



# **SOUTHLAND WARM HOMES TRUST**

**ANNUAL PERFORMANCE REPORT  
FOR THE YEAR ENDED  
30 JUNE 2019**

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# CHAIRMAN'S REPORT

## FOR THE YEAR ENDED 30 JUNE 2019

It is with great pleasure and satisfaction on behalf of fellow Trustees Lesley Soper, Bret Highsted and Carl Findlater that I have the opportunity to report on the achievements of the Southland Warm Homes Trust (SWHT) in its eleventh year.

The SWHT was established in June 2008 by Electricity Invercargill Limited (EIL) and the Southland Power Trust (SEPSCT) to provide an umbrella to facilitate a warm homes project after a meeting of community groups was arranged in 2006.

With the encouragement of the Energy Efficiency and Conservation Authority (EECA) and support from our respective boards, Neil Boniface and I (Jim Hargest - Chair of SEPSCT), decided to support energy efficiency initiatives for the benefit of Southland through the establishment of the SWHT.

The SWHT provides free energy assessments and subsidised insulation products to homes across Southland and West Otago homes. The vision of the Trust is to ensure "Southlanders" have:

- a more energy efficient home
- an improved living environment
- improved well-being
- better health
- greater energy efficiency awareness

### Measures Installed

In the year to 30 June 2019, 561 owned homes and rental homes received insulation through the EECA Warmer Kiwi Homes and Healthy Homes Programme (2018: 351 houses), and 42 general income households received subsidised insulation (2018: 47 houses). The SWHT received income from EECA, Home Owner and Landlord contributions and other community grants totaling \$1.95 million (2018: \$1.2 million), and \$1.96 million (2018: \$1.1 million) was utilised in delivering these measures.

### Project Team and Community Support

The achievement of the SWHT objectives would not have been possible without the considerable investment of time and effort of the SWHT Project Team and financial support of various community funders throughout the region, that include:

Community Funders	2019	2018	Project Team Representatives
The Power Company Limited	\$125,000	\$125,000	
Electricity Invercargill Limited	\$125,000	\$125,000	Neil Boniface (2016), Karen Arnold
Community Trust of Southland	\$25,000	\$25,000*	* 2018 Funding approved 25 July 2018
Gore District Council	\$15,000	\$15,000	Bret Highsted
Southland District Council	\$35,000	\$35,000	Ian Marshall
Invercargill City Council	\$50,000	\$50,000	Mary Napper, Lesley Soper, Karen Arnold and John Youngson.
Environment Southland	\$50,000*	\$50,000	Sonya Nicol, Gavin McCullagh * 2019 Funding received 12 July 2019
NZ Oil & Gas Limited	\$15,000	\$20,000	Anna Ririnui
The Southern Trust	\$20,000*	\$20,000	* 2019 Funding pending approval at 30 June
Southland Power Trust	kind support	kind support	Carl Findlater, Jim Hargest
Primary Health South	kind support	kind support	Peter Whaley and Hebe Gibson
Well South	kind support	Kind support	Katrina Braxton
Work and Income	kind support	kind support	Sue Dynes

The Southland Community owes a great deal to these people and the organisations that have got behind this project and made it work. Our first grant of \$2,000 was received from the Southland Energy Efficiency Trust and grants have ranged up to \$250,000 from The Power Company Limited.

EECA have been incredibly supportive to the project and assisted with a grant to meet start up costs. To date over the last eleven years EECA has contributed almost \$13.5 million (2018: \$12.4 million after ten years) of the Trust's total income of \$27.1 million (2018: \$25.1 million after ten years).

### **EECA Heat Smart Package**

Effective from 1 July 2009 the Government through EECA announced a revised energy efficient heating programme. The Warm Up New Zealand (WUNZ) Heat Smart programme had aimed to retrofit more than 180,000 New Zealand homes by 2013, however more than 241,000 homes were insulated which was a very pleasing result. The WUNZ Heat Smart scheme administered by EECA was without doubt a success story for the Government.

