

Financial Statements

**Waipuna Hospice Incorporated
For the year ended 30 June 2018**

Prepared by Ingham Mora Limited

Contents

3	Directory
4	Statement of Comprehensive Revenue & Expenses
5	Statement of Changes in Equity
6	Statement of Financial Position
7	Statement of Cash Flows
8	Notes to the Financial Statements
18	Auditors Report

Directory

Waipuna Hospice Incorporated For the year ended 30 June 2018

Nature of Business

Hospice Healthcare Services

Address

43 Te Puna Station Road
Tauranga

Auditors

Staples Rodway Audit Limited
Tauranga

Bankers

Westpac

Solicitors

Keam Standen

Board Members

Mark Tingey (Chairperson)
Robert Lee (Treasurer)
Monique Balvert-O'Connor (Secretary)
Bryan Thorn
Roger Loveridge
Garth Mitchinson
Shirley Baker
Leona Smith
Tommy Wilson (Iwi Representative - Resigned 30/05/18)

Chief Executive

Richard Thurlow

Statement of Comprehensive Revenue & Expenses

Waipuna Hospice Incorporated
For the year ended 30 June 2018

	NOTES	2018	2017
Revenue from Non - Exchange Transactions			
Donations	2	1,109,412	708,508
Grants	2	732,272	994,880
Total Revenue from Non - Exchange Transactions		1,841,684	1,703,388
Revenue from Exchange Transactions			
Corporate Sponsorship		4,756	52,350
DHB Contracts		4,057,665	4,348,939
Shop Sales	3	3,083,500	2,407,886
Interest Received		2,999	471
Net Fundraising		129,452	185,212
Subscriptions		3,165	8,887
Depreciation Recovered		2,174	13,902
Sundry Income		77,031	65,080
Total Revenue from Exchange Transactions		7,360,744	7,082,728
Total Revenue		9,202,427	8,786,115
Expenses			
Audit Fee		10,500	13,615
Depreciation		245,912	220,403
Insurance		34,681	41,718
Loss on Sale of Fixed Assets		361	-
Other Operating Expenses	4	1,134,454	1,195,481
Rent	5	445,000	445,000
Shop Expenses	3	1,623,519	1,201,610
Wages		5,564,320	5,441,538
Total Expenses		9,058,747	8,559,366
Total Surplus / (Deficit) for the Year		143,681	226,750
Total Comprehensive Revenue and Expenses		143,681	226,750



The accompanying notes form part of these Financial Statements

Statement of Changes in Equity

Waipuna Hospice Incorporated
For the year ended 30 June 2018

	2018	2017
Equity		
Opening Balance	574,576	347,827
Recognised Revenue and Expenses		
Net Comprehensive Revenue & Expenses for the Year (Page 4)	143,681	226,750
Total Recognised Revenue and Expenses	143,681	226,750
Total Equity	718,257	574,576
Equity at End of the Year	718,257	574,576



The accompanying notes form part of these Financial Statements

Statement of Financial Position

Waipuna Hospice Incorporated As at 30 June 2018

	NOTES	30 JUN 2018	30 JUN 2017
Current Assets			
Bank and Cash		619,131	270,939
Receivables for Exchange Transactions		155,291	467,809
Prepayments		102,157	106,495
GST Receivable		43,777	40,968
Inventories		5,817	3,924
Total Current Assets		926,173	890,134
Non-Current Assets			
Fixed Assets		734,193	742,775
Other Non-Current Assets			
Waipuna Hospice Foundation		52,549	50,000
Total Other Non-Current Assets		52,549	50,000
Total Non-Current Assets		786,741	792,775
Total Assets		1,712,914	1,682,909
Current Liabilities			
Accrued Liabilities		639,314	649,492
Accounts Payable		241,461	250,128
Non - Exchange Liabilities	11	13,882	37,295
Total Current Liabilities		894,657	936,915
Non-Current Liabilities			
Waipuna Hospice Foundation Loan			
Waipuna Hospice Foundation - Asset Loan		100,000	171,417
Total Waipuna Hospice Foundation Loan		100,000	171,417
Total Non-Current Liabilities		100,000	171,417
Total Liabilities		994,657	1,108,333
Net Assets		718,257	574,576
Equity			
Capital		594,629	594,629
Accumulated Comprehensive Revenue & Expenses		123,628	(20,053)
Total Equity		718,257	574,576
Total Accumulated Funds (Deficit)		718,257	574,576

