 Trust and the Trustees of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.



David Shelton

J W Smeaton

Dunedin

9th November 2018