### **EECA Healthy Homes Programme**

In May 2013, the Government announced a new insulation scheme, the Warm Up New Zealand (WUNZ) Healthy Homes Programme, to follow on from the successful WUNZ Heat Smart Programme. The WUNZ Healthy Homes Programme aimed to fund the insulation of around 46,000 low income homes nationally over three years to June 2016.

The Healthy Homes scheme was targeted at those who stand to benefit most from having their homes insulated, those being low income households with high health needs, which include families with children and the elderly. Landlords with eligible tenants were also included but were required to make a contribution.

Under the initial Healthy Homes scheme EECA provided 60% of the funding with the remaining 40% to come from third party funders. For the 2014/15 year the SWHT was awarded EECA funding of \$1,060,500 for 505 homes based on secured third party funding of \$707,000, which included retained earnings funding carried forward from previous years.

For the third year of the Healthy Homes Programme, EECA reduced its funding allocation from 60% to 50% of the total cost of insulation. As a result, the third party funding allocation increased from 40% to 50%. From 1 July 2015 the landlord contribution increased from 25% to 40%.

### **Healthy Homes Rental Programme for the 2016/17 and 2017/18 Year**

In September 2016 SWHT was awarded EECA funding to deliver 1,100 rental property retrofits from September 2016 to June 2018. The EECA funding changed to 25% of the total insulation cost, with the SWHT contribution covering a further 25% of the insulation cost, and the Landlord contribution providing the remaining 50%.

In June 2017, EECA extended the eligibility criteria to again include Home Owners on low incomes, under the same funding scenario applicable for Landlord's.

### **Warmer Kiwi Homes Programme for the 2018/19 Year**

The Government committed \$142m over four years to the new Warmer Kiwi Homes Programme commencing at the conclusion of the Healthy Homes Programme in June 2018. The new programme provided an increased 67% contribution towards insulation cost from EECA for eligible low income owner-occupied homes or those based in a low social-economic area, with the addition from year two of a new heating subsidy (heat pump or wood burner installation).

In addition to the 67% subsidy provided by EECA, the Trust continues to provide 25% of the insulation cost, resulting in eligible low incomes homes only required to contribute 8% of the insulation cost.

Under the new programme, the commitment to quality and health & safety practices is reinforced, with all service providers required to achieve a health & safety qualification standard.

Following a short transition period, the Trust was awarded a Warmer Kiwi Homes four year insulation service provider contract for the Southland region, and allocated \$941,000 of EECA funding for the first 9 months to June 2019. Home Owner eligibility is based on the following criteria:

Funding for:	Insulation Contribution		
Residential dwelling built prior to 1 January 2008, and:			
<b>2018/19</b>	<b>EECA</b>	<b>SWHT</b>	<b>Home Owner</b>
Home Owners with a CSC card.	67%	25%	8%
Owner-occupied homes located within a low social-economic area (zone 9 or 10 Deprivation Index).	67%	25%	8%
<b>2017/18</b>	<b>EECA</b>	<b>SWHT</b>	<b>Landlord/ Home Owner</b>
Landlords with CSC holding tenants with one or more occupants under 17 years or over 65 years, or	25%	25%	50%
Home Owners with one or more occupants (under 17 years or over 65 years) with a CSC card.	25%	25%	50%

### Summertime Subsidy

During the year the Southland Warm Homes Trust together with Awarua Synergy offered a summertime subsidy of up to \$2,000 for qualifying middle income families to undertake insulation.

### Financial Performance

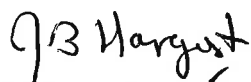
The Trust recorded a net operating deficit for the year of \$9,582 (2018 profit: \$151,590). The deficit for the year was \$22,643 less than the budgeted deficit of \$(32,225). The additional cost of completing 51 installs more than budget, was offset by additional unbudgeted funding grants received during the year (of \$115,000). Any prior financial surplus will be utilised in the new heating subsidy starting under the Warmer Kiwi Homes Programme from 1 July 2019, and the continued strong demand for the Warmer Kiwi Homes insulation programme.

