

Financial Statements

Waipuna Hospice Incorporated
For the year ended 30 June 2017

Prepared by Ingham Mora

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Directory

Waipuna Hospice Incorporated For the year ended 30 June 2017

Nature of Business

Hospice Healthcare Services

Address

43 Te Puna Station Road
Tauranga

Auditors

Staples Rodway Audit Limited
Tauranga

Bankers

Westpac

Solicitors

Keam Standen

Board Members

Mark Tingey (Chairperson)
Robert Lee (Treasurer)
Monique Balvert-O'Connor (Secretary)
Bryan Thorn
Nigel Gregory (until 10/16)
Roger Loveridge
Garth Mitchinson (from 11/16)
Shirley Baker
Tommy Wilson (Iwi Representative)

Chief Executive

Richard Thurlow

Statement of Comprehensive Revenue & Expenses

Waipuna Hospice Incorporated
For the year ended 30 June 2017

	NOTES	2017	2016
Revenue from Non - Exchange Transactions			
Donations	2	708,508	1,172,762
Grants	2	994,880	611,576
Total Revenue from Non - Exchange Transactions		1,703,388	1,784,338
Revenue from Exchange Transactions			
DHB Funding		3,829,145	3,510,422
Corporate Sponsorship		572,144	373,576
Shop Sales	3	2,407,886	2,157,320
Interest Received		471	3,856
Net Fundraising		185,212	192,846
Subscriptions		8,887	20,106
Depreciation Recovered		13,902	7,522
Sundry Income		65,080	53,625
Total Revenue from Exchange Transactions		7,082,728	6,319,274
Total Revenue		8,786,115	8,103,612
Expenses			
Audit Fee		13,615	5,740
Insurance		41,718	31,496
Rent	5	445,000	445,000
Wages		5,508,911	5,112,765
Loss on Sale of Fixed Assets		-	28,027
Depreciation		220,403	191,090
Shop Expenses	3	1,201,610	983,251
Other Operating Expenses	4	1,128,108	1,155,519
Total Expenses		8,559,366	7,952,888
Total Surplus / (Deficit) for the Year		226,750	150,724
Other Comprehensive Revenue and Expenses			
Other Comprehensive Revenue and Expenses		-	-
Total Comprehensive Revenue and Expenses		226,750	150,724



The accompanying notes form part of these Financial Statements

Statement of Changes in Equity

Waipuna Hospice Incorporated
For the year ended 30 June 2017

	2017	2016
Equity		
Opening Balance	347,827	197,103
Recognised Revenue and Expenses		
Net Comprehensive Revenue & Expenses for the Year (Page 4)	226,750	150,724
Total Recognised Revenue and Expenses	226,750	150,724
Total Equity	574,576	347,827
Equity at End of the Year	574,576	347,827



The accompanying notes form part of these Financial Statements

Statement of Financial Position

Waipuna Hospice Incorporated As at 30 June 2017

	NOTES	30 JUN 2017	30 JUN 2016
Current Assets			
Bank and Cash		270,939	542,736
Receivables for Exchange Transactions		467,809	58,580
Prepayments		106,495	105,669
GST Receivable		40,968	36,962
Inventories		3,924	11,200
Total Current Assets		890,134	755,146
Non-Current Assets			
Fixed Assets		742,775	773,275
Other Non-Current Assets			
Waipuna Hospice Foundation		50,000	-
Total Other Non-Current Assets		50,000	-
Total Non-Current Assets		792,775	773,275
Total Assets		1,682,909	1,528,421
Current Liabilities			
Accrued Liabilities		429,371	453,977
Accounts Payable		470,249	442,562
Non - Exchange Liabilities	11	37,295	112,638
Total Current Liabilities		936,915	1,009,177
Non-Current Liabilities			
Waipuna Hospice Foundation Loan			
Waipuna Hospice Foundation - Asset Loan		171,417	171,417
Total Waipuna Hospice Foundation Loan		171,417	171,417
Total Non-Current Liabilities		171,417	171,417
Total Liabilities		1,108,333	1,180,594
Net Assets		574,576	347,827
Equity			
Capital		594,629	594,629
Accumulated Comprehensive Revenue & Expenses		(20,053)	(246,802)
Total Equity		574,576	347,827
Total Accumulated Funds (Deficit)		574,576	347,827

For and on behalf of the Society:


