

St John of God Hauora Trust

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**St John of God Hauora Trust**  
**Financial Statements for year ended 30 June 2020**

**Statement of financial performance**

	Note	2020 \$'000	2019 \$'000
<b>Revenue from exchange transactions</b>	4		
Accommodation and service fees	6, 7	14,506	13,946
Government grants and subsidies	26	2,874	2,359
Other grants and subsidies	26	142	190
Other operating revenue	6	252	388
		<b>17,774</b>	<b>16,883</b>
<b>Revenue from non-exchange transactions</b>	4, 26		
Donations		6	20
<b>Total revenue</b>		<b>17,780</b>	<b>16,903</b>
<b>Expenses:</b>			
Employee costs and contract remuneration		13,444	12,816
Supply costs		1,104	1,145
Other operating expenses		931	936
Centralised support and service costs		1,289	1,241
Board expenses		51	45
<b>Total expenses</b>		<b>16,819</b>	<b>16,184</b>
<b>EBITDA</b>		<b>961</b>	<b>719</b>
Interest income		-9	-34
Interest expense	12	129	96
Net interest		<b>120</b>	<b>62</b>
Depreciation owned assets	11, 18	428	408
Depreciation leased assets	12	132	110
<b>Operating surplus</b>		<b>281</b>	<b>139</b>

**St John of God Hauora Trust**  
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**Statement of financial position**

	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	857	22
Cash held on behalf of residents	17	144	146
Bank deposits	15	439	470
Sundry debtors and other receivables	7, 13	559	970
Inventories	8, 13	44	30
<b>Total current assets</b>		<b>2,043</b>	<b>1,639</b>
<b>Non-current assets</b>			
Property, plant and equipment	11, 12, 13, 18, 19	5,426	5,656
Capital work in progress	23	2,682	1,389
Leased assets	12	343	413
Investment in shares in co-operative supplier	9	19	19
<b>Total non-current assets</b>		<b>8,470</b>	<b>7,477</b>
<b>Total assets</b>		<b>10,513</b>	<b>9,116</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank Overdraft	14	0	92
Trade payables and other liabilities	10	933	1,191
Residents' funds	10, 17	144	146
Employee benefit liabilities	16	1,051	864
Grants held for future or other specific purposes	4	87	73
Bank Loan	19	154	256
Lease liability	12	131	117
<b>Total current liabilities</b>		<b>2,500</b>	<b>2,740</b>
<b>Non-current liabilities</b>			
Bank Loan		2,698	1,261
Lease liability	12	214	295
Loan from St John of God Health Care Inc	20	259	259
<b>Total non-current liabilities</b>		<b>3,171</b>	<b>1,815</b>
<b>Total liabilities</b>		<b>5,671</b>	<b>4,555</b>
<b>Trust equity</b>			
Retained surpluses	26	4,842	4,561
<b>Total equity attributable to the trust</b>		<b>4,842</b>	<b>4,561</b>

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**Statement of movements in equity**

	2020 \$'000	2019 \$'000
Equity at beginning of year	4,561	4,328
Operating surplus / (deficit) for the year	281	140
Prior year adjustment for finance leases	0	93
<b>Equity at end of year</b>	<b>4,842</b>	<b>4,561</b>

**Statement of cash flows**

	2020 \$'000	2019 \$'000
Surplus	281	140
Prior Year Adjustment for finance leases	0	93
Depreciation and Amortisation	561	518
Changes in Working Capital		
Accounts Receivable	412	-57
Inventories	-14	7
Trade Payables & Accruals	-358	349
Goods & Services Tax	97	-84
Employee Benefit Liabilities	187	49
Grants for Future or Specific Purposes	14	10
<b>Cash from Operations</b>	<b>1,180</b>	<b>1,023</b>
Capital Expenditures	-1,554	-1,996
<b>Cash from Investing</b>	<b>-1,554</b>	<b>-1,996</b>
Bank Loan	1,336	-244
Lease Liability	-68	21
Loan from St John of God Health Care Inc	0	163
<b>Cash from Financing</b>	<b>1,268</b>	<b>-59</b>
<b>Total change in cash</b>	<b>894</b>	<b>-1,031</b>
Beginning Cash Balance	546	1,577
Total Change in Cash	894	-1,031
Ending Cash Balance	1,440	546

Approved by two trustees on behalf of the trust board 31 August 2020.