### Operational Support

Awarua Synergy performs the installation service provider function on behalf of the Southland Warm Homes Trust and employs up to 25 staff at seasonal peak times.

PowerNet Limited provides administrative and secretarial support to the Trustees and Project Team.

The support from the staff of these organisations towards the successful delivery of the project is gratefully acknowledged.



Jim Hargest  
**Chairman**  
**Southland Warm Homes Trust**

## ENTITY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2019

<b>NATURE OF BUSINESS</b>	Charitable Trust
<b>CORE PURPOSE</b>	To provide energy assessments, insulation and energy efficient heating appliances to Southland households.
<b>VISION</b>	The Southland Warm Homes Trust and the Project Team in conjunction with Awarua Synergy will ensure Southlanders have - a more energy efficient home, an improved living environment, improved well-being, better health, and greater energy efficiency awareness.
<b>GOVERNANCE</b>	The Trust is governed by a Board of Trustees comprising of four members, and supported by a Project Team representing local stakeholder organisations.
<b>TRUSTEES</b>	Jim Hargest (Chairman) Lesley Soper Bret Highsted Carl Findlater
<b>BUSINESS ADDRESS</b>	251 Racecourse Road Invercargill
<b>POSTAL ADDRESS</b>	c/- PO Box 1642 Invercargill 9840
<b>FREE PHONE</b>	0800-WARMSOUTH 0800-92-76-76
<b>AUDITOR</b>	McIntyre Dick & Partners 160 Spey Street Invercargill
<b>BANK</b>	ANZ Bank New Zealand Limited
<b>ADMINISTERED BY</b>	PowerNet Limited 251 Racecourse Road Invercargill
<b>PROJECT DELIVERY BY</b>	Awarua Synergy c/- 117 Eye Street Invercargill 03-214-2927
<b>FUNDING PROVIDED BY</b>	Combination of Government agency funding through EECA based on number of eligible households insulated, and community funding provided through Corporate and Local Government donations and grants.
<b>ACKNOWLEDGEMENT</b>	The Trust greatly appreciates the support and volunteered time of the Trustees and the Project Team members, which is vital to the ongoing success of the project.

## STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

### Outcomes

The objectives of the Southland Warm Homes Trust for this financial year as specified in the 2018/19 Business Plan are:

- providing all Southlanders with the opportunity to have an individual assessment and receive advice on how to improve energy efficiency in their home;
- creating awareness of the benefits of home insulation and energy efficiency
- improving the living environment, well-being and health of Southland people.

Key performance targets and measures identified in the Business Plan, along with the performance achieved during the financial year, are detailed below.

### Outputs

Year Ended 30 June:	2019 Achieved	2019 Target	2018
<i>EECA Insulation Programmes:</i>			
(No. of houses receiving subsidised insulation)			
- Low Income Households – Owned	454	403	61
- Low Income Households – Rentals	107	107	290
	561	510*	351

During the year to 30 June 2019, 561 houses across Southland and South Otago received insulation through the Warmer Kiwi Homes Programme and the last of the Healthy Homes programme (2018: 351 houses), and 42 general income households received subsidised insulation (2018: 47). The SWHT received income from EECA, community grants and Landlord contributions totaling \$1.95 million (2018: \$1.2 million), and \$1.96 million (2018: \$1.1 million) was utilised in delivering these measures.

Community Funding received	\$515,000	\$445,000	\$440,000
Financial (Deficit)/Surplus for the year	\$(9,582)	\$(32,225)	\$151,590

The Southland Warm Homes Trust continues to provide insulation installations to households across the wider Southland and West Otago area.