Chairman
Date: 16 October 2017


Chief Executive Officer
Date: 16 October 2017



The accompanying notes form part of these Financial Statements

Statement of Cash Flows

Waipuna Hospice Incorporated For the year ended 30 June 2017

	NOTES	2017	2016
Cash Flow Statement			
Cash Flows from Operating Activities			
Receipts			
Receipts from Non-Exchange Transactions		1,608,045	1,813,565
Receipts from Exchange Transactions		6,713,900	6,316,713
Interest Received		471	3,856
Total Receipts		8,322,416	8,134,134
Payments			
Payments to Suppliers		(2,155,821)	(2,193,610)
Payments to Employees		(6,205,114)	(5,525,586)
Total Payments		(8,360,935)	(7,719,196)
Net Cash Flows from Operating Activities		(38,519)	414,938
Cash Flows from Investing Activities			
Receipts			
Sale of Property, Plant & Equipment		15,217	34,782
Total Receipts		15,217	34,782
Payments			
Purchase of Property, Plant & Equipment		(198,494)	(406,770)
Total Payments		(198,494)	(406,770)
Net Cash Flows from Investing Activities		(183,278)	(371,988)
Cash Flows from Financing Activities			
Payments			
Loan Advanced		(50,000)	-
Total Payments		(50,000)	-
Net Cash Flows from Financing Activities		(50,000)	-
Net Increase / (Decrease) in Cash and Cash Equivalents		(271,797)	42,950
Cash and Cash Equivalents at 1 July		542,736	499,786
Cash and Cash Equivalents at 30 June	11	270,939	542,736



The accompanying notes form part of these Financial Statements

Notes to the Financial Statements

Waipuna Hospice Incorporated For the year ended 30 June 2017

1. Statement of Accounting Policies

Reporting Entity

The reporting entity is Waipuna Hospice Incorporated (the "Waipuna Hospice"). The Waipuna Hospice is domiciled in New Zealand and is a not-for-profit society incorporated under the Incorporated Societies Act 1908.

The financial statements of the Waipuna Hospice for the year ended 30 June 2017 were authorised for issue by the Board on the 16th October 2017.

Statement of Compliance

The Waipuna Hospice's financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Waipuna Hospice is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions. This decision results in the Waipuna Hospice not preparing a Statement of Service Performance for both reporting periods.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on basis consistent with those used in previous years.

Summary of Accounting Policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

(a) Measurement Base

These financial statements have been prepared on the basis of historic cost.

(b) Functional and Presentational Currency

The financial statements are presented in New Zealand dollars (\$), which is the Waipuna Hospice's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

(c) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Waipuna Hospice and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.



Revenue from Non-Exchange Transactions

Fundraising

Fundraising non-exchange revenue is recognised at the point at which cash is received.

Grants

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Donations

Donated goods for sale are not recognised as an asset in the financial statements, but are recognised as income when sold. Donated Services are not recorded in the financial statements at value.

Revenue from Exchange Transactions

Government Contracts Revenue

Contracts Revenue is recognised as Income to the extent that the services have been provided.

Interest Revenue

Interest revenue is recognised as it accrues, using the effective interest method.

(d) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis where all items in the Revenue Accounts and Fixed Assets have been recorded exclusive of GST. Accounts Receivable and Accounts Payable are recorded in the Statement of Financial Position inclusive of GST. GST owing to or by the entity at balance date as recorded in the Statement of Financial Position, has been determined on an accruals basis. Income and expenses in relation to the trading shops have been recorded in accounts as GST inclusive due to the income being derived from donated goods.

(e) Inventories

Inventories are stated at the lower of cost (determined on a first-in first-out basis) and net realisable value.

(f) Changes in Accounting Estimate

There have been no changes in Accounting Estimates. All policies have been applied on bases consistent with those used in previous years.



(g) Financial Instruments

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

The Waipuna Hospice derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Waipuna Hospice has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

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

Financial Assets

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Waipuna Hospice's financial assets are classified as loans and receivables or as available for sale financial assets. The Waipuna Hospice's financial assets include: cash and cash equivalents, short-term deposits, receivables from non-exchange transactions, receivables from exchange transactions and investments.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Waipuna Hospice's cash and cash equivalents, receivables from exchange transactions and receivables from non-exchange transactions fall into this category of financial instruments.

Available for Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Impairment of Financial Assets

The Waipuna Hospice assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.



