Te Piki Oranga Ltd
MĀORI HEALTH SERVICES

Annual report

2016 / 2017

Table of Contents

Chairperson's report

Unuhia, unuhia
Unuhia ki te uru tapu nui
Kia wātea, kia māmā, te ngākau, te tinana, te wairua i te ara takatā
Koia rā e Rongo, whakairia ake ki runga
Kia tina! TINA! Hui e! TĀIKI E!

E Tangihia ana matou te hunga kua wheturangitia nā rātou tonu ngā kaupapa e arahi nei I a mātou ngā uri whakatipu e mahi nei. Moe mai rā koutou I ou moenga roa okioki ai. E ngā mana, e ngā reo, e ngā karangamaha nau mai whakatau mai ki tēnei hui a Tau o Te Piki Oranga.

Welcome to the 3nd Annual General meeting of Te Piki Oranga Ltd. In this third year of operation we have continued to deliver health services within an ever-changing environment and the dynamics of changing staff.

The shareholders and their Directors are Whakatū Marae – Jane du Feu, Te Korowai Trust – Myra Dick, Te Awhina Marae – Keith Palmer, and Ngati Apa ki Te Ra Tō – Aroha Bond plus 3 Independent Directors Kereopa Ratapu, Cathleen Walker and Lauree Ashworth. Ngati Koata Trust has received the shares from Te Kahui Hauora and are now a shareholder but have yet to advise the Board of their Director.

The Board has worked very closely with the Tumuaki implementing the review cycles for policies and procedures and amending to fully reflect good business practice for the benefit of the organisation and our staff. This has seen the appointment of a Quality Service Manager who ensures the policies are being updated regularly and are relevant. The process of the organisation becoming an accredited provider has been initiated and is ongoing.

The DHB has approved an evergreen contract going forward which gives surety of funding and greater stability. However, the deliverables are negotiated each year. This is a great milestone for the organisation. The appointment of a new Māori Manager, Ditre Tamatea, replacing Harold Wereta has brought new dynamics to the table.

One of the ongoing challenges has been the balancing of administration across all sites while staying within budget. Staffing has been reviewed regularly and adjusted as required to ensure the requirements of service delivery are met. This will be reviewed again after Strategic Pay have carried out their analysis of the organisation with a view to increasing efficiencies and mitigating workload within management.

The new regulations for Health and Safety have posed a number of challenges for the organisation which now has to be incorporated in all reporting to the Board. It is a work in progress.

The Tumuaki furnishes very detailed reports to the Board on all matters inclusive of snapshots from management which gives the Board a clearer view on the dynamics of the service spread over such a large geographical area. The strategic plan is reported on monthly to the Board with good progress.

The organisation has been through one audit in this financial year. The final report endorsed the organisation as delivering a service consistent with the requirements of the service specifications.

The DHB carried out a stock take on mental health services across the region. The outcome of this is a Mental Health and Addictions Integration Programme being rolled out from the DHB. Our clinicians will be working more closely with the DHB's specialist services and will work across a broader mental health continuum.

The research completed on the establishment phase of the organisation was disappointing due to the time lapse before the final report was complete. Issues identified in the research were already being addressed by the time the report was received.

Financially the organisation is very sound, operating within budget and has received a clean financial audit under the expert eye of the Nelson Tasman PHO accountant who is contracted to manage our finances along with the Board and Audit and Risk Committee.

This last year has seen the staff increasing efficiencies in reporting using Athena Penelope which is ongoing. The development of results based assessment as a reporting tool has yet to be fully developed by the DHB but it is an exciting initiative and one that the organisation is committed to achieving positive results for the whanau we serve.

The beginning of this year saw the Whakatū staff being consolidated at Whakatū Marae which has improved cohesiveness. However, as each site's services becomes more well-known and our reputation for good service delivery increases pressures on staff through workload, space and how that is mitigated is ongoing.

A Cultural Competency framework for staff has been developed and will be implemented in the near future to ensure the organisation is continuing to improve the service for whanau from a holistic Kaupapa Māori base.

The Board has begun a review of the Constitution to better reflect the nature of the organisation. The new constitution will clarify the roles and responsibilities of shareholders and directors.

