



Performance Report

Wharekaka Trust Board Incorporated
For the year ended 31 March 2019

Prepared by RightWay Limited



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Entity Information

Wharekaka Trust Board Incorporated For the year ended 31 March 2019

Legal Name of Entity

Wharekaka Trust Board Incorporated

Entity Type and Legal Basis

Wharekaka Trust is a Charitable Trust established under the Charitable Trust Act 1957 and is a registered charity under the Charities Act 2005.

Registration Number

CC30989

Entity's Purpose or Mission

Wharekaka Trust Board Incorporated provides residential and nursing care for the aged in the Martinborough district and community health services for the benefit of the people of the Martinborough district.

The Trust's vision is to enable our Wharekaka community to live fulfilled lives.

The Trust's mission is to provide holistic, comprehensive and dedicated care for our residents while promoting their independence in a warm and friendly home environment.

The Trust's values are:

- Mutual respect and inclusiveness
- Consistency, fairness and transparency
- Valuing our partnerships
- Empathy and support to our residents and staff
- Integrity, honesty and trust
- Respect for diversity

The Trust's values are articulated in a published Code of Conduct that applies to the Board, Staff, Residents and those directly involved with the day to day operations at Wharekaka.





Entity Structure

The Wharekaka Trust Board incorporated is a community based charitable trust registered under the Charitable Trusts Act 1957. It is also registered as a charity with the Inland Revenue and the Charities Commission. The Trust Board is registered with the Retirement Villages Association.

The Trust was formed on an informal basis in 1971 to provide respite care for the elderly of Martinborough and surrounding district. The premises used were then the recently closed maternity home in Martinborough. In 1973 a Trust Deed was established and the Trust then acquired the site from the NZ government with the obligation to continue providing services for the elderly of the area.

Wharekaka Rest Home is situated at Oxford Street, Martinborough and operates an aged care facility for up to twenty residents in the home and ten stand alone self-care villas. It also provides Respite Care, Health Recovery Care and Meals on Wheels services to Martinborough, Featherston and Greytown communities.

The facility reconfigured one room back into a bedroom in July 2017. This enabled the Trust Board to increase the number of dual purpose beds to seven. The configuration of bed status at Wharekaka is seven rest home beds, six hospital beds and seven dual purpose (rest home or hospital care) rooms.

The rest home provides ten standard rooms, seven rooms with partial ensuites and three rooms with full ensuite services. It also contains a recreational day room, dining room, deck sitting area, outside sun area, gardening facilities and an aviary.

The Trust Board is charged with running, (achieved by delegation to the General Manager), and governing Wharekaka. The Board consists of the Chair, Deputies, Treasurer and Members, with a current membership of ten.

The current members of the governing body are:

Joy Cooper (Chairperson)

Andrew Sutherland (Deputy Chairperson)

David Shaw (Treasurer)

Elizabeth Stevens

John Bath

Helen Meehan

Greg Dalton

John Errington

Margaret Walmsley





Main Sources of Entity's Cash and Resources

Wharekaka Trust Board Incorporated relies on:

- Hospital Level Care occupancy
- Rest Home bed occupancy
- Meals on wheels
- Income derived from villa licence maintenance fees
- Return on investments
- The sale of villa Occupation Right Agreements
- Donations

Main Methods Used by Entity to Raise Funds

The Trust has the support of the Wharekaka Auxillary to provide fundraising events and additional support to the Activities programme at the facility.

Entity's Reliance on Volunteers and Donated Goods or Services

Volunteers play a valuable role at Wharekaka, including:

- Transport of residents on outings
- Afternoon tea roster
- Donation of produce to our kitchen
- Organising fundraising events

Physical Address

20 Oxford Street, Martinborough

Postal Address

PO Box 127, Martinborough

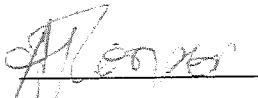


Approval of Financial Report

Wharekaka Trust Board Incorporated For the year ended 31 March 2019

The Board of Trustees are pleased to present the approved financial report including the historical financial statements of Wharekaka Trust Board Incorporated for year ended 31 March 2019.

Approved this 24 day of August 2019.