.....Trustee .....Trustee

## **Notes to the financial statements, including statements of accounting policies**

### **General notes**

#### **1. Reporting entity**

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

#### **2. Authorisation**

On behalf of the Trust's board of trustees, two members of the board authorised these financial statements for the year ended 30 June 2020 on 31 August 2020.

#### **3. Statement of compliance and basis of preparation**

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

#### **4. Public Entity (PBE) standards on accounting policies and disclosures**

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

##### **PBE IPSAS 2 - Cash Flow Statement**

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

##### **PBE IFRS 9 - Financial Instruments**

PBE IFRS 9 Financial Instruments replaces parts of PBE IPSAS 29 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Trust has elected to early adopt PBE IFRS 9. The Trust applied PBE IFRS 9 prospectively, with an initial application date of 1 July 2019. The Trust has not identified any significant differences arising from the adoption of PBE IFRS 9 on its financial assets and liabilities.

##### *Financial assets*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them is primarily based on collecting contractual cash flows initially held at amortised cost. The Trust's financial assets include: cash and cash equivalents, cash held on behalf of residents, bank deposits and sundry debtors and other receivables.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in surplus or deficit when the asset is derecognised, modified or impaired and a financial asset, or part of, is derecognised when the rights to receive cash flows from the asset have expired.

The adoption of PBE IFRS 9 has changed the Trust's accounting for impairment losses for financial assets by replacing PBE IPSAS 29's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PBE IFRS 9 requires the Trust to recognise an allowance for ECLs for all debt instruments not held at fair value through surplus or deficit. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate.

##### *Financial liabilities*

The Trust's financial liabilities are classified at initial recognitions as loans and borrowings and payables. These include payables under exchange transactions, including bank overdrafts, trade payables and accruals, residents' funds, bank loan and loan from St. John of God Healthcare Inc.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and



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### Financial Statements for year ended 30 June 2020

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fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of surplus or deficit.

A financial liability is derecognised when the obligation under the liability is discharged or waived 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 the statement of surplus or deficit.

#### **PBE IPSAS 13 - Leases**

PBE IPSAS 13 prescribes that a lease that transfers substantially all risks and rewards incidental to ownership of an asset as a finance lease and that an operating lease is a lease other than a finance lease. The Trust has leases motor vehicles and photocopiers or multi-function devices as finance leases.

#### **PBE IPSAS 20 – Related Party Disclosures**

PBE IPSAS 20 prescribes that related party information and remuneration of Key Management Personnel is disclosed. The Trust has included these elements as a note.

#### **PBE IPSAS 23 – Revenue from Non-Exchange Transactions**

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

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

#### **5. Income tax**

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

#### **6. Income**

The Trust recognises income when and as services are rendered.

#### **7. Service and other receivables**

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

#### **8. Inventories**

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

#### **9. Investments**

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

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

The Trust recognises a liability for trade and other payables for goods and services provided to it which are unpaid at the end of the financial year and usually settled within 30 days. Included in Accounts Payable at 30 June 2020 is an amount of \$39,489 (excluding GST) relating to retentions for the SJG Karori seismic and refurbishment project that was practically completed during the year. The Trust states its payables inclusive of GST.

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

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### 11. Property plant and equipment

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

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

### 12. Leased assets

The Trust uses properties at Nash Road, Halswell, Christchurch; Parade Court, Addington, Christchurch; Woodham Road, Wainoni, Christchurch; and Masefield Drive, Rolleston. These properties are owned by the parent entity St John of God Health Care Inc (SJGHC), of Perth, Western Australia. The Trust enjoys the use of these properties pursuant to lease agreements with SJGHC that specify a small rent of \$1 per annum per property. The Trust has recognised minor leasehold improvements related to these properties (refer note 18) but major developments or improvements to these properties are funded by SJGHC and recognised in their accounts.