The Board acknowledges and appreciates the hard work carried out by the Tumuaki, her management team, the clinical team leaders, and staff who make the service the success that it is. Service delivery is the essence of the organisation which is constantly evolving and extending as the community becomes more aware of who we are and what we do.

Finally, I wish to acknowledge the hard work and the dedication of fellow Directors in getting Te Piki Oranga to where it is today and confirmed by the DHB to continue operations under an evergreen contract into the future.

Nō reira

Ngā Manaakitanga

Jane du Feu
Chairperson

Tumuaki Report

E tiu taku manu ki runga Onetāhua I te uru, ki Mōhua
Mai I Mōhua, ki Motueka, whakawhiti mai ki ngā pae maunga o Waimeha
Ko rere whakawaho ki Āorere moana, ngā tai e papaki ana ki Tanunui, ki roto o Whakatū
Mai I Whakatū ki Moketapu, ki Te Hoiere
Whakatopa atu I Te Hoiere ki Wairau, whakawhiti atu ki Waiharakeke
Mai I Waiharakeke ki Waikawa, tae atu ki Arapaoa
E tau taku manu, e tau e.

Ka mihi ki ngā tini mate o te tau, o ngā wiki, o ngā rā. E mōteatea tonu ana te ngākau ki a koutou, E ngaro nei i te tirohanga kanohi, haere, haere, haere atu rā. Me ngā mihi hoki ki ngā Marae maha o te rohe nei. E mihi ki ngā iwi o Te Tau Ihu o Te Waka o Māui Ngāti Kuia, Ngāti Apa ki Te Rā Tō, Rangitane, Ngāti Koata, Ngāti Toa, Ngāti Rārua, Ngāti Tama, Te Āti Awa me Mātāwaka hoki. Te mauri o tēnei hāpori, Tēnā koutou, tēnā koutou, Tēnā koutou katoa.

The end of our third year of operation means we have completed our original 3-year contract with Nelson Marlborough Health (NMH) formerly the Nelson Marlborough DHB. In September 2016 the contract became evergreen, meaning that it has no end date and is to be reviewed annually. This shows confidence and commitment on behalf NMH, our primary funder, and highlights the tremendous work the Board and kaimahi of Te Piki Oranga have put in. I wish to thank all those involved for their support, skill and innovation.

Te Piki Oranga has needed to be determined to stay true to our vision to envelop our future generations in a Korowai of hauora. We have been measured, firstly by the NMH against the original business case and then by TAS the auditing agency for the Ministry of Health. We have met all the required standards; however, our ambition is to be successful with whanau and to achieve this we have looked to strengthen our cultural competencies and increase whanau input to our services.

Technology also plays an important part in our present and future service. All our kaimahi have mobile phones so they can be easily contacted. The introduction of a website, Facebook and E-pānui is going some way to making our services and information more accessible to whānau. We are receiving an increasing number of referrals online and whānau are giving us feedback, either as comments or through our complaints process. We appreciate this feedback as it gives us the opportunity to improve.

Along with business as usual we have delivered two short term contracts that respond to whanau need. The first, an emergency response navigator to support whānau in the Seddon area following the Kaikoura earthquake. The second, Te Matapihi, a suicide prevention initiative with rangatahi. Both services are proving highly successful. In addition, we commenced Te Ha, a collaborative Quit Smoking service based in Wairau and Whakatū to support our whānau who wish to be auahi kore. Te Piki Oranga has developed a workforce development plan to assist our kaimahi to gain the best qualifications they can to serve our whanau, cognisant that it has been predicted that soon there will be a significant shortage of GPs across Te Tau Ihu so we must plan for this.

It has taken a broad health community to bring about Te Puna Hauora, our Māori model of health unique to Te Tau Ihu o Te Waka a Maui. Alongside the steadfast partners of Iwi, Marae, Māori Women's Welfare League, Nelson Marlborough Health, Nelson Bays Primary Health and Marlborough PHO there are a network of community organisations, whānau and individuals who have shown themselves prepared to go the extra mile to assist our development.

Naku te rourou nau te rourou ka ora ai te iwi.

