

# Performance Report

For the year ended 30 June 2019



VAR/AN  
medical systems



**Waikato**  
**Health Trust**



## Performance Report

For the year ended 30 June 2019

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# TRUST PARTICULARS

For the year ended 30 June 2019

The Trust was originally incorporated as a charitable trust in accordance with the provisions of the Charitable Trust Act 1957, and changed its name to Waikato Health Trust on 26th August 2002.

The purpose of the Trust is to fund health or disability services, related services or projects, health research or education and other appropriate health related purposes within the communities served by Waikato District Health Board.

Waikato Health Trust has three Trustees who oversee the governance of the Trust. Administrative tasks are completed by a Waikato DHB employee.

Donations and bequests received from multiple donors are the primary source of funding to the Trust.

<b>LEGAL NAME:</b>	Waikato Health Trust
<b>TYPE OF ENTITY AND LEGAL BASIS:</b>	The Trust was registered in New Zealand under the Charitable Trusts Act 1957 on the 12 February 2008.
<b>REGISTRATION NUMBER:</b>	CC21046
<b>TRUSTEES:</b>	ANDREW McCURDIE Chief Financial Officer, Waikato District Health Board, Hamilton  PROF MARGARET WILSON Deputy Commissioner, Waikato District Health Board, Hamilton  LYDIA AYDON Executive Director of Public and Organisational Affairs, Waikato District Health Board, Hamilton
<b>BANKERS:</b>	BANK OF NEW ZEALAND 354 Victoria Street, Hamilton
<b>AUDITORS:</b>	AUDIT NEW ZEALAND on behalf of the Auditor-General



# TRUSTEES' REPORT

For the year ended 30 June 2019

Donations and Bequests of \$1,590,933 (2018: \$1,353,575) were received during the year.

Grants of \$898,528 (2018: \$527,347) were made during the year.

Interest of \$220,423 (2018: \$175,742) was received from investments for the year.

The Trust equity at 30 June 2019 is \$8,766,242 (2018: \$7,869,178).

Remuneration of Trustees was \$Nil (2018: \$Nil).

The Trust continues to be in a sound position to apply further funds towards health or disability services, related services or projects, health research or education and other appropriate health related purposes within the communities served by Waikato District Health Board.

# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2019

	Note	2019 Actual	2018 Actual
Operating revenue	1	1,590,933	1,353,575
Finance revenue	2	220,423	175,742
<b>Total revenue</b>		<b>1,811,356</b>	<b>1,529,317</b>
Other operating expenses	3	15,764	15,741
<b>Total expenses</b>		<b>15,764</b>	<b>15,741</b>
<b>Surplus before grants</b>		<b>1,795,592</b>	<b>1,513,576</b>
Less grants		(898,528)	(527,347)
<b>Surplus/(deficit)</b>		<b>897,064</b>	<b>986,229</b>

*The accompanying notes form part of these financial statements*



# STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 Actual	2018 Actual
<b>Assets</b>			
<b>Current assets</b>			
Bank accounts and cash	4	2,756,225	1,455,185
Investment	6	6,000,000	6,400,000
Debtors	5	25,653	29,629
<b>Total current assets</b>		<b>8,781,878</b>	<b>7,884,814</b>
<b>Non-current assets</b>			
		-	-
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>8,781,878</b>	<b>7,884,814</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors and accrued expenses	7	15,636	15,636
<b>Total current liabilities</b>		<b>15,636</b>	<b>15,636</b>
<b>Non-current liabilities</b>			
		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>15,636</b>	<b>15,636</b>
<b>Net assets</b>		<b>8,766,242</b>	<b>7,869,178</b>
<b>Trust equity</b>			
Reserved funds	8	115,297	115,297
Partially reserved funds	8	7,908,163	7,429,276
General fund	8	742,782	324,605
<b>Total trust equity</b>		<b>8,766,242</b>	<b>7,869,178</b>

