

Clutha Health Incorporated
and Clutha Community Health Company Ltd

Annual Report

2020 - 2021



CLUTHA HEALTH
INCORPORATED



**Clutha
Health First**

Hauora Tahī Ki Iwikatea
Community Health



Contents

Our Purpose	3
Our Goals and Values	6
Chairman’s Review (CHI)	7
Clutha Health Inc. Financial Report	9
Chairman’s Report	25
Chief Executive’s Report	29
Annual Performance Indicators	35
Statistics	41
Patient Satisfaction Survey	44
Patient Feedback	46
Clutha Community Health Company Ltd Financial Report	47



Our Purpose

To improve the health
of our community
through innovation,
advocacy and leadership.



Room 6

Room 7



Our Goals

1. Develop Clinical Services

Kia piki te ratonga

Our services will address the health needs of our community. We will ensure that our services are clinically and financially sustainable and are modeled to offer better services, sooner and more conveniently.

2. Enhance Community Engagement

Whakawhanaungatanga

We will communicate our achievements through various media locally, regionally and nationally. We will advocate for improved access for rural health services.

3. Upgrade Physical Facilities

Whakamohoat a te whare

Our facilities will meet the changing needs of our services. We will manage the facility at 24 Clyde Street which has been identified as nearing end of life stage.

4. Lead Regional Networking

Pae arahi

We will collaborate and innovate in order that our health services in our region are cohesive and unified, placing the patient in the centre of what we do.

5. Enhance Financial Strength

Whakahaumako te putea

We will maintain our financial performance to ensure that our organisation is sustainable and able to invest in the development of health services in our region.

People

Our people are at the centre of all that we do and we will work as a team to achieve the best outcome for our community.

Honesty and Respect

We communicate honestly and respect each other's needs, independence and diversity.

Excellence

We deliver excellent and safe care to our community, inspire success and are always improving.

Our Values



Chairman's Review

Clutha Health Incorporated

On behalf of the Board of **Clutha Health Incorporated** I am pleased to be able to present this the **22nd annual report**.

The year in Review

As everyone will be aware the previous year has been interesting given the current state of the Covid pandemic circulating the world. Whilst CHI does not deal with the day-to-day delivery of health services, we are very aware that we are the 100% shareholders in CHF who deliver health services to a major part of the Clutha District.

We have been very pleased with the performance of Ray Anton and his staff at CHF and the professional way that they have gone about their tasks in sometimes difficult circumstances; we can feel rightfully proud of the facility that Clutha Health First has in Balclutha.





CHF Maintenance

It is with great delight that we can finally announce that the facility is now completely repainted and looks like the great asset it is to the community. This process did take longer than expected due to weather and Covid 19 interruptions.

We have our ongoing rolling 10-year maintenance schedule which will ensure that the facility is kept sound and a suitable environment for staff and patients.

Facility Development

As has been signaled in previous reports and through consultation we have been looking at future building requirements that would be needed to future proof and allow for the more efficient operation of CHF.

This process really gained momentum in September 2020 when CCHCL decided to engage with staff, tenants of CHF and the community to establish future needs involving costs, plans and possible replacement of the building at 24 Clyde Street.

A sub committee was formed called the Facility Development Group (FDG) made up of representatives of CHI and CCHCL, staff. We appointed a project manager to oversee the process. The process was always planned to be a 2 stage event involving initial planning, costings, assessment of future and present requirements.

Based on the outcomes of this process the FDG recommended to, and it was accepted by both boards, to put further planning on hold until a clearer picture emerges of the current health reforms being implemented by the Government.

It is essential that we understand how these reforms will impact CHF.

The bulk of the investigation costs were met from the CHI budget. It is important to note that whilst the project is on hold that these costs are viewed as an investment in the facility's future development.

Director Appointments

One of the most important jobs that the trustees of CHI perform is the appointment of the directors of CCHCL.

This year the directors who retired by rotation were reappointed. They were

- Dr Alex Tickle
- Bill Thomson
- Alastair McKenzie.

Clutha Community Health Company Ltd

We the trustees of CHI would like to congratulate the directors of CCHCL and the staff of CHF for another excellent performance from both the financial and health delivery point of view.

Clutha Health Incorporated

On behalf of the trustees of CHI it has been a pleasure to work for and represent the people of the Clutha District in providing the integrated health service we all enjoy.

Hamish Anderson
Chairman, Clutha Health Incorporated.



Clutha Health Incorporated
Annual Report
For the Year ended 30 June 2021

■ ■ **Contents**

■ Independent Auditors' Report	2-4
■ Entity Information	5
■ Statement of Service Performance	5
■ Financial Statements	6-9
■ Notes to the Financial Statements	10-16

The Trustees hereby approve the financial statements for the year ended 30 June 2021
for and on behalf of the Board of Trustees:



Hamish Anderson (Chairman - Trustee)

6 October 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Clutha Health Incorporated

Opinion

We have audited the consolidated financial statements of Clutha Health Incorporated (the Society) and its controlled entities (the Group) on pages 6 to 16, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Accounting Standards [Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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.

An entity associated with our firm performed an assurance related review during the period. Other than this and in our capacity as auditor we have no relationship with, or interests in, Clutha Health Incorporated or any of its controlled entities.

Information Other Than the Consolidated Financial Statements and Auditor's Report

The Board are responsible for the other information. The other information comprises the information on page 5 but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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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.

Emphasis of Matter

We draw attention to Note 7 of the Annual Report, which describes the effect of the New Zealand Government's decision to introduce Covid alert level restrictions on businesses effective from 17 August 2021. Our opinion is not modified in respect of this matter.

Board's Responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Board are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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 consolidated financial statements, 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 Group'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 Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with the Board 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 the audit.

Restriction on Use

This report is made solely to the Board, as a body. Our audit has been undertaken so that we might state to the Board 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 Society and the Board as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Dunedin this 6th day of October 2021

Clutha Health Incorporated

Entity Information & Statement of Service Performance As at 30 June 2021

Entity Information

Legal Name of Entity:

Clutha Health Incorporated

Entity Type:

The entity is incorporated in accordance with the Incorporated Societies Act No 887717. It is a registered charity under the Charities Act 2005.

Entity Structure:

10 person Board of Trustees; 5 elected by the community (residents of the Clutha District), 3 elected by facility, 1 appointed each by Local Iwi and Clutha District Council.

