



# 2020 Financial Statements

Te Korowai Hauora o Hauraki Inc  
For the year ended 30 June 2020

*Mō tātou o Hauraki*  
*Health and Wellbeing services for everyone in our Community*

Te Korowai Hauora o Hauraki Inc

For the year ended 30 June 2020

**Table of Contents**

Statement of comprehensive revenue and expense	3
Statement of financial position	4
Statement of changes in net assets / equity	5
Statement of cash flow	6
Notes to the financial statements	
Note 1 - General information	7
Note 2 - Summary of significant accounting policies	7
Note 3 - Financial instruments	15
Note 4 - Other income	15
Note 5a - Expenses	16
Note 5b - Finance income and expenses	16
Note 6 - Cash and cash equivalents	16
Note 7 - Trade and other receivables	17
Note 8 - Property, plant and equipment	17
Note 9 - Intangibles	18
Note 10 - Trade and other payables	18
Note 11 - Borrowings	19
Note 12 - Contingencies	19
Note 13 - Commitments	19
Note 14 - Government & other grants	20
Note 15 - Related party transactions	20
Note 16 - COVID-19 Pandemic	22
Note 17 - Subsequent events	22
Independent auditors report	23

**Te Korowai Hauora o Hauraki Inc**

**For the year ended 30 June 2020**

**Directory**

<b>Charities Registration</b>	<b>CC46558</b>
<b>Registered Office</b>	<b>210 Richmond Street Thames, 3500</b>
<b>CEO</b>	<b>Riana Manuel</b>
<b>Trustees</b>	<b>H Mikaere (Chairman) D Taipari L Ngamane G Tupuhi S King</b>
<b>Bankers</b>	<b>Bank of New Zealand Thames</b>
<b>Auditor</b>	<b>PricewaterhouseCoopers New Zealand PO Box 191, Hamilton 3240</b>

Te Korowai Hauora o Hauraki Inc  
Statement of comprehensive revenue and expense  
For the year ended 30 June 2020

**Statement of comprehensive revenue and expense**  
For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>Revenue from exchange transactions</b>			
Government and patient funding		12,453	11,398
Other income	4	152	214
<b>Revenue from non-exchange transactions</b>			
Grant income	14	185	25
<b>Total revenue</b>		<b>12,790</b>	<b>11,637</b>
<b>Operating expenses</b>			
Depreciation expense	5a	216	213
Amortisation expense	5a	13	20
Employee benefits expense	5a	10,181	9,507
Other expenses		1,916	1,710
Finance costs - net	5b	9	13
<b>Total operating expenses</b>		<b>12,335</b>	<b>11,463</b>
<b>Surplus/(deficit) for the year</b>		<b>455</b>	<b>174</b>
<b>Total other comprehensive revenue and expenses</b>		<b>-</b>	<b>-</b>
<b>Comprehensive revenue and expense</b>		<b>455</b>	<b>174</b>

For and on behalf of the Executive Committee:



H Mikaere  
Chairman

G Tupuhi  
Deputy Chairman

Date: 13/11/2020

Date: 10/11/2020

*The above statement of comprehensive revenue & expense should be read in conjunction with the accompanying notes.*

Te Korowai Hauora o Hauraki Inc  
Statement of financial position  
As at 30 June 2020

Statement of financial position  
As at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,104	470
Trade and other receivables	7	<u>388</u>	<u>711</u>
<b>Total current assets</b>		<b>1,492</b>	<b>1,181</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	2,852	2,616
Intangibles	9	<u>22</u>	<u>13</u>
<b>Total non-current assets</b>		<b>2,874</b>	<b>2,629</b>
<b>Total assets</b>		<b><u>4,366</u></b>	<b><u>3,810</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	<u>1,673</u>	<u>1,542</u>
<b>Total current liabilities</b>		<b>1,673</b>	<b>1,542</b>
<b>Non-current liabilities</b>			
Borrowings	11	<u>170</u>	<u>200</u>
<b>Total non-current liabilities</b>		<b>170</b>	<b>200</b>
<b>Total liabilities</b>		<b><u>1,843</u></b>	<b><u>1,742</u></b>
<b>Net assets</b>		<b><u>2,523</u></b>	<b><u>2,068</u></b>
<b>Net Assets/equity</b>			
Accumulated comprehensive revenue and expense		<u>2,523</u>	<u>2,068</u>
<b>Total net assets/equity</b>		<b><u>2,523</u></b>	<b><u>2,068</u></b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