For and on behalf of the Society:

Chairman

Date: 11 October 2018

Chief Executive Officer

Date: 11-10-18



The accompanying notes form part of these Financial Statements

Statement of Cash Flows

Waipuna Hospice Incorporated For the year ended 30 June 2018

	NOTES	2018	2017
Cash Flow Statement			
Cash Flows from Operating Activities			
Receipts			
Receipts from Non-Exchange Transactions		1,882,460	1,608,045
Receipts from Exchange Transactions		7,625,214	6,713,900
Interest Received		450	471
Total Receipts		9,508,124	8,322,416
Payments			
Payments to Suppliers		(2,493,981)	(2,155,821)
Payments to Employees		(6,375,392)	(6,205,114)
Total Payments		(8,869,373)	(8,360,935)
Net Cash Flows from Operating Activities		638,751	(38,519)
Cash Flows from Investing Activities			
Receipts			
Sale of Property, Plant & Equipment		2,740	15,217
Total Receipts		2,740	15,217
Payments			
Purchase of Property, Plant & Equipment		(221,882)	(198,494)
Total Payments		(221,882)	(198,494)
Net Cash Flows from Investing Activities		(219,142)	(183,278)
Cash Flows from Financing Activities			
Payments			
Loan Repayment		(71,417)	-
Loan Advanced		-	(50,000)
Total Payments		(71,417)	(50,000)
Net Cash Flows from Financing Activities		(71,417)	(50,000)
Net Increase / (Decrease) In Cash and Cash Equivalents		348,192	(271,797)
Cash and Cash Equivalents at 1 July		270,939	542,736
Cash and Cash Equivalents at 30 June		619,131	270,939



The accompanying notes form part of these Financial Statements

Notes to the Financial Statements

Waipuna Hospice Incorporated For the year ended 30 June 2018

1. Statement of Accounting Policies

Reporting Entity

The reporting entity is Waipuna Hospice Incorporated (the "Waipuna Hospice"). The Waipuna Hospice is domiciled in New Zealand and is a not-for-profit society incorporated under the Incorporated Societies Act 1908.

The financial statements of the Waipuna Hospice for the year ended 30 June 2018 were authorised for issue by the Board on the 11 October 2018.

Statement of Compliance

The Waipuna Hospice'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 Waipuna Hospice 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 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. This decision results in the Waipuna Hospice not preparing a Statement of Service Performance for both reporting periods.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on basis consistent with those used in previous years.

Summary of Accounting Policies

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

(a) Measurement Base

These financial statements have been prepared on the basis of historic cost.

(b) Functional and Presentational Currency

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

(c) Revenue

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

Fundraising

Fundraising non-exchange revenue is recognised at the point at which cash is received.

Grants

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant have 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.

Donations

Donated goods for sale are not recognised as an asset in the financial statements, but are recognised as income when sold. Donated Services are not recorded in the financial statements at value.

Revenue from Exchange Transactions

Government Contracts Revenue

Contracts Revenue is recognised as Income to the extent that the services have been provided.

Interest Revenue

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

(d) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis where all items in the Revenue Accounts and Fixed Assets have been recorded exclusive of GST. Accounts Receivable and Accounts Payable are recorded in the Statement of Financial Position inclusive of GST. GST owing to or by the entity at balance date as recorded in the Statement of Financial Position, has been determined on an accruals basis. Income and expenses in relation to the trading shops have been recorded in accounts as GST inclusive due to the income being derived from donated goods.

(e) Inventories

Inventories are stated at the lower of cost (determined on a first-in first-out basis) and net realisable value.