Signed on behalf of the Board of Trustees



Andrew McCurdie  
Trustee  
27 November 2019



Prof Margaret Wilson  
Trustee  
27 November 2019

The accompanying notes form part of these financial statements

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	2019 Actual	2018 Actual
<b>Cash flows from operating activities</b>		
Donations and bequests	1,590,933	1,353,575
Interest receipts	224,399	185,564
Grants	(898,528)	(527,347)
Expenses	(15,764)	(15,379)
<b>Net cash flows from operating activities</b>	<b>901,040</b>	<b>996,413</b>
<b>Cash flows from investing and financing activities</b>		
Transfers (to)/from investments	400,000	(200,000)
<b>Net cash flows from investing and financing activities</b>	<b>400,000</b>	<b>(200,000)</b>
Net increase/(decrease) in cash for the year	1,301,040	796,413
Opening bank accounts and cash	1,455,185	658,772
<b>Closing bank accounts and cash</b>	<b>2,756,225</b>	<b>1,455,185</b>

*The accompanying notes form part of these financial statements*



# STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June 2019

## **Accounting policies applied**

### **BASIS OF PREPARATION**

The trustees have elected to apply PBE SRF-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability and has total annual expenses of less than \$2 million.

All transactions are reported using the accrual basis of accounting.

The performance report has been prepared on the assumption that the Trust will continue to operate in the foreseeable future.

The general accounting principles recognised as appropriate for the measurement and reporting of financial results on a historical cost basis have been followed by the Trust.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

The Trust has no subsidiaries, associates or joint ventures.

The Trust is consolidated into the accounts of Waikato District Health Board due to being a controlled subsidiary of Waikato District Health Board.

The performance report was authorised for issue by the Trustees on 27 November 2019.

There have been no changes to accounting policies during the reporting period.

### **GOODS AND SERVICES TAX**

The Trust is not liable for GST and is recognising revenue and expenses on a GST inclusive basis.

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Donations and bequests**

Donations and bequests are recognised upon receipt.

#### **Interest revenue**

Interest revenue is recognised on an accrual basis.

#### **Financial instruments**

Financial instruments comprise of debtors, bank accounts and cash, and creditors and accrued expenses.

A financial instrument is recognised if the Waikato Health Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Waikato Health Trust's contractual rights to the cash flows from the financial assets expire or if the Waikato Health Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Waikato Health Trust commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Waikato Health Trust's obligations specified in the contract expire or are discharged or cancelled.



# STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June 2019

## **Bank accounts and cash**

Bank accounts and cash comprise of cheque or savings accounts, and deposits held at call with banks.

## **Debtors**

Debtors are recorded at fair value less any provision for impairment. Bad debts are written off during the period in which they are identified.

## **Investments**

Investments comprise investments in term deposits with banks.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

## **Creditors and accrued expenses**

Creditors and accrued expenses are recorded at their face value.

## **Operating Expenditure**

Operating expenditure comprises of audit fees and bank fees. Operating expenditure is recognised as an expense in the financial year in which they are incurred.

## **Income tax**

The trust is deemed to be a charitable trust and is therefore not subject to income tax.

## **Application for grants**

The Waikato Health Trust application process reviews requests for grants in accordance with the Trust Deed and, if acceptable, gives an initial commitment to a grant subject to certain criteria being met. If the criteria are not met then the Waikato Health Trust may withdraw the commitment to the grant. Grants are only made once all criteria have been met.

## **Grant expenditure**

All grant expenditure is discretionary and subject to review and approval by the designated Trustees. Amongst other criteria, the Trustees will consider the purpose of the grant in relation to the original governing statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	2019 Actual	2018 Actual
<b>1 Operating revenue</b>		
Donations and bequests	1,590,933	1,353,575
	<u>1,590,933</u>	<u>1,353,575</u>
<b>2 Finance revenue</b>		
Interest income	220,423	175,742
	<u>220,423</u>	<u>175,742</u>
<b>3 Other operating expenses</b>		
Audit fees (for the audit of the financial statements)	15,637	15,637
Other	127	104
	<u>15,764</u>	<u>15,741</u>
<b>4 Bank accounts and cash</b>		
Cheque account	2,756,225	1,352,218
Investment call account	-	102,967
	<u>2,756,225</u>	<u>1,455,185</u>
<b>5 Debtors</b>		
Debtors	25,653	29,629
	<u>25,653</u>	<u>29,629</u>
<b>6 Investments</b>		
35 Day term deposit	-	3,400,000
150 Day term deposit	-	3,000,000
6 Months term deposit	6,000,000	-
	<u>6,000,000</u>	<u>6,400,000</u>
<b>7 Creditors and accrued expenses</b>		
Accrued expenses	15,636	15,636
	<u>15,636</u>	<u>15,636</u>

Grants payable to Waikato District Health Board at 30 June 2019 were \$Nil (2018: \$Nil) for purchases that have been completed and authorised for reimbursement but have not yet been paid.