With your basket and my basket, the people will live, referring to co-operation and the combination of resources to get ahead.

Nāku noa

Anne Hobby
Tumuaki

Te Piki Oranga Ltd
MĀORI HEALTH SERVICES

Financial Reports

for the year ended 30 June 2017

Company Directory

as at 30 June 2017

Date of Incorporation:	18 December 2013	
Company Number:	4863743	
Charity Registration Date:	13 August 2014	
Registration Number:	CC50848	
IRD Number:	113-081-066	
Registered Office:	281 Queen Street Richmond, Nelson 7020	
Business Address:	281 Queen Street Richmond, Nelson 7020	
Nature of Business:	Health Service	
Directors:	A Bond	appointed: Jul 2016
	M Dick	appointed: Jan 2014
	J Du Feu	appointed: Jan 2014
	K Palmer	appointed: Jan 2014
	K Ratapu	appointed: Jan 2014
	C Walker	appointed: Jan 2015
	L White	appointed: Jul 2016
Shareholder:	Phyllis Anne Hobby	50 shares
	Whakatu Marae Committee Incorporated	10 shares
	Te Kahui Hauora o Ngati Koata Trust	10 shares
	Whakatu Te Korowai Manaakitanga Trust	10 shares
	Te Hauora o Te Awhina Marae Limited	10 shares
	Ngati Apa Ki Te Ra To Trust	10 shares
Bankers:	BNZ	
Solicitors:	Stallard Law Limited	
Auditors:	Independent Auditors Limited	

Annual Report

for the year ended 30 June 2017

The directors present their annual report including financial statements of the company for the year ended 30 June 2017.

Annual report disclosures

A unanimous resolution was passed by the company pursuant to subsection 211(3) of the Companies Act 1993, that this annual report need not comply with paragraphs (a) and (e) to (j) of subsection 211(1) of the Act.

For and on behalf of the Board who authorized theses financial statements for issue on the date shown below.

Director: ____________

Dated: 15/9/17

Director: ____________

Dated: 15.9.17

Statement of Financial Performance

for the year ended 30 June 2017

	Note	2017	2016
		$	$
Operating revenue	5	4,484,855	4,628,850
Operating expenses	6	4,660,048	3,833,886
Net operating surplus		**(175,193)**	**794,964**
Interest Received		18,953	12,917
Net surplus for the period		**(156,240)**	**807,881**
Total comprehensive revenue and expense for the period		**(156,240)**	**807,881**

These statements are to be read in conjunction with the audit report and the notes to the financial statements.

INDEPENDENT AUDITORS

Statement of Changes in Equity

for the year ended 30 June 2017

	2017	2016
	$	$
Equity at beginning of year	**1,092,467**	**284,586**
Total comprehensive income for the year	**(156,240)**	**807,881**
Total Equity at end of year	**936,227**	**1,092,467**

These statements are to be read in conjunction with the audit report and the notes to the financial statements.

INDEPENDENT
AUDITORS

Statement of Financial Position

as at 30 June 2017

	Note	2017	2016
		$	$
Total Equity		**936,227**	**1,092,467**
Current assets			
Cash and cash equivalents	8	493,384	1,208,943
Investments - term deposits	9	457,376	
Trade and other receivables	10	449,038	403,432
		1,399,798	**1,612,375**
Non-current assets			
Property, Plant and Equipment	11	189,992	144,696
Total assets		**1,589,790**	**1,757,071**
Current liabilities			
Trade and other payables	12	85,932	74,977
Employee benefits	13	319,560	269,398
Income in Advance		167,641	193,914
GST Payable		80,430	126,315
		653,563	**664,604**
Total liabilities		**653,563**	**664,604**
Net assets		**936,227**	**1,092,467**

These statements are to be read in conjunction with the audit report and the notes to the financial statements.