Joy Cooper

Chairperson



David Shaw

Treasurer



Statement of Service Performance

Wharekaka Trust Board Incorporated For the year ended 31 March 2019

Description of Entity's Outcomes

The Trust provides residential and nursing care for the aged in the Martinborough district and community health services for the benefit of the people of the Martinborough district.

	2019	2018
Description and Quantification of the Entity's Outputs		
Average Occupancy %	97	95
Donations & Fundraising	119,694	41,576
Goods and Services	1,208,019	1,123,435
Other Income	78,066	102,205
Number of Beds	20	20
Number of Villas	10	10

The Trust Board aims to have an average occupancy of 90%. Average occupancy increased by 2% to 97% for the year ended 31 March 2019 and was over the Trust Board's target of 90% annual occupancy.

In maintaining a sustainable organisation the Trust Board has continually worked towards maintaining a strong sense of community involvement and a strong investment base to ensure the Trust aims to achieve an operational break-even on an annual basis. This was not achieved in the 2019 year with an operational deficit of \$134,231 being recorded. The result for the 2018 year was an operational deficit of \$42,029.

During the 2019 year the Trust received bequests and donations of \$119,694. This included one donation of \$100,000. In comparison the total donations received for the 2018 year were \$41,576. Despite this higher level of additional revenue our operational deficit for the financial year has increased, largely due to an increase in the costs to provide services. The Trust Board has implemented a fundraising plan to increase revenue from these sources.



Statement of Financial Performance

Wharekaka Trust Board Incorporated For the year ended 31 March 2019

	NOTES	2019	2018
Revenue			
Revenue from Providing Goods or Services	1	1,208,019	1,123,435
Donations, Fundraising and Other Similar Revenue	1	119,694	41,576
Fees, Subscriptions and Other Revenue from members	1	1,261	839
Interest, Dividends and Other Investment Revenue	1	9,769	10,864
Other Revenue	1	78,066	102,205
Total Revenue		1,416,810	1,278,919
Expenses			
Administration and Overhead Costs		84,564	87,276
Costs Related to Providing Goods or Service		371,996	320,312
Expenses Related to Public Fundraising		7,000	-
Volunteer and Employee Related Costs		973,312	839,300
Grants and Donations Made		40,000	-
Depreciation		73,705	71,954
Interest and Finance Charges		-	1,642
Amortisation		464	464
Total Expenses		1,551,040	1,320,948
Surplus/(Deficit) from Operations		(134,231)	(42,029)
Change in Value of Occupation Right Agreements			
Occupation Right Agreement Fair Value Movement		(149,625)	(583,875)
Total Change in Value of Occupation Right Agreements		(149,625)	(583,875)
Surplus/(Deficit) for the Year		(283,856)	(625,904)

These financial statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Performance Report.

Statement of Financial Position

Wharekaka Trust Board Incorporated

As at 31 March 2019

	NOTES	31 MAR 2019	31 MAR 2018
Assets			
Current Assets			
Bank Accounts and Cash	2	309,528	182,839
Debtors and Prepayments	2	126,094	112,547
Total Current Assets		435,622	295,387
Non-Current Assets			
Intangibles	2	5,311	5,775
Investments	2	-	200,000
Property, Plant and Equipment	4	2,952,576	2,999,248
Capital Work in Progress		76,016	-
Total Non-Current Assets		3,033,903	3,205,023
Total Assets		3,469,525	3,500,410
Liabilities			
Current Liabilities			
Creditors and Accrued Expenses	3	172,891	75,200
Employee Costs Payable	3	85,654	86,093
Other Current Liabilities	3	210	4,766
Total Current Liabilities		258,755	166,059
Non-Current Liabilities			
Occupation Rights Agreement Provision	8	2,582,625	2,433,000
Income Received in Advance - Exit Fees	9	363,794	348,783
Programmed Maintenance Services	3	-	4,656
Unexpired Life Subscriptions	3	1,495	1,200
Total Non-Current Liabilities		2,947,914	2,787,639
Total Liabilities		3,206,669	2,953,698
Total Assets less Total Liabilities (Net Assets)		262,856	546,712
Accumulated Funds			
Accumulated Surpluses or (Deficits)	5	(833,764)	(549,908)
Revaluation Reserves	5	1,096,620	1,096,620
Total Accumulated Funds		262,856	546,712