Registration Numbers:

Inland Revenue: 069-423-620
Charities Commission: CC11365

Contact Details:

Physical Address: 9/11 Charlotte Street, Balclutha
Postal Address: P O Box 46, Balclutha
Phone: 03 4190500
Email: chisecretary001@gmail.com
Website: www.cluthahealth.co.nz

Board Members:

Hamish Anderson (Chairperson)
Helen Keen
Jennifer O'Connell
Jolene Ollerenshaw
Kate Anderson
Michelle Kennedy (resigned 18 November 2020)
David Mason
Phil Atkinson
Paul Hanlon
Jo-anne Thomson (appointed 21 April 2021)

Accountants:

Shand Thomson

Auditors:

Crowe New Zealand Audit Partnership

Bankers:

Bank of New Zealand

Main Sources of Cash and Resources:

Rental Income
Investment Income
Grants from Charitable Funds

Entity's Reliance on Volunteers and Donated Goods and Services:

Trustees receive a modest honorarium

Statement of Service Performance

Description of the Entity's Outcomes

Clutha Health Incorporated's mission is to relieve sickness and ill health principally amongst the residents of the Clutha District.

To fulfil this objective the Society built, owns and maintains a purpose built health facility, which it leases to Clutha Community Health Company Limited. It also owns Clutha Community Health Company Limited, which is the provider of hospital and a wide range of community health services, including General Practice to the Clutha District community.

Description and Quantification of the Entity's Outputs

■ Maintenance & Upgrade of our Integrated Health Facility:

In September 2020 the Boards of Clutha Health Incorporated & Clutha Community Health Company Ltd agreed to establish a subcommittee to engage with our staff, our tenants, and the wider community as part of an investigation into the redevelopment of the CHF facilities, with a particular emphasis on the replacement of the property at 24 Clyde Street. The initial objective of the Facility development included determining current and future needs, preferred design, and costings of any such development. The subcommittee, known at the Facility Development Group (FDG) comprised representatives of both Boards, management, and the Project Manager appointed to undertake this process. The outcome of this stage was that in August, based on a unanimous recommendation of the FDG, both Boards agreed that further planning for the development was placed 'on hold' pending the implementation of the current Health system reforms, and identifying the implications of these for CHF.

■ South Otago Health Trust:

The Society has committed to five years of financial assistance to the South Otago Health Trust. The Trust runs a health services voucher system for those in the district who need healthcare but lack the financial resources to access it. The commitment is to fund \$10,000 of health services vouchers per year. This year the payment was \$10,000 (2020 \$10,000).

■ Clutha Community Health Company Limited:

The Society appoints the directors of the company utilising a skills matrix designed to achieve effective governance. The matrix focuses on securing an appropriate mix of clinical, sector, commercial, financial, community and iwi representation, while also considering the benefits of diversity. The Society receives monthly and annual reports about the Company's activities and its progress in achieving its goals and objectives.

The Trustees hereby approve the financial statements for the year ended 30 June 2021 for and on behalf of the Board of Trustees:



Hamish Anderson (Chairman - Trustee) 6 October 2021

Clutha Health Incorporated
Statement of Cash Flows
For the Year ended 30 June 2021

	Note	Group		Parent	
		2021 \$	2020 \$	2021 \$	2020 \$
Cash Flows from Operating Activities					
<i>Cash was received from:</i>					
Donations, fundraising & other similar receipts		4,774	5,942	-	-
Receipts from providing goods or services		11,487,657	10,910,975	385,165	385,165
Interest, dividends & other investment receipts		148,516	130,322	14,797	16,426
Net goods & services tax received/(paid)		14,041	29,842	(5,107)	11,550
		<u>11,654,988</u>	<u>11,077,081</u>	<u>394,855</u>	<u>413,141</u>
<i>Cash was applied to:</i>					
Payments to suppliers & employees		10,440,439	10,015,455	50,105	99,827
Net Cash Flows from Operating Activities	19	<u>1,214,549</u>	<u>1,061,626</u>	<u>344,750</u>	<u>313,314</u>
Cash Flows from Investing & Financing Activities					
<i>Cash was provided from:</i>					
Receipts from the sale of property, plant & equipment		35,936	32,304	-	-
<i>Cash was applied to:</i>					
Payments to acquire property, plant, equipment & goodwill		342,305	252,398	19,375	-
Repayment of related party loan		-	-	-	-
Payments for new bank deposits		814,308	463,960	113,132	216,382
		<u>1,156,613</u>	<u>656,358</u>	<u>132,507</u>	<u>216,382</u>
Net Cash Flows to Investing and Financing Activities		<u>(1,120,677)</u>	<u>(624,054)</u>	<u>(132,507)</u>	<u>(216,382)</u>
Net Increase (Decrease) in Cash Held		<u>93,872</u>	<u>437,572</u>	<u>212,243</u>	<u>96,932</u>
Opening Cash & Bank Balances		1,394,662	1,017,089	192,166	95,234
Closing Cash and Bank Balances		<u><u>\$1,488,534</u></u>	<u><u>\$1,454,661</u></u>	<u><u>\$404,409</u></u>	<u><u>\$192,166</u></u>
Represented by:					
Bank of New Zealand Current Account		1,101,381	857,761	356,490	144,271
Bank of New Zealand Call Account & Short Term Deposits		387,153	536,900	47,919	47,895
Total Cash at Bank		<u><u>\$1,488,534</u></u>	<u><u>\$1,394,661</u></u>	<u><u>\$404,409</u></u>	<u><u>\$192,166</u></u>

Clutha Health Incorporated

Statement of Comprehensive Revenue and Expense
For the Year Ended 30 June 2021

	Note	Group		Parent	
		2021 \$	2020 \$	2021 \$	2020 \$
Revenue from Exchange Transactions					
Contract Services		908,304	844,566	-	-
District Health Board Funding		6,924,643	6,641,585	-	-
General Practice Consultation Fees		1,220,628	1,192,080	-	-
General Practice Education Programme		7,931	9,374	-	-
Interest Revenue	17	89,352	125,481	14,214	20,224
PHO Revenue		2,322,444	2,151,162	-	-
Rental Revenue		119,975	130,417	385,164	385,164
Sundry Income	17	26,324	36,339	-	-
Tutoring Students		10,441	9,090	-	-
Total Revenue		11,630,045	11,140,093	399,378	405,388
Expenditure					
Administration Expenses	17	209,135	199,378	10,124	10,100
Estate Expenses	15, 21	360,019	381,491	5,273	42,412
External Clinical Contracts & Services		936,709	771,919	-	-
Household Expenses		310,676	330,885	-	-
Personnel Costs	13	7,980,359	7,800,947	-	-
Transport Expenses		89,695	89,204	-	-
Treatment Expenses		335,654	336,974	-	-
Other External Costs	13, 17, 18, 22	252,346	244,365	34,134	39,442
		10,474,592	10,155,164	49,531	91,954
Net Depreciation, Gain, Loss on Disposal	16	573,010	566,012	358,137	358,408
Total Expenses		11,047,601	10,721,177	407,668	450,362
Surplus for the Year from Continuing Activities		582,443	418,916	(8,290)	(44,974)
Total Comprehensive Revenue & Expenses for the Year		\$582,443	\$418,916	\$(8,290)	\$(44,974)