### **Insulation Programme Regional Breakdown:**

Home Owner	Clutha	Gore	Southland	Invercargill	Total
2018/19	4	87	99	371	561
2017/18	-	8	21	32	61

Rental	Clutha	Gore	Southland	Invercargill	Total
2018/19	-	-	-	-	-
2017/18	-	30	32	228	290



## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

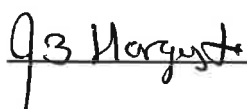
	Note	2019 \$	2018 \$
<b>Revenue</b>			
Revenue from Grants & Donations received	2	1,656,213	698,141
Revenue from providing goods or services	2	292,123	516,792
Interest received		1,690	1,828
<b>Total Revenue</b>		<b>1,950,026</b>	<b>1,216,761</b>
<b>Expenses</b>			
Costs related to providing goods or services	3	1,870,695	991,405
Other expenses	3	88,913	73,766
<b>Total Expenses</b>		<b>1,959,608</b>	<b>1,065,171</b>
<b>(Deficit)/Surplus for the year</b>		<b>(9,582)</b>	<b>151,590</b>

The accompanying notes and audit report on pages 11-16 form part of and should be read in conjunction with this performance report.

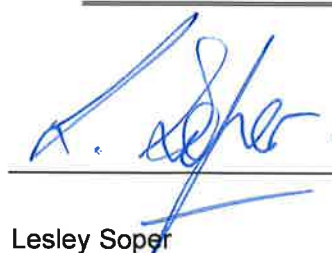


## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
<b><u>Assets</u></b>			
<b>Current Assets</b>			
Current Account		105,941	23,215
Call Account		598,532	571,843
Customer Deposits		14,697	58,958
Accounts Receivable		442,792	61,994
GST		12,728	8,165
Prepayments		2,060	1,808
<b>Total Current Assets</b>		<b>1,176,750</b>	<b>725,983</b>
<b>Total Assets</b>		<b>1,176,750</b>	<b>725,983</b>
<b><u>Liabilities</u></b>			
<b>Current Liabilities</b>			
Accounts Payable		641,140	138,926
Receipts in Advance		17,093	58,958
<b>Total Current Liabilities</b>		<b>658,233</b>	<b>197,884</b>
<b>Total Liabilities</b>		<b>658,233</b>	<b>197,884</b>
<b>Net Assets</b>		<b>518,517</b>	<b>528,099</b>
<b><u>Accumulated Funds</u></b>			
Accumulated surpluses - Net	4	518,517	528,099
<b>Total Accumulated Funds</b>		<b>518,517</b>	<b>528,099</b>



Jim Hargest  
Chairman



Lesley Soper  
Trustee

The accompanying notes and audit report on pages 11-16 form part of and should be read in conjunction with this performance report.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>		
<i>Cash was received from:</i>		
Receipts from Grants & Donations	1,275,413	657,830
Receipts from providing goods or services	309,216	516,791
Interest received	1,690	1,828
 Net GST	 (4,563)	 (2,699)
	1,581,756	1,173,750
 <i>Cash was applied to:</i>		
Payments to suppliers for goods & services	1,457,644	979,417
	1,457,644	979,417
 <b>Net Cash Flows from Operating Activities</b>	 <b>124,112</b>	 <b>194,333</b>
 <b>Net Cash Flows from Investing &amp; Financing Activities</b>	 -	 -
 <b>Net Increase in Cash</b>	 <b>124,112</b>	 <b>194,333</b>
Opening Cash	595,058	400,725
Closing Cash	719,170	595,058
 <b>This is represented by:</b>		
<b>Bank Accounts and Cash</b>		
Current Account	105,941	23,215
Call Account & Customer Deposits	613,229	571,843
	719,170	595,058

The accompanying notes and audit report on pages 11-16 form part of and should be read in conjunction with this performance report.

# NOTES TO AND FORMING PART OF THE PERFORMANCE REPORT FOR THE YEAR ENDED 30 JUNE 2019

## 1. STATEMENT OF ACCOUNTING POLICIES

### Reporting Entity

The Southland Warm Homes Trust is a Charitable Trust that was established by a trust deed dated 27 June 2008, and was registered with Charities Services on 23 September 2008. The Trust was established by Electricity Invercargill Limited and the Southland Electric Power Supply Consumer Trust for the purpose of providing energy assessments, insulation and energy efficient heating appliances to Southland and West Otago households.

The beneficiaries of the Trust are those persons or organisations connected to the Electricity Invercargill Limited distribution network in Invercargill and Bluff and The Power Company Limited distribution network in Southland and West Otago at a particular time.