(f) Changes in Accounting Estimate

There have been no changes in Accounting Estimates. All policies have been applied on bases consistent with those used in previous years.



(g) Financial Instruments

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

The Waipuna Hospice 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 Waipuna Hospice 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 Waipuna Hospice has transferred substantially all the risks and rewards of the asset; or
- the Waipuna Hospice 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 category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Waipuna Hospice's financial assets are classified as loans and receivables or as available for sale financial assets. The Waipuna Hospice's financial assets include: cash and cash equivalents, short-term deposits, receivables from non-exchange transactions, receivables from exchange transactions and investments.

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.

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 Waipuna Hospice's cash and cash equivalents, receivables from exchange transactions and receivables from non-exchange transactions fall into this category of financial instruments.

Available for Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Impairment of Financial Assets

The Waipuna Hospice 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 are any objective evidence of impairment, the Waipuna Hospice first assesses whether there is objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Waipuna Hospice 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.

Financial Liabilities

The Waipuna Hospice's financial liabilities include trade and other creditors.

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

(h) Property, Plant & Equipment

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

Depreciation is charged on a straight line basis 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:

Rates Used

Building Improvements	5 - 20% SL
Motor Vehicles	2 - 29% SL
Furniture & Fittings	6 - 21% SL
Office Equipment	9 - 40% SL
Loan Equipment	4 - 30% SL
Inpatient Equipment	4 - 40% SL
Shops	7 - 30% SL
Day Services Extension	20 - 40% SL
IT Assets	18 - 40% SL
Shops	7 - 40%SL
Facilities	20% SL
Family Support	20% SL

(i) Significant Judgements and Estimates

In preparing the financial statements, the Board is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The Waipuna Hospice bases its assumptions and estimates on parameters available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Waipuna Hospice. Such changes are reflected in the assumptions when they occur.

Waipuna Hospice is a beneficiary of the Waipuna Hospice Foundation, a Trust formed to support the Society. The Board has determined that the society does not have power or benefit in its relationship with the Foundation. As such, there is no requirement to consolidate the Financial Accounts of the two entities.



2. Revenue from Non Exchange Transactions

	2018	2017
Net Donations		
Donations - General	799,274	588,071
Donations - Funerals	39,364	67,536
Donations - Bequests	270,773	52,901
Total Net Donations	1,109,412	708,508
	2018	2017
Grants		
Operating Grants	658,367	926,409
Capital Grants	73,906	68,471
Total Grants	732,272	994,880

Grants were received from the following organisations during the year:

The Southern Trust	TECT Holdings Ltd	Infinity Foundation
NZ Community Trust	St Joan's Trust	SKYCITY Hamilton Community Trust
First Sovereign Trust	NZ Lottery Grants Board	Pub Charity
Legacy Trust	The Lion Foundation	Harcourts Foundation
Cyde Graham Charitable Trust	Valder Ohinemuri Charitable Trust	

3. Revenue from Exchange Transactions

The results of the trading shops are summarised below.

Trading Shops

	2018	2017
Income		
Shop Sales	3,083,500	2,407,886
Expenses		
Advertising	6,319	7,247
Electricity	44,051	34,003
Insurance	27,834	13,487
Low Value Assets	13,595	6,235
Postage, Printing & Stationery	18,049	18,676
Rent & Rates	507,321	359,852
Staff Expenses	58,519	45,529
Sundry Expenses	29,618	26,736
Telephone & Tolls	12,437	12,187
Travel	30,450	33,518



Notes to the Financial Statements

Wages & Salaries	875,326	644,139
Total Expenses	1,623,519	1,201,610
Net surplus/(deficit) from shops	1,459,981	1,206,276

2018 2017

4. Other Operating Expenses

ACC Levies	27,060	25,009
Cleaning	62,799	66,177
Community Allowance Wages	27,981	34,330
Computer Expenses	75,774	48,891
Contracting	116,501	114,412
Education / Training	81,358	94,320
Electricity & Gas	49,957	48,439
Food	32,755	32,515
Motor Vehicle Expenses	62,484	49,229
Nursing Supplies	65,324	75,308
Postage, Printing & Stationery	68,867	69,973
Professional Memberships	18,232	26,712
Repairs and Maintenance	53,407	39,991
Subscriptions & Levies	90,454	96,798
Supervision Expenses	11,089	19,336
Telephone Expenses	42,979	47,921
Travel	17,849	51,010
Other Operating Expenses	229,584	255,110
Total Other Operating Expenses	1,134,455	1,195,479



5. Related Party Transactions

Waipuna Hospice is a beneficiary of the Waipuna Hospice Foundation, a Trust formed to support the Society.

