



ODYSSEY
changing lives

FINANCIAL STATEMENTS

2017

For the year ended 30 June 2017

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**We are leaders in changing lives.
We provide the best possible therapeutic
care to the maximum possible
number of clients.**



Statement of Responsibility

We are responsible for the preparation of Odyssey House Trust’s financial statements and for the judgements made in them.

We are responsible for any end-of-year performance information provided by Odyssey House Trust in accordance with the Financial Reporting Act 2013, Public Benefit Entity Standards Reduced Disclosure Regime issued in New Zealand (PBE Standards RDR) and section 42 (a) of the Charities Act 2005.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements fairly reflect the financial position and operations of Odyssey House Trust for the year ended 30 June 2017.

The Board, or any other body, does not have the power to amend these financial statements once issued.

Signed on behalf of the Board:



Rob Roydhouse
Trustee

6 November 2017



Darren Johnson
Trustee

6 November 2017



Independent auditor's report

To the Trustees of Odyssey House Trust

The financial statements comprise:

- the statement of financial position as at 30 June 2017;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Our opinion

In our opinion the financial statements of Odyssey House Trust (the Trust), present fairly, in all material respects, the financial position of the Trust as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) 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.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

Information other than the financial statements and auditor's report

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 on the other information that we obtained prior to the date of this auditor's report, 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.



Responsibilities of the Trustees for the financial statements

The Trustees are responsible, on behalf of the Trust, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust'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 Trust or to cease operations, or have 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 and ISAs 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 economic decisions of users taken on the basis of these financial statements.

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

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

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Trustees, as a body. 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 Trust and the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bramley.

For and on behalf of:

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants
7 November 2017

Auckland

Non financial information

Entity Information

Legal name of entity	Odyssey House Trust
Type of entity and legal basis	Charitable trust and registered charity
Registration number	CC21143

Entity's purpose or mission

Odyssey House Trust was incorporated under the Charitable Trusts Act 1957 on the 5th day of March 1980.

The objects are set out in clause 2 of the trust deed of Odyssey House Trust dated 16th day of August 2000 with the purpose of providing the best possible outcomes for clients.

The objects of Odyssey House Trust are to do anywhere within the dominion of New Zealand, any of the following acts or things, namely:

(a) To establish, maintain or promote the establishment and maintenance of rehabilitation facilities of all types including homes, hospitals, clinics and other residences for persons who have misused or abused drugs or are dependent upon drugs of addiction of all kinds.

(b) To provide counselling services and other assistance support and help to persons seeking or in need of such services as result of abuse of or dependence upon drugs.

(c) To educate the public and to promote and encourage educational campaigns of the problems and dangers of the use and misuse of narcotics and drugs of addiction of all kinds.

(d) To gather and disseminate knowledge and information about, and to undertake research into, all manner of social problems and in particular drug abuse and the problems associated therewith.

Entity's structure

Board of Trustees

There are currently seven trustees comprising of the chairman and six board members. From time to time this number may increase or decrease provided that the number of trustees be not less than five nor more than twenty. The board comprises of:

Allen Bollard	Chairman
Darren Johnson	Trustee, Treasurer
Dr Ann Hood	Trustee
Judge David McNaughton	Trustee
Robyn Reynolds	Trustee
Robert Roydhouse	Trustee
Mary Shanahan	Trustee
Dr Clive Bensemam	Trustee

From 6/6/2017

Operations

Executive leadership Team

The executive leadership team comprises four senior managers. They are the:

Philip Grady	Chief Executive Officer	Until 11/11/2016
Fiona Trevelyan	Chief Executive Officer	From 12/12/2016
Jenny Boyle	General Manager - Operations	
Anne Bateman	General Manager - Innovation and Development	Until 3/10/2016
William Ward	General Manager - Improvement and Development	From 10/10/2017
Ken Kerehoma	Cultural Advisor	

Entity's main source of cash and resources

Odyssey House Trust received revenue from a mixture of crown entities, government departments, donations, grants and bank interest.

Revenue received was mainly provided by crown entities and government departments. The crown entities being the district health boards and health promotion agency. The government departments being Ministry of Health, Department of Corrections, Ministry of Social Development and Ministry of Education.

Entity's reliance on volunteers and donated goods or services

Odyssey House Trust receives voluntary services from the Māori advisory culture group. The group consists of kaumātua and kaukia who represent mana whenua and wider Māori. Odyssey House Trust does not rely on receiving donated goods or services.

