



Waikato Health Trust

Performance Report 2021

For the year ended 30 June 2021

Waikato Health Trust

Performance Report 2021

For the year ended 30 June 2021



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TRUST PARTICULARS

For the year ended 30 June 2021

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 26 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 two 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.

| | |
|--|--|
| LEGAL NAME: | Waikato Health Trust |
| TYPE OF ENTITY AND LEGAL BASIS: | The Trust was registered in New Zealand under the Charitable Trusts Act 1957 on the 12 February 2008. |
| REGISTRATION NUMBER: | CC21046 |
| TRUSTEES: | MARK CAWTHORNE Chief Financial Officer, Waikato District Health Board, Hamilton PROF MARGARET WILSON Deputy Commissioner, Waikato District Health Board, Hamilton |
| BANKERS: | BANK OF NEW ZEALAND 354 Victoria Street, Hamilton |
| AUDITORS: | AUDIT NEW ZEALAND on behalf of the Auditor-General |



TRUSTEES' REPORT

For the year ended 30 June 2021

Donations and Bequests of \$1,707,935 (2020: \$1,468,877) were received during the year.

Grants of \$768,206 (2020: \$1,609,393) were made during the year.

Interest of \$119,842 (2020: \$233,383) was received from investments for the year.

The Trust equity at 30 June 2021 is \$9,884,440 (2020: \$8,842,171).

Remuneration of Trustees was \$Nil (2020: \$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 2021

| | Note | 2021 Actual \$ | 2020 Actual \$ |
|------------------------------|------|----------------------|----------------------|
| Operating revenue | 1 | 1,707,935 | 1,468,877 |
| Finance revenue | 2 | 119,842 | 233,383 |
| Total revenue | | 1,827,777 | 1,702,260 |
| Other operating expenses | 3 | 17,302 | 16,938 |
| Total expenses | | 17,302 | 16,938 |
| Surplus before grants | | 1,810,475 | 1,685,322 |
| Less grants | | (768,206) | (1,609,393) |
| Surplus/(deficit) | | 1,042,269 | 75,929 |

The accompanying notes form part of these financial statements



STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

| | Note | 2021 Actual \$ | 2020 Actual \$ |
|--------------------------------------|------|----------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Bank accounts and cash | 4 | 1,613,945 | 1,090,051 |
| Investment | 6 | 8,250,000 | 7,750,000 |
| Receivables | 5 | 37,624 | 18,869 |
| Total current assets | | 9,901,569 | 8,858,920 |
| Non-current assets | | | |
| | | - | - |
| Total non-current assets | | - | - |
| Total assets | | 9,901,569 | 8,858,920 |
| Liabilities | | | |
| Current liabilities | | | |
| Creditors and accrued expenses | 7 | 17,129 | 16,749 |
| Total current liabilities | | 17,129 | 16,749 |
| Non-current liabilities | | | |
| | | - | - |
| Total non-current liabilities | | - | - |
| Total liabilities | | 17,129 | 16,749 |
| Net assets | | 9,884,440 | 8,842,171 |
| Trust equity | | | |
| Reserved funds | 8 | 115,297 | 115,297 |
| Partially reserved funds | 8 | 9,199,267 | 8,185,153 |
| General fund | 8 | 569,876 | 541,721 |
| Total trust equity | | 9,884,440 | 8,842,171 |

Signed on behalf of the Board of Trustees



Mark Cawthorne
Trustee
25 May 2022



Prof Margaret Wilson
Trustee
25 May 2022

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

| | 2021 Actual \$ | 2020 Actual \$ |
|---|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Donations and bequests | 1,707,935 | 1,468,877 |
| Interest receipts | 101,086 | 240,168 |
| Grants | (768,206) | (1,609,393) |
| Expenses | (16,922) | (15,826) |
| Net cash flows from operating activities | 1,023,894 | 83,826 |
| Cash flows from investing and financing activities | | |
| Transfers (to)/from investments | (500,000) | (1,750,000) |
| Net cash flows from investing and financing activities | (500,000) | (1,750,000) |
| Net increase/(decrease) in cash for the year | 523,894 | (1,666,174) |
| Opening bank accounts and cash | 1,090,051 | 2,756,225 |
| Closing bank accounts and cash | 1,613,945 | 1,090,051 |

The accompanying notes form part of these financial statements



ACCOUNTING POLICIES

For the year ended 30 June 2021

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 25 May 2022

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 as they have no conditions attached but only have restrictions in place that they are managed in accordance with the Governing Statement of the relevant fund.

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.

ACCOUNTING POLICIES

For the year ended 30 June 2021

Bank accounts and cash

Bank accounts and cash comprise of cheque or savings accounts, and deposits with a maturity date of three months or less from acquisition date.

Receivables

Receivables 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 that have a maturity of greater than three months from acquisition date but less than 12 months.

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. Each application is reviewed to ensure it meets the Purpose/Governing Statement of the individual fund that is being applied to, that the fund signatories are correct, and that there are sufficient funds available. If all criteria is met, the application is approved and funds are committed.