Clutha Health Incorporated

Statement of Changes in Net Assets/Equity For the Year Ended 30 June 2021

Group	Note	Charitable Trust Reserves	Building Revaluation Reserves	Accumulated Comprehensive Revenue & Expenses	Total Net Assets/Equity
Balance at 30 June 2019		34,138	6,437,876	11,174,657	17,646,671
Changes in Net Assets/Equity for 30 June 2020					
Total Comprehensive Revenue & Expenses for the Year		1,013	-	417,903	418,916
Balance at 29 June 2020 Carried Forward		35,151	6,437,876	11,592,560	18,065,587
Balance at 29 June 2020 Brought Forward		35,151	6,437,876	11,592,560	18,065,587
Changes in Net Assets/Equity for 30 June 2021					
Total Comprehensive Revenue & Expenses for the Year		(9,658)	-	582,025	572,368
Balance at 30 June 2021	18	\$25,493	\$6,437,876	\$12,174,585	\$18,637,954

Parent		Charitable Trust Reserves	Building Revaluation Reserves	Accumulated Comprehensive Revenue & Expenses	Total Net Assets/Equity
Balance at 30 June 2019		34,138	6,437,876	6,765,163	13,237,177
Changes in Net Assets/Equity for 30 June 2020					
Total Comprehensive Revenue & Expenses for the Year		1,013	-	(45,987)	(44,974)
Balance at 29 June 2020 Carried Forward		35,151	6,437,876	6,719,176	13,192,203
Balance at 29 June 2020 Brought Forward		35,151	6,437,876	6,719,176	13,192,203
Changes in Net Assets/Equity for 30 June 2021					
Total Comprehensive Revenue & Expenses for the Year		(9,658)	-	(8,708)	(18,366)
Balance at 30 June 2021	18	\$25,493	\$6,437,876	\$6,710,468	\$13,173,837

Clutha Health Incorporated

Statement of Financial Position As at 30 June 2021

	Note	Group		Parent	
		2021 \$	2020 \$	2021 \$	2020 \$
Assets					
Current Assets					
Cash & Cash Equivalents	4	1,488,532	1,394,661	404,409	192,166
Short Term Bank Deposits	5	4,392,177	3,528,553	922,759	716,464
Prepayments		55,242	46,606	-	-
Medical Supplies		77,240	68,042	-	-
Accounts Receivable	12	1,015,190	967,064	-	-
Accrued Interest		45,957	105,121	6,481	7,064
		<u>7,074,339</u>	<u>6,110,046</u>	<u>1,333,650</u>	<u>915,694</u>
Non Current Assets					
Property, Plant & Equipment	16	12,664,967	12,877,498	11,762,292	12,046,946
Intangibles & Goodwill	10	160,000	160,000	-	-
		<u>12,824,967</u>	<u>13,037,498</u>	<u>11,762,292</u>	<u>12,046,946</u>
Investments					
Long Term Bank Deposits	5	436,889	496,282	-	103,240
Shares Clutha Community Health Co Ltd		-	-	625,000	625,000
		<u>436,889</u>	<u>496,282</u>	<u>625,000</u>	<u>728,240</u>
Total Assets		<u>20,336,195</u>	<u>19,643,826</u>	<u>13,720,942</u>	<u>13,690,880</u>
Less Liabilities					
Current Liabilities					
Accounts Payable	11	392,919	291,993	78,778	25,243
Employee Entitlements	14	1,069,450	1,064,416	-	-
Goods & Services Tax Accrued		235,872	221,831	18,327	23,434
		<u>1,698,241</u>	<u>1,578,240</u>	<u>97,105</u>	<u>48,677</u>
Non Current Liabilities					
Advance Clutha Community Health Co Ltd	15	-	-	450,000	450,000
Total Liabilities		<u>1,698,241</u>	<u>1,578,240</u>	<u>547,105</u>	<u>498,677</u>
Total Net Assets		<u>\$18,637,954</u>	<u>\$18,065,587</u>	<u>\$13,173,837</u>	<u>\$13,192,203</u>
Net Assets/Equity					
Charitable Trust Reserves	24	25,493	35,151	25,493	35,151
Building Revaluation Reserves		6,437,876	6,437,876	6,437,876	6,437,876
Accumulated Comprehensive Revenue & Expenses		12,174,585	11,592,560	6,710,468	6,719,176
Total Net Assets/Equity	18	<u>\$18,637,954</u>	<u>\$18,065,587</u>	<u>\$13,173,837</u>	<u>\$13,192,203</u>

H. C. Anderson

Hamish Anderson (Chairman - Trustee)
6 October 2021



This information should be read in conjunction with the notes to the financial statements.

SHAND THOMSON



Clutha Health Incorporated

Notes to the Financial Statements For the Year ended 30 June 2021

Note 1 – Statement of Accounting Policies

Reporting Entity

The financial statements are for the reporting entity Clutha Health Incorporated (the Society) which was registered on the 18 December 1997 under the provisions of the Incorporated Societies Act 1908. The Society became a registered charity under the Charities Act 2005 on the 15 October 2007.

The financial statements were authorised for issue by the Trustees on the date signed on page 8.

Basis of Preparation

The financial statements for the Society and its subsidiary Clutha Community Health Company Ltd (the 'Company'), together with the group, 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 Group qualifies as a Tier 2 reporting entity as for the two most recent reporting periods operating expenditure has been between \$2 million and \$30 million.

There is no public accountability.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Society's and Group's functional and presentation currency, rounded to the nearest dollar. There has been no change in the functional currency during the year.

Use of Judgements and Estimates

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

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

- The judgement made in applying accounting policies that has had the most significant effect on the amounts recognised in the financial statements is to consider that residual balances of payments for goodwill made other than the payment referred to in Note 10 are impaired to the point of no value.
- Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2021 include:
 - Provision for doubtful debts is \$7,500 (2020 \$6,000)
 - Useful life of depreciable assets (see below)

Particular Accounting Policies

The following particular accounting policies adopted in the financial statements have a significant effect on the results and financial position.

Revenue Recognition from Exchange Transactions

Funding for services performed is recognised as revenue in the year that the services are performed. Rental income and interest received are recorded as revenue in the period earned. Sales of services are recognised in the accounting period in which the services are rendered.

Goods & Services Tax (GST)

The Society and its subsidiary Company are registered for GST.

The financial statements have been prepared on a "GST exclusive" basis with the exception of accounts receivable and accounts payable, which are disclosed inclusively.

Inventories

Drugs and consumables on hand are valued at the lower of cost using the first in first out basis, or net realisable value.

Investments

Investments have been recorded at cost less impairment.

Accounts Receivable

Accounts receivable are recognised initially at fair value less provision for doubtful debts. Bad debts are written off in the year in which they are identified. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

A provision for doubtful receivables is established when there is objective evidence that the Society and Company will not be able to collect all amounts due according to the original terms of receivables with the amount of the provision recognised in the Statement of Financial Performance.