Statement of comprehensive revenue and expense

FOR YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
REVENUE			
Revenue	5a (i)	16,004,773	13,898,464
Other income	5a(ii), 5b	522,579	681,712
Other non operational other income/(expense)	5a(iii)	1,665,486	(2,407)
Total revenue		18,192,838	14,577,769
EXPENSES			
Personnel costs		9,670,074	8,105,297
Outsourced services		2,798,202	2,521,644
Client care costs		1,824,857	1,701,503
Infrastructure and non-clinical costs		469,259	356,975
Property occupancy and maintenance costs		1,129,871	929,988
Transport and travel costs		298,184	237,923
Depreciation costs	10	583,539	514,272
Total expenses	6	16,773,986	14,367,602
Surplus for the year		1,418,852	210,167
Other comprehensive revenue and expense		-	-
Total other comprehensive revenue and expense for the year		-	-
Total comprehensive revenue and expense for the year		1,418,852	210,167

The above statement should be read in conjunction with the notes to, and forming part of, the financial statements.

Statement of financial position

AS AT 30 JUNE 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents for Odyssey House Trust	7 (a)	1,507,895	1,971,362
Cash and cash equivalents for Odyssey House Client Trust	7 (b)	10,445	10,152
Trade and other receivables	8	1,556,340	1,378,123
Investments	9	3,772,164	617,049
Total current assets		6,846,844	3,976,686
Non-current assets			
Investments	9	3,125,314	3,073,582
Property, plant and equipment	10	9,642,617	10,807,584
Intangibles		-	42,804
Total non-current assets		12,767,931	13,923,970
Total assets		19,614,775	17,900,656
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,052,214	861,463
Employee entitlements	12	748,686	580,981
Odyssey House Client Trust		10,445	10,152
Funds received in advance	13	183,174	242,513
Total current liabilities		1,994,519	1,695,109
Non-current liabilities			
Employee entitlements	12	-	4,143
Total non-current liabilities		-	4,143
Total liabilities		1,994,519	1,699,252
Net assets		17,620,256	16,201,404
Equity	14	17,620,256	16,201,404
Total equity		17,620,256	16,201,404

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Balance at 1 July		16,201,404	15,991,237
Total comprehensive revenue and expense for the year		1,418,852	210,167
Capital contribution		-	-
Balance at 30 June	14	17,620,256	16,201,404

The above statement should be read in conjunction with the notes to, and forming part of, the financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Rendering of Services		15,865,506	16,289,250
Donations and grants		220,159	153,758
Interest from investments		168,067	171,738
Odyssey house client trust deposits by WINZ		14,830	19,931
		16,268,562	16,634,677
Cash was applied to:			
Payments to suppliers and employees		(15,899,981)	(15,926,129)
Odyssey house client trust withdrawals by clients		(14,537)	(29,597)
		(15,914,518)	(15,955,726)
Net cash (outflow)/inflow from operating activities	15	354,044	678,951
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Disposal of fixed assets		3,347,621	2,000
Withdrawals from term deposits		-	-
		3,347,621	2,000
Cash was applied to:			
Term deposits		(3,173,563)	(2,419,400)
Purchase of fixed assets		(991,276)	(432,730)
Purchase of intangible assets		-	(43,414)
		(4,164,839)	(2,895,544)
Net cash (outflow)/inflow from investing activities		(817,218)	(2,893,544)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash (outflow)/inflow from financing activities		-	-
Cash at beginning of period		1,981,514	4,196,107
Net (decrease)/increase in cash and cash equivalents		(463,174)	(2,214,593)
Cash and cash equivalents at the end of year		1,518,340	1,981,514
Odyssey house trust cash at end of period	7 (a)	1,507,895	1,971,362
Odyssey house client trust cash at end of period ¹	7 (b)	10,445	10,152
Cash and cash equivalents at the end of year		1,518,340	1,981,514

The above statement should be read in conjunction with the notes to, and forming part of, the financial statements.

Note 1 - Reporting entity

Odyssey House Trust (the "Trust") is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013.

The Trust is a charitable organisation, incorporated under the Charitable Trusts Act 1957 and registered under the Charitable Trusts Act 2005. Activities are based in Auckland, Northland and Waikato.

The Trust provides drug, alcohol and gambling addiction treatment services. The Trust is a registered Charitable Trust and as such is exempt from taxation on its income to the extent that it is applied to charitable purposes.

Note 2 - Basis of preparation

(a) Statement of compliance

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 exemptions have been adopted.

