

**PERFORMANCE REPORT FOR THE YEAR ENDED 30 JUNE 2016**

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# **Otago Community Hospice Trust**

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# **Otago Community Hospice Trust**

## **Performance Report**

**For the year ended 30<sup>th</sup> June 2016**

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**Otago Community Hospice Trust**  
**As at 30th June 2016**  
**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

**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

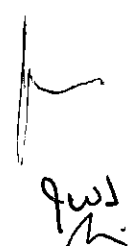
**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Statement of Comprehensive Revenue and Expenses**

	<b>Notes</b>	<b>2016</b>
<b>Revenue from Non-Exchange Transactions</b>		
Sale of Donated Goods		1,361,563
Fundraising and Donations		737,785
Government Grants		36,250
Grants Revenue		105,433
Distribution from Otago Hospice Foundation Trust		125,289
		<u>2,366,320</u>
<b>Revenue from Exchange Transactions</b>		
Rendering of Services		3,419,274
Other Income		32,988
Interest Income		5,387
		<u>3,457,649</u>
<b>Total Revenue</b>		<u><b>5,823,969</b></u>
<b>Expenses</b>		
Direct Cost of Charity Shops and Public Fundraising		417,402
Wages, Salaries, Volunteer and Employment Costs		4,679,962
Service Delivery Costs		171,115
Depreciation and Amortisation Expense	6&7	165,219
Other Overhead and Administration Expenses		481,782
<b>Total Expenses</b>	<b>4</b>	<u><b>5,915,480</b></u>
<b>Total Deficit for the Year</b>		<u><b>(91,511)</b></u>

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**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Statement of Changes in Net Assets/Equity**

		2016	2016
	Note	Accumulated Comprehensive Revenue and Expense	Total Equity
Opening Balance 1 July 2015		3,011,650	3,011,650
Changes in Accounting Policy	10	140,000	140,000
Adjusted Opening Balance 1 July 2015		3,151,650	3,151,650
Deficit for the year		(91,511)	(91,511)
<b>Closing Equity 30 June 2016</b>		<b>3,060,139</b>	<b>3,060,139</b>



**Otago Community Hospice Trust**  
**As at 30th June 2016**  
**Statement of Financial Position**

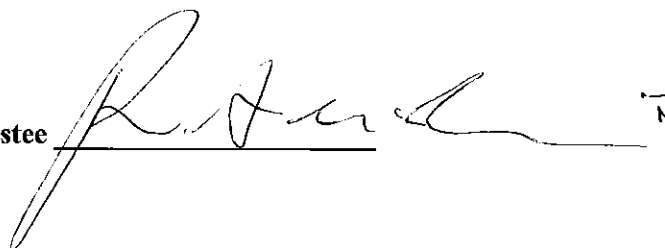
	<b>Note</b>	<b>2016</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	5	413,782
Receivables from Exchange Transactions		468,867
Prepayments		174,130
Assets Held for Resale		21,250
		<u>1,078,029</u>
<b>Non-Current Assets</b>		
Intangible Assets	6	11,214
Property, Plant and Equipment	7	2,691,760
		<u>2,702,974</u>
<b>Total Assets</b>		<u><b>3,781,003</b></u>
<b>Current Liabilities</b>		
Payables under Exchange Transactions	8	287,347
Employee Entitlements		402,451
Deferred Revenue	9	31,066
		<u>720,864</u>
<b>Non-Current Liabilities</b>		
Loans and Borrowings		0
<b>Total Liabilities</b>		<u><b>720,864</b></u>
<b>Net Assets</b>		<u><b>3,060,139</b></u>
<b>Equity</b>		
Asset Revaluation Reserve		0
Accumulated Comprehensive Revenue and Expense		3,060,139
<b>Total Net Assets Attributable to the Charity</b>		<u><b>3,060,139</b></u>

Signed for and on behalf of the Board of Trustees who authorised these financial statements for issue on the 25th day of November 2016