Taxation

Clutha Health Incorporated (the parent) and Clutha Community Health Company Ltd (the subsidiary) have charitable status and are therefore exempt from income tax. The Society became a registered charity under the Charities Act 2005 on the 15 October 2007. The Company became a registered charity under the Charities Act 2005 on the 24 January 2008.

Employee Entitlements

Clutha Health Incorporated has no liability for annual, alternate or long service leave. Clutha Community Health Company Ltd makes provision for annual, alternate and long service leave. All leave has been calculated on an actual entitlement basis at current rates of pay.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Note 1 – Statement of Accounting Policies (continued)

Intangible Assets

Goodwill represents the excess of the cost of acquisition over the fair value of the Company's share of the net identifiable assets of the acquired general practices at the date of acquisition. Goodwill on acquisition of practices is included in intangible assets. Goodwill is carried at cost less impairment losses. Impairment is reviewed at each reporting date and adjusted if appropriate.

Property, Plant and Equipment

Land and buildings are initially measured at cost and subsequently measured under the revaluation model at fair value and, for buildings; less accumulated depreciation and accumulated impairment. In 2018, Colliers International completed a market valuation and the land was revalued to fair value. The Lanark Street property has been recorded at cost. Other assets are stated at cost less accumulated depreciation and impairment.

Investments

Shares in Clutha Community Health Co Ltd are recorded in the Parent at cost less any impairment.

Depreciation

Depreciation of property, plant & equipment is calculated so as to allocate the cost or value of the assets less their residual values over their estimated useful lives. The depreciation rates used in preparation of these financial statements are as follows:

Buildings	40 Years Straight Line
Lessees Improvements:	
■ Helipad	50 Years Straight Line
■ Other	10 Years Straight Line
Furniture & Fittings	10 Years Straight Line
Plant & Equipment	8 Years Straight Line
Office Equipment & IT	4 Years Straight Line
Motor Vehicles	4 Years Straight Line

Incomplete projects are not depreciated, and costs associated with projects that do not go ahead are written off.

Basis of Consolidation

Clutha Health Incorporated owns 100% of the shares in the subsidiary, Clutha Community Health Company Ltd.

Clutha Health Incorporated may benefit from the activities of Clutha Community Health Company Ltd in terms of being able to receive a distribution from the Company's surpluses. The Society is exposed to the risk of a potential loss by the Company by means of a cross guarantee. The Society also has the ability to achieve some of its social objectives through its ownership of Clutha Community Health Company Ltd.

The consolidated financial statements include Clutha Health Incorporated and Clutha Community Health Company Ltd, which are accounted for using the purchase method. The effects of all inter-entity transactions have been eliminated on consolidation. In the Parent's financial statements, the investment in the subsidiary is recognised at cost.

Changes in Accounting Policies

There have been no significant changes in accounting policies from those applied last year.

Note 2 – Financial Instruments

Credit Risk

Financial Instruments, which potentially subject the Group to concentrations of credit risk, consist principally of cash, short-term deposits, receivables and investments. The Group places its cash and short-term investments with high credit rated financial institutions. Receivables are presented net of the allowance for doubtful receivables. There are no collateral securities to support financial investments due to the quality of the receivables and investments dealt with.

Fair Value

Cash, short-term deposits, managed funds; receivables, accounts payable and short-term borrowings have a carrying amount that is equivalent to their fair value.

Currency & Interest Rate Risk

There is no currency risk as all transactions are in New Zealand dollars. Short-term deposits are used to minimise interest risk. There are no off balance sheet financial instruments at balance date, nor have there been any during the financial year.

Categories of Financial Instruments

The following table summarises the categories of the Group's financial instruments:

	Note	2021 \$	2020 \$
Loans & Receivables			
Cash &	4	1,488,532	1,394,661
Cash Equivalents			
Trade &	12	1,015,190	967,064
Other Receivables			
Investments in	5	4,829,066	4,024,835
Bank Term Deposits			
Total Financial Assets		\$7,332,788	\$6,386,560
	Note	2021 \$	2019 \$
Financial Liabilities at Amortised Cost			
Trade &	11,	1,462,368	1,356,409
Other Payables	14		
Total Financial Liabilities		\$1,462,368	\$1,209,939

Financial Assets

The Group's financial assets include its cash, short-term deposits, and various receivables. The Group recognises financial assets when it becomes party to a contract. These assets may be classified into the categories of financial assets depending of the Group's intention to hold them and the nature of the investments.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset. The subsequent measurement and presentation of the financial assets will vary depending on their category.

All financial assets held by the Group in the years reported have been designated into the following 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 and these comprise cash and cash equivalents, trade and other receivables and short-term deposits. The financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group's financial liabilities are classified as "financial liabilities measured at amortised cost", which are subsequently measured at amortised cost using the effective interest method. Financial liabilities at amortised cost comprise trade and other payables.



Note 2 – Financial Instruments (continued)

At each reporting date, the Group assesses whether the financial assets are impaired and when there is objective evidence of impairment, the carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in surplus or deficit.

For financial assets carried at amortised cost, the criterion used to determine whether objective evidence of impairment exists is the asset's collectability. Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

A financial asset is derecognised primarily when: (a) the rights to receive cash flows from the asset have expired, or (b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party.

Note 3 – Bank Security

The Bank of New Zealand has a debenture over the assets and undertakings of the Society and Company as security for any bank financing.

Note 4 – Cash and Cash Equivalents

Per annum annual interest rate ranges applicable to components of cash and cash equivalents:

	2021	2020
Call deposits	0.05%	0.05%

There are no restrictions over any of the cash and cash equivalent balances held by the Group.

Note 5 – Investments

Per annum annual interest rate ranges applicable to components of short and long term deposits is 0.80% - 3.15% (2020 1.80% - 4.10%)

Note 6 – Events Subsequent to Balance Date

The Trustees are not aware of any matters or circumstances since the end of the financial year, not otherwise dealt with in this report, which has significantly or may significantly affect the operation of Clutha Health Incorporated or the Group, the results of these operations, or the state of affairs of the Society.

Note 7 – COVID-19

The Trustees are aware of the current COVID-19 emergency and the New Zealand Government's decision that all non-essential businesses are to close effective 17 August 2021. This matter is being addressed with business continuity planning and the Trustees have considered that this is a "non-adjusting" subsequent event and that there is no impact on the 2021 financial year.

At the date of approving these financial statements the Trustees believe that COVID-19 will have no more than a minor impact on the future financial performance of the Society. The situation continues to be monitored and managed through business continuity planning.

Note 8 – Capital Commitments

Clutha Health Incorporated has a contractual commitment for the completion of exterior painting on the Charlotte Street Building. The commitments post balance date are uncompleted works of \$Nil (2020 \$10,259).

There are no other capital commitments at balance date.

Note 9 – Contingent Liabilities

Clutha Health Incorporated has a cross guarantee to the Bank of New Zealand for any borrowings by Clutha Community Health Company Ltd. As at balance date there is no indebtedness (2020 \$Nil).