INDEPENDENT AUDITORS

Statement of Cash Flows

for the year ended 30 June 2017

	Note	2017	2016
		$	$
Cash flows from operating activities			
Cash receipts from customers		5,023,787	4,766,571
Interest received		18,953	12,917
Cash paid to suppliers		(1,291,714)	(1,085,710)
Cash paid to employees		(3,370,596)	(2,804,599)
GST paid (net)		(537,361)	(447,823)
Net cash flows from operating activities		**(156,930)**	**441,356**
Cash flows from investing activities			
Disposal, maturity of investments		254,887	
Purchase of investments		(700,000)	
Purchase of property, plant and equipment (net of GST)		(113,516)	(46,403)
Net cash flows from investing activities		**(558,629)**	**(46,403)**
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of		1,208,943	813,990
Cash and cash equivalents at end of period	8	493,384	1,208,943

These statements are to be read in conjunction with the audit report and the notes to the financial statements.

INDEPENDENT AUDITORS

Statement of Accounting Policies

for the year ended 30 June 2017

1. REPORTING ENTITY

Te Piki Oranga Limited (TPO) is an incorporated company registered under the Companies Act 1993 and was incorporated on 18 December 2013. The company commenced trading on 1 July 2014. The company is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

Charitable Status

TPO was registered under the Charities Act 2005 with the Charities Commission on 13 August 2014, registration number CC50848.

2. BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime examples have been adopted.

TPO qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between $2m and $30m operating expenditure and is required by its rules to prepare general purpose financial statements.

b) MEASUREMENT BASIS

The financial statements have been prepared on a historical cost basis.

c) FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars which is TPO's functional and presentational currency.

3. USE OF JUDGEMENTS AND ESTIMATES

The presentation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies
for the year ended 30 June 2017

(a) JUDGEMENTS

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the financial statements include the following:

- Revenue recognition - non-exchange revenue (conditions vs restrictions)

(b) ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Any assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2017 have been detailed in the applicable notes and accounting policies of the financial statements.

(C) CHANGES IN ACCOUNTING POLICIES

There were no changes to accounting policies in the period.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by TPO. Changes to TPO's accounting policies are outlined in Note 18. The significant accounting policies of TPO are detailed below.

(a) REVENUE

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to TPO, and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to TPO's revenue streams must also be met before revenue is recognised.

i. Revenue from exchange transactions
Service fees

Revenue from services rendered is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date. The stage of completion is assessed by reference to patient notes.

Amounts received in advance for services provided in future periods are recognised as a liability until such time as the service is provided.

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

ii. Revenue from non-exchange transactions

Non-exchange transactions are those where TPO receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and

- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to TPO's non-exchange transactions revenue streams must also be met before revenue is recognised.

Management Services and Primary Care Contract Income

Revenue from Ministry of Health contracts is recognised as the milestones outlined in those contracts are achieved. Unless otherwise agreed between the parties, any underspending of contract income is to be applied to future commitments of TPO to those contracts rolling over. Only the amounts required to be returned at balance date that is enforceable is treated as a liability, the balance is included in equity. At the termination of any contract, remaining funds held as committed funding liability will either be transferred to retained earnings or be refunded by TPO to the organisation providing the funding depending on what the parties have agreed.

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

Grants, Donations, Legacies and bequests

The recognition of non-exchange revenue from Grants, Donations, Legacies and bequests depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are "conditions" specifically require TPO to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the "conditions" are satisfied.

Stipulations that are "restrictions" do not specifically require TPO to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

(b) FINANCE INCOME

Interest is recognised in the statement of comprehensive revenue and expense as it accrues, using the effective interest rate method.

(c) FINANCIAL INSTRUMENTS

TPO initially recognises financial instruments when TPO becomes a party to the contractual provisions of the instrument.

TPO derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by TPO is recognised as a separate asset or liability.

TPO derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

TPO also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, TPO has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

TPO classifies financial assets into the following categories: loans and receivables.

TPO classifies financial liabilities into the following categories: fair value through surplus or deficit, and amortised cost.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

i. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses (refer Note 4(d)).

Loans and receivables comprise cash and cash equivalents and receivables.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

ii. Amortised cost financial liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise cash and cash equivalents (bank overdrafts) and payables.