Statement of Cash Flows
Wharekaka Trust Board Incorporated
For the year ended 31 March 2019

	2019	2018
Cash Flows from Operating Activities		
Donations, Fundraising and Other Similar Receipts	119,694	29,184
Fees, Subscriptions and Other Receipts from members	1,556	1,139
Receipts from Providing Goods or Services	1,187,329	1,106,472
Interest, Dividends and Other Investment receipts	10,219	3,211
Cash Receipts from Other Operating Activities		4,203
GST	11,359	9,811
Payments to Suppliers and Employees	(1,395,502)	(1,265,551)
Donations Made	(40,000)	0
Total Cash Flows from Operating Activities	(105,345)	(111,531)
Cash Flows from Investing and Financing Activities		
Receipts from Sale of Investments	200,000	100,000
Receipts from Sale of Occupation Right Agreements	91,875	137,500
Payments to Acquire Property, Plant and Equipment	(55,280)	(110,146)
Funds Held on Behalf of Others	(4,561)	0
Total Cash Flows from Investing and Financing Activities	232,034	127,354
Net Increase/ (Decrease) in Cash	126,689	15,823
Cash Balances		
Cash and cash equivalents at beginning of period	182,839	167,017
Cash and cash equivalents at end of period	309,528	182,840
Net change in cash for period	126,689	15,823



These financial statements should be read in conjunction with the Statement of Accounting Policies and the Notes to the Performance Report.



Statement of Accounting Policies

Wharekaka Trust Board Incorporated For the year ended 31 March 2019

Basis of Preparation

The entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Income Tax

Wharekaka Trust Board Incorporated is not subject to New Zealand income tax as it is a registered charity under the Charities Act 2005.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash, bank accounts and deposits held at call with banks.

Revenue

Revenue is accounted for as follows:

Revenue from Providing Goods and Services

Revenue from residents fees and licenses is recognised as agreed upon services have been provided.

Donations, Fundraising and Other Similar Revenue

Donations, fundraising and bequests with no use or return conditions attached are recorded as revenue when cash is received.

Subscriptions

Life memberships received are initially recognised in the Statement of Financial Position as Income Received in Advance and are then recognised as revenue in the Statement of Financial Performance over ten years.

All other subscriptions are recognised as revenue in the year that they are received.

Interest

Interest revenue is recognised on an accrual basis.

Other Revenue: Occupation Right Agreement Exit Fees

An exit fee payment is payable by residents upon termination of occupation right agreements. The exit fee is calculated as a percentage of the occupation right agreement sale price, based on individual contracts. The exit fee is recognised in the Statement of Financial Performance over the expected length of stay of residents, which is currently estimated at 7 years, being the Trust's best estimate based on industry average and past experience.

Accounts Receivable

Accounts receivable are recorded at estimated realisable value, impairment is recorded where collection is doubtful.



Prepayments

Prepayments are recorded where the Trust pays in advance of a good or service being received.

Employee Costs

Employee costs payable are measured based on current rates of pay. Employee costs payable are salary, wages accrued up to balance date and annual leave earned but not taken at balance date.

Property, Plant and Equipment

Property, plant and equipment are shown at cost or valuation less any accumulated depreciation and impairment losses.

The Trust has elected to adopt Tier 2 PBE IPSAS 17 in relation to the revaluation of land and buildings. Land and buildings are revalued every three years to the latest rateable value. This is an approved basis for revaluation under PE IPSAS 17. Revaluations are depreciated.