The government specified suspensory loan of \$2,600,000 was remitted in June 2004, however the Ministry of Health continues to hold security for payment of \$2,600,000 on demand as a rental, which will only be activated in the event that Clutha Health Incorporated ceases to provide health or disability services from the premises (2020 \$2,600,000). There are no plans to move premises.

There are no other contingent liabilities at balance date (2020 \$Nil).

Note 10 – Intangible Assets

Intangible assets represent goodwill on the purchase of Dr Visagie's practice in February 2016, and the value has been assessed at cost price \$160,000 with no impairment (2020 \$160,000).

Note 11 – Accounts Payable

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade Creditors	332,071	223,965	74,953	21,493
Accruals	60,848	68,028	3,825	3,750
Payables under Exchange Transactions	\$392,919	\$291,993	\$78,778	\$25,243

Note 12 – Accounts Receivable

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Gross Amounts	1,022,690	973,064	-	-
Owing	-	-	-	-
Less Provision for Doubtful Debts	7,500	6,000	-	-
Receivables from Exchange Transactions	\$1,015,190	\$967,064	\$Nil	\$Nil

Note 13 – Remuneration

The amounts disclosed in the following table are recognised as an expense during the reporting period related to key management personnel (KMPs) and include short-term benefits and directors' fees.

	2021	2020
	\$	\$
Trustees (0.09 FTE)	16,640	14,800
Board of Directors (0.45 FTE)	87,500	87,500
Executive Management (2 FTEs)	495,154	467,512
Total Paid to Key Management Personnel	\$599,294	\$569,812

The Group has two key management personnel, determined on full-time equivalent basis, which received remuneration from the Group during the year (2020: two key management personnel on full time equivalent basis).

The Group did not provide any compensation that was not on arm's length terms to key management personnel and close family members of key management personnel during the year (2020 \$Nil). The Group provides no long-term benefits to its key management personnel.

There are no loans and advances transactions and outstanding balances made to/received from key management personnel during the year (2020 \$Nil).

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Note 14 – Employee Benefit Liability

The following employee entitlements exist at balance date:

	2021	Increase (Decrease)	2020	Increase (Decrease)	2019
	\$	\$	\$	\$	\$
Wages Accrued	280,398	21,516	258,882	42,279	216,603
Leave Accrued	789,052	(16,482)	805,534	203,795	601,739
Total Employee Benefit Liability	\$1,069,450		\$1,064,416		\$818,342

During the year \$49,472 was paid out to employees to meet the obligations of the Holidays Act. 2020 leave accrued included a provision of \$75,000.

Note 15 – Leased Assets

Operating Leases

Clutha Health Incorporated has no operating leases. Clutha Community Health Company Ltd leases premises from the Salvation Army on a nine year term for \$12,285 per annum, starting 1 August 2014.

The financial obligations under the above leases are:

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Not later than one year	\$12,285	\$12,285	\$Nil	\$Nil
Later than one and not longer than five years	\$11,261	\$23,546	\$Nil	\$Nil
Later than five years	\$Nil	\$Nil	\$Nil	\$Nil

There are no other material operating leases.

Finance Leases

There are no finance leases.

Note 16 – Property, Plant & Equipment

Land is recorded at market value. Buildings have been recorded at depreciated replacement cost, as established by Colliers International (registered valuers) in 2018. The Society commissions a market valuation on a regular basis of three to five years, and adjusts the carrying value of land and buildings accordingly.

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Land				
Cost Price	548,693	548,693	548,693	548,693
Revaluation to Market Value	591,307	591,307	591,307	591,307
Less Accumulated Depreciation	-	-	-	-
Closing Book Value	<u>\$1,140,000</u>	<u>\$1,140,000</u>	<u>\$1,140,000</u>	<u>\$1,140,000</u>
Buildings				
Cost Price	6,780,635	6,780,635	6,780,635	6,780,635
Less Accumulated Depreciation to 2013	(1,404,984)	(1,404,984)	(1,404,984)	(1,404,984)
Plus Revaluation to Depreciated Replacement Cost per Chapman Consultancy	3,329,349	3,329,349	3,329,349	3,329,349
Closing Book Value as at 30 June 2013	8,705,000	8,705,000	8,705,000	8,705,000
Plus Additions(Disposals) FY14 – FY18	1,672,344	78,000	78,000	78,000
Less Depreciation FY14 - FY18	(1,325,219)	(253,725)	(253,725)	(253,725)
Plus Revaluation to Depreciated Replacement Cost per Colliers International	2,517,220	2,517,220	2,517,220	2,517,220
Closing Book Value as at 30 June 2018	11,569,345	11,569,345	11,569,345	11,569,345
Plus Additions(Disposals) FY19 – FY21	126,952	53,469	126,952	53,469
Less Depreciation FY19 - FY21	(1,074,005)	(715,868)	(1,074,005)	(715,868)
Closing Book Value	<u>\$10,622,292</u>	<u>\$10,906,946</u>	<u>\$10,622,292</u>	<u>\$10,906,946</u>
Total Closing Book Value	<u>\$11,762,292</u>	<u>\$12,046,946</u>	<u>\$11,762,292</u>	<u>\$12,046,946</u>

Other fixed assets are recorded at cost less accumulated depreciation, and have been assessed for impairment.

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Leasehold Improvements				
Opening Cost	360,811	352,128	-	-
Additions(Disposals)	80,000	8,683	-	-
Closing Cost	<u>440,811</u>	<u>360,811</u>	<u>-</u>	<u>-</u>
Less Accumulated Depreciation	182,946	144,895	-	-
Closing Book Value	<u>\$257,865</u>	<u>\$215,916</u>	<u>-</u>	<u>-</u>
Depreciation Current Year	38,049	33,085	-	-



Note 16 – Property, Plant & Equipment (continued)

Furniture & Fittings

Opening Cost	317,535	297,205	-	-
Additions(Disposals)	21,038	20,330	-	-
Closing Cost	<u>338,573</u>	<u>317,535</u>	-	-
Less Accumulated Depreciation	148,978	117,671	-	-
Closing Book Value	<u>\$189,595</u>	<u>\$199,864</u>	-	-
Depreciation Current Year	31,307	29,646	-	-

General Plant/Equipment

Opening Cost	700,739	708,197	-	-
Additions(Disposals)	23,699	(7,458)	-	-
Closing Cost	<u>724,438</u>	<u>700,739</u>	-	-
Less Accumulated Depreciation	556,977	504,058	-	-
Closing Book Value	<u>\$167,461</u>	<u>\$196,681</u>	-	-
Depreciation Current Year	53,832	62,157	-	-

Office Equipment & IT

Opening Cost	263,499	273,497	-	-
Additions(Disposals)	25,726	(9,998)	-	-
Closing Cost	<u>289,225</u>	<u>263,499</u>	-	-
Less Accumulated Depreciation	209,702	186,263	-	-
Closing Book Value	<u>\$79,523</u>	<u>\$77,236</u>	-	-
Depreciation Current Year	35,395	33,324	-	-