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

(d) IMPAIRMENT OF NON-DERIVATIVE FINANCIAL ASSETS

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to TPO on terms that TPO would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in TPO, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an equity security classified as an available-for-sale financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

i. Financial assets classified as loans and receivables

TPO considers evidence of impairment for financial assets measured at amortised cost (loans and
receivables) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment TPO uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

(e) PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially measured at cost, except those acquired through a non-exchange transaction which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are subsequently measured at cost, less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is generally the purchase price, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost amounts of property, plant and equipment, less any assigned residual value, on a diminishing value basis over the expected useful economic lives of the assets concerned.

The estimated useful lives/diminishing value depreciation rates are:

Computer, equipment and plant	3 - 15 years	16 - 67%
Motor Vehicles	6 - 8 years	30%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

(f) GOODS AND SERVICE TAX (GST)

All amounts are shown exclusive of Goods and Services Tax (GST), except for trade receivables and trade payables that are shown inclusive of GST. The statement of cash flows is prepared on a GST inclusive basis, unless otherwise stated.

(g) LEASES

TPO has operating leases. Operating leases are not recognised in TPO's statement of financial position. Payments made under these leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

(h) IMPAIRMENT OF ASSETS

i. Property, Plant and Equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through use or sale. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Impairment losses are recognised in the statement of comprehensive revenue and expense, unless an asset has previously been revalued, in which case, the impairment loss is recognised as a reversal to the extent of any revaluation reserves, with any excess recognised in the statement of comprehensive revenue and expense.

ii. Receivables

Receivables are assessed for impairment at each balance date. If there is evidence of impairment, an impairment loss is recognised in the statement of comprehensive revenue and expense.

(i) EMPLOYEE BENEFIT LIABILITIES

A provision for employee entitlements is recognised for benefits earned by employees but not paid at reporting date. Employee benefits include salaries, wages, annual leave and company leave.

All employee benefits are expected to be settled within one year and have been measured at their nominal amount.

(j) INCOME TAX

TPO is wholly exempt from New Zealand income tax, having fully complied with all statutory conditions for this exemption.

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

5) REVENUE	2017	2016
	$	$
Management Services	126,957	73,163
Primary Care Contract Services	4,357,898	4,555,687
	4,484,855	4,628,850
Other		
Interest	18,953	12,917
	18,953	12,917
Total Revenue	4,503,808	4,641,767

6) EXPENSES	2017	2016
(a) Administration	$	$
Accounting Fees	56,000	56,000
Audit Fees	5,345	5,970
Total Accounting and Audit	61,345	61,970
Depreciation	68,220	66,127
Information Technology	89,144	70,027
Building Rental	185,984	217,154
Other Office & Organisation Expenses	226,092	180,294
Total Office & Organisation Expenses	569,440	533,602
Board Expenses	20,127	5,119
Board Meeting Fees	33,655	23,750
Total Board Expenses	53,782	28,869
Wages and Salaries	264,270	278,983
Health & Safety	2,030	378
KiwiSaver (Employer Contribution)	8,676	7,318
Travel and Accommodation	1,446	870
Other Staffing Costs	25,184	19,893
Total Staffing Expenses	301,606	307,442
Contracts, Wages and Salaries	3,422,507	2,723,367
Contracts, other	251,368	178,637
Total Primary Care Services	3,673,875	2,902,004
Total Operating Expenses	4,660,048	3,833,886

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

7) SHARE CAPITAL

Ordinary shares	Issued	Paid up
As at 30 June 2017	100	

All issued shares have a nominal value of $1, equal voting rights and share equally in dividends and surplus on winding up.

8) CASH AND CASH EQUIVALENTS

	2017	2016
	$	$
BNZ Current Account	36,445	70,752
BNZ Savings Account	456,011	1,137,493
Petty cash	928	698
	493,384	**1,208,943**

There are no restrictions over any of the cash and cash equivalents balances held by TPO.

