

KOWHAI HEALTH TRUST
Financial Statements
For the year ended 30 June 2011

KOWHAI HEALTH TRUST
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For the year ended 30 June 2011

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KOWHAI HEALTH TRUST
Trust Directory
As at 30 June 2011

Principal Business

Primary Health Care Services

Trustees

Hans Snoek
David Young
Sally Nicholl
Barry Cooper

Auditors

WHK Wellington Partnership

Bankers

Bank of New Zealand

Solicitors

Kensington Swan

Date of Final Distribution

16 June 2084

INDEPENDENT AUDITOR'S REPORT

To the Readers of the financial statements of Kowhai Health Trust ("Trust")

Report on the Financial Statements

We have audited the financial statements of the Trust on pages 3 to 15 which comprise the statement of financial position as at 30 June 2011, the statement of financial performance, schedule of overhead expenditure and statement of movements in trust capital, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand; and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

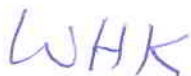
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An entity associated with our firm provides other assignments on behalf of the Trust in the area of providing accounting assistance and advice; we have no other relationship with, or interests in, the Trust.

Opinion

In our opinion, the financial statements on pages 3 to 15 present fairly, in all material respects, the financial position of the Trust as at 30 June 2011, its financial performance, movements in trust capital, and cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand.



WHK Wellington Partnership
CHARTERED ACCOUNTANTS
20 October 2011



KOWHAI HEALTH TRUST
Statement of Financial Performance
For the year ended 30 June 2011

	<i>Note</i>	2011 \$	2010 \$
<u>Revenue</u>			
General Practice Services	9	13,540	17,240
Management Income DHB	5	237,649	546,433
Management Income PHO's	6	1,010,348	1,101,852
Provider Payment Income DHB	10	1,906,066	1,878,668
FamilyCare Mental Health	8	129,167	113,405
Hutt City Health Centre		30,921	-
Waiwhetu MH		13,500	-
PHO Project Income	7	1,657,319	1,350,362
Pharmac PPI contract		9,000	-
Other Income - Misc		8,273	22,756
<u>Gross Revenue</u>		5,015,783	5,030,715
<u>Plus Sundry Income</u>			
Bfwd DHB Provider Underspend		-	182,142
Interest Received		56,308	40,466
Midvalley disestablishment funding		2,250	3,280
Relocation Contributions		-	80,892
Christchurch GP Earthquake		2,492	-
Valley PHO Transition Funds		15,697	-
Practice Feasibility Study		5,000	-
<u>Total Sundry Income</u>		81,747	306,780
Total Revenue		5,097,530	5,337,495
<u>Less Other Expenses</u>			
Midvalley disestablishment funding		2,250	3,280
Bfwd DHB Provider Underspend		-	182,142
Christchurch GP Earthquake		2,492	-
Valley PHO Transition Funds		15,697	-
Practice Feasibility Study		5,000	-
<u>Total Other Expenses</u>		25,439	185,422
<u>Less Expenses</u>			
As Per Schedule of Overhead Expenses		4,903,208	5,011,418
<u>Trustees Surplus (Deficit)</u>		\$168,883	\$140,654

These accounts are to be read in conjunction with the attached Notes to the Financial Statements



KOWHAI HEALTH TRUST

Schedule of Overhead Expenditure

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
<u>Overhead Expenditure</u>			
Advertising		-	176
Accounting Fees		5,000	6,000
Audit Fees		15,600	16,500
Bank Charges		1,051	1,049
Catering		5,284	5,512
Cleaning		16,880	11,483
HVDHB Warfarin Resources		-	4,952
Computer Expenses		18,823	33,730
Computer Expense Advance Forms		-	10,000
GetCheckedHealthLink		6,308	6,122
Medtech Advance Licence		7,807	-
Depreciation		72,352	62,906
Trustee Fees	13	53,530	52,540
Entertainment		2,087	658
Insurance		25,795	24,982
Leasing Charges		13,930	15,808
Legal Expenses		3,043	5,997
Loss on Disposal		-	6,166
Motor Vehicle		32,284	24,536
Office Expenses		11,568	11,415
Personnel Expenses	14	2,308,814	2,441,579
PHO Expenses	12	158,738	62,616
Postage		7,354	6,406
Power & Heating		18,129	22,133
Printing & Stationery		29,556	31,351
Relocation Expenses		(630)	53,529
Relocation Expenses - Loss on Disposal		-	19,678
Rent		139,380	140,610
Repairs & Maintenance		1,921	1,372
Security Costs		177	1,865
Subscriptions		3,422	3,062
Sundry Expenses		5,591	8,731
Telephone, Tolls & Internet		29,923	36,649
Travelling Expenses		3,424	2,636
Provider Payment Expenses DHB	11	1,906,066	1,878,668
<u>Total Overhead Expenditure</u>		<u>\$4,903,208</u>	<u>\$5,011,418</u>