The Trust leases a property at Ferguson Drive, Upper Hutt (Clouston Park) and office space in Christchurch CBD for Trust Administration (Trust Office) from private landlords as operating leases. Operating leases are leases that do not substantially transfer all the risks and benefits incidental to ownership of the leased item to the Trust. Lease payments are recognised as an operating lease expense on a straight line basis over the lease term. The total of future minimum operating lease payments are: Less than one year: \$93,800 (2019: \$74,217) and one to five years: \$57,330 (2019: \$76,440). There are no leases greater than five years. However two rights of renewal of two years each for Ferguson Drive from 19 February 2022 and 19 February 2024. The Trust paid \$93,800 in operating lease payments (2019: \$93,800).

The Trust leases motor vehicles and multi-function device office equipment pursuant to finance lease agreements. The Trust recognises as finance those leases that substantially transfer all of the risks and benefits incidental to ownership of the leased item to the Trust. Assets held under a finance lease are capitalised at the commencement of the lease at fair value of the asset or if lower, at the present value of the future minimum lease payments. The Trust recognises the lease liability at the inception of the lease, at the same amount as the capitalised leased asset. Subsequent to initial recognition, finance lease payments are apportioned between interest expense and the reduction of the lease liability and interest costs are recognised as an expense. Assets held under a finance lease are depreciated over the shorter of the estimated useful life of the asset or the lease term. The depreciation for leased assets amount to \$132,337, (2019: \$109,931).

Finance lease payments due in one year and GST exclusive amount to \$131,278 (2019: \$117,407) and between one year and five years \$156,677 (2019: \$225,029) and over five years \$56,832 (2019: \$70,452).

### 13. Impairment of assets

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

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

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

### 14. Cash and cash equivalents and bank overdraft

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

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#### 15. Bank deposits

The Trust invests its surplus funds on bank deposits with maturities not exceeding twelve months. At balance date the trust held \$438,874 (2019: \$470,441) in bank deposits. None of these (2019: \$243,750) matures within three months of balance date.

#### 16. Employee benefit liabilities

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

#### 17. Residents' funds

Included in Current Assets is cash held on behalf of residents \$144,000 (2019: \$146,152) being funds deposited with the trust by residents and/or their families and supporters. Residents draw on these funds from time to time for their personal needs. The Trust holds these funds in a separate trust bank account on behalf of the residents. There is also an off-setting current liability of the same amount reflecting that these funds belong to the residents.

#### 18. Fixed assets

	Plant and Machinery	Office Equipment	Furniture and fittings	Leasehold Improvement	Motor Vehicles	Land and Building	Total
<b>Cost</b>							
As 30 June 2019	1,579,742	641,776	1,024,058	1,082,365	175,004	3,816,900	8,319,845
Additions	91,309	109,075	1,054	0	0	0	201,438
Disposals	-68,495	-138,204	-97,448	0	0	0	-304,147
<b>As at 30 June 2020</b>	<b>1,602,556</b>	<b>612,647</b>	<b>927,664</b>	<b>1,082,365</b>	<b>175,004</b>	<b>3,816,900</b>	<b>8,217,136</b>
<b>Depreciation and Impairment</b>							
As at 30 June 2019	1,019,839	372,574	712,374	186,536	169,003	203,215	2,663,541
Depreciation charge for the year	112,807	87,315	67,439	106,413	2,001	53,013	428,988
Impairment							
Disposals	-66,289	-138,204	-97,448	0	0	0	-301,941
<b>As at 30 June 2019</b>	<b>1,066,357</b>	<b>321,685</b>	<b>682,365</b>	<b>292,949</b>	<b>171,004</b>	<b>256,228</b>	<b>2,790,587</b>
<b>Net Book Value</b>							
As at 30 June 2019	559,903	269,202	311,684	895,829	6,001	3,613,685	5,656,304
<b>As at 30 June 2020</b>	<b>536,199</b>	<b>290,962</b>	<b>245,299</b>	<b>789,416</b>	<b>4,000</b>	<b>3,560,672</b>	<b>5,426,549</b>

#### 19. Bank Loan

The bank loan with ANZ Banking Group is secured over the land and buildings of St John of God Karori, Wellington as a registered first ranking mortgage. Payments are amortised over 15 years and there are 14 years 3 months left of the 15 year term as at balance date. The interest rate applicable to the loan is according to ANZ's Bank's floating rate that at balance date was 3.66%.