The financial performance report was approved by the Board of Trustees on 25 November 2019.

### Basis of Preparation

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

### Basis of Measurement

The financial statements are presented in New Zealand dollars and rounded to the nearest dollar.

### Good and Services Tax (GST)

The Southland Warm Homes Trust is registered for GST. The financial performance report has been prepared exclusive of Goods and Services Tax, with the exception of receivables and payables which are shown inclusive of Goods and Services Tax.

### Income Tax

Southland Warm Homes Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

### Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits at call).

### Revenue

#### *Grants and Donations*

Grants and donations are recorded as revenue on receipt unless there is a 'use or return' condition attached. Grants or donations with use or return conditions are recorded as a liability until the conditions have been satisfied and are recorded as a liability until the conditions have been satisfied and are recorded as revenue.

#### *Household Contributions*

Revenue from this source is measured at the fair value of the consideration given for the sale of goods and services.

## Investments

Investments are stated at cost.

## Loans and Receivables

Loans and receivables are stated at their estimated realisable value. All known losses are written off in the period in which it becomes apparent the debts are not collectable.

## Changes in Accounting Policies

There have been no changes to accounting policies. All accounting policies are consistent with those applied in the previous year.

## 2. REVENUE

	2019 \$	2018 \$
<b><u>Revenue from Grants or Donations received</u></b>		
<i>Revenue from grants or contracts for services with government agencies:</i>		
Energy Efficiency and Conservation Authority (EECA)	1,141,213	258,141
<i>Revenue from grants or contracts for services with local government:</i>		
Environment Southland*	-	50,000
Invercargill City Council	50,000	50,000
Southland District Council	35,000	35,000
Gore District Council	15,000	15,000
<i>Revenue from other grants or donations received:</i>		
Electricity Invercargill Limited	125,000	125,000
The Power Company Limited	125,000	125,000
TPCL/EIL Metering Grant	100,000	-
Community Trust of Southland**	50,000	-
The Southern Trust	-	20,000
New Zealand Oil & Gas Limited	15,000	20,000
	<b>1,656,213</b>	<b>698,141</b>
<b><u>Revenue from providing goods or services:</u></b>		
Household contributions	292,123	516,792
	<b>292,123</b>	<b>516,792</b>

\* 2018/19 funding grant received in July 2019.

\*\* 2017/18 funding grant received in July 2018.

### 3. EXPENSES

	2019 \$	2018 \$
<b><u>Costs related to providing goods or services</u></b>		
Installation costs	1,870,695	991,405
<b><u>Other Costs</u></b>		
Administration Expenses	83,323	68,291
Audit Fees	5,590	5,475
	<b>88,913</b>	<b>73,766</b>

### 4. ACCUMULATED FUNDS

<b><u>This Year</u></b>	<i>Capital Contributed by Owners or Members</i>	<i>Accumulated Surpluses or Deficits</i>	<i>Reserves</i>	<i>Total</i>
Opening Balance	-	528,099	-	528,099
Deficit	-	(9,582)	-	(9,582)
<b>Closing Balance</b>	-	<b>518,517</b>	-	<b>518,517</b>

<b><u>Last Year</u></b>	<i>Capital Contributed by Owners or Members</i>	<i>Accumulated Surpluses or Deficits</i>	<i>Reserves</i>	<i>Total</i>
Opening Balance	-	376,509	-	376,509
Surplus	-	151,590	-	151,590
<b>Closing Balance</b>	-	<b>528,099</b>	-	<b>528,099</b>

### 5. COMMITMENTS

#### Operating Commitments

Deposits from householders are received and held by Awarua Synergy the service provider on behalf of the Southland Warm Homes Trust. The deposits are from householders who have committed to insulation installations.

During the year, the Trust made a commitment to pay an incentive payment to its installation service provider, Awarua Synergy, in the event the Trust receives an incentive payment from EECA, in relation to achieving the target value of funding claims made under its Warmer Kiwi Homes programme contract.

#### Capital Commitments

There are no capital commitments as at 30 June 2019 (2018: Nil).

