



Annual Report

Redwood Trust Incorporated
For the year ended 31 March 2019

Prepared by WK Advisors and Accountants Limited

Contents

3	Entity Information
5	Statement of Service Performance
6	Statement of Financial Performance
8	Statement of Financial Position
9	Statement of Cash Flows
10	Schedule of Fixed Assets and Depreciation
13	Disposal Schedule
14	Notes to the Financial Statements
17	Auditors Report

Entity Information

Redwood Trust Incorporated For the year ended 31 March 2019

Legal Name

Redwood Trust Incorporated

Entity Status and Legal Basis

Incorporated Society
Registration number 418159

Date of Incorporation

18 August 1988

Entity Purpose or Mission

To donate to recognised charitable or amateur sporting organisations funded from gaming machine proceeds.

Entity Structure

The Incorporated Society is governed by a Board of Trustees which meets monthly to consider funding applications and governance matters. The entity contracts directly with a tavern, through a venue agreement, to operate the entity's gaming machines.

The Board of Trustees is not less than two nor more than four persons who shall be known as the Trustees of the Society and who shall be approved as Trustees and as members of the Management Committee by the Department of Internal Affairs or any other authority responsible for the supervision of gaming machine operations.

Trustees

Bob Penington - (Chairman)
Craig Forsyth
Bruno Dalliessi - (Deceased August 2018)
Greg King - (Appointed August 2018)

Contact Details

Physical Address: 2 Alfred Street, Blenheim 7201
Postal Address: PO Box 349, Blenheim 7240
Phone: 03-578-0180
Email: enquiries@redwoodtrust.org.nz
Website: www.redwoodtrust.org.nz

Main Sources of Cash and Resources

Redwood Trust Incorporated has received income from gaming machines sited at the Redwood Tavern, Cleghorn Street, Redwoodtown, Blenheim 7201, and from investments.

Main Methods Used to Raise Funds

Aside from gaming machines, the entity does not carry out fundraising.

Reliance on Volunteers and Donated Services

The entity does not rely on volunteers or donated services

These statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors Report

Entity Information

IRD Number

050-432-882

GST Status

Payments Basis, Two monthly returns, Coinciding with balance date

Chartered Accountants

WK Advisors and Accountants Limited
P O Box 349
Blenheim 7240
Contact - Craig Forsyth

Auditors

Crowe Horwath NZ Audit Partnership
PO Box 764
Blenheim 7240

Bankers

Bank of New Zealand
92-94 Market Street
Blenheim 7201

These statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors Report

Statement of Service Performance

Redwood Trust Incorporated For the year ended 31 March 2019

Entities Outcomes

The Redwood Trust is a charitable trust that exists for the purpose of raising funds for the community. The entity owns gaming machines installed at a tavern in Marlborough, that manages the machines on their behalf.

Profits from these machines are utilised for authorised purposes, for distribution within the community.

Quantification of Outputs

	2019	2018
Applied and distributed funds		
Donations	\$412,987	\$417,267
Applied and distributed funds as a percentage of gross proceeds	40.4%	40.0%

For more information visit www.redwoodtrust.org.nz

Statement of Financial Performance

Redwood Trust Incorporated For the year ended 31 March 2019

	NOTES	2019	2018
Revenue			
Revenue from providing Goods or Services			
Proceeds from Gaming Machines		1,021,403	1,043,120
Total Revenue from providing Goods or Services		1,021,403	1,043,120
Interest, Dividends and other Investment Revenue			
Interest Received		44	61
Total Interest, Dividends and other Investment Revenue		44	61
Other Revenue			
Depreciation - Gain on Sale		700	-
Total Other Revenue		700	-
Total Revenue		1,022,147	1,043,181
Expenses			
Grants and Donations Made			
Donations		412,987	417,267
Total Grants and Donations Made		412,987	417,267
Costs related to providing goods or services			
Advertising and Marketing		904	886
Electronic Monitoring Activity		12,307	12,295
Gaming Machine Duty		234,923	239,917
Insurance		6,996	6,265
Intralot Telecom Line Charge		618	618
Operator's Annual Fee		3,612	3,612
Operator's Licence - Amendment		734	-
Operator's Licence - Renewal		10,246	10,246
Printing, Stamps & Stationery		1,115	1,085
Problem Gambling Levy		15,270	15,595
Repairs & Maintenance - Gaming Room		2,394	872
Secretarial Services		41,625	45,071
Service Contract		16,800	16,800
Site Fees and Administration		153,526	154,840
Subscriptions		2,893	2,893
Venue Annual Fee - per Machine		12,615	11,955
Venue Licence - Amendment		169	169
Venue Licence - Renewal		170	170
Website		121	121
Total Costs related to providing goods or services		517,038	523,410
Other Expenses			
Accountancy Fees		6,500	7,500
Audit Fees		3,000	2,808

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors Report.