Motor Vehicles

Opening Cost	453,822	388,079	-	-
Additions(Disposals)	58,271	65,743	-	-
Closing Cost	<u>512,093</u>	<u>453,822</u>	-	-
Less Accumulated Depreciation	303,863	312,966	-	-
Closing Book Value	<u>\$208,230</u>	<u>\$140,856</u>	-	-
Depreciation Current Year	81,535	56,570	-	-
Gain on Disposal	(25,245)	(11,205)	-	-
Loss on Disposal	-	4,027	-	-

Total Depreciation for the Year

	<u>\$214,873</u>	<u>\$207,605</u>	<u>\$358,137</u>	<u>\$358,408</u>
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Total Property, Plant & Equipment

	<u>\$12,833,122</u>	<u>\$12,877,498</u>	<u>\$11,930,447</u>	<u>\$12,046,946</u>
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Note 17 – Disclosures

Items requiring specific disclosures are:

	Note	Group		Parent	
		2021 \$	2020 \$	2021 \$	2020 \$
Interest Income		89,352	125,481	14,214	20,224
Donations Received		5,942	5,942	Nil	Nil
Audit Fees		13,608	12,500	3,825	3,750
Bad Debts Written Off		12,047	5,729	Nil	Nil
Donations Made		10,000	10,000	10,000	10,000
Doubtful Debts (Movement)	12	1,500	(2,000)	Nil	Nil
Net Gain on Sale of Property, Plant & Equipment	16	25,245	7,178	Nil	Nil
Directors Fees	22	84,400	87,500	Nil	Nil
Trustees Honorariums	23	16,640	14,800	16,640	14,800

All revenues were derived from continuing activities.

Note 18 – Total Accumulated Funds

	Group		Parent	
	2021 \$	2020 \$	2021 \$	2020 \$
Accumulated Comprehensive Revenue & Expense				
Opening Balance	11,592,560	11,174,657	6,719,176	6,765,163
Add(Deduct) Surplus(Deficit) for Year	<u>582,025</u>	<u>417,903</u>	<u>(8,708)</u>	<u>(45,987)</u>
Closing Balance	<u>12,174,585</u>	<u>\$11,592,560</u>	<u>6,710,468</u>	<u>\$6,719,176</u>



Note 18 – Total Accumulated Funds (continued)

Charitable Trust Reserves

Opening Balance	35,151	34,138	35,151	34,138
Add(Deduct) Surplus(Deficit) for Year	(9,658)	1,013	(9,658)	1,013
Closing Balance	25,493	\$35,151	25,493	\$35,151

Building Revaluation Reserves

Opening Balance	6,437,876	6,437,876	6,437,876	6,437,876
Add Revaluation during the Year	-	-	-	-
Closing Balance	6,437,876	\$6,437,876	6,437,876	6,437,876

Total Accumulated Funds

	<u>\$13,173,837</u>	<u>\$18,065,587</u>	<u>\$13,173,837</u>	<u>\$13,192,203</u>
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Note 19 – Reconciliation of Net Surplus with Net Cash Flows from Operating Activities

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net Surplus/(Deficit)	582,443	493,916	(8,290)	(44,974)
Add Depreciation and Gain & Loss on Disposal	573,010	566,012	358,137	358,408
	<u>1,155,453</u>	<u>1,059,928</u>	<u>349,847</u>	<u>313,434</u>
Plus/(Less) Movement in Working Capital Items				
(Increase)/Decrease in Receivables & Prepayments	2,402	(95,561)	583	(3,798)
(Increase)/Decrease in Medical Supplies on Hand	(9,198)	(6,300)	-	-
Increase/(Decrease) in GST Accrued	14,041	29,842	(5,107)	11,550
Increase/(Decrease) in Operating Payables/Accruals	51,851	73,717	(573)	(7,872)
Net Working Capital Movement	<u>59,096</u>	<u>1,698</u>	<u>(5,097)</u>	<u>(120)</u>
Net Cash Flows from Operating Activities	<u>\$1,214,549</u>	<u>\$1,061,626</u>	<u>\$344,750</u>	<u>\$313,314</u>

Note 20 – Directors & Officers Indemnity Insurance

In accordance with the Constitution and the Companies Act 1993, the Company has given indemnities to and effected insurance for, Directors and Officers of the Company relating to any liabilities or costs incurred for any act or omission in their capacity as Directors or Officers of the Company.

Note 21 – Related Party Information

Clutha Health Incorporated is an Incorporated Society. Its major source of revenue is the rental of premises to Clutha Community Health Company Ltd, which is 100% owned by the Society. The annual rental was \$385,164 (2019 \$385,164), which has been eliminated on consolidation.

Clutha Community Health Company Ltd has previously advanced \$450,000 to Clutha Health Incorporated in 2018 and \$60,000 in 2017. Clutha Health Incorporated repaid \$60,000 in the 2019 year. The total amount owing to Clutha Health Community Company Ltd is \$450,000 at 30 June 2021 (2020 \$450,000).

The \$450,000 advanced from the Company was used to purchase a residential dwelling at 40 Lanark Street, Balclutha. The advance is interest free with the property being made available to the Company for its use at no cost.

The following interests are noted:

- Helen Keen, David Mason and Jolene Ollerenshaw are employees of Clutha Health Community Health Company Ltd.

Note 22 – Directors Fees

Directors Fees were paid as follows:

Bill Thomson	20,000
Dr Branko Sijnja	12,500
Dr Conway Powell	12,500
George Benwell	12,500
Alastair McKenzie	10,000
Dr Alexandra Tickle	10,000
Leanne Samuel	10,000

- David Mason is a trustee of the South Otago Health Support Trust. The Society donates to the Trust.
- Phil Atkinson is a Director of Good Hands Property Works, a company that provides property management and maintenance services for residential rental properties. The Society engages the company as a property manager for the Lanark Street property.
- The Society and the Company purchase accountancy and advisory services from Shand Thomson, an accounting firm in which Bill Thomson, a Director of Clutha Community Health Company Ltd, is currently employed as a consultant. These services are supplied on normal commercial terms.
- Dr Branko Sijnja, a Director of Clutha Community Health Company Ltd, was paid wages during the year in his capacity of employee of \$63,442 (2020 \$44,002).
- Outstanding balances at 30 June 2021 owed to(from) related parties are as follows:

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Clutha Community Health Co Ltd	-	-	2,380	2,246

	Group		Parent	
	2021	2020	2021	2020
	\$	\$	\$	\$
Bill Thomson	20,000	20,000	-	-
Dr Branko Sijnja	12,500	12,500	-	-
Dr Conway Powell	12,500	12,500	-	-
George Benwell	12,500	12,500	-	-
Alastair McKenzie	10,000	10,000	-	-
Dr Alexandra Tickle	10,000	10,000	-	-
Leanne Samuel	10,000	10,000	-	-
	<u>\$87,500</u>	<u>\$87,500</u>	<u>\$Nil</u>	<u>\$Nil</u>