The Trust qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

These financial statements were authorised for issue by the board on 6 November 2017.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

(b) Measurement basis

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

(c) Functional and presentation currency and rounding

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

There has been no change in the functional currency of the entity during the year.

Note 3 - Use of judgements and estimates

The preparation of the financial statements may require 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 those estimates.

There has been no significant judgements or estimates made in applying accounting policies on the amounts recognised in the financial statements for the year ended 30 June 2017 (2016: nil).

Note 4 - Significant accounting policies

Revenue recognition for exchange transactions

Revenue recognition comprises the fair value of the consideration receivable for services, donations received, and other grant funding, including any amounts to fund capital projects.

(i) Service income

Service income is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Any funds received for the which the requirements under the contract agreement have not been completed are carried as liabilities until all conditions have been fulfilled.

(ii) Grants received

Grants received are recognised in the profit and loss component of the statements of comprehensive income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities (funds received in advance) until all the conditions have been fulfilled.

(iii) Interest revenue

Interest income is recognised on a time-proportion basis using the effective interest method.

Revenue recognition for non exchange transactions

(i) Donation income

Received donations have no stipulations that are 'conditions' specifically requiring the group to return the inflow of resources received if they are not utilised in the way stipulated.

Goods and Services Tax ("GST")

The profit and loss component of the statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the Statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. There is no discretionary grant expenditure.

Foreign currency transactions

Foreign currency transactions, being payments only, are translated into NZ\$ (the functional currency) using the ASB bank sell exchange rates at the dates of the payment. There is no foreign currency revenue transactions and no foreign exchange gains or losses.

Leases

(i) Finance leases

The Trust has no finance leases.

(ii) Operating lease

The Trust is the lessee.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss component of the statements of comprehensive income on a straight-line basis over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of financial position.

Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. A provision for impairment of trade receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss component of the statements of comprehensive revenue and expenses within 'expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'expenses' in profit and loss component of the statement of revenue and expense.

Financial assets

The Trust classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its assets at initial recognition and re-evaluates this designation at every reporting date.

(i) Classification

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Trust's loans and receivables comprise 'trade and other receivables', 'investments' and 'cash and cash equivalents' in the Statement of financial position.

(ii) Offsetting financial instruments

The Trust does not apply offsetting to any financial assets or liabilities as the intention is to settle on a gross basis. The Trust does not have any material financial assets or liabilities which are subject to enforceable master netting arrangements or similar agreements.

(iii) Impairment of financial assets

Assets carried at amortised cost

The Trust assesses at each reporting period 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 only 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 (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Trust uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the customer;
- A breach of contract, such as a default or delinquency in payments.

(iv) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Trust has transferred substantially all risks and rewards or ownership.

Investments**Bank term deposits**

Investments in bank term deposits are initially measured at fair value being the amount invested.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other costs are charged to the profit and loss component of the statement of comprehensive income during the financial period in which they are incurred.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation.

All other assets classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a diminishing value basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Land	Not depreciated	Not depreciated
Buildings	20 years	5%
Plant & equipment, furniture & fittings	5 years	20%
Motor vehicles	3 to 5 years	20-33%

Non-cash-generating assets

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Trade and other payables

Short-term payables are recorded at their face value.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or in the normal operating cycle of the business if longer. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements

Short-term employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for employee entitlements is carried at the present value of the estimated future cash flows. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

There are no long-term employee entitlements

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Accumulated surplus/(deficit);
- Capital contribution

Goods and services tax

The profit and loss component of the statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Trust is a charitable trust and is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Reclassification of comparative period

Certain comparatives have been reclassified to ensure consistency with current year reporting.

Note 5 - Revenue and other income

	2017 \$	2016 \$
REVENUE FROM EXCHANGE TRANSACTIONS		
5a(i) Revenue from operations		
Department of Corrections	1,538,150	757,808
Ministry of Health – DHBs other	1,853,232	493,460
Ministry of Health – methamphetamine programme	1,429,232	1,429,232
Work and income Benefits	600,773	623,459
Child youth & family	229,766	229,766
MSD – CYF Fresh Start	252,000	252,000
MSD – vocational training grant	33,396	33,396
North Health operational grant	7,278,676	7,395,273
Ministry of Education	73,962	153,616
Problem gambling	255,879	255,879
Accident Compensation Corporation	9,202	-
Alcohol and other drug – sector development Funding	165,080	284,000
Alcohol and other drug – treatment courts	2,285,425	1,990,575
	16,004,773	13,898,464
5a(ii) Other operational revenue		
Grants – private	43,120	139,962
Interest on investments	201,351	185,494
Other income	173,330	188,699
	417,801	514,155
5a(iii) Other non operational income/(expense)		
Gain/(Loss) on disposal of fixed assets	1,666,020	-
Write off of fixed assets	(534)	(2,407)
	1,665,486	(2,407)
Total exchange revenue	18,088,060	14,410,212
5b Revenue from non exchange transactions		
Donations	104,778	167,557
Total non exchange revenue	104,778	167,557
Total exchange and non exchange revenue	18,192,838	14,577,769