Statement of Financial Performance

	NOTES	2019	2018
Bank Charges		118	117
Depreciation - Loss on Disposal		3,100	4,856
Depreciation Expense		53,286	60,191
Interest - Loans		7,229	7,958
Loan Fees		370	370
Security		-	172
Trustees Fees		20,000	20,000
Total Other Expenses		93,603	103,972
Total Expenses		1,023,628	1,044,649
Net (Deficit) for the Year		(1,481)	(1,468)

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors Report.




Statement of Financial Position

Redwood Trust Incorporated As at 31 March 2019

	NOTES	31 MAR 2019	31 MAR 2018
Assets			
Current Assets			
BNZ Current Account		61,552	63,550
Total Current Assets		61,552	63,550
Non-Current Assets			
Property, Plant and Equipment		121,487	127,678
Total Non-Current Assets		121,487	127,678
Total Assets		183,039	191,228
Liabilities			
Current Liabilities			
Trade and Other Payables		47,020	44,128
Donation Creditors		-	1,000
GST Account		15,811	16,606
Interest Accrued		273	329
Loans - Current Portion		47,467	53,039
Total Current Liabilities		110,571	115,102
Non-Current Liabilities			
Loans			
Heartland Bank - Loan September 2016		-	11,910
Heartland Bank - Loan October 2017		11,852	30,954
Heartland Bank - Loan October 2018		28,837	-
Total Loans		40,689	42,864
Total Non-Current Liabilities		40,689	42,864
Total Liabilities		151,260	157,966
Net Assets		31,779	33,262
Accumulated Funds			
Accumulated Funds		31,779	33,262
Total Accumulated Funds		31,779	33,262

Signed by:


Trustee


Trustee

Date: 25 June
2019

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors Report.

Statement of Cash Flows

Redwood Trust Incorporated For the year ended 31 March 2019

	2019	2018
Cash Flows from Operating Activities		
Cash was provided from:		
Receipts from gaming machines	1,021,403	1,043,120
Interest, dividends and other investment receipts	44	61
Total Cash was provided from:	1,021,447	1,043,181
Cash was applied to:		
Payments to suppliers and employees	(544,930)	(551,843)
Authorised Distributions	(413,987)	(416,267)
Interest Paid	(7,286)	(7,975)
Total Cash was applied to:	(966,203)	(976,085)
Total Cash Flows from Operating Activities	55,244	67,096
Cash Flows from Investing Activities		
Cash was provided from:		
Receipts from sale of property, plant and equipment	7,000	-
Total Cash was provided from:	7,000	-
Cash was applied to:		
Payments to acquire property, plant and equipment	(56,495)	(55,035)
Total Cash was applied to:	(56,495)	(55,035)
Total Cash Flows from Investing Activities	(49,495)	(55,035)
Cash Flows from Financing Activities		
Cash was provided from:		
Proceeds from loans borrowed from other parties	57,289	63,660
Total Cash was provided from:	57,289	63,660
Cash was applied to:		
Repayments of loans borrowed from other parties	(65,036)	(65,317)
Total Cash was applied to:	(65,036)	(65,317)
Total Cash Flows from Financing Activities	(7,747)	(1,657)
Net Increase/ (Decrease) in Cash	(1,998)	10,404
Cash Balances		
Cash and cash equivalents at beginning of period	63,550	53,146
Cash and cash equivalents at end of period	61,552	63,550
Net change in cash for period	(1,998)	10,404

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors Report.