Grant expenditure

All grant expenditure is discretionary and subject to review and approval by the designated signatories. Amongst other criteria, the signatories will consider the purpose of the grant in relation to the original governing statements. As per the PBE SFR-A-PS A 82, expenditure shall be recorded as an expense when the cost is incurred. For the trust, this will be when the funds have been withdrawn from the bank account.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

| | 2021 Actual \$ | 2020 Actual \$ |
|--|-------------------|-------------------|
| 1 Operating revenue | | |
| Donations and bequests | 1,707,935 | 1,468,877 |
| | <u>1,707,935</u> | <u>1,468,877</u> |
| 2 Finance revenue | | |
| Interest income | 119,842 | 233,383 |
| | <u>119,842</u> | <u>233,383</u> |
| 3 Other operating expenses | | |
| Audit fees (for the audit of the financial statements) | 17,129 | 16,763 |
| Other | 173 | 175 |
| | <u>17,302</u> | <u>16,938</u> |
| 4 Bank accounts and cash | | |
| Cheque account | 1,613,945 | 1,090,051 |
| | <u>1,613,945</u> | <u>1,090,051</u> |
| 5 Receivables | | |
| Accrued Interest | 37,624 | 18,869 |
| | <u>37,624</u> | <u>18,869</u> |
| 6 Investments | | |
| 6 Months Term Deposit | - | 6,750,000 |
| 7 Months Term Deposit | 1,750,000 | - |
| 8 Months Term Deposit | 500,000 | - |
| 9 Months Term Deposit | 4,000,000 | - |
| 12 Months Term Deposit | 2,000,000 | 1,000,000 |
| | <u>8,250,000</u> | <u>7,750,000</u> |
| 7 Creditors and accrued expenses | | |
| Accrued expenses | 17,129 | 16,749 |
| | <u>17,129</u> | <u>16,749</u> |

Grants payable to Waikato District Health Board at 30 June 2021 were \$Nil (2020: \$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 2019 | 115,297 | 7,908,163 | 742,782 | 8,766,242 |
| Transfers in | - | 1,886,383 | (184,123) | 1,702,260 |
| Transfers out | - | (1,609,393) | (16,938) | (1,626,331) |
| Balance at 30 June 2020 | <u>115,297</u> | <u>8,185,153</u> | <u>541,721</u> | <u>8,842,171</u> |
| Balance at 1 July 2020 | 115,297 | 8,185,153 | 541,721 | 8,842,171 |
| Transfers in | - | 1,799,622 | 28,155 | 1,827,777 |
| Transfers out | - | (768,206) | (17,302) | (785,508) |
| Balance at 30 June 2021 | <u>115,297</u> | <u>9,216,569</u> | <u>552,574</u> | <u>9,884,440</u> |

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 \$768,206 in 2021 (2020:\$1,609,393). Monies payable to the Waikato District Health Board at 30 June 2021 were \$Nil (2020:\$Nil).

Remuneration of Trustees

Remuneration of Trustees was \$Nil (2020:\$Nil).

10 Subsequent event

Pae Ora (Healthy Futures) Bill (the "Bill") was introduced to Parliament in October 2021 by the Minister of Health. The Bill will have full select committee consideration and will come into effect on 1 July 2022. The Bill replaces the 20 District Health Boards with Health New Zealand and it establishes the Māori Health Authority. It provides principles and objectives to guide, and to hold to account, all public health entities (the "Health Reform").

The Health Reform will not impact the existence and activities of the Waikato Health Trust. The Trust will continue to provide its services in the same manner and has no intention to liquidate or cease trading. The Board of Trustees has no concerns about the Trust's ability to continue operating in the foreseeable future and does not intend to disestablish the entity. On this basis, the Board of Trustees has determined that it remains appropriate to prepare its financial statements on a going concern basis, given that the Trust will continue to operate in the same manner as prior to the Health Reforms, except for the legal changes (if any) required to enable distribution of grants to the intended parties. These changes are still being considered at the time of approving these financial statements for issue.

11 Accounting estimates and judgements

There are no accounting estimates or judgements used for the Waikato Health Trust.

12 Contingent assets

At 30 June 2021 the Trust had no contingent assets (2020:\$Nil).

13 Contingent liabilities

There were no contingent liabilities at 30 June 2021 (2020:\$Nil).

14 Assets donated and recorded

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

15 Goods and services in kind

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

16 Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. For the financial year under review, we assessed the impact of this event on the Trust. The pandemic had insignificant impact on the carrying value of assets and liabilities due to their nature. The decrease in grants paid for the year includes a reduction in applications for grants relating to training, conferences and research due to Government imposed lockdowns, cancellation and/or restriction of events and both international and domestic travel restrictions. The variability in the grant expenditure is however not solely as a result of the pandemic, but does historically fluctuate in nature.

STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2021

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 2021 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 2021 fairly reflect the financial position and operations of Waikato Health Trust.



Mark Cawthorne
Trustee
25 May 2022



Prof Margaret Wilson
Trustee
25 May 2022

Independent Auditor's Report

To the readers of Waikato Health Trust's financial statements for the year ended 30 June 2021

The Auditor-General is the auditor of Waikato Health Trust (the Trust). The Auditor-General has appointed me, Wikus Jansen van Rensburg, 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 2021, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include 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 2021; 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 the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector).

Our audit was completed on 25 May 2022. 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 opinion.

Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they 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 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 the Trustees intend to wind-up the Trust or to cease operations, or have 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.

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

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 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 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, including the disclosures, and whether the financial statements 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 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, our responsibility is to read the other information. In doing so, we 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 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: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.



Wikus Jansen van Rensburg
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