#### 20. Loan from St John of God Health Care Inc

St John of God Health Care Inc (SJGHC), an Australian based charitable organisation sponsors the Trust, owns properties used by the Trust and exercises significant influence over the affairs of the Trust. The loan from SJGHC was used to add an extra room and improve the layout of one of the community homes at St John of God Addington in 2019. This improvement is recognised as a leasehold improvement (refer note 18). As at 30 June 2020 the loan balance was \$259,001 (2019 \$259,001) and at that date the loan agreement had not been executed by the parties but the draft agreement provides for the loan to be at no interest and a repayment date of 30 June 2023.



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**21. Related parties transactions**

St John of God Health Care Inc (SJGHC) provides use of properties at minimal payment (refer note 12) and during the year, the Trust continued to pay capital project costs on behalf of SJGHC and have been reimbursed. At balance date there was nil (2019: \$59,149) in developments in progress that had not been invoiced to SJGHC.

The related party transactions with SJGHC are:

Related Parties

	2020	2019
Reimbursement of Project Costs on behalf of SJGHC	194,012	474,862
Expenditure paid	215,305	210,852
Sums due to us at balance date	0	59,149
Loan from SJGHC	259,001	259,001

**22. Contingent assets and contingent liabilities**

There are no contingent assets or contingent liabilities (2019: nil).

**23. Capital work in progress**

The Karori Building Seismic and Reconfiguration Upgrade Project was practically completed during the year at an approved budget of up to \$2,690,000 of which \$1,500,000 was funded by a further bank loan and the balance from reserves. At year end the project, although practically complete, was still being finished and the amount spent was \$2,614,669 that excludes the accrued retentions of \$39,489 due in 2021 (2019: \$1,270,008). At year end, total capital commitments amounted \$39,489 being the amount of the retentions provided for (2019: \$1,071,135).

**24. Events occurring after balance date**

Subsequent to Balance Date at 12:00pm on 12 August 2020, NZ re-entered COVID-19 alert level 2 with Auckland re-entering COVID-19 alert level 3. This did not impact the activity or funding of St John of God as it remains an essential service. The future impact of COVID-19 on the Trust's financial performance is not certain at the date of signing the financial statements and it is not practicable to provide a quantitative or qualitative estimate of the potential future impacts on the Trust's financial performance, cash flows, and financial condition if the New Zealand government were to re-enter alert level 4, in the future. There are no other significant events occurring after balance date. In 2019 there was the completion and increase in bank loan funding of the Karori Building Seismic and Reconfiguration Upgrade Project per note 23.

**25. Key Management Remuneration**

The Executive Leadership Team provides key management of the Trust and consists of nine members (equivalent to 7.85 FTE). The Board of Trustees that governs the Trust has five external members. The remuneration paid to the Executive Leadership Team was \$953,026 (2019: \$967,885) and the Board of Trustees \$39,583 (2019: \$36,667).

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**26. Grants and subsidies**

	2020	2019
<b>Government Grants:</b>		
Canterbury District Health Board	1,093,719	780,246
Christchurch City Council	31,667	33,333
Department of Corrections	598,591	411,623
Lottery Board	10,000	10,000
Ministry of Education	394,762	524,072
Ministry of Health	268,474	204,725
Oranga Tamariki (Formerly Ministry of Social Development)	477,095	394,621
<b>Government Grants</b>	<b>2,874,308</b>	<b>2,358,621</b>
<b>Non- Government Grants</b>		
Farina Thompson Trust	5,000	5,000
Firth Industries	0	6,500
Foodstuffs Community Trust	2,069	0
Hoatu Trust	38,333	0
Maurice Carter Trust	14,000	13,000
Rata Foundation	80,000	80,000
Te Pou Limited	2,435	5,739
Tindall Foundation	0	36,667
Todd Foundation	0	43,508
<b>Total Exchange Grants &amp; Subsidies</b>	<b>141,837</b>	<b>190,413</b>
Elizabeth Topp's Estate	0	15,527
Other Donations less than \$2,000	5,991	4,103
<b>Total Non-Exchange Grants &amp; Subsidies</b>	<b>5,991</b>	<b>19,630</b>
<b>Total Non- Government Grants</b>	<b>147,827</b>	<b>210,044</b>
<b>Total Grants and Subsidies</b>	<b>3,022,135</b>	<b>2,568,665</b>