The \$104,778 donations received includes \$50,000 donated by the Sir William and Lois Manchester Charitable Trust.

Note 6 - Expenses

There are specific accounting disclosure for expense items required under IFRS and IPSAS. Odyssey House Trust total expenses of \$16,773,986 include:

	2017 \$	2016 \$
<u>Personnel costs</u>		
ACC levy	111,113	119,135
<u>Infrastructure and non-clinical costs</u>		
Audit fees	19,688	20,738
<u>Property occupancy and maintenance costs</u>		
Rent	434,842	376,077

Note 7 - Cash and cash equivalents

	2017 \$	2016 \$
7(a) Cash and cash equivalents for the Trust		
ASB – call account	1,500,370	1,964,120
ASB – imprest account	4,075	3,892
Cash on hand	3,450	3,350
Cash at bank and in hand	1,507,895	1,971,362
7(b) Cash and cash equivalents for the Client Trust		
ASB – holding account	10,445	10,152
Cash at bank and in hand	10,445	10,152

There are restrictions on this balance which include that all client money is stored in a trust separate from Odyssey House accounts and is only applied to clients.

Note 8 - Trade and other receivables

8 (a) Trade receivables

	2017 \$	2016 \$
Current		
Trade receivables	1,425,771	1,278,058
Revenue accrued	49,533	16,249
Receivables (gross)	1,475,304	1,294,307
Less: provision for impairment	-	-
Total receivables	1,475,304	1,294,307
Total receivables comprises:		
Receivables from the sale of goods and services (exchange transactions)	1,475,304	1,294,307
Receivables from donations and grants (non-exchange transactions)	-	-

The ageing profile of receivables at year end is detailed below:

	2017 \$			2016 \$		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	1,437,949	-	1,437,949	1,277,599	-	1,277,599
Past due 1-30 days	11,500	-	11,500	5,133	-	5,133
Past due over 30 days	25,855	-	25,855	11,575	-	11,575
Total	1,475,304	-	1,475,304	1,294,307	-	1,294,307

There is no provision for impairment. As the Trust receives 95% of funding from crown entities and government departments, an impairment assessment is considered not necessary.

8 (b) Other receivables

	2017 \$	2016 \$
Prepayments	81,036	83,742
Sundry debtors	-	74
	81,036	83,816
Total receivables	1,556,340	1,378,123

Note 9 - Investments

	2017 \$	2016 \$
Current portion		
ASB – Term deposit account	3,772,164	617,049
Total current portion	3,772,164	617,049
Non-current portion		
ASB – Term deposit account	3,125,314	3,073,582
Total non-current portion	3,125,314	3,073,582
Total investments	6,897,478	3,690,631

There is no impairment provision for investments.

Note 10 - Plant, property and equipment

Movements for each class of property, plant and equipment are as follows:

	Land and buildings	Plant and equipment	Furniture and fittings	Motor vehicles	Capital WIP	Total
Cost or valuation						
Balance at 30 June 2015	12,022,543	1,272,938	1,092,944	762,245	163,304	15,313,974
Additions	261,918	157,499	48,189	23,304	(110,908)	380,002
Revaluation increase	-	-	-	-	-	-
Transfers	(144,407)	82,650	61,757	-	-	-
Impairment losses	-	-	-	-	-	-
Disposals	-	-	-	(20,218)	-	(20,218)
Balance at 30 June 2016	12,140,054	1,513,087	1,202,890	765,331	52,396	15,673,758
Additions	285,402	362,358	141,370	159,948	151,629	1,100,707
Revaluation increase	-	-	-	-	-	-
Transfers	98	2,092	(2,190)	-	-	-
Impairment losses	-	-	-	-	-	-
Disposals	(1,725,522)	(21,141)	(203,224)	(44,351)	-	(1,994,238)
Balance at 30 June 2017	10,700,032	1,856,396	1,138,846	880,928	204,025	14,780,227
Accumulated depreciation and impairment losses						
Balance at 30 June 2015	2,252,872	899,242	682,996	532,863	-	4,367,973
Depreciation expense	275,463	99,779	91,919	47,111	-	514,272
Elimination on disposal	-	-	-	(16,071)	-	-
Elimination on revaluation	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-
Balance at 30 June 2016	2,528,335	999,021	774,915	563,903	-	4,866,174
Depreciation expense	302,399	127,158	93,450	60,532	-	583,539
Elimination on disposal	(112,277)	(15,630)	(147,607)	(36,589)	-	(312,103)
Elimination on revaluation	-	-	-	-	-	-
Transfers	(4,556)	2,216	2,340	-	-	-
Impairment losses	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-
Balance at 30 June 2016	2,713,901	1,112,765	723,098	587,846	-	5,137,610
Carrying amounts						
At 30 June 2016	9,611,719	514,066	427,975	201,428	52,396	10,807,584
At 30 June 2017	7,986,131	743,631	415,748	293,082	204,025	9,642,617