9) INVESTMENTS – TERM DEPOSITS

	2017	2016
	$	$
Term Deposits	457,377	-
	457,377	**-**

10) TRADE AND OTHER RECEIVABLES

	2017	2016
	$	$
Trade receivables	427,399	387,328
Allowance for impairment	-	-
Net trade receivables	**493,384**	**1,208,943**
Sundry receivables	21,639	16,104
Total receivables	**449,038**	**403,432**

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

11) PROPERTY, PLANT & EQUIPMENT

	2017	2016
	$	$
Leasehold Improvements		
Cost	27,873	22,998
Accumulated depreciation	8,475	4,098
Loss on Disposal	-	-
Net Book Value	**19,398**	**18,900**
Depreciation expense	**4,377**	**2,832**
Furniture & Fittings		
Cost	7,070	56,665
Accumulated depreciation	20,134	11,021
Loss on Disposal	-	-
Net Book Value	**56,936**	**45,644**
Depreciation expense	**9,113**	**6,570**
Computer Equipment		
Cost	212,480	154,871
Accumulated depreciation	144,006	104,812
Loss on Disposal	-	-
Net Book Value	**68,474**	**50,059**
Depreciation expense	**39,194**	**44,148**
Plant & Equipment		
Cost	33,847	24,171
Accumulated depreciation	15,210	8,059
Loss on Disposal	-	-
Net Book Value	**18,637**	**16,112**
Depreciation expense	**7,151**	**6,585**
Motor Vehicle		
Cost	41,437	20,487
Accumulated depreciation	14,890	6,505
Loss on Disposal	-	-
Net Book Value	**26,547**	**13,982**
Depreciation expense	**8,385**	**5,992**
Total fixed assets net book value	**189,992**	**144,696**

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

12) TRADE AND OTHER PAYABLES

	2017	2016
	$	$
Trade payables	70,191	60,312
Sundry payables	15,741	14,665
	85,932	**74,977**

13) EMPLOYEE BENEFITS LIABILITY

	2017	2016
	$	$
Salary and wages accrual	122,927	135,676
Annual leave and Company leave	196,633	133,722
	319,560	**269,398**

14) COMMITTED FUNDING

Unless otherwise agreed between the parties, any underspending of primary care contract income is to be applied to future commitments of TPO to those contracts rolling over. The amounts required to be returned at balance date that is enforceable is treated as a liability.

15) RELATED PARTY TRANSATIONS

Identity of related parties

a) Whakatū Marae Committee Incorporated (WMCI)

WMCI has a 10% shareholding in TPO. WMCI provides TPO with office space. The terms and conditions are governed by a lease agreement. Other expenses mainly relate to the leasing of office space.

Transactions between TPO and WMCI	2017	2016
	$	$
Revenue recognized by TPO	-	-
Expenses recognized by TPO		
Building Rental	49,857	54,803
Other Operating Expenses	7,448	7,073
Balance owed by TPO		
Expenses	-	4,741

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

b) Whakatū Te Korowai Manaakitanga Trust (WTKMT)

WTKMT has a 10% shareholding in TPO. WTKMT provides TPO with office space. The terms and conditions are governed by a lease agreement. Other expenses mainly relate to the leasing of office space.

Transactions between TPO and WTKMT	2017	2016
	$	$
Revenue recognized by TPO	-	-
Expenses recognized by TPO		
Building Rental	-	31,020
Other Operating Expenses	-	897
Balance owed by TPO		
Expenses	-	2,678

c) Te Hauora o Te Awhina Marae Limited (THTAM)

THTAM has a 10% shareholding in TPO. THTAM provides TPO with office space. The terms and conditions are governed by a lease agreement. Other expenses mainly relate to the leasing of office space.

Transactions between TPO and THTAM	2017	2016
	$	$
Revenue recognized by TPO	-	-
Expenses recognized by TPO		
Building Rental	42,372	39,274
Other Operating Expenses	1,150	5,452
Balance owed by TPO		
Expenses	-	3,531

d) Ngati Koata Trust

Ngati Koata Trust has a 10% shareholding in TPO.

Transactions between TPO and Ngati Koata	2017	2016
	$	$
Revenue recognized by TPO	-	-
Expenses recognized by TPO	-	-
Balance owed by TPO		
Expenses	-	-

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

e) Ngati Apa Lo Te Ra To Trust

Ngati Apa Ki Te Ra To Trust has a 10% shareholding in TPO.