Schedule of Fixed Assets and Depreciation

Redwood Trust Incorporated For the year ended 31 March 2019

NAME	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSALS	RATE	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Gaming Machines									
00500058 Helix Upr Plus MagicPearl	12 Oct 2017	24,995	19,996	-	-	40.00%	7,998	12,997	11,998
00500635 - Helix Plus BestBet Lightning Cash	1 Oct 2018	24,995	-	24,995	-	40.00%	4,999	4,999	19,996
00700484 Lucky Strike - Conversion	5 Nov 2014	6,000	1,080	-	-	40.00%	432	5,352	648
00700484 The Phantom 2c V99	31 Oct 2012	28,995	1,804	-	-	40.00%	721	27,913	1,082
00701149 - Conversion Pure Gold 2c V04 to High Stakes LC Lightning Cash	1 Oct 2018	6,000	-	6,000	-	40.00%	1,200	1,200	4,800
00701149 Vir W/S MidR LTB Pure Gold 2c V04	4 Nov 2015	17,000	5,100	-	-	40.00%	2,040	13,940	3,060
00701150 Vir W/S MidR LTB Spark Royal BS 2c V01	4 Nov 2015	17,000	5,100	-	5,100	40.00%	-	-	-
00868042 Game Conversion	1 Jun 2005	4,750	7	-	-	39.60%	3	4,745	5
01920206 Multistar Dynamic	1 Aug 2010	33,995	238	-	-	48.00%	114	33,871	124
01920206 Multistar Gold Fever Conversion	30 Nov 2013	3,000	324	-	-	40.00%	130	2,806	194
01920207 Multistar Jackpots	1 Aug 2010	33,995	238	-	-	48.00%	114	33,871	124
01920207 Multistar Megastar 3	30 Nov 2013	-	-	-	-	40.00%	-	-	-
01920657 Multistar Gold Fever 2 Conversion	30 Nov 2013	3,000	324	-	-	40.00%	130	2,806	194
01920657 Multistar Mystery Mix Conversion from Multistar GF 2	20 Sep 2016	5,000	2,300	-	2,300	40.00%	-	-	-
01920657 Multistar Wishes & Dreams	30 Jun 2011	33,995	1,057	-	-	40.00%	423	33,361	634
01920658 Multistar Gold Fever 3	30 Nov 2013	3,000	324	-	-	40.00%	130	2,806	194
01920658 Multistar Rock N' Jaguar	30 Jun 2011	33,995	1,057	-	-	40.00%	423	33,361	634
01931034 Multistar World Champion Series	20 Sep 2016	26,995	12,418	-	-	40.00%	4,967	19,544	7,451
01931507 - Hyper Hit Rhino Riches 2c/5c/10c	1 Oct 2018	23,500	-	23,500	-	40.00%	4,700	4,700	18,800
01960411 Conversion Multistar Foxy Fortune	1 Apr 2008	6,000	39	-	-	39.60%	15	5,977	23
01960411 Multistar Foxy Fortune	1 Oct 2002	18,700	8	-	-	39.60%	3	18,695	5
01970459 Multistar 10G Megastar	1 Sep 2005	24,995	45	-	-	39.60%	18	24,968	27
01980695 Multistar Megastar 2 w Pids	1 Apr 2008	25,995	168	-	-	39.60%	67	25,894	101

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Schedule of Fixed Assets and Depreciation