These accounts are to be read in conjunction with the attached Notes to the Financial Statements



KOWHAI HEALTH TRUST
Statement of Movements in Trust Capital
For the year ended 30 June 2011

	2011	2010
	\$	\$
<u>Trust Capital As At 1 July</u>	1,032,761	892,107
<u>Recognised Revenues & Expenses for the Year</u>		
Trustees Surplus After Tax	168,883	140,654
Total Recognised Revenues & Expenses	168,883	140,654
<u>Trust Capital As At 30 June</u>	<u>\$1,201,644</u>	<u>\$1,032,761</u>

These accounts are to be read in conjunction with the attached Notes to the Financial Statements



KOWHAI HEALTH TRUST
Statement of Financial Position
As at 30 June 2011

	Note	2011 \$	2010 \$
<u>Trust Capital</u>			
Settlement Sum		10	10
Accumulated Trust Funds		1,201,635	1,032,751
<u>Total Trust Capital</u>		<u>\$1,201,645</u>	<u>\$1,032,761</u>
 <u>Represented by:</u>			
 <u>Current Assets</u>			
BNZ - Bank Accounts		385,571	317,395
Short Term Deposits		1,100,000	850,000
Petty Cash		500	400
Payments in Advance		40,817	18,282
Accrued Income		58,954	55,414
Accounts Receivable		388,148	424,584
<u>Total Current Assets</u>		<u>1,973,990</u>	<u>1,666,075</u>
 <u>Non Current Assets</u>			
Fixed Assets as per Schedule		312,814	375,252
<u>Total Assets</u>		<u>2,286,804</u>	<u>2,041,327</u>
 <u>Current Liabilities</u>			
Accounts Payable		444,530	399,176
GST Due for payment	1(b)	56,027	58,251
Funds Carried Forward	15	584,602	551,139
<u>Total Current Liabilities</u>		<u>1,085,159</u>	<u>1,008,566</u>
<u>Total Liabilities</u>		<u>1,085,159</u>	<u>1,008,566</u>
<u>Net Assets</u>		<u>\$1,201,645</u>	<u>\$1,032,761</u>

Trustee  Date 20/10/11

Trustee  Date 20/10/11



KOWHAI HEALTH TRUST

Notes to the Financial Statements

For the year ended 30 June 2011

1. STATEMENT OF ACCOUNTING POLICIES

Entity Reporting

The financial statements presented here are for Kowhai Health Trust, a trust.

Nature of Business

The nature of business is managing and implementing primary health care programmes on behalf of the Hutt Valley District Health Board and other contracted providers.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Accounting Policies

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice.

The trust is a qualifying entity within the Framework for Differential Reporting. The trust qualifies on the basis that it is not publicly accountable and it is small. The trust has taken advantage of all reporting concessions available to it.

The following accounting policies that materially affect the measurement of financial performance and the financial position are set out as below.

(a) Fixed Assets & Depreciation

All fixed assets are initially recorded at cost with depreciation being deducted on all tangible fixed assets other than freehold land, in accordance with rates set out in the Income Tax Act 2007.

(b) Goods & Services Tax

The Statement of Financial Performance and Statement of Cashflows (where included) have 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 account receivables and payables.

(c) Income Tax

The Trust is not subject to Income Tax as it is a registered Charitable Trust.

(d) Leased Assets

Operating Leases

Operating leases are those where all the risks and benefits are substantially retained by the lessor. Lease payments are expensed in the periods the amounts are payable.

(e) Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.



KOWHAI HEALTH TRUST

Notes to the Financial Statements

For the year ended 30 June 2011

(f) **Deferred Income**

Deferred income by way of funds carried forward liability represents the difference between income and expenditure for a contract. All unused contract income needs to be refunded to the contract provider.

2. **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies during the year. All policies have been applied on bases consistent with those used in previous years.

3. **AUDIT**

These financial statements have been subject to audit, please refer to Auditor's Report.