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Note 23 – Trustee Honorariums

Trustee honorariums were paid as follows (0.09 FTEs):

	Group		Parent	
	2021 \$	2020 \$	2021 \$	2020 \$
Hamish Anderson	5,000	4,000	5,000	4,000
Helen Keen	1,650	1,500	1,650	1,500
Jennifer O'Connell	1,200	1,350	1,200	1,350
Mervyn Jones	-	300	-	300
David Mason	900	900	900	900
Kate Anderson	2,040	1,500	2,040	1,500
Paul Richardson	-	450	-	450
Michelle Kennedy	600	1,350	600	1,350
Jolene Ollerenshaw	1,650	1,350	1,650	1,350
Sarah Hayward	-	600	-	600
Phil Atkinson	1,770	750	1,770	750
Paul Hanlon	1,830	750	1,830	750
	<u>\$16,640</u>	<u>\$14,800</u>	<u>\$16,640</u>	<u>\$14,800</u>

Note 24 – Movement in Charitable Trust Funds

	Group		Parent	
	2021 \$	2020 \$	2021 \$	2020 \$
General Purposes Fund				
Opening Balance	19,096	18,546	19,096	18,546
Add Interest	318	550	318	550
Closing Balance	<u>19,414</u>	<u>19,096</u>	<u>19,414</u>	<u>19,096</u>
Hospital Ward Funds				
Opening Balance	8,696	8,445	8,696	8,445
Add Interest	58	251	58	251
(Deduct) Withdrawals	(5,207)	-	(5,207)	-
Closing Balance	<u>3,547</u>	<u>8,696</u>	<u>3,547</u>	<u>8,696</u>
Chapel Fund				
Opening Balance	7,359	7,147	7,359	7,147
Add Interest	42	212	42	212
(Deduct) Withdrawals	(4,869)	-	(4,869)	-
Closing Balance	<u>2,532</u>	<u>7,359</u>	<u>2,532</u>	<u>7,359</u>
Closing Balance	<u>\$25,493</u>	<u>\$35,151</u>	<u>\$25,493</u>	<u>\$35,151</u>

Chairman's Report

Clutha Community Health Company Ltd

It is my pleasure to present the 23rd Annual Report of the Clutha Community Health Co Ltd covering the year ended 30 June 2021.

The 2021 financial year saw a continuation of the extraordinary demands and uncertainties created for the provision of health care services caused by Covid-19. Furthermore, it has also been a year in which Clutha Health First has been challenged by the uncertainty arising from the proposed health reforms, and the implications that this will have for the funding and delivery of health services in our district.

For the residents of South Otago we can again be greatly assured by the professionalism and commitment of our management and staff at Clutha Health First, who have maintained the quality and consistency in health services provided through this period of apprehension.

Financial

I am pleased to report a surplus for the year ended 30 June 2021 of \$590,733 (last year \$463,890). This surplus was substantially greater than the budgeted surplus for two significant reasons:

- The additional income generated by Covid related health services e.g. Covid testing and, more latterly, vaccination.
- Our inability to attract a full contingent of medical staff to Clutha Health First. This is a problem which I acknowledged last year and which now has New Zealand wide recognition as a major issue for rural health services in particular.

Of the Company's turnover of \$11,615,829, some 60% was contributed from our contract with the Southern District Health Board for the provision of hospital services. A further 30% was derived from our General Practice business. The remaining 10% came from Consultancy services, and to a lesser extent, investment returns and rental income. This analysis of income sources was very similar to the previous financial year.

Of our total expenditure of \$10,810,223, some 74% comprised wage, salary, and associated costs. Again, this was consistent with the previous financial year.

Our profit for the year of \$590,733 was achieved after allowing for \$214,873 in depreciation of plant and equipment.

As I have acknowledged in previous annual reports, the surplus that we achieved in this past year has again enabled to continue to support the Maternity services, Occupational therapy services, and Medical Social Work in our community.

The Company's equity as at 30 June 2021 was \$6,089,117 (last year \$5,498,384).

Of particular note is the strength of the Company's financial position. As a result of the cash surpluses that we have been able to accumulate in recent years, we have funds in the order of \$2.5 million (after appropriate provisions for employee benefits, accumulated depreciation, and working capital) available to consider further development of the health facilities at Clutha Health First.

Highlights of the Past Year

The Company's Directors have continued to be guided by strategic objectives established in July of last year.

Develop Clinical Services

The scope and quality of health care services provided to our community is an ongoing focus for management and the board. The increased health services arising from Clutha Health First becoming a Health Care Home are now entrenched. During this past year, the Directors also placed a particular emphasis on the health and safety obligations to their staff and the community that we serve and consequently commissioned an independent and expert review of these policies and procedures. This review and the ongoing audits of our policies and procedures provide us with an endorsement of the quality of our health care services. They also provide a framework of ongoing improvement and growth of the service provided to our community.



Enhanced Community Engagement

In conjunction with the Trustees of Clutha Health Incorporated, Management and Directors have embarked upon a programme of engaging with the many communities that comprise the Clutha District and for whom we have responsibilities for hospital care in particular, but for whom we also provide backup General Practice support. This programme commenced with a meeting in Lawrence, and future community engagement will continue in the year ahead. On a different level, Management and Directors have also embraced their responsibilities under the Te Tiriti o Waitangi for cultural engagement, particularly with our Māori and Pasifika population. Whilst this engagement has substantially been related to the possible redevelopment of our Clyde Street, Balclutha facilities it is intended that this ongoing engagement will continue to cover all aspects of our delivery of health care services to our wider community.

Upgrade Physical Facilities

In last year's annual report, I discussed the evolving process of investigating further development of our Clyde Street, Balclutha facilities. Subsequently a subcommittee of the Boards of CHI and CCHCL was established to engage with our staff, our tenants, and the wider community as part of an investigation into the present and future requirements, with a particular emphasis on the replacement of the property at 24 Clyde Street. The initial objective of the Facility development included identifying these needs, the preferred design, and costings of any such development. The subcommittee comprised representative of both Boards, management, and the Project manager appointed to undertake this

process. The outcome of this stage was that in August, based on a unanimous recommendation of the subcommittee, both Boards agreed that further planning for the development be placed 'on hold' pending the implementation of the current Health system reforms, and identifying the implications of these for CHF.

Lead Regional Networking

There are two important aspects to our role in regional networking. Firstly, Clutha Health First continue to take a leadership role in working and reaching out to other health service providers within South Otago. We believe that the proposed "locality networks" fundamental to the implementation of the current health reforms is going to strengthen the need for this level of cooperation and coordination within the health and disability sector. Secondly, Management and Directors of Clutha Health First place much importance on us working collaboratively with other rural hospital entities in Otago and Southland. There are numerous imperatives for this – not the least being the importance of ensuring the contracts for health services provided by the new Health Authority are appropriate, and address the identified barriers of access, quality, and ability to attract medical staff in rural communities.