In determining whether there are any objective evidence of impairment, the Waipuna Hospice first assesses whether there is objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Waipuna Hospice determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

Financial Liabilities

The Waipuna Hospice's financial liabilities include trade and other creditors.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

(h) Property, Plant & Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a straight line basis over the useful life of the asset. (last year was a mixture of diminishing value or straight line basis). Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Rates Used	
Building Improvements	5 - 20% SL
Motor Vehicles	2 - 29% SL
Furniture & Fittings	6 - 21% SL
Office Equipment	9 - 40% SL
Loan Equipment	4 - 30% SL
Inpatient Equipment	4 - 40% SL
Shops	7 - 30% SL
PaCNAT	40% SL
Day Services Extension	20 - 40% SL
IT Assets	18 - 40% SL
Family Support	20% SL



(i) Significant Judgements and Estimates

In preparing the financial statements, the Board is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The Waipuna Hospice bases its assumptions and estimates on parameters available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Waipuna Hospice. Such changes are reflected in the assumptions when they occur.

Waipuna Hospice is a beneficiary of the Waipuna Hospice Foundation, a Trust formed to support the Society. The Board has determined that the society does not have power or benefit in its relationship with the Foundation. As such, there is no requirement to Consolidate the Financial Accounts of the two entities.

2. Revenue from Non Exchange Transactions

	2017	2016
Net Donations		
Donations - General	588,071	468,930
Donations - Funerals	67,536	54,695
Donations - Bequests	52,901	649,137
Total Net Donations	708,508	1,172,762
	2017	2016
Grants		
Operating Grants	926,409	569,427
Capital Grants	68,471	42,149
Total Grants	994,880	611,576

Grants were received from the following organisations during the year:

The Southern Trust	TECT Holdings Ltd	Acorn Foundation
Community Organisation Grants Scheme (COGS)	St Joan's Trust	Sir John Logan Campbell
Trillian Trust	Mackay Strathnaver	Infinity Foundation
Department of Corrections	NZ Community Trust	SKYCITY Hamilton Community Trust
Grassroots Trust Ltd	NZ Lottery Grants Board	Pub Charity
Legacy Trust	First Sovereign Trust	Four Winds Foundation
Valder Ohinemuri Charitable Trust	The Lion Foundation	The Kathleen Dorothy Kirkby Charitable Trust



3. Revenue from Exchange Transactions

The results of the trading shops are summarised below.

Trading Shops

	2017	2016
Income		
Shop Sales	2,407,886	2,157,320
Expenses		
Advertising	7,247	11,496
Electricity	34,003	29,729
Insurance	13,487	16,339
Postage, Printing & Stationery	18,676	11,788
Telephone & Tolls	12,187	10,495
Travel	33,518	20,955
Rent & Rates	359,852	321,571
Sundry Expenses	78,501	71,959
Wages & Salaries	644,139	488,918
Total Expenses	1,201,610	983,251
Total Income	1,206,276	1,174,069
	2017	2016

4. Other Operating Expenses

ACC Levies	25,009	16,655
Cleaning	66,177	68,977
Community Allowance	34,330	36,140
Computer Expenses	48,891	46,497
Education / Training	94,320	119,186
Electricity & Gas	48,439	52,636
Food	32,515	31,139
Motor Vehicle Expenses	46,792	52,738
Nursing Supplies	75,308	69,993
Postage, Printing & Stationery	69,973	60,795
Professional Memberships	26,712	24,893
Repairs and Maintenance	39,991	64,662
Subscriptions & Levies	96,798	92,552
Supervision Expenses	19,336	24,915
Telephone Expenses	47,921	62,821
Travel	51,010	58,120



	2017	2016
Other Operating Expenses	295,788	272,801
Total Other Operating Expenses	1,119,308	1,155,519

5. Related Party Transactions

Waipuna Hospice is a beneficiary of the Waipuna Hospice Foundation, a Trust formed to support the Society.

The Waipuna Hospice rented premises from Waipuna Hospice Foundation. Rent paid during the year ended 30 June 2017 was \$445,000 (2016 \$445,000).

The Waipuna Hospice received a grant from Waipuna Hospice Foundation of \$400,000 for operational costs and \$2530 for nurses training. Total grant for the year ended 30 June 2017 \$402,530 (2016 Nil).

In 2017 \$50,000 was donated from the Ngaire Crocker Fund. This has been advanced to the Waipuna Hospice Foundation to be held and invested on their behalf. These funds will be repaid to Waipuna Hospice as required to fund nurses training. This advance has been included on Statement of Financial Position as Other non-current assets.

In July 2015 the Waipuna Hospice Foundation loaned the Waipuna Hospice \$262,407. This loan was to purchase chattels of the new building extension. A further \$9,010 was loaned to purchase a hoist. \$100,000.00 of this loan was repaid on the 21 March 2016. The loan balance as at 30 June 2017 is \$171,417 (2016: \$171,417).