Depreciation

Depreciation is provided for on a straight-line basis on all property, plant and equipment (except land) to spread the cost of the asset, less any estimated residual value, over the expected useful life of the asset. The depreciation rates associated with major classes of property, plant and equipment have been applied as follows:

- Buildings 2%
- Motor Vehicles 21%
- Furniture and Fittings 7-67%
- Plant and Equipment 6-100%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Branding Costs

Branding costs are recorded at cost less accumulated amortisation. Amortisation is applied at a rate of 7%.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Notes to the Performance Report

Wharekaka Trust Board Incorporated For the year ended 31 March 2019

	2019	2018
1. Analysis of Revenue		
Donations, Fundraising and Other Similar Revenue		
Fundraising Income	-	4,059
Donations Received	109,259	12,517
Grants Received	10,435	25,000
Total Donations, Fundraising and Other Similar Revenue	119,694	41,576
Fees, Subscriptions and Other Revenue from members		
Subscriptions Income - Annual	556	839
Subscriptions Income - Life	705	-
Total Fees, Subscriptions and Other Revenue from members	1,261	839
Revenue from Providing Goods or Services		
Day Care	749	1,621
General Recharges	1,646	4,985
Meals on Wheels	41,549	28,657
Respite Care	5,145	11,816
Resthome	1,090,644	1,018,373
Villa Fees	68,287	57,984
Total Revenue from Providing Goods or Services	1,208,019	1,123,435
Interest, Dividends and Other Investment Revenue		
Interest Received	9,769	10,864
Total Interest, Dividends and Other Investment Revenue	9,769	10,864
Other Revenue		
Amortisation of Resident's Exit Fees	76,864	60,656
Exit Fee Not Previously Recognised	(1,487)	39,766
Sundry Income	2,689	1,783
Total Other Revenue	78,066	102,205
	2019	2018

2. Analysis of Assets

Bank Accounts and Cash		
ANZ Bank Cheque Account 00ac	97,028	27,997
ANZ Bank Residents Account 50ac	1,173	5,800
BNZ Bank Savings Account 25ac	8,547	8,540
BNZ Rapid Savings Account	892	892
BNZ Villa Call Account 00ac	-	46
UDC Finance Call Account	201,886	139,565
Total Bank Accounts and Cash	309,528	182,839
Debtors and Prepayments		
Accounts Receivable	95,666	38,472





Prepayments	30,429	32,909
Sundry Debtors	-	41,167
Total Debtors and Prepayments	126,094	112,547
Investments		
BNZ Term Investment #00006	-	50,000
BNZ Term Investment #00007	-	50,000
BNZ Term Investment #00008	-	50,000
BNZ Term Investment #00009	-	50,000
Total Investments	-	200,000
Intangible Assets		
Branding	6,625	6,625
Accumulated Amortisation	(1,314)	(850)
Total Intangible Assets	5,311	5,775
	2019	2018

3. Analysis of Liabilities

Creditors and Accrued Expenses		
Accounts Payable	154,940	49,990
GST	7,186	16,260
Sundry Creditors	10,765	8,950
Total Creditors and Accrued Expenses	172,891	75,200
Employee Costs Payable		
Provision for Holiday Pay	51,704	50,273
Wages Accrued to Balance Date	33,951	35,820
Total Employee Costs Payable	85,654	86,093
Other Current Liabilities		
Family transfers for Resident Personal Spending Trust Account	210	205
Residents' Comfort Fund	-	4,561
Total Other Current Liabilities	210	4,766
ORA		
Brassell Villas Unexpired Occupation Licence	465,000	465,000
Sackville Street Villas Unexpired Occupation Licence	960,000	960,000
Suez Street Villas Unexpired Occupation Licence	1,157,625	1,008,000
Total ORA	2,582,625	2,433,000
Income in Advance		
Income Received in Advance - Exit Fees	363,794	348,783
Total Income in Advance	363,794	348,783
Other Non-Current Liabilities		
Programmed Maintenance Services	-	4,656
Unexpired Life Subscriptions	1,495	1,200
Total Other Non-Current Liabilities	1,495	5,856