Te Korowai Hauora o Hauraki Inc  
Statement of changes in net assets/equity  
For the year ended 30 June 2020

Statement of changes in net assets/equity  
For the year ended 30 June 2020

	Accumulated Comprehensive revenue & expense \$'000	Total net assets/equity \$'000
Balance as at 1 July 2018	1,894	1,894
Comprehensive revenue and expense Surplus or (deficit) for the year	174	174
Total comprehensive revenue and expense	174	174
Balance as at 30 June 2019	2,068	2,068

	Accumulated Comprehensive revenue & expense \$'000	Total net assets/equity \$'000
Balance as at 1 July 2019	2,068	2,068
Comprehensive revenue and expense Surplus or (deficit) for the year	455	455
Total comprehensive revenue and expense	455	455
Balance as at 30 June 2020	2,523	2,523

*The above statement of changes in net assets/equity should be read in conjunction with the accompanying notes.*

Te Korowai Hauora o Hauraki Inc  
Statement of cash flow  
For the year ended 30 June 2020

**Statement of cash flow**

For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Cash generated from grant income		182	25
Cash generated from government and patient funding		12,741	11,143
Cash generated from other income		318	214
GST Received		17	52
		<u>13,258</u>	<u>11,434</u>
Cash paid for employee benefits		(10,085)	(9,451)
Cash paid for other expenses		(2,257)	(1,780)
		<u>(12,342)</u>	<u>(11,231)</u>
<b>Net cash inflow from operating activities</b>		<b>916</b>	<b>203</b>
 <b>Cash flows from investing activities</b>			
Interest received		-	-
Proceeds from sale of property, plant, motor vehicles and equipment		5	32
		<u>5</u>	<u>32</u>
Payments for software development costs		(9)	-
Payments for property, plant, motor vehicles and equipment		(236)	(318)
		<u>(245)</u>	<u>(318)</u>
<b>Net cash inflow (outflow) from investing activities</b>		<b>(240)</b>	<b>(286)</b>
 <b>Cash flows from financing activities</b>			
Cash paid for interest		(9)	(13)
Repayment of borrowings		(30)	(44)
		<u>(39)</u>	<u>(57)</u>
<b>Net cash inflow (outflow) from financing activities</b>		<b>(39)</b>	<b>(57)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>		<b>637</b>	<b>(140)</b>
Cash and cash equivalents at the beginning of the financial year		464	604
Cash and cash equivalents at end of year	6	<u>1,101</u>	<u>464</u>

*The above statement of cash flow should be read in conjunction with the accompanying notes.*

## **1 General Information**

Te Korowai Hauora o Hauraki Inc. (the Society) is an iwi-based, non-profit oriented society established by the Hauraki Maori Trust Board in May 1995 to provide quality health services.

The Society is incorporated and domiciled in New Zealand. The address of its registered office is 210 Richmond Street, Thames.

These general purpose financial statements have been approved for issue by the Executive Committee on the 10th November 2020.

The Executive Committee does not have the power to amend these general purpose financial statements once issued.

## **2 Summary of significant accounting policies**

### **a) Basis of preparation**

The financial statements of the Society have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

#### **Statement of compliance**

The financial statements of the Society have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and authoritative notices that are applicable to not-for-profit public benefit entities.

The financial statements have been prepared in accordance with Tier 2 PBE Standards Reduced Disclosure Regime (PBE Standards RDR). In adopting PBE Standards RDR the Society has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

The criteria under which an entity is eligible to report in accordance with Tier 2 PBE Standards are that the Society has no public accountability and is not large as defined in XRB A1.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year.

#### **Presentation currency and rounding**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).



**Reporting entity**

The general purpose financial statements are for Te Korowai Hauora o Hauraki Inc. as a separate legal entity.

The Society is designated as a public benefit entity for financial reporting purposes.

**Statutory base**

Te Korowai Hauora o Hauraki Inc. is a Society registered under the Incorporated Societies Act 1908 and the Charitable Trust Act 2005.

**Historical cost convention**

These general purpose financial statements have been prepared under the historical cost convention.

**b) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Society. Revenue is recognised as follows:

**(i) Sales of services**

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

**(ii) Interest Income**

Interest income is recognised using the effective interest method.

When a loan or receivable is impaired, the Society reduces the carrying amount (the Discount) to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument. The Discount is unwound as interest income.

Interest income on impaired loans or receivables are recognised using the original effective interest rate.

**(iii) Rental income**

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

*(iv) Grants, including government grants*

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when the conditions of the grant are satisfied.

**c) Income tax**

The Society is wholly exempt from New Zealand Income tax and gift duty having fully complied with all statutory conditions for these exemptions.

**d) Goods and Services Tax (GST)**

The profit and loss component of the statement of comprehensive revenue and expense has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

**e) Leases**

*(i) The Society is the lessee*

**Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under an operating lease (net of any incentives received from the lessor) are charged to revenue and expense component of the statement of comprehensive revenue and expense on a straight-line basis over the period of the lease.

*(ii) The Society is the lessor*

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

**f) Financial instruments**

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

The Society 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 Society 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 Society has transferred substantially all the risks and rewards of the asset; or
- the Society has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*(i) Financial assets*

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purposes of measurement:

- fair value through surplus or deficit
- loans and receivables; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired. The Society has classified all of its financial assets as loans and receivables.

*(ii) 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 Society's cash and cash equivalents, short-term investments and receivables from exchange transactions fall into this category of financial instruments.

*(iii) Impairment of financial assets*

The Society 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. Amounts charged to the allowance account are written off against the carrying amount of impaired financial assets when it is certain that the amounts are not recoverable. 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 Society 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 Society 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.

*(iv) Financial liabilities*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through surplus or deficit, payables or loans and borrowings as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables and borrowings, net of directly attributable transaction costs.

The Society's financial liabilities include trade and other creditors (excluding GST) and borrowings.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost is the category of financial liabilities that is most relevant to the Society. After initial recognition, trade and other creditors and borrowings, are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process. The effective interest rate amortisation is included as interest expense in the surplus or deficit of the statement of comprehensive revenue and expense.

Trade and other creditors are unsecured and are usually paid with 30 days of recognition. Due to their short-term nature they are not discounted.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in surplus or deficit.

**g) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**h) Trades and other receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivable are recognised initially at fair value, less provision for doubtful debts.

A provision for impairment of trade receivables is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit component of the statements of comprehensive revenue and expense 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in surplus and deficit component of the statement of comprehensive revenue and expense.

**i) Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All costs are charged to the surplus or deficit component of the statement of comprehensive revenue and expense during the financial period in which they are incurred.

Land is not depreciated. Depreciation of property, plant and equipment is calculated using straight line depreciation rates so as to expense the cost of the assets over their useful lives.

The rates are as follows:

- Buildings	3% - 20%
- Vehicles	20% - 33%
- Computer equipment	17% - 67%
- Plant & equipment	6% - 33%
- Furniture & fittings	10% - 20%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit component of the statement of comprehensive revenue and expense.

**j) Software costs**

Software and development costs are capitalised at cost less accumulated amortisation and impairment. The carrying value is amortised over its useful life, being three years.