Transactions between TPO and Ngati Apa Ki Te Ra To	2017	2016
	$	$
Revenue recognized by TPO	-	-
Expenses recognized by TPO	-	-
Balance owed by TPO		
Expenses	-	-

f) Key management personnel remuneration

The entity classifies its key management personnel into one of two classes:

– Members of the governing body
– Senior executive officers, responsible for reporting to the governing body

All members of the governing body are paid meeting fees. The meeting fees were $250 for each meeting attended up to 31 December 2016 and $300 from 1 January 2017 onward. The chair is also paid honoraria, totaling $5,500 for the period. Honoraria was $5,000 per annum up to 31 December 2016 and $6,000 from 1 January 2017 per annum onward. Senior executive officers and chief operating officers are employed as employees of the entity, on normal employment terms.

The aggregate level of remuneration paid and number of persons (measured in 'people' for Members of the governing body, and 'fulltime-equivalents' (FTE's) for Senior executive officers and Chief operating officers in each class of key management personnel is presented below:

	2017	2016
	$ '000 / individuals	$ '000 / individuals
Members of the governing body	34 / 6 people	24 / 4 people
Senior executive and chief operating officers	110 /1FTE	100 / 1FTE

No legal consulting fee's (2016: NIL) were paid to member of the governing body for the provision of expert legal advice for a specific matter outside of the scope of their normal duties.

No close family members of key management personnel are employed by TPO on normal employment terms.

Jane Du Feu is a director of TPO and also an officer of W MCI. Jane Du Feu received honoraria payments and meeting fees from TPO for her chair position.

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Statement of Accounting Policies

for the year ended 30 June 2017

16) OPERATING LEASES

Property

TPO has a number of lease agreements for premises in Motueka, Richmond, Nelson and Blenheim. The future non-cancellable minimum lease payments of property leases as lessee at reporting date are detailed in the table below:

	2017	2016
	$	$
Less than one year	88,842	130,612
Between one and five years	-	15,500
Greater than five years	-	-
	88,842	**146,112**

The leases normally run between four and nine years, some with an option to renew after that period.

Other Operating Leases

TPO has several lease agreements for motor vehicles, photocopiers and software. The future non-cancellable minimum leases payments of other operating leases as lessee at reporting date are detailed in the table below:

	2017	2016
	$	$
Less than one year	99,017	144,274
Between one and five years	106,720	24,283
Greater than five years	-	-
	205,737	**168,557**

The leases normally run for a period up to five years.

17) COMMITMENTS AND CONTIGENCIES

At 30 June 2017, TPO had no capital commitments and TPO is not aware of any contingent liabilities (2016: Nil).

18) EVENTS AFTER REPORTING DATE

No material events have occurred subsequent to the reporting date that require disclosure or adjustments to be made to the 30 June 2017 financial statements (2016: none).

INDEPENDENT AUDITORS

The notes should be read in conjunction with the financial statements and audit report

Auditor’s Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Te Piki Oranga Limited

Report on the Financial Reports

Opinion

We have audited the financial reports of Te Piki Oranga Limited, ("the Company"), which comprises the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of cash flows and the statement of changes in equity for the year then ended, and statement of accounting policies (including significant notes to the financial report).

In our opinion, the accompanying financial reports present fairly, in all material respects, the financial position of the Company as at 31 June 2017, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE RDR) issued by the New Zealand Accounting Standards Board.

Basis of Opinion

We conducted our audit of the statements of financial performance, financial position, changes in equity, cash flows, accounting policies and notes to the financial report in accordance with International Standards of Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described the *Auditor's Responsibilities for the Audit of the Financial Reports* section of our report. We are independent of the Company 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 the Company.

Responsibilities of Those Charged with Governance for the Financial Reports

Those charged with governance are responsible on behalf of the Company for the preparation and fair presentation of the financial reports in accordance with PBE RDR, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial reports that are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, those charged with governance are responsible on behalf of the Company for assessing the Company'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 the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports 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 it 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

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from fraud or error and are considered material if, individually or in aggregate, they could be reasonably be expected to influence the economic decisions of users taken on the basis of these financial reports.

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

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 reports 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Independent Auditors Ltd.

INDEPENDENT AUDITORS LTD
NELSON

15 September 2017

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