Note 11 - Trade and other payables

	2017 \$	2016 \$
Payables under exchange transactions		
Trade payables	651,096	459,739
Accruals	208,170	227,264
Sundry creditors	-	1000
Total payables under exchange transactions	859,266	688,003
Payables under non-exchange transactions		
PAYE payable	77,927	58,490
ACC accrual	44,407	31,098
GST payable	70,614	83,872
Total payables under non-exchange transactions	192,948	173,460
Total payables	1,052,214	861,463

Note 12 - Employee entitlements

	2017 \$	2016 \$
Current portion		
Salary accrual	183,362	116,713
Holiday pay accrual	513,600	414,856
Provision for sick leave	5,356	7,622
Long service leave	10,154	13,730
Other deductions	36,214	28,060
Total current portion	748,686	580,981
Non-current portion		
Long service leave	-	4,143
Total non-current portion	-	4,143
Total employee entitlements	748,686	585,124

Note 13 - Funds received in advance

	2017 \$	2016 \$
Payables under exchange transactions		
Government Department Funding	-	97,425
Crown Entities	104,026	98,628
Grants	79,148	46,460
Total payables under exchange transactions	183,174	242,513

Note 14 - Equity

	2017 \$	2016 \$
Contributed capital		
Balance at 1 July	-	-
Capital contribution	-	-
Balance at 30 June	-	-
Accumulated surplus/(deficit)		
Balance at 1 July	16,201,404	15,991,237
Surplus/(deficit) for the year	1,418,852	210,167
Balance at 30 June	17,620,256	16,201,404
Total equity	17,620,256	16,201,404

Note 15 - Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	2017 \$	2016 \$
Net surplus/(loss)	1,418,852	210,167
Adjustments for:		
Depreciation and amortisation	583,539	514,272
Write off of fixed assets	534	2,407
Gain on fixed asset disposal	(1,666,020)	-
Purchase of intangibles	-	43,414
Changes in working capital relating to operating activities:		
Trade and other receivables	(211,502)	(91,104)
Trade and other payables	124,418	25,700
Employee entitlements	163,562	(40,205)
Funds received in advance	(59,339)	14,300
Net cash inflow from operating activities	354,044	678,951

Note 16 - Capital commitments and operating leases

	2017 \$	2016 \$
Capital commitments		
Trust capital commitments	206,072	-

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2017 \$	2016 \$
Not later than one year	275,257	171,245
Later than one year and not later than five years	321,571	37,582
Later than five years	-	-
Total non-cancellable operating leases	596,828	208,827

Note 17 - Contingencies

Contingent liabilities

There were no contingent liabilities at 30 June 2017 (2016 nil).

Note 18 - Related party transactions

There were no related party transactions required to be disclosed for the year ended 30 June 2017 (2016 nil) other than key management personnel compensation.

Key management personnel compensation

	2017	2016
Board of Trustees Members		
Remuneration	\$80,833	-
Full-time equivalent members	7	7
Executive Leadership Team		
Remuneration	\$616,710	\$592,002
Full-time equivalent members	4	4
Total key management personnel remuneration	\$697,543	\$592,002
Total full time equivalent personnel	11	11

For year ended 30 June 2016 there was no remuneration for board of trustees members.

For year ended 30 June 2017 there was Board remuneration of \$10,000 per annum for each board member and an additional \$10,000 per annum for the chairperson.

Note 19 - Events after the balance date

There have been no events post balance date that users of the financial statements should be aware of.

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