## 6. RELATED PARTIES

The Trust received a donation during the year of \$125,000 (2018: \$125,000) from The Power Company Limited. The Trust also received a \$66,773 (2018: \$nil) grant from The Power Company Ltd as instructed by the Electricity Authority in relation to the resolution of a 2017 Metering compliance matter. The Power Company Limited is a 100% owned subsidiary of the Southland Power Trust, of which Carl Findlater is Chairman and Jim Hargest is a Trustee.

The Trust received a donation during the year of \$125,000 (2018: \$125,000) from Electricity Invercargill Limited. The Trust also received a \$33,227 (2018: \$nil) grant from Electricity Invercargill Ltd as instructed by the Electricity Authority, in relation to the resolution of a 2017 Metering compliance matter. Trustee Karen Arnold was a Director of Electricity Invercargill Ltd up to 22 February 2019.

The Trust received a donation during the year of \$50,000 (2018: \$50,000) from the Invercargill City Council of which Karen Arnold was a Councillor at the time of payment.

The Trust received a donation during the year of \$15,000 (2018: \$15,000) from the Gore District Council, of which Bret Highsted is a Councillor.

The Trust uses PowerNet Limited to provide administration services, of which Karen Arnold was a Director up to 22 February 2019. Fees for administration services during the year amounted to \$30,000 excluding GST (2018: \$30,000 excluding GST) of which \$2,875 including GST (2018: \$2,875 including GST) is owing at balance date.

## 7. NON CASH DONATIONS

The Trust received non-financial in kind support from businesses offering services and time to help with the running of the Trust operations.

## 8. CONTINGENT REVENUE AND LIABILITY

There are two offsetting contingent items as at 30 June 2019.

The 2018/19 Warmer Kiwi Homes programme incentive payment to the Trust has not been confirmed, as at the time of these financial statements being prepared. The entitlement value is subject to an EECA approval process, and as yet is not available. Any incentive payment received would be treated as Revenue in the Trust's Statement of Financial Performance.

For the year ending 30 June 2019, a commitment was made to pay Awarua Synergy an incentive payment equivalent to the value of any Warmer Kiwi Homes programme incentive payment received by the Trust. Therefore, a potential contingent liability exists, dependent on the outcome of the contingent revenue matter noted above.

There were no known contingent liabilities as at 30 June 2018.

## **9. COMMUNITY SUPPORT**

The continuation of the Southland Warm Homes Trust is dependent upon the on-going support from its community funders listed in Note 2, Revenue.

## **10. SUBSEQUENT EVENTS**

There have been no subsequent events since 30 June 2019.



## INDEPENDENT AUDITOR'S REPORT

### To the Trustees of Southland Warm Homes Trust

#### Opinion

We have audited the accompanying performance report of Southland Warm Homes Trust on pages 6 to 15, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 30 June 2019, the statement of financial position as at 30 June 2019, the statement of accounting policies and other explanatory information.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the performance report on pages 6 to 15 presents fairly, in all material respects:
  - the entity information for the year ended 30 June 2019;
  - the service performance for the year then ended; and
  - the financial position of Southland Warm Homes Trust as at 30 June 2019, and its financial performance, and cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit).

#### Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Performance Report section of our report. We are independent of Southland Warm Homes Trust 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, Southland Warm Homes Trust.

#### Restriction on Responsibility

This report is made solely to the Trustees, as a body, in accordance with section 42F of the Charities Act 2005. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### Other Information

The Trustees are responsible for the other information. The other information comprises the Chairman's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Trustees' Responsibility for the Performance Report**

The Trustees are responsible on behalf of the entity for:

- (a) identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report which comprises:
  - the entity information;
  - the statement of service performance; and
  - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and
- (c) for such internal control as the Trustees determine is necessary to enable the preparation of a performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible on behalf of the entity for assessing the entity'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 Trustees either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Performance Report**

Our objectives are to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

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

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 performance report 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 entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*McIntyre Dick & Partners*

McIntyre Dick & Partners  
Invercargill  
25 November 2019