Interest is charged at the discretion of the Foundation and no interest was charged for the year ended 30 June 2017.

The Foundation has provided an unsecured guarantee of \$300,000 to the Westpac Bank in respect of the Society's overdraft facility.

The following Board Members are involved in businesses which supply goods or services to the Society:

Robert Lee, Shareholder/Director of KPMG, Tauranga - provided accounting services.

KPMG. As outlined in Policy 1. (c) above no additional amount is included in the accounts to account for the below market value (or donated) portion.

None of the above transactions with Board Members are considered to be significant

No related party debts have been written off or forgiven during the year.

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the Board, the Chief Executive Officer and the Executive Team. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

The members of the board do not receive any remuneration for their services.

	2017	2016
Total Remuneration	874,173	772,753
Number of FTE's	7.7	4.58



6. Contingent Losses and Gains

There were no known contingent losses or gains outstanding as at balance date (2016: \$Nil).

7. Capital Expenditure Commitments

There was capital expenditure committed, at balance date of \$4,744. This is to Commserve Telecommunications on completion of a Panasonic telephone system. (2016: \$Nil).

8. Contingent Assets and Liabilities

The Board is not aware of any contingent assets or liabilities at balance date (2016: \$Nil).

9. Income Tax Expense

The society has charitable status and is exempt from income tax.

10. Operating Lease Commitments

Operating leases are in place for properties rented for all shops, depot, storage units and Hospice premises.

Commitments under non-cancellable operating leases are:

	2017	2016
Current	\$860,582	\$722,892
2 - 5 years	\$2,629,731	\$4,090,985
Later 5 years	\$1,362,025	
Total Operating Lease Commitments	\$4,852,338	\$4,813,877

11. Categories of Financial Assets and Liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2017	2016
Financial Assets		
Bank & Cash	270,939	542,736
Accounts Receivable	467,809	58,580
Waipuna Foundation - Nurses Education Funds Held	50,000	-
Total Financial Assets	788,748	601,316
Financial Liabilities		
Accounts Payable	470,249	442,562
Accrued Liabilities	429,371	453,977



Waipuna Hospice Foundation Asset Loan	171,417	171,417
Total Financial Liabilities	1,071,038	1,067,956
	2017	2016
Non - Exchange Liabilities		
Unspent Grants	37,295	112,638
Total Non - Exchange Liabilities	37,295	112,638

Non - Exchange liabilities consists of grant money received that has not been spent at year end. See accounting policy note 1(c) for further information.

12. Events After Reporting Date

No significant events occurred after 30 June 2017.



13. Fixed Assets

2017	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Depn	Depn on Disposals	Depn This Year	Accum Depn	Closing Book Value
Leasehold Improvements	36,381	-	-	36,381	11,407	-	3,773	15,180	21,202
Motor Vehicles	475,660	40,435	39,465	476,630	250,486	38,149	45,236	257,572	219,058
Furniture & Fittings	190,184	1,787	-	191,971	127,202	-	11,171	138,373	53,598
Office Equipment	20,670	1,216	-	21,887	9,253	-	4,004	13,257	8,629
Loan Equipment	110,566	26,593	-	137,159	64,742	-	16,462	81,205	55,954
Inpatient Unit	238,350	34,391	-	272,741	167,167	-	23,912	191,079	81,663
PaCNAT	7,300	-	-	7,300	243	-	2,920	3,163	4,137
Day Services Extension	236,015	-	-	236,015	56,029	-	56,813	112,842	123,173
IT Assets	92,610	36,938	-	129,548	45,889	-	35,180	81,069	48,479
Shops	119,776	46,988	-	166,764	21,819	-	20,405	42,225	124,539
Family Support	-	2,870	-	2,870	-	-	526	526	2,344
Total Assets	1,527,512	191,218	39,465	1,679,266	754,237	38,149	220,403	936,489	724,775



INDEPENDENT AUDITOR'S REPORT

To the Board of Waipuna Hospice Incorporated

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Waipuna Hospice Incorporated ('the Society') on pages 4 to 17, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ('PBE Standards RDR').

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

Basis for Qualified Opinion

In common with other organisations of a similar nature, control over cash revenues (including shop income, donations and fundraising income) prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. Consequently we are unable to obtain sufficient appropriate audit evidence in this regard and were unable to determine if recognition of revenue is complete.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society 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 the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Waipuna Hospice Incorporated.

Responsibilities of the Board for the Financial Statements

The Board is responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the Society for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

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

Staples Rodway Audit Ltd

STAPLES RODWAY AUDIT LIMITED

Tauranga, New Zealand

16 October 2017