Trustee



Trustee





**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Statement of Cash Flows**

	Note	2016
<b><u>Cash Flows from Operating Activities</u></b>		
<b>Cash was provided from:</b>		
Fundraising, Donations and Grants		834,441
Government Grants		36,250
Receipts from Goods and Services provided, Exchange Transactions		4,664,599
Distribution from Otago Hospice Foundation Trust		90,000
Goods and Services Tax (net)		15,975
		<u>5,641,265</u>
<b>Cash was applied to:</b>		
Payments to Suppliers		1,300,631
Payments to Employees		4,368,801
		<u>5,669,432</u>
<b>Net Cash Flows from Operating Activities</b>		<b>(28,167)</b>
<b><u>Cash Flows from Investing Activities</u></b>		
<b>Cash was applied to:</b>		
Purchase of Property, Plant and Equipment		140,424
<b>Net Cash Flows from Investing Activities</b>		<b>(140,424)</b>
<b><u>Cash Flows from Financing Activities</u></b>		
<b>Cash was provided from:</b>		
Proceeds from Borrowings		131,125
Interest Received		5,387
		<u>136,512</u>
<b>Cash was applied to:</b>		
Repayment of Borrowings		30,712
		<u>30,712</u>
<b>Net Cash Flows from Financing Activities</b>		<b>105,800</b>
Net increase/(decrease) in Cash and Cash Equivalents		(62,791)
Cash and Cash Equivalents at 1 July 2015		476,573
<b>Cash and Cash Equivalents at 30 June 2016</b>	<b>5</b>	<b>413,782</b>

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**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**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 2016.

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.

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**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

**d) Comparatives**

In the previous financial year Old GAAP standards were applied. This year the Otago Community Hospice Trust is applying Tier 2 standards, and is therefore not required to provide comparatives. Instead of comparatives, the previous year's financial statements have been provided.

**e) Effect of First-Time Adoption of PBE Standards on Accounting Policies and Disclosures**

This is the first set of financial statements of the Otago Community Hospice Trust that is presented in accordance with PBE standards. The Otago Community Hospice Trust have previously reported in accordance with Old GAAP.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to requirements under Old GAAP as outlined below. The changes to accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

**Changes in Accounting Policies**

**Fundraising, Donations and Grants**

Previously grant income were recognised on a cash basis. This year grant income has been recorded on an accrual basis.

**PBE IPSAS 1 - Presentation of Financial Statements**

The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

**Statement of Cash Flows**

PBE IPSAS 1 requires a Statement of Cash Flows to be a component of the financial statements. Therefore this is the first year that a Statement of Cash Flows has been included in the financial statements.

**Statement of Comprehensive Revenue and Expenses**

The name of the Statement of Financial Performance has been changed to the Statement of Comprehensive Revenue and Expenses.

**Receivables from Exchange and Non-Exchange Transactions:**

In the financial statements of the previous financial year, receivables were presented as a single total in the Statement of Financial Position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the Statement of Financial Position.

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**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

**PBE IPSAS 23 - Revenue from Non-Exchange Transactions**

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under Old GAAP. The application of this standard affected the Otago Community Hospice Trust's accounting for donations, donated goods, fundraising and grant revenue.

Goods are donated to the Trust's charity shops for resale. It is not practicable to measure reliably the fair value of donated goods that meet the definition of inventories in PBE IPSAS 12 at the time of acquisition because the costs of recognition at the date of acquisition are expected to exceed the benefits. The Trust recognises revenue when the donated goods are sold as permitted by Donated Goods (Amendments to PBE IPSAS 23).

All grants have been assessed and recognized as revenue as they are received, unless the grant meets the definition of and recognition criteria for a liability. Revenue from grants can only be deferred and recognized as a liability if there is a condition attached to the grant that requires an entity to use the grant as specified or return the grant if the entity does not perform as specified.

**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.



**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

**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).

**Creditors and Other Payables**

Trade creditors and other payables are stated at cost.