2019

2018

4. Property, Plant and Equipment

	2019	2018
Land		
Land	1,135,000	1,135,000
Total Land	1,135,000	1,135,000
Opening Book Value	1,135,000	203,842
Additions	-	-
Disposals	-	-
Revaluation	-	931,158
Closing Book Value	1,135,000	1,135,000
Buildings		
Buildings	1,745,473	1,745,473
Accumulated Depreciation - Buildings	(55,034)	(20,228)
Total Buildings	1,690,438	1,725,245
Opening Book Value	1,725,246	1,584,011
Additions	-	20,473
Disposals	-	-
Current Year Depreciation	(34,808)	(44,700)
Apartment Costs Written Off	-	-
Revaluation	-	165,462
Closing Book Value	1,690,438	1,725,246
Motor Vehicles		
Vehicles Owned	28,794	28,794
Accumulated Depreciation - Vehicles Owned	(17,749)	(14,024)
Total Motor Vehicles	11,045	14,769
Opening Book Value	14,769	230
Additions	-	17,846
Disposals	-	-
Current Year Depreciation	(3,724)	(3,306)
Closing Book Value	11,045	14,769
Furniture and Fittings		
Furniture and Fittings Owned	126,145	118,827
Accumulated Depreciation - Furniture and Fittings Owned	(104,795)	(94,686)
Total Furniture and Fittings	21,349	24,141
Opening Book Value	24,141	23,013
Additions	7,318	8,437
Disposals	-	-
Current Year Depreciation	(10,110)	(7,308)
Closing Book Value	21,349	24,141
Plant and Equipment		
Plant and Machinery Owned	275,423	255,706



	2019	2018
Accumulated Depreciation - Plant and Machinery Owned	(180,679)	(155,615)
Total Plant and Equipment	94,744	100,091
Opening Book Value	100,092	65,443
Additions	19,716	51,289
Disposals	-	(31)
Current Year Depreciation	(25,064)	(16,608)
Closing Book Value	94,744	100,093
Total Property, Plant and Equipment	2,952,576	2,999,248

Rateable value of land and buildings as at 1 September 2017 are:

- 7-9 Suez Street, Martinborough (Resthome): Land value \$597,000, Capital value \$925,000.
- 16A - 16B Sackville Street, Martinborough (Brassell Villas): Land value \$123,000, Capital value \$195,000.
- 22 Oxford Street, Martinborough (Suez Street Villas): Land value \$200,000, Capital value \$870,000.
- 19 Sackville Street, Martinborough (Sackville Street Villas): Land value \$215,000, Capital value \$870,000.

	2019	2018
5. Analysis of Accumulated Funds		
Accumulated Surplus (Deficit)		
Opening Balance	(549,908)	75,996
Current Year Earnings	(283,856)	(625,904)
Total Accumulated Surplus (Deficit)	(833,764)	(549,908)
Revaluation Reserve Balance		
Opening Balance	1,096,620	-
Land Revaluation	-	931,158
Building Revaluation	-	165,462
Total Revaluation Reserve Balance	1,096,620	1,096,620
Total Analysis of Accumulated Funds	262,856	546,712

6. Commitments

The Trust had entered into a building maintenance program, with Programmed Maintenance Services (N.Z.) Limited. This ended in March 2019 year and has not been renewed.

The Trust is also in the process of constructing new villa's with a total remaining cost of \$550,617.

7. Contingent Liabilities and Guarantees

The Trust may agree to take over the Occupation Right Agreement (ORA) on termination of the Agreement. The price the Trust pays for the ORA on a Villa must not be lower than the current market price or the price offered by a prospective buyer, whichever is greater. In the event that the Trust chooses to purchase an ORA the timing and value of the purchase are uncertain.

To date the Trust has never offered to purchase an ORA and has no immediate intentions to do so.

The Trust has not provided any guarantees to any other person or entity.



8. Occupation Right Agreements Provision

The provision is the present value liability based on management's best estimate of future anticipated cash flows to current resident's in accordance with the terms of current Occupation Right Agreements.