Costs associated with maintaining and subscribing to software is expensed as incurred.

**k) Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within year or in the normal operating cycle of the business if longer. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**l) Borrowings**

Borrowings are initially recognised at fair value plus transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (plus transaction costs) and the redemption amount is recognised in the surplus or deficit component of the statement of comprehensive revenue and expense over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Society has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are expensed as incurred.

**m) Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

**n) Going concern**

The financial statements of the Society have been prepared on a going concern basis, which assumes the continuity of normal business activity and realisation of assets and settlement of liabilities in the normal course of business for at least 12 months from the approval of these financial statements. The Society has reported a profit for both year ends 2019 and 2020 and is currently forecasting moderate gains for the next two years. The Society is currently reporting negative working capital of \$254k however this includes \$375k of deferred revenue which the Society does not anticipate it will need to repay as it expects to fulfil its obligations in services during the 2021 financial year.

The Society believes that it is able to maintain moderate gains in the future and has sufficient funding available to support cash requirements for the foreseeable future.

**3 Financial instruments**

	At 30 June 2020 \$'000	At 30 June 2019 \$'000
<b>Financial assets - loans and receivables</b>		
Trade and other receivables	388	711
Cash and cash equivalents	1,104	470
	<u>1,492</u>	<u>1,181</u>

**Financial liabilities measured at amortised cost**

	\$'000	\$'000
Borrowings	170	200
Trade and other payables (Refer to Note 10)	224	333
	<u>394</u>	<u>533</u>

**4 Other income**

	2020 \$'000	2019 \$'000
Rental income	92	116
Other income	60	98
Total other income	<u>152</u>	<u>214</u>



Te Korowai Hauora o Hauraki Inc  
Notes to the financial statements  
For the year ended 30 June 2020

5a	Expenses	2020	2019
		\$'000	\$'000
<b>Total comprehensive revenue &amp; expense includes the following specific expenses:</b>			
<i>Depreciation</i>			
	Buildings	60	60
	Vehicles	70	62
	Computer equipment	47	51
	Plant & equipment	36	39
	Furniture & fittings	3	1
	<b>Total depreciation</b>	<u>216</u>	<u>213</u>
	Amortisation of intangibles	13	20
<i>Employee benefits expense</i>			
	Staff salaries and wages	10,169	9,502
	Executive committee fees	12	5
		<u>10,181</u>	<u>9,507</u>
	Operating lease expense	68	64
5b	Finance income and expenses	2020	2019
		\$'000	\$'000
<b>Finance Income</b>			
	Interest received	-	-
<b>Finance Costs</b>			
	Interest	9	13
	<b>Net finance costs</b>	<u>9</u>	<u>13</u>
6	Cash and cash equivalents	2020	2019
		\$'000	\$'000
	Cash at bank	1,101	465
	Deposits held*	3	5
	<b>Total cash and cash equivalents</b>	<u>1,104</u>	<u>470</u>

\*Deposits held comprise Hauraki Ora Collective funds held by Te Korowai as fund holder.

**7 Trade and other receivables**

	2020 \$'000	2019 \$'000
Prepayments	10	0
Trade receivables	132	187
Related Party receivables	246	524
	<u>388</u>	<u>711</u>

**8 Property, plant and equipment**

	Land & Land Imprvmts	Vehicles	Computer Equip	Plant & Equip	Furniture & Fittings	Total
<b>As at 30 June 2019</b>						
Cost	3,006	416	346	550	157	4,475
Accumulated Impairment	(127)	-	-	-	-	(127)
Accumulated depreciation	(664)	(187)	(266)	(477)	(138)	(1,732)
	<u>2,215</u>	<u>229</u>	<u>80</u>	<u>73</u>	<u>19</u>	<u>2,616</u>
<b>As at 30 June 2020</b>						
Cost	3,211	453	413	656	180	4,913
Accumulated Impairment	(127)	-	-	-	-	(127)
Accumulated depreciation	(724)	(245)	(312)	(513)	(140)	(1,934)
	<u>2,360</u>	<u>208</u>	<u>101</u>	<u>143</u>	<u>40</u>	<u>2,852</u>
<b>Year ended 30 June 2019</b>						
Opening net book amount	2,215	140	98	80	10	2,543
Additions	90	153	33	32	10	318
Disposals	(30)	(2)	-	-	-	(32)
Depreciation charge	(60)	(62)	(51)	(39)	(1)	(213)
Closing net book value	<u>2,215</u>	<u>229</u>	<u>80</u>	<u>73</u>	<u>19</u>	<u>2,616</u>
<b>Year ended 30 June 2020</b>						
Opening net book amount	2,215	229	81	73	19	2,617
Additions	205	50	67	106	24	452
Disposals	-	(1)	-	-	-	(1)
Depreciation charge	(60)	(70)	(47)	(36)	(3)	(216)
Closing net book value	<u>2,360</u>	<u>208</u>	<u>101</u>	<u>143</u>	<u>40</u>	<u>2,852</u>

For assets whose title is secured under a first ranking mortgage, refer to Note 11 Borrowings

Te Korowai Hauora o Hauraki Inc  
Notes to the financial statements  
For the year ended 30 June 2020

9 Intangibles

	Software	Total
<b>At 30 June 2019</b>		
Cost	170	170
Accumulated amortisation	(157)	(157)
Net book amount	<u>13</u>	<u>13</u>
<b>At 30 June 2020</b>		
Cost	192	192
Accumulated amortisation	(170)	(170)
Net book amount	<u>22</u>	<u>22</u>
<b>Year ended 30th June 2019</b>		
Opening net book amount	33	33
Additions	0	0
Amortisation charge	(20)	(20)
Closing net book value	<u>13</u>	<u>13</u>
<b>Year ended 30th June 2020</b>		
Opening net book amount	13	13
Additions	22	22
Amortisation charge	(13)	(13)
Closing net book value	<u>22</u>	<u>22</u>

10 Trade and other payables

	2020 \$'000	2019 \$'000
Trade payables	224	339
Employee entitlements	751	656
GST	323	306
Deferred income	375	241
	<u>1,673</u>	<u>1,542</u>

**11 Borrowings**

	2020 \$'000	2019 \$'000
Customised Average Rate Loan	170	200
Total non-current borrowings due after 1 year	<u>170</u>	<u>200</u>

The bank loans and overdrafts are secured by mortgage over the Society's freehold land & buildings and are as follows;

	Available facility (\$)	Amounts drawn (\$)	Amounts Remaining	Expiry Date
Total Limit	696,495	169,750	526,745	6/10/2022

The loan has a maturity date of 6/10/2022. The amount remaining on the facility remains undrawn as at 30 June 2020.

The society has a \$200,000 overdraft facility which is not currently drawn down (2019: \$0).

The Bank of New Zealand holds securities by way of registered first ranking mortgage over properties owned by the Society to the value of \$1,254,500 (2019: \$1,254,500).

The loan is subject to an annual interest rate of 4.01% (2019: 5%).

**12 Contingencies**

No contingent assets or liabilities exist at balance date (2019: \$Nil).

**13 Commitments**

*(i) Operating leases*

The Society leases various premises under non-cancellable operating leases expiring with one to three years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Society also leases various equipment under cancellable operating leases. The Society is required to give up to six months' notice for termination of these leases.

Te Korowai Hauora o Hauraki Inc  
Notes to the financial statements  
For the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Commitments for minimum lease income in relation to non-cancellable operating leases are receivables as follows:		
Within one year	48	81
Later than one year but not later than five years	98	98
Later than five years		
	146	179

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	125	138
Later than one year but not later than five years	198	230
Later than five years		-
	323	368

*(ii) Capital commitments*

There are no commitments for future capital spending (2019: \$Nil)

**14 Government & other grants**

During the year \$185k of grants were received to cover the cost of BambooHR application, Goldcare rostering applications and Communications Hub provisioning (2019: \$25k).