**Assets Held for Resale**

Two paintings were donated to the Trust in November 2015. The paintings were sold at auction after balance date. The carrying value as at balance date is the market value at time of sale.

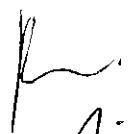
**Inventories**

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).

  
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**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

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	2%CP to 12%DV
Motor Vehicle	30% to 36%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.

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.

**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

**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 and cash equivalents, short-term investments, 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

**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

the effective interest method, less any allowance for impairment. The Trust's cash and cash equivalents, short-term investments, 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. 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

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**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

### **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 on receipt.

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 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 when the conditions attached to the grant has been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

**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 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).



**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

**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 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

**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

**4. TOTAL EXPENSES**

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

	<b>2016</b>
Accounting	38,018
Audit Fees	5,000
Computer Expenses	40,288
Electricity	72,638
Insurances	38,504
Operating Lease Payments	50,807
Other Expenses including Wages	5,670,225
<b>Total Expenses</b>	<b>5,915,480</b>

**5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following components:

	<b>2016</b>
Cash Float	1,590
ANZ Bank Account	171,936
ANZ Bank 02 Account	5,592
ANZ Bank Shops Account	42,194
ANZ Bank Call Account	192,470
<b>Total Cash and Cash Equivalents</b>	<b>413,782</b>

**6. INTANGIBLE ASSETS**

	<b>2016</b> Cost	<b>2016</b> Accum Dep	<b>2016</b> Book Value
Acquired Computer Software	16,535	12,547	3,988
Licences	21,680	14,454	7,226
	<b>38,215</b>	<b>27,001</b>	<b>11,214</b>

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**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

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

	Opening Balance 30/6/15	Additions	Disposals	Amortisation	Net Book Value 30/6/16
Acquired Computer Software	5,740	1,100	0	2,852	3,988
Licences	14,453	0	0	7,227	7,226
	20,193	1,100	0	10,079	11,214

**7. PROPERTY PLANT AND EQUIPMENT**

	2016 Cost	2016 Accum Dep	2016 Book Value
Land	160,000	0	160,000
Buildings	3,013,766	830,040	2,183,726
Motor Vehicle	68,191	32,597	35,594
Furniture, Fittings & Plant	848,202	535,762	312,440
	4,090,159	1,398,399	2,691,760

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

	Opening Balance 30/6/15	Additions	Disposals	Depreciation	Net Book Value 30/6/16
Land	160,000				160,000
Buildings	2,222,115	26,490		64,879	2,183,726
Motor Vehicle	29,770	15,652		9,828	35,594
Furniture, Fittings & Plant	284,227	108,720	74	80,433	312,440
	2,696,112	150,862	74	155,140	2,691,760

**8. PAYABLES UNDER EXCHANGE TRANSACTIONS**

	2016
<b>Current</b>	
Trade Creditors	186,175
Related Party Payables	0
GST Payable	101,172
Total Payables under Exchange Transactions	287,347

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**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

**9. DEFERRED REVENUE**

	<b>2016</b>
Unexpended Grants	26,632
Other Income Received in Advance	4,434
<b>Total Income in Advance</b>	<b>31,066</b>

Deferred grant revenue relates to a two grants. The Otago Community Trust approved a grant of \$4,000 during the financial year but the grant was not drawn down until after year end. A grant was received from the Lion Foundation in April 2016 for \$40,000. The stipulation attached to the grant requires the Trust to return any unused grant monies if the conditions are not completed within the timeframe specifies in the grant agreement. Due to this return obligation, the Trust has recognised the unspent portion of the grant as deferred revenue as at balance date. \$17,368 of this grant is recognised in revenue in 2016.

**10. ADJUSTMENT TO OPENING EQUITY**

An adjustment of \$140,000 has been made to opening equity as at 1 July 2015. Funding was received during the 2015 financial year for a project which crossed over two financial years. Under previous accounting policies this income was matched to each of the two financial years, with \$140,000 transferred to the 2016 financial year, for the final months of the project. Neither of the two funded amounts had any conditions attached to the funding. Pursuant to the new PBE standards these funds are required to be recorded in revenue during the year received. This has therefore resulted in an adjustment to opening equity as at 1 July 2015.