4. **TRUST CAPITAL**

	<i>2011</i>	<i>2010</i>
	\$	\$
Capital from debt forgiveness	-	-
Other Capital	1,201,645	1,032,761
<u>Trust Capital as at 30 June</u>	<u>\$1,201,645</u>	<u>\$1,032,761</u>

5. **Management Income**

	<i>2011</i>	<i>2010</i>
	\$	\$
This comprises the following:		
Management Income	231,649	494,845
DHB IT (incl HealthLink)	10,000	6,000
Warfarin Evaluation Income	-	30,588
IS DHB Wide Advance Forms	-	15,000
Reallocate IT Underspend	(4,000)	-
Total Management Income	<u>237,649</u>	<u>546,433</u>



KOWHAI HEALTH TRUST
Notes to the Financial Statements
For the year ended 30 June 2011

6. Management Income PHO's

2011 **2010**
\$ **\$**

This comprises the following:

Management Income PHO Main Contract	557,406	555,468
PHO Careplus Management	52,184	26,224
PHO Project Management	320,704	317,584
PHO Non FTE Programme Management	65,276	85,235
Valley GP Locum Income	-	142,295
GP Locum funds redistribution	-	(40,000)
Ropata Pharmacy Facilitation	14,778	15,046

Total Management Income PHO's

1,010,348 1,101,852

7. PHO Project Income

2011 **2010**
\$ **\$**

This comprises the following:

PHO SIA Income	596,882	604,651
PHO HP Income	163,342	105,239
PHO Mental Health Income	470,856	467,500
PHO PPP Income	398,567	150,052
FCMH Workforce	1,745	698
FC/Piki MH Workforce	1,737	474
FCHP Initiatives	19,190	3,415
HPV Income	5,000	18,333

Total PHO Project Income

1,657,319 1,350,362

8. FamilyCare Mental Health

2011 **2010**
\$ **\$**

This comprises the following:

FamilyCare MH PoC	17,960	-
FamilyCare MH Workforce Development	4,540	-
FamilyCare Mental Health	107,000	113,405
Bfwd FamilyCare Poc	4,595	-
Bfwd FamilyCare GP Training	2,000	-
Reallocation of FC M Underspend	(6,928)	-

Total Management Income

129,167 113,405



KOWHAI HEALTH TRUST
Notes to the Financial Statements
For the year ended 30 June 2011

9. **General Practice Services Income**

	2011	2010
	\$	\$
This comprises the following:		
GPS Financial Management	2,400	2,400
GPS CME Management	8,840	8,840
GPS Trustee Payments	2,300	6,000
<u>Total Hutt Valley IPA Income</u>	<u>13,540</u>	<u>17,240</u>

10. **Provider Payment Income DHB**

	2011	2010
	\$	\$
This comprises the following:		
Cardiac Continuum Providers	10,889	10,889
Smoking Cessation Providers	-	11,333
Respiratory Providers	10,889	10,889
Diabetes Support	244,556	239,556
Radiology Providers	1,082,000	1,082,000
Medication Management Providers	-	77,444
Get Checked Providers	213,850	204,750
Skin Lesion Providers	97,967	97,967
Sterilisation Providers	-	25,533
Compliance Packaging	72,000	-
Warfarin	18,666	18,666
Sexual Health	129,200	129,201
Reallocation of Underspend	26,049	(29,560)
Total Provider Payment Income	<u>1,906,066</u>	<u>1,878,668</u>



KOWHAI HEALTH TRUST
Notes to the Financial Statements
For the year ended 30 June 2011

11. **Provider Payment Expenses**

	<i>2011</i>	<i>2010</i>
	\$	\$
This comprises the following:		
Cardiac Continuum	18,760	16,079
Smoking Cessation	-	18,373
Respiratory	11,634	6,871
Diabetes Support	294,556	272,335
Radiology	1,103,287	1,082,170
Medication Management	-	71,595
Get Checked	212,030	200,337
Compliance Packaging	68,519	-
Skin Lesions	71,423	79,088
Sterilisation	-	15,930
Warafin	6,533	6,884
Sexual Health	119,324	109,005
Total Provider Payment Expenses	1,906,066	1,878,668

12. **PHO Project expenses**

This comprises the following:

	<i>2011</i>	<i>2010</i>
	\$	\$
PHO Register Management	31,800	31,800
PHO Medtech advanced forms	-	4,000
PO Pacific Wellbeing Day	5,659	-
FCHP Initiatives	3,765	50
FamilyCare MH Packages of Care	17,627	5,405
MHPiki FamilyCare	627	503
PPP Supportive Funding	88,660	20,858
MHVPHO WorkForce Development	956	-
MHAdd Volumes	6,601	-
FCMHAdd Volumes	1,632	-
MHFamilyCare Workforce Development	731	-
Tamaiti Whangai Wellbeing	680	-
Total PHO Project expenses	158,738	62,616