## 8 Equity

Reconciliation of movement in capital and reserves:

	Reserved funds	Partially Reserved funds	General fund	Total Equity
Balance at 1 July 2017	115,297	6,487,236	280,417	6,882,950
Transfers in	-	1,485,129	44,188	1,529,317
Transfers out	-	(543,089)	-	(543,089)
Balance at 30 June 2018	<u>115,297</u>	<u>7,429,276</u>	<u>324,605</u>	<u>7,869,178</u>
Balance at 1 July 2018	115,297	7,429,276	324,605	7,869,178
Transfers in	-	1,368,356	427,236	1,795,592
Transfers out	-	(889,469)	(9,059)	(898,528)
Balance at 30 June 2019	<u>115,297</u>	<u>7,908,163</u>	<u>742,782</u>	<u>8,766,242</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## Trust Funds

Reserved and partially reserved funds are donated or bequeathed for specific purposes. The Trustees are required to manage these funds in accordance with the trust deed or the wishes of the donor. Partially reserved funds are externally bequeathed and bound by specific governing statements. Fully reserved funds are funds externally bequeathed that are held in perpetuity. The fund is not reduced and interest earned is transferred to a general fund where distributions can be made.

General funds are used for grants applied in accordance with the Trust Deed. Funds are raised internally from the Waikato District Health Board and bound by specific governing statements.

The revenue and expenditure in respect of trust funds is included in the Statement of Financial Performance.

## 9 Related-party transactions

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

### *Related-party transactions significant to the Trust requiring disclosure*

Waikato Health Trust has a related party relationship with the Waikato District Health Board.

The purpose of the Waikato Health Trust is to support the provision of health and disability services within the area served by the Waikato District Health Board. Within the broad purpose the Trust undertakes a number of specific activities; the main one of these is to manage the donations and bequests received by Waikato District Health Board.

Grants paid to the Waikato District Health Board were \$898,528 in 2019 (2018:\$527,347). Monies payable to the Waikato District Health Board at 30 June 2019 were \$Nil (2018:\$Nil).

## Remuneration of Trustees

Remuneration of Trustees was \$Nil (2018:\$Nil).

## 10 Subsequent event

There are no significant events subsequent to balance date.

## 11 Accounting estimates and judgements

The Trustees have discussed the Trust's critical accounting policies and estimates and the application of these policies and estimates.

## 12 Commitments

The Commitments to provide grants at 30 June 2019 were \$275, 209 (2018:\$255, 108).

## 13 Contingent assets

At 30 June 2019 the Trust had no contingent assets (2018:\$Nil).

## 14 Contingent liabilities

There were no contingent liabilities at 30 June 2019 (2018:\$Nil).

## 15 Assets donated and recorded

There have been no significant donated assets to Waikato Health Trust during the period.

## 16 Goods and services in kind

There have been no significant goods and services in kind provided to Waikato Health Trust during the period.



# STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2019

The Board of Trustees and management of Waikato Health Trust accept responsibility for the preparation of the financial statements for the year ended 30 June 2019 and the judgements used in them.

The Board of Trustees and management of Waikato Health Trust accept responsibility for establishing and maintaining systems of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Board of Trustees and management of Waikato Health Trust, the financial statements for the year ended 30 June 2019 fairly reflect the financial position and operations of Waikato Health Trust.



Andrew McCurdie  
Trustee  
27 November 2019



Prof Margaret Wilson  
Trustee  
27 November 2019

## Independent Auditor's Report

### To the readers of Waikato Health Trust's financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of Waikato Health Trust (the Trust). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on his behalf.

#### Opinion

We have audited:

- the financial statements of the Trust on pages 5 to 11, that comprise the statement of financial position as at 30 June 2019, the statement of financial performance, and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion:

- the financial statements of the Trust on pages 5 to 11:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector).

Our audit was completed on 27 November 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

## **Responsibilities of the Trustees for the financial statements and the performance information**

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare 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 Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Trust, or there is no realistic alternative but to do so.

## **Responsibilities of the auditor 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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 2 to 4 and page 12, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Trust.



B H Halford  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand

