



St John of God Hauora Trust

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St John of God Hauora Trust
Financial Statements for year ended 30 June 2017

Statement of financial performance

	Note	2017 \$'000	2016 \$'000
Revenue from exchange transactions	4		
Accommodation and service fees	6, 7	11,295	10,772
Other hospital revenue	6	24	36
Government grants and subsidies	25	1,898	1,948
Other grants and subsidies	25	266	364
Donation from St John of God Healthcare Inc	21	0	1,483
Other operating revenue		358	347
		13,841	14,950
Revenue from non-exchange transactions	4		
Donations		14	105
Total revenue		13,855	15,055
Expenses:			
Employee costs and contract remuneration		10,034	9,837
Supply costs		1,155	1,135
Other operating expenses		847	1,066
Centralised support and service costs		1,040	1,018
Board expenses		46	48
Total expenses		13,122	13,104
EBITDA		733	1,951
Interest income		-65	-72
Interest expense	12	129	119
Net interest		64	47
Depreciation owned assets	11, 18	307	279
Depreciation leased assets	12	92	52
Operating surplus / (deficit)		270	1,573

The notes to the accounts on pages 5 – 9 are an integral part of these financial statements.

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Statement of financial position

	Note	2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	14	301	63
Cash held on behalf of residents	17	135	120
Bank deposits	15	1,348	1,510
Hospital and other receivables	7, 13	752	674
Other assets	8, 13	48	65
Total current assets		2,584	2,432
Non-current assets			
Property, plant and equipment	11, 12, 13, 18, 19	5,219	4,771
Work in progress		65	358
Leased assets	12	258	112
Investment in shares in co-operative supplier	9	19	13
Total non-current assets		5,561	5,254
Total assets		8,145	7,686
Liabilities			
Current liabilities			
Trade payables and accruals	10	717	697
Residents' funds	10, 17	135	120
Goods and services tax		132	75
Employee benefit liabilities	16	737	732
Grants held for future or other specific purposes	4	206	77
Bank Loan	19	228	307
Lease liability	12	94	44
Total current liabilities		2,249	2,052
Non-current liabilities			
Bank Loan		1,745	1,887
Lease liability	12	208	74
Total non-current liabilities		1,953	1,961
Total liabilities		4,202	4,013
Trust equity			
Retained surpluses		3,943	3,673
Total equity attributable to the trust		3,943	3,673

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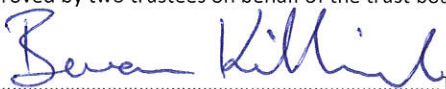
Statement of movements in equity

	2017 \$'000	2016 \$'000
Equity at beginning of year	3,673	2,100
Operating surplus / (deficit) for the year	270	1,573
Equity at end of year	3,943	3,673

Statement of cash flows

	2017 \$'000	2016 \$'000
Surplus (Deficit)	270	1,573
Depreciation and Amortisation	400	331
Changes in Working Capital		
Accounts Receivable	-75	23
Prepayments	7	10
Inventories	6	-3
Trade Payables & Accruals	35	-480
Goods & Services Tax	57	-3
Employee Benefit Liabilities	6	12
Grants for Future or Specific Purposes	128	-230
Cash from Operations	834	1,233
Capital Expenditures	-701	-4,407
Cash from Investing	-701	-4,407
Bank Loan (Current)	-79	307
Lease Liability (Current)	50	44
Bank Loan (Non-Current)	-142	1,887
Lease Liability (Non-Current)	135	74
Investment in Shares Co-op Supplier	-6	3
Cash from Financing	-42	2,315
Total change in cash	91	-859
Beginning Cash Balance	1,693	2,552
Total Change in Cash	91	-859
Ending Cash Balance	1,784	1,693

Approved by two trustees on behalf of the trust board 30 August 2017.


Trustee


Trustee

Notes to the financial statements, including statements of accounting policies

General notes

1. Reporting entity

St John of God Hauora Trust (the Trust) is a charitable trust, based in Christchurch, incorporated under the Charitable Trusts Act 1957 on 29 June 1993 and registered under the Charities Act 2005 on 10 June 2008. The Trust provides care services at Halswell, Christchurch; Addington, Christchurch; Rolleston, Selwyn; and Karori, Wellington for severely disabled New Zealanders. It also provides 'Community, Youth and Child' services and Early Childhood Education at St John of God Waipuna in Wainoni, Christchurch to young people aged 10 to 25 years and their family/whanau as 'one-stop-shop' wrap-around service provision.

2. Authorisation

On behalf of the Trust's board of trustees, two members of the board authorised these financial statements for the year ended 30 June 2017 on 30 August 2017.

3. Statement of compliance and basis of preparation

The financial statements of the Trust have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) standards and disclosure concessions have been applied. The Trust is eligible to report in accordance with Tier 2 PBE standards because it does not have public accountability and it is not large.

4. PBE standards on accounting policies and disclosures

The accounting policies adopted in these financial statements are consistent with the PBE Standards. The accounting policies and disclosures required by the PBE accounting standards are as follows:

PBE IPSAS 2 Cash Flow Statement

PBE IPSAS 2 prescribes that PBE entities provide a Cash Flow Statement. The Trust has included a Consolidated Cash Flow Statement including last year's comparative statement.

PBE IPSAS 23 – Revenue from Non-Exchange Transactions

PBE IPSAS 23 prescribes that revenue arising from exchange transactions is reported separately from non-exchange revenue. The Trust has made this differentiation.

Non-exchange revenue from grants and donation can only be deferred and recognised as liability if there is a condition attached that requires the Trust to use the funds as specified or return the funds if the Trust does not perform as specified. The Trust has stated revenue from non-exchange transactions when received in accordance with PBE IPSAS 23.

5. Income tax

St John of God Hauora Trust is registered as a charitable entity with Charities Services and is therefore exempt from income tax and resident withholding tax.

6. Income

The Trust recognises income when and as services are rendered.

7. Service and other receivables

The Trust states its receivables at original invoice value inclusive of GST less impairment losses.

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8. Inventories (included in Other Assets)

The Trust holds inventories of medical and other supplies used in its Halswell, Addington, Rolleston and Wellington care facilities, and values them at the lower of cost (which it measures on a first in, first out basis) or current replacement value.

9. Investments

The Trust holds shares and a trading deposit in Foodstuffs (South Island) Ltd pursuant to a trading arrangement with this co-operative company. The shares are stated at cost.

10. Accounts payable, expense accruals, provisions and residents' funds

The Trust recognises a liability for trade and other payables for goods and services provided to it which are unpaid at the end of the financial year and usually settled within 30 days. The Trust states its payables inclusive of GST.

The Trust also recognises and provides for a liability for expenses incurred but not invoiced by suppliers or other creditors. These liabilities include residents' funds and provisions (see note 17), payroll deductions, employee remuneration due on a specified day and goods and services received but not yet invoiced.

11. Property plant and equipment

The Trust states its property, plant and equipment at cost less accumulated depreciation and any impairment losses. Depreciation applies on a straight line basis at rates calculated so as to write off the cost of each item over its expected useful life. The estimated useful lives of the trust's assets are:

▪ Building (11 Messines Rd, Karori)	40 years
▪ General plant and equipment	between 5 and 10 years
▪ Computer equipment	between 3 and 4 years
▪ Other office equipment	between 3 and 5 years
▪ Furniture and fittings	between 5 and 15 years
▪ Leasehold improvements	10 years
▪ Motor vehicles	between 4 and 5 years

12. Leased assets

The Trust uses properties at Nash Road, Halswell, Christchurch; Parade Court, Addington, Christchurch; Woodham Road, Wainoni, Christchurch; and Masefield Drive, Rolleston. These properties are owned by St John of God Health Care Inc. (SJGHC), of Perth, Western Australia. The Trust enjoys the use of these properties without payment of rent pursuant to an agreement with SJGHC.

The Trust leases motor vehicles and multi-function device office equipment pursuant to lease agreements. The Trust recognises as finance those leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Trust. Assets held under a finance lease are capitalised at the commencement of the lease at fair value of the asset or if lower, at the present value of the future minimum lease payments. The Trust recognises the associated lease liability at the inception of the lease, at the same amount as the capitalised leased asset. Subsequent to initial recognition, finance lease payments are apportioned between interest expense and the reduction of the lease liability. Interest costs are recognised as an expense in the surplus or deficit. Assets held under a finance lease are depreciated over the shorter of the estimated useful life of the asset or the lease term. The depreciation for leased assets amount to \$92,498 (2016: \$51,939)

Finance lease payments due in one year and GST exclusive amount to \$94,513 (2016: \$44,437) and between one year and five years \$208,370 (2016: \$73,547). There are no payments due over five years (2016: Nil).

Operating leases are leases that do not substantially transfer all the risks and benefits incidental to ownership of the leased item to the Trust. Operating lease payments are recognised as an operating lease expense on a straight line basis over the lease term.

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13. Impairment of assets

The Trust reviews all its assets for impairment whenever circumstances indicate that the carrying value may not be collectable or recoverable through use or sale. The Trust recognises impairment losses when:

- Property plant and equipment: the amount of the asset's carrying amount exceeds its recoverable amount.
- Receivables: a receivable may not be recovered in full.
- Inventories: inventory cost exceeds the current replacement cost or net realisable value.

In each case, the Trust recognises an impairment loss in the statement of financial performance.

14. Cash and cash equivalents

Cash and cash equivalents comprise bank and cash balances net of overdrafts.

15. Bank deposits

The Trust invests its surplus funds on bank deposits with maturities not exceeding twelve months. At balance date the trust held \$1,347,658 (2016: \$1,509,674) in bank deposits. Of this sum \$457,904 (2016: \$539,975) matures within three months of balance date.

16. Employee benefit liabilities

The Trust recognises and provides for a liability for benefits earned by employees but not paid at balance date being measured at their nominal amount. Employee benefits include annual leave, alternative holiday days, and long service leave.

17. Residents' funds

Cash and cash equivalents includes \$134,691 (2016: \$119,575) of funds deposited with the trust by residents and/or their families and supporters. Residents draw on these funds from time to time for their personal needs. The Trust holds these funds in a separate trust bank account on behalf of the residents.

18. Fixed assets

The fixed assets summary below is for assets owned and does not included leased assets that are capitalised.

	Plant and Machinery	Office Equipment	Furniture and fittings	Leasehold Improvement	Motor Vehicles	Land and Building	Total
Cost							
As 30 June 2016	1,127,276	479,659	973,564	138,181	262,089	3,816,900	6,797,669
Additions	242,005	114,155	19,176	380,746	0	0	756,082
Disposals	-3,507				-65,280		-68,787
As at 30 June 2017	1,365,774	593,814	992,740	518,927	196,809	3,816,900	7,484,964
Depreciation and Impairment							
As at 30 June 2016	739,679	416,771	560,196	29,040	236,372	44,177	2,026,235
Depreciation charge for the year	113,294	35,105	69,235	27,991	8,572	53,013	307,210
Impairment							0
Disposals	-2,630				-65,280		-67,910
As at 30 June 2017	850,343	451,876	629,431	57,031	179,664	97,190	2,265,535
Net Book Value							
As at 30 June 2016	387,597	62,888	413,368	109,141	25,717	3,772,723	4,771,434
As at 30 June 2017	515,431	141,938	363,309	461,896	17,145	3,719,710	5,219,429

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19. Bank Loan

The bank loan with ANZ Banking Group is secured over the land and buildings of St John of God Karori, Wellington as a registered first ranking mortgage. Payments are amortised over 9 years with there being 7 years 3 months left of the nine year term as at balance date. The current interest rate is 5.24% with the next review date being 31 August 2018.

20. Related parties transactions

St John of God Health Care Inc, an Australian based charitable organisation sponsors the Trust, owns properties used by the Trust and exercises significant influence over the affairs of the Trust. During the year, the Trust continued to pay capital project costs on behalf of St John of God Health Care Inc and have been reimbursed. At balance date there was \$5,325 in developments in progress that had not been invoiced to St John of God Health Care Inc.

The related party transactions with St John of God Health Care Inc, Perth are:

Reimbursement of Project Costs on behalf of SJGHC	\$321,566	\$440,296
Donation from SJGHC	\$0	\$1,483,247
Expenditure paid	\$222,774	\$228,024
Sums due to the Trust at balance date	\$9,483	\$0

21. Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities (2016: \$nil).

22. Capital commitments

The Karori Building Seismic and Reconfiguration Upgrade Project has been approved by the St John of God Health Care Inc. board at a total cost of \$1,992,000. \$1 million will be funded from reserves and \$992,000 by a bank loan. At year end no capital commitments have been entered into (2016: nil).

23. Events occurring after balance date

There are no significant events occurring after balance date (2016: nil).

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24. Grants and subsidies

	2017	2016
Government Grants:		
Canterbury District Health Board	498,307	518,093
Christchurch City Council	50,000	58,333
Department of Corrections	72,259	79,413
Lottery Board	11,500	22,500
Ministry of Education	508,381	488,315
Ministry of Health	200,112	207,085
Ministry of Social Development	557,356	573,941
Government Grants	1,897,915	1,947,680
Non- Government Grants		
Caritas New Zealand	15,800	64,773
Chris Gallagher	6,000	0
Community Organisation Grant	2,300	0
Energy Efficiency and Conservation Authority	0	29,900
Farina Thompson Trust	5,000	5,000
Infinity	0	3,000
J R McKenzie Foundation	79,203	54,075
Kathy Harrison	0	5,000
Maurice Carter Trust	12,000	10,000
RATA Foundation	60,000	83,000
Red Cross	3,750	41,250
Te Pou Limited	12,617	19,051
Tindall Foundation	12,040	9,750
Todd Foundation	40,810	0
Twigger Estate	2,400	2,400
Vodafone Foundation	10,000	30,000
Other Donations less than \$2,000	3,938	0
Total Exchange Grants & Subsidies	265,858	357,199
Susan Abbot's estate	6,500	0
Other Donations less than \$2,000	7,849	7,520
Total Non-Exchange Grants & Subsidies	14,349	7,520
Total Non- Government Grants	280,207	364,719
Total Grants and Subsidies	2,178,122	2,312,399

Independent Auditor's Report to the Trustees of St John of God Hauora Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of St John of God Hauora Trust ("the Trust") on pages 2 to 9, which comprise the statement of financial position of the Trust as at 30 June 2017, and the statement of financial performance, statement of movements in equity and statement of cash flows for the year then ended of the Trust, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 2 to 9 present fairly, in all material respects, the financial position of the Trust as at 30 June 2017 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). 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 the 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 other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the Trust. Partners and employees of our firm may deal with the Trust on normal terms within the ordinary course of trading activities of the business of the Trust.

Information other than the financial statements and auditor's report

The Trustees of the Trust are responsible for the Annual Report, which includes information other than the financial statements and auditor's report which is expected to be made available to us after the date of this auditor's report

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 is materially inconsistent with

the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Trustees' responsibilities for the financial statements

The Trustees are responsible, on behalf of the Trust, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the directors 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 for assessing on behalf of the Trust 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 directors 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 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 conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the [consolidated] financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities>. This description forms part of our auditor's report.



30 August 2017
Christchurch