The Waipuna Hospice rented premises from Waipuna Hospice Foundation. Rent paid during the year ended 30 June 2018 was \$445,000 (2017 \$445,000).

The Waipuna Hospice received a grant from Waipuna Hospice Foundation of \$200,000 for operational costs. Total grant for the year ended 30 June 2018 \$200,000 (2017 \$402,530).

In 2017 \$50,000 was donated from the Ngaire Crocker Fund. This has been advanced to the Waipuna Hospice Foundation to be held and invested on their behalf. These funds will be repaid to Waipuna Hospice as required to fund nurses training. Interest of \$2,549 has been received for the year ended 30 June 2018. This advance has been included on Statement of Financial Position as Other non-current assets.

In July 2015 the Waipuna Hospice Foundation loaned the Waipuna Hospice \$262,407. This loan was to purchase chattels of the new building extension. A further \$9,010 was loaned to purchase a hoist. \$100,000.00 of this loan was repaid on the 21 March 2016. A further \$71,417 of this loan was repaid on the 5th June 2018. The loan balance as at 30 June 2018 is \$100,000 (2017: \$171,417). Subsequent to balance date the loan has been fully repaid (See Note 12).

Interest is charged at the discretion of the Waipuna Hospice Foundation and no interest was charged for the year ended 30 June 2018.

During the year the Waipuna Hospice Foundation provided shorts term loan totalling \$438,000. The short term loan was fully repaid as at 30 June 2018 (2017 \$Nil).

There were transactions with the Waipuna Hospice Foundation for the bequest program contract for services provided for \$22,248. (2017 \$Nil).

The Foundation has provided an unsecured guarantee of \$300,000 to the Westpac Bank in respect of the Society's overdraft facility.

The following Board Members are involved in businesses which supply goods or services to the Society:

Robert Lee, Partner of KPMG, Tauranga - provided accounting services.

KPMG. As outlined in Policy 1. (c) above no additional amount is included in the accounts to account for the below market value (or donated) portion.

None of the above transactions with Board Members are considered to be significant

No related party debts have been written off or forgiven during the year.

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the Board, the Chief Executive Officer and the Executive Team. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

The total remuneration has increased this year as the costs of staff in key management positions are for a full year. The number FTE's reported in the 2017 year included part time staff.

The members of the board do not receive any remuneration for their services.

	2018	2017
Total Remuneration	1,046,978	874,173
Number of FTE's	6.8	7.7

6. Contingent Losses and Gains

There were no known contingent losses or gains outstanding as at balance date (2017: \$Nil).

7. Capital Expenditure Commitments

There was no capital expenditure committed, at balance date (2017: \$4,744).

8. Contingent Assets and Liabilities

The Board is aware of contingent liabilities at balance date (2017: \$Nil).

Details and estimates of maximum amounts of contingent liabilities is as follows: On 1st March 2018 the society received a bequest of \$188,315 from an estate which has been included in Revenue from non-exchange transactions. Following receipt of the funds there has been a challenge to the will including the bequest made to the society. The Society is in the process of negotiations with the claimant to reach a settlement. A provision has not been accounted for, as at the time of issue of the financial statements a reliable estimate is not able to be made. The maximum contingent liability is \$188,315, being the amount of the bequest received.

9. Income Tax Expense

The society has charitable status and is exempt from income tax.

10. Operating Lease Commitments

Operating leases are in place for properties rented for all shops, depot, storage units and Hospice premises.