KOWHAI HEALTH TRUST
Notes to the Financial Statements
For the year ended 30 June 2011

13. **Trustee Fees**

This comprises the following:

	2011	2010
	\$	\$
VPHO Service Committee Fees	1,510	1,275
GPS Trust Trustee Fees	2,300	6,000
KHT Trustee Fees	9,600	8,500
PHO Clinical Governance Trustee	8,140	8,775
VPHO Trustee Fees	23,260	27,430
VPHO Maori Advisory Group	40	560
VPHO Transition Board	8,680	-
Total Trustee Fees	<u>53,530</u>	<u>52,540</u>

14. **Personnel Expenses**

This comprises the following:

	2011	2010
	\$	\$
ACC	11,177	10,955
Recruitment Expenses	990	968
Practising Certs & indemnities	9,389	10,277
Staff Development Conference Expenses	39,954	28,622
Salaries		
KHT Salaries	1,017,768	1,211,569
Midvalley PHO Salaries	0	-
PHO Salaries	<u>1,209,966</u>	<u>1,147,508</u>
Total Salaries	2,227,734	2,359,077
Contractors/Consultants	14,376	31,680
EAP	1,215	-
Clincial Supervision	3,980	-
<u>Total Personnel Expenses</u>	<u>2,308,814</u>	<u>2,441,579</u>



KOWHAI HEALTH TRUST
Notes to the Financial Statements
For the year ended 30 June 2011

	2011	2010
	\$	\$
Buildings		
At cost	268,682	268,682
Less Accumulated Depreciation	<u>36,971</u>	<u>5,374</u>
Net Book Value	<u>231,711</u>	<u>263,308</u>
Plant & Equipment		
At cost	287,647	277,733
Less Accumulated Depreciation	<u>233,650</u>	<u>204,511</u>
Net Book Value	<u>53,997</u>	<u>73,222</u>
Motor Vehicle		
At cost	61,816	61,816
Less Accumulated Depreciation	<u>34,711</u>	<u>23,094</u>
Net Book Value	<u>27,105</u>	<u>38,722</u>
<u>Total Net Book Value</u>	<u>\$312,814</u>	<u>\$375,252</u>



KOWHAI HEALTH TRUST
Notes to the Financial Statements
For the year ended 30 June 2011

15. **Funds Carried Forward**

	<i>2011</i>	<i>2010</i>
	\$	\$
This comprises the following:		
One Off Funding YE 05	174,845	174,845
Bfwd Quality Payments YE07	51,690	51,690
Blood Lead Testing	2,250	2,250
Bfwd Quality Payments YE06	1,459	1,459
Bwfd E-Referrals	9,000	9,000
Bfwd Diabetes Coordination	2,000	2,000
Practice Nurse Focus Group	1,038	1,038
Bfwd Med Evaluation Funding	2,500	2,500
Bfwd Falls Prevention	2,421	2,421
Bfwd MidValley MH Evaluation	4,000	4,000
Bfwd Valley MH GP Training	9,500	9,500
Bfwd MV Disestablishment Funds	39,348	41,598
Bfwd FamilyCare YE09 MH PoC	-	2,000
Bfwd FamilyCare MH GP Training	-	4,595
Nurses Clinical Access Fund 07	1,770	1,058
VW Sterilisation Bfwr	6,280	8,080
Bfwd DHB ValleyWide Funds	3,512	29,560
Bfwd PPP Quality Supportive Funds	87,678	203,545
VPHO Integrated FHC	30,000	-
VPHO Transition Funds	139,303	-
DHB IT Funds	4,000	-
MedReview Underspend	81	-
Bfwd FamilyCare reallocated	5,000	-
Cfwd GP Training Underspend	2,000	-
Cfwd Committed FC MH	3,185	-
Cfwd FC MH PoC Underspend	1,743	-
Total Other Current Liabilities	584,602	551,139

16. **OPERATING LEASE COMMITMENTS**

	<i>2011</i>	<i>2010</i>
	\$	\$
Commitments under non-cancellable operating leases:		
Current	100,012	162,831
Non - Current	1,786	99,293
Total Operating Lease Commitments	\$101,798	\$262,124



KOWHAI HEALTH TRUST

Notes to the Financial Statements

For the year ended 30 June 2011

17. **RELATED PARTIES**

During the year Valley PHO Trust entered into financial transaction with Kowhai Health Trust to provide services and manage administration on their behalf. Hans Snoek and David Young were a trustee for both Valley PHO Trust and Kowhai Health Trust.