NAME	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSALS	RATE	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
01983377 Multistar Foxy Fortune	1 Aug 2010	22,995	161	-	-	48.00%	77	22,911	84
07993772 PC4 Equinox	5 Nov 2014	25,995	4,679	-	-	40.00%	1,872	23,188	2,807
07993773 Multideluxe Conversion from SL-V Equinox	20 Sep 2016	5,995	2,758	-	-	40.00%	1,103	4,340	1,655
07993773 SL-V Equinox	5 Nov 2014	27,495	4,949	-	-	40.00%	1,980	24,526	2,969
07994088 Conversion to Ironman from Scatterstrike Blue	12 Oct 2017	2,648	2,118	-	-	40.00%	847	1,377	1,271
07994088 EGM Scatter Strike Blue	4 Nov 2015	23,995	7,199	-	-	40.00%	2,879	19,676	4,319
07994469 Conversion to Bright Lights from Beyond Olympus Fire Surge	12 Oct 2017	2,648	2,118	-	-	40.00%	847	1,377	1,271
07994469 SL-V Dualos Beyond Olympus Fire Surge	20 Sep 2016	28,995	13,338	-	-	40.00%	5,335	20,992	8,003
07994844 Piggy Bankin Locked and Loaded	12 Oct 2017	24,745	22,271	-	-	20.00%	4,454	6,929	17,816
Display Flags x2	20 Jan 2012	1,058	548	-	-	10.00%	55	565	493
EMS - Wiring & Software	1 Mar 2007	931	-	-	-	50.00%	-	931	-
Jackpot Conversion	1 Mar 2001	950	-	-	-	39.60%	-	950	-
Jackpot System Generation One	30 Nov 2013	29,250	3,159	-	-	40.00%	1,264	27,355	1,895
Jackpot Sinfo Kits AU1 x3	30 Nov 2013	3,300	356	-	-	40.00%	143	3,086	214
Jackpot Sinfo Kits GU4 x2	30 Nov 2013	4,000	432	-	-	40.00%	173	3,741	259
Jackpot Sinfo Kits GU4A x2	30 Nov 2013	4,000	432	-	-	40.00%	173	3,741	259
Mystery Jackpot 1078	1 Oct 1999	8,042	1	-	-	39.60%	-	8,042	-
Notes sorter, s/no 2P105L052	13 Jan 2016	5,300	1,717	-	-	40.00%	687	4,270	1,030
Qcom Conversion Kits	1 Apr 2006	2,000	5	-	-	39.60%	2	1,997	3
Qcom Upgrades	1 Apr 2006	17,250	41	-	-	39.60%	16	17,225	25
Superflat Monitors x5	1 Sep 2005	6,500	12	-	-	39.60%	5	6,493	7
Total Gaming Machines		653,991	117,919	54,495	7,400		50,538	517,514	114,477
Plant & Equipment									
Air Conditioning	1 Aug 2003	5,000	848	-	-	11.40%	97	4,249	751
Bar Stools	1 Sep 2003	3,727	108	-	-	21.60%	23	3,642	85
Bases	1 Oct 2006	1,019	146	-	-	15.60%	23	896	123
Bases	1 Sep 2006	10,136	1,427	-	-	15.60%	223	8,932	1,204

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors Report

Schedule of Fixed Assets and Depreciation

NAME	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSALS	RATE	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Computer System 26.01.12	26 Jan 2012	1,850	25	-	-	50.00%	13	1,837	13
EMS - Wiring	1 Oct 2006	650	-	-	-	50.00%	-	650	-
EMS - Wiring & Software	1 Oct 2006	3,940	1	-	-	50.00%	1	3,939	1
EMS - Wiring & Software Dual Loop	1 Jan 2007	898	-	-	-	50.00%	-	898	-
Gambling Machines Cash Management System	20 Sep 2016	7,667	3,527	-	-	40.00%	1,411	5,551	2,116
Gaming Stools x 6	1 Jul 2007	2,280	208	-	-	20.00%	42	2,114	166
Performance Optimising Monitoring System	24 Nov 2011	5,900	1,418	-	-	20.00%	284	4,766	1,134
Security Cameras	13 Apr 2015	5,162	1,115	-	-	40.00%	446	4,493	669
VIR LCD Button Upgrade Kit	5 Nov 2014	1,995	936	-	-	20.00%	187	1,246	749
Total Plant & Equipment		50,224	9,759	-	-		2,748	43,213	7,011
Total		704,215	127,679	54,495	7,400		53,286	560,727	121,488

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors Report

Disposal Schedule

Redwood Trust Incorporated For the year ended 31 March 2019

NAME	PURCHASED	COST	ASSET VALUE	SALE PRICE	DEP RECOVERED	LOSS	CAPITAL GAIN	DISPOSED
Gaming Machines								
00701150 Vir W/S MidR LTB Spark Royal BS 2c V01	4 Nov 2015	17,000	5,100	2,000	-	3,100	-	1 Oct 2018
01920657 Multistar Mystery Mix Conversion from Multistar GF 2	20 Sep 2016	5,000	2,300	3,000	700	-	-	1 Oct 2018
Total Gaming Machines		22,000	7,400	5,000	700	3,100	-	
Total		22,000	7,400	5,000	700	3,100	-	

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors Report

Notes to the Financial Statements

Redwood Trust Incorporated For the year ended 31 March 2019

1. Statement of Accounting Policies

Basis of Preparation

The financial statements presented here are for the entity Redwood Trust Incorporated an Incorporated Society registered under the Incorporated Societies Act 1908.