Gross balance of provision	2019	2018
Opening balance	2,433,000	1,849,125
Movement due to change in estimated fair value of units	149,625	583,875
Increase upon commencement of new arrangements	-	-
Closing balance	2,582,625	2,433,000

Key estimates used in determining the Occupation Right Agreement provision balance:

Length of stay by residents (years)	7	7
Total number of units occupied	10	10
Estimated market value of units:		
Brassell Villas	310,000	310,000
Suez Street Villas	376,500	320,000
Sackville Street Villas	320,000	320,000

9. Income Received in Advance - Exit Fees

	2019	2018
Opening Balance	348,783	311,705
Exit Fees Recognised as Income in the Year	(76,864)	(60,656)
Increase Upon Commencement of New Agreements	91,875	97,734
Closing Balance	363,794	348,783

The exit fee is included in the original purchase price of the Occupation Right Agreement and these fees are deducted from the amount payable by the Trust to the resident upon termination of the Occupation Right Agreement. On initial receipt of consideration paid by the resident, a portion of that fee is allocated to exit fee income received in advance. The balance is recognised as income over the estimated stay of the resident at each unit.

10. Securities

There were no securities over any of the Trust's assets at balance date.





11. Related Parties

RightWay Limited and Wharekaka Trust Board Incorporated are related parties as David Shaw is both a director and shareholder of RightWay Limited and the Treasurer for Wharekaka Trust Board Incorporated.

Andrew Sutherland (Deputy Chairperson) completed earthworks for the construction of the new villas.

12. Goods or Services in Kind Provided to the Entity

Goods or Services in kind are provided to the Trust but are unable to be quantified for financial reporting purposes.

13. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (Last year - nil).

14. Grants and Donations with Conditions Attached

The Trust had not received any grants with conditions attached that were not fulfilled at balance date (2018: nil).

15. Ability to Continue Operating

The entity will continue to operate for the foreseeable future.



16. Villa Profit or Loss Account

	2019	2018
Revenue		
Licence & Maintenance Charge	68,287	57,954
Additional Nursing Care & Support	-	30
Total Revenue	68,287	57,984
Expenses		
Insurance	10,559	9,485
Legal Fees	1,402	2,841
General Expenses	-	85
Rates	17,424	14,971
Refurbishment	17,990	4,550
Repairs - Building	5,024	12,668
Repairs - Gardens, Windows & Lawns	2,602	2,226
Total Expenses	55,000	46,826
Non Cash Expenses		
Depreciation - Villas	27,940	27,421
Total Non Cash Expenses	27,940	27,421
Other Income		
Amortisation of Resident's Exit Fees	87,690	60,656
Exit Fee Not Previously Recognised	(1,487)	39,766
Total Other Income	86,203	100,422
Total Villa Profit or Loss Account	71,549	84,159

17. Wharekaka Endowment Fund

The Board established the Wharekaka Endowment Fund during the year by donating \$40,000 to the Nikau Foundation. A further \$21,000 has been contributed to the fund by other donors. The terms of the fund is that all investment earnings will be used to support activities at Wharekaka. Applications for funds are made by Wharekaka to the Nikau Foundation and if sufficient funds exist a grant may be approved by the Foundation. The balance of the fund as at 31 July 2019 is \$64,240.

INDEPENDENT AUDITOR'S REPORT

To the Beneficiaries of Wharekaka Trust Board Incorporated

Report on the Performance Report

Opinion

We have audited the performance report of Wharekaka Trust Board Incorporated which comprises the entity information, the statement of service performance, the statement of financial performance, and statement of cash flows for the year ended 31 March 2019, the statement of financial position as at 31 March 2019, and the statement of accounting policies and other explanatory information.

In our opinion:

- (a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- (b) the accompanying performance report on pages 3 to 5 and pages 7 to 19 present fairly, in all material respects,
 - the entity information for the year then ended;
 - the service performance for the year then ended; and
 - the financial position of Wharekaka Trust Board Incorporated as at 31 March 2019, and its financial performance and cash flows for the year then ended,

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cashflows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised).

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of Wharekaka Trust Board Incorporated in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Responsibilities of the Trustees' for the Performance Report

The Trustees' are responsible for:

- (a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report on behalf of the entity which comprises:
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cashflows, statement of accounting policies and notes to the performance report,

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and

- (c) such internal control as the Trustees' determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees' are responsible on behalf of Wharekaka Trust Board Incorporated for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate Wharekaka Trust Board Incorporated or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report is 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 ISAE (NZ) 3000 (Revised) 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 this performance report.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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.
- 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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.

Restriction on Responsibility

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

CKS Audit

**CKS Audit
Palmerston North
24 August 2019**