The Society has recognised \$90k (2019: \$1k) as unearned income in relation to these grants and no contingent liabilities are recognised at 30 June 2020.

**15 Related party transactions**

The Society transacts with related parties under normal commercial terms.

The following are considered to be related parties of the Society:

a) **Key Management personnel compensation**

	2020 \$'000	2019 \$'000
<i>There is one key management personnel in the Society and 5 Trustees.</i>		
Remuneration	620	518
Full-time equivalent members	5	5
<i>There are three close family members of key management personnel.</i>		
Remuneration	282	218
Full-time equivalent members	2	1
<i>Board fees paid to Trustees</i>		
Remuneration	16	16
Number of Trustees	6	6

**Entities with shared persons charged with governance**

The Society receives funding from the Hauraki Primary Health Organisation and Waikato District Health Board, for the provision of projects and services  
Amounts owed from related parties are under normal commercial terms

	2020 \$'000	2019 \$'000
<i>Revenue</i>		
Hauraki Primary Health Organisation PHO	1,752	2,030
<i>Accounts Receivable</i>		
Hauraki Primary Health Organisation PHO	0	1

**16 COVID-19 Pandemic**

On 11 March 2020, novel coronavirus (COVID-19) was declared a pandemic by the World Health Organisation (WHO); this was followed by the New Zealand Government implementing a full-lockdown of non-essential services on 25 March 2020. The initial four-week level-four lockdown period was subsequently extended to 27 April 2020.

Te Korowai Hauora O Hauraki's management team began planning the COVID-19 response in early March. Te Korowai Hauora O Hauraki activated measures to ensure the safety of patients and staff by minimising avoidable contact and the potential for spread. A number of initiatives were introduced in preparedness for the pandemic including providing alternative methods of patient care (phone and video consultations) and ensuring staff where possible were able to work from home.

Te Korowai Hauora O Hauraki has considered the impact of COVID-19 as part of its impairment testing of assets on its Statement of Financial Position and going concern assumption. The provision of personal health services, public health services and disability support services is considered an essential service, consequently, Te Korowai Hauora O Hauraki continued operating throughout all alert levels (one to four), including the full lockdown period. This limited the impact of COVID-19 on Te Korowai Hauora O Hauraki's assets and forecasts and as a result the impact of COVID-19 is unlikely to have a significant sustained financial effect.

Full funding over the COVID-19 lockdown period has continued and new activities have had funding increased to cover the cost of operating, such as the CBAC centre in Thames and provision of hygiene parcels to whanau. The major Home Assist fee for service funding contract was bulk funded from April with analysis since showing funding margins have increased.

**17 Events occurring after the reported period**

There have been no material events after reporting date.



## *Independent auditor's report*

To the members of Te Korowai Hauora o Hauraki Inc

We have audited the financial statements which comprise:

- the statement of financial position as at 30 June 2020;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flow for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### *Our opinion*

In our opinion, the accompanying financial statements of Te Korowai Hauora o Hauraki Inc (the Society), present fairly, in all material respects, the financial position of the Society as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) 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.

Our firm carries out other services for the Society in the area of short term secondment services. The provision of these other services has not impaired our independence as auditor of the Society.

### *Information other than the financial statements and auditor's report*

The Society is responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

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 in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.





### *Responsibilities of the Executive Committee for the financial statements*

The Executive Committee is responsible, on behalf of the Society, 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 Executive Committee 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 Executive Committee is responsible 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 Executive Committee 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) and ISAs 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 financial statements is located at the External Reporting Board's website at:

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

This description forms part of our auditor's report.

### *Who we report to*

This report is made solely to the Society and the Society's members, as a body. 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 the Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Matthew White.

For and on behalf of:

Chartered Accountants  
23 November 2020

Hamilton