Redwood Trust Incorporated is eligible to apply Tier 3 PBE Accounting Standards : 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 equal to or less than \$2,000,000. All transactions in the financial statements are reported using the accrual basis of accounting.

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

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

The financial statements are prepared under the assumption that the entity will continue to operate in the foreseeable future.

Changes in Accounting Policies

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

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured. Revenue shall be recorded on the occurrence of a recognition event. This is when there is a legal right to receive cash either now or sometime in the future. Revenue is measured at the fair value of the consideration received.

The following specific recognition criteria must be met before revenue is recognised:

- Interest revenue is recognised as it accrues, using the effective interest method.
- Gaming income is recognised on an accruals basis in accordance with the gaming machine electronic monitoring activity reports.

Income Tax

The Redwood Trust Incorporated is exempt from income tax under section CW48 of the Income Tax Act 2007.

Going Concern

The Trust continues to adopt the Going Concern assumption in preparing the financial statements as the Trust has, in the opinion of the Trustees, adequate resources to continue operations in the foreseeable future.

	2019	2018
Property, Plant and Equipment		
Gaming Machines		
Opening Balance	117,921	184,162
Purchases	54,495	55,036
Sales	(7,400)	(65,279)
Depreciation	(50,540)	(55,998)
Total Gaming Machines	114,476	117,921
Plant and Machinery		
Opening Balance	9,759	13,951
Purchases	-	-
Sales	-	-
Depreciation	(2,748)	(4,192)
Total Plant and Machinery	7,011	9,759
Total Property, Plant and Equipment	121,487	127,680

Fixed Assets

Fixed Assets have been included at cost less accumulated depreciation. Details of fixed assets are set out in the attached Schedule of Fixed Assets and Depreciation.

Depreciation

Depreciation has been charged on a diminishing value (DV) basis, at rates approved by the Inland Revenue Department. Details of rates and depreciation claims are set out in the Fixed Asset Register included herein.

Goods and Services Tax

The Statement of Financial Performance and Statement of Cashflows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of account receivables and payables.

2. Audit

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

3. Related Parties

Accountancy and secretarial services have been provided to the Trust by WK Advisors and Accountants Limited, a firm in which Trustee, C.A. Forsyth is a Director.

All related party transactions are carried out on an arms length basis on normal commercial terms. No related party debts have been written off or forgiven during the year.

4. Contingent Liabilities

At balance date there are no known contingent liabilities (2018: \$0). Redwood Trust Incorporated has not granted any securities in respect of liabilities payable by any other party whatsoever.

5. Capital Commitments

As at balance date there are no significant capital commitments (2018: \$0).

6. Events Subsequent to Balance Date

No events or transactions have occurred since balance date which would have a material effect upon the financial statements or which are of such significance as to require mention in the notes to the financial policies. There are no plans or intentions that may materially affect the current value or classification of assets and liabilities (2018: \$0).

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Redwood Trust Incorporated

Opinion

We have audited the performance report of Redwood Trust Incorporated on pages 3 to 9, and pages 14 to 16 which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 March 2019, the statement of financial position as at 31 March 2019, and 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; and
- b) the performance report on pages 3 to 9 presents fairly, in all material respects,
 - the entity information for the year then ended;
 - the service performance for the year then ended; and
 - the financial position of Redwood Trust Incorporated as at 31 March 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 of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report.

We are independent of the Redwood Trust Incorporated 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 Redwood Trust Incorporated.

Information Other Than the Financial Statements and Auditor's Report

The Partners are responsible for the other information. The other information comprises of the Schedule of Fixed Assets and Depreciation and the Disposal Schedule. Our opinion on the financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the financial statements, if other information is included in the annual report, 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 our auditors' report, we concluded that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Trustees for the Performance Report

Those charged with governance are responsible on behalf of the Redwood Trust Incorporated 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 those charged with governance determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, those charged with governance are responsible for assessing the Redwood Trust Incorporated'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 Redwood Trust Incorporated 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 as a whole 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 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 based on this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000, 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, including performing procedures to obtain evidence about and evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable. 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 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 those charged with governance 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



Crowe Horwath New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Nelson this 25th day of June 2019