Commitments under non-cancellable operating leases are:

	2018	2017
Current	\$958,453	\$860,582
2 - 5 years	\$2,704,083	\$2,629,731
Later 5 years	\$890,000	\$1,362,025
Total Operating Lease Commitments	\$4,552,536	\$4,852,338

11. Categories of Financial Assets and Liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2018	2017
Financial Assets		
Bank & Cash	619,131	270,939
Accounts Receivable	155,291	467,809
Waipuna Foundation - Nurses Education Funds Held	52,549	50,000
Total Financial Assets	826,970	788,748
	2018	2017
Financial Liabilities		
Accounts Payable	241,461	250,128
Accrued Liabilities	639,314	649,492
Waipuna Hospice Foundation Asset Loan	100,000	171,417
Total Financial Liabilities	980,775	1,071,038



	2018	2017
Non - Exchange Liabilities		
Unspent Grants	13,882	37,295
Total Non - Exchange Liabilities	13,882	37,295

Non - Exchange liabilities consists of grant money received that has not been spent at year end. See accounting policy note 1(c) for further information.

12. Events After Reporting Date

Subsequent to balance date there have been the following material events

- i) The Society repaid the loan owing to Waipuna Hospice Foundation in full of \$100,000
- ii) The Society paid rent in advance to Waipuna Hospice Foundation of \$222,500
- iii) The Society advanced funds to Waipuna Hospice Foundation as a loan of \$323,729.



13. Fixed Assets

2018									
	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Deprn	Deprn on Disposals	Deprn This Year	Accum Deprn	Closing Book Value
Leasehold Improvements	36,381	10,234	-	46,615	15,180	-	5,136	20,315	26,300
Motor Vehicles	476,630	70,897	26,211	521,316	257,572	25,285	53,427	285,714	235,602
Furniture & Fittings	191,971	-	-	191,971	138,373	-	9,951	148,324	43,647
Office Equipment	21,887	-	-	21,887	13,257	-	3,551	16,808	5,079
Loan Equipment	137,159	19,008	-	156,167	81,205	-	20,008	101,213	54,954
Inpatient Unit	272,741	13,465	-	286,206	191,079	-	26,732	217,811	68,395
PaCNAT	7,300	-	-	7,300	3,163	-	2,920	6,083	1,217
Day Services Extension	236,015	-	-	236,015	112,842	-	48,143	161,985	74,030
IT Assets	129,548	32,946	-	162,494	81,069	-	39,683	120,753	41,741
Shops	166,765	81,006	-	247,771	42,225	-	34,609	76,834	170,937
Family Support	2,870	-	-	2,870	526	-	574	1,100	1,770
Facilities	-	10,700	-	10,700	-	-	178	178	10,522
Total Assets	1,679,267	238,256	26,211	1,883,776	936,491	25,285	245,913	1,157,117	734,193



INDEPENDENT AUDITOR'S REPORT

To the Board of Waipuna Hospice Incorporated

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Waipuna Hospice Incorporated ('the Society') on pages 4 to 17, which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ('PBE Standards RDR').

Our report is made solely to the Board of Waipuna Hospice Incorporated. Our audit work has been undertaken so that we might state those matters which 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 Waipuna Hospice Incorporated and the Board of Waipuna Hospice Incorporated, for our audit work, for this report or for the opinions we have formed.

Basis for Qualified Opinion

In common with other organisations of a similar nature, control over cash revenues (including shop income, donations and fundraising income) prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. Consequently we are unable to obtain sufficient appropriate audit evidence in this regard and were unable to determine if recognition of revenue is complete

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 the Society 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 the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 auditor we have no relationship with, or interests in, Waipuna Hospice Incorporated.

Responsibilities of The Board for the Financial Statements

The Board are responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as The Board determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, The Board are responsible on behalf of the Society for assessing the Society'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 Board either intend to liquidate the Society or to 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 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 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 the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

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

Staples Rodway Audit Ltd

STAPLES RODWAY AUDIT LIMITED

Tauranga, New Zealand

11 October 2018