**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:

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 \$125,289 in distributions from the Otago Hospice Foundation Trust during the year.

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 commercial arms length basis. \$43,268 (GST exclusive) for accountancy services and consultancy fees are included in these financial statements.

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**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

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.

Rachel Brazil is a senior solicitor at the Otago Southland Employers Association, and a trustee of the Trust. The Trust from time to time pays for the services of the Otago Southland Employers Association. No transactions were conducted during the year.

Dr Tosh was an employee of the Trust during the year and a member of the Senior Management Team. The trust purchased a motor vehicle from Dr Tosh at market value for \$18,000 (GST inclusive).

**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:

	<b>2016</b>
Total Remuneration	624,122
Number of persons (FTEs)	3.95

**12. LEASE COMMITMENTS**

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

	<b>2016</b>
Not later than one year	221,386
Later than one year and no later than five years	274,217
Later than five years	0
	<b>495,603</b>

**13. CAPITAL COMMITMENTS**

There were no capital commitments at the reporting date.

**14. CONTINGENT LIABILITIES**

There are no contingent liabilities at the reporting date.

**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

**15. EVENTS AFTER THE REPORTING DATE**

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

	<b>2016</b>
Revenue	909,608
Less Expenses	84,704
<b>Net Surplus Before Depreciation</b>	<b>824,904</b>
Depreciation	2,854
<b>Operating Surplus</b>	<b>822,050</b>
Distribution to Otago Community Hospice Trust	125,289
<b>Net Surplus</b>	<b>696,761</b>

**Otago Community Hospice Trust**  
**For the year ended 30th June 2016**  
**Notes to the Financial Statements**

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

	<b>2016</b>
Current Assets	200,233
Property, Plant and Equipment	399,146
Investments (cost price)	6,463,514
<b>Total Assets</b>	<b>7,062,893</b>
Current Liabilities	39,610
Advance from Otago Community Hospice Trust	0
<b>Net Assets</b>	<b>7,023,283</b>

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

	<b>2016</b>
Opening Equity	6,927,655
Adjust Investments to Cost	(601,133)
Net Surplus after Distribution	696,761
<b>Closing Equity</b>	<b>7,023,283</b>

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## OTAGO COMMUNITY HOSPICE TRUST AUDIT REPORT

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### ***To the readers of the financial report of the Otago Community Hospice Trust***

We have audited the accompanying financial statements of the Otago Community Hospice Trust on pages 3 to 22, which comprise the Statement of Comprehensive Revenue and Expenses, Statement of Changes in Net Assets/Equity, Statement Financial Position, Statement of Cash Flows, and the Notes to the Financial Statements.

#### **Trustees' Responsibilities for the Financial Statements**

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with international Standards on auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

#### ***Independence:***

Other than our capacity as auditors we have no relationship or interests in the Trust.

#### **Qualified Opinion**

In common with other organisations of similar nature, control over sale of donated goods, Fundraising and donations and all income received in cash prior to being recorded is



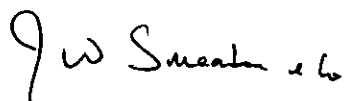
limited, and there are no practical audit procedures to determine the effect of this limited control.

In this respect alone we have not obtained all the information and explanations that we have required.

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, Fundraising and donations and all income received in cash, the financial reports on pages 3 to 22 fairly reflects the results of its operations for the year ended 30 June 2016.

In our opinion the financial reports on pages 3 to 22 fairly reflects the financial position of the Trust as at 30 June 2016.

Our audit report was completed on 25th November, 2016 and our qualified opinion is expressed at that date.

A handwritten signature in dark ink, appearing to read 'J W Smeaton & Co'.

**J W Smeaton & Co.**  
**Dunedin**