As part of our engagement with our fellow rural hospital companies, we have hosted the Directors of Central Otago Health Services Ltd and have visited the Gore Health Facility in Gore. Readers will be interested to know that as a result of comments received, and our observations we can feel rightfully proud of the facility that Clutha Health First has in Balclutha.

Enhance Financial Strength

As emphasised earlier in this report our financial strength and resilience is paramount for the future of Clutha Health First. The Directors are therefore most appreciative of management's ongoing achievements in this regard. Last year the SDHB "rolled over" our contract for hospital services with a 2.84% uplift. However, we must wait to see the nature and magnitude of the contract with Health New Zealand post 1 July 2022 following the implementation of the proposed health reforms. In the meantime, we find it satisfying that whilst achieving ongoing financial surpluses we have been able to hold our General Practice patient fees to a level which is amongst the lowest in comparable GP practices.

As previously discussed the strength of our financial position stands us in good stead in terms of the facility development required to meet the future health needs of our community.

The Board

For the second year in succession, the composition of the Clutha Community Health Company Ltd Board has not changed in the year under review.

The Clutha Health Incorporated Trustees reappointed Dr Alex Tickle, Alastair McKenzie, and Bill Thomson all for their second three-year term.

The Directors are of the opinion that this stability and maintenance of experience around the Board table is vital at this time of fundamental change in our health system.

The Directors appreciate the continued positive and supportive relationship we enjoy of the Trustees of Clutha Health Incorporated.

The relationship between the two Boards was further cemented this year in the mutual "sign off" of a Memorandum of Understanding that encapsulates the relationship between the Boards and their respective roles. The two Boards are also working closely together in terms of meeting their acknowledged role of community engagement.

Acknowledgments

On behalf of the Directors, I want to acknowledge Chief Executive Officer Ray Anton's leadership role and achievements over the past year. Ray has now been with Clutha Health First for nearly 20 years and his understanding of the company and all matters relating to the delivery of rural health services in Otago and Southland, and in fact nationally is invaluable as we prepare for the changes which will occur as a result of the proposed health reform. The Board appreciates the positive and constructive relationship that they enjoy with Ray. We also want to acknowledge the support provided to Ray by Gary Reed, our Clinical Director, and in fact all of our senior management team.

We particularly want to pay a tribute to our staff who continue to show outstanding leadership and commitment to their community and to the patients of Clutha Health First. Once again, they have risen to the challenge provided by Covid, especially in respect of the testing and vaccination regimes. Furthermore, whilst facing the challenge of a working environment where CHF have struggled to fully staff our GP practice and inpatient ward, they have ensured the seamless continuity of healthcare services to our community in a timely and professional manner. I cannot emphasise too greatly the Directors appreciation of their service.

Finally, I wish to personally acknowledge my fellow Directors for their support and total commitment to delivering safe and quality health services to the public of South Otago.

Bill Thomson
*Chair, Community Health
Company Ltd*
15 September 2021



N D

10 60

V P F

8 48

Z U H

6.3 36

V P N R E

5 30

Z R U H D

4 24

— U E N P V —

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2.5 15

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Chief Executive's Report

Clutha Community Health Company Ltd

Introduction

It is with great pleasure that I present this year's annual report. The year ending June 2021 saw us through mostly protected from Covid-19 with life back to close to normal. We watched as the rest of the world struggled to contain the delta variant. New Zealand's strategy is to keep it out until our population is mostly vaccinated. This approach has been challenged by recent cases in the North Island of NZ, from Auckland and Wellington..

Our organisation is not immune from dealing with the ups and downs of lockdown, and while there are no cases in our community (for now), we must adjust all our systems to comply with whatever lockdown setting we are placed in. This change in practice is disruptive to our patients and community and causes stress to our workforce. What is difficult is the quick changes between levels and the need to re-schedule appointments while continuing to manage acute patients. Our community has responded positively with patience and understanding. My staff and I appreciate the support.

I also appreciate the support of the Board of our company and our relationship with Clutha Health Inc.

This is my 20th year at CHF. I have to say that this has been the most rewarding period of my career. It is highly satisfying to see clearly how CHF has over time evolved and developed a range of health services that has improved access for our community. We have done this as an independent community owned organisation while the health system around us has been in continual distress. In fact, the journey seems to get even more complex due the announced pending health reforms.

Significant Areas of Focus

Health Reforms

Here we go again with another major health reform for New Zealand. I have been involved with the NZ Health System, since 1988 and during this period of 33 years there have been Area Health Boards, Regional Health Authorities, Crown Health Enterprises, District Health Boards and Primary Health Organisations. The 20 District Health Boards will be replaced with Health NZ on 1st July 2022. Health NZ will have four regional offices and several district offices. At the same time the Māori Health Authority will be created to partner with Health NZ in planning the delivery of more equitable health services.

The reforms also include focusing on primary and community services through the creation of "Locality Networks". These services include General Practice, District Nursing, Primary Maternity, Outpatient Clinics, Community oriented Occupational Therapy, Physiotherapy, and the list goes on. The Locality Network may be geographic in nature with populations from 20,000.

The idea is to coordinate these services to make them more accessible to those communities.

What does this mean to CHF? We are currently organised as an integrated health service that marries hospital and community services. Our model is successful due to this collaboration between GPs, Practice Nurses, District Nurses, and hospital staff. We also include in this mix Specialists who work collaboratively as part of our team. We are also offering Primary Maternity and we are a teaching facility.

It is likely that CHF will be part of a Locality Network, but in what shape and form remains to be seen. We are keeping a watchful eye on developments around the country and are looking at how we may further develop our successful model in the future. Comments received, and our observations we can feel rightfully proud of the facility that Clutha Health First has in Balclutha.

Facility Master Planning

Over the years the community would have noticed the building changing and evolving. In recent years we bought the old Findlaters Sports building, built an addition to the Clyde Street entrance, increased the size of the General Practice, built our Medical Assessment Unit, increased the size of our Chemotherapy Unit amongst other improvements such as upgraded mechanical systems. The Facility is modern and largely fit for purpose. I say largely because it is always important that we are looking to the future and planning for future needs. Some of these are:

- Increased pressure for space in General Practice and the Outpatient Clinic areas,
- The need to replace the building located at 24 Clyde Street with more purpose-built facilities to house Mental Health and Public Health,
- Improved facilities for our Community and Rehabilitation team,
- Consideration for meeting cultural needs within our Facility.

Vaccinations for Covid-19

The vaccination effort started early this year in tranches starting with border workers, front line health staff and then gradually becoming available by age groups. CHF developed a vaccination delivery programme vaccinating between 350 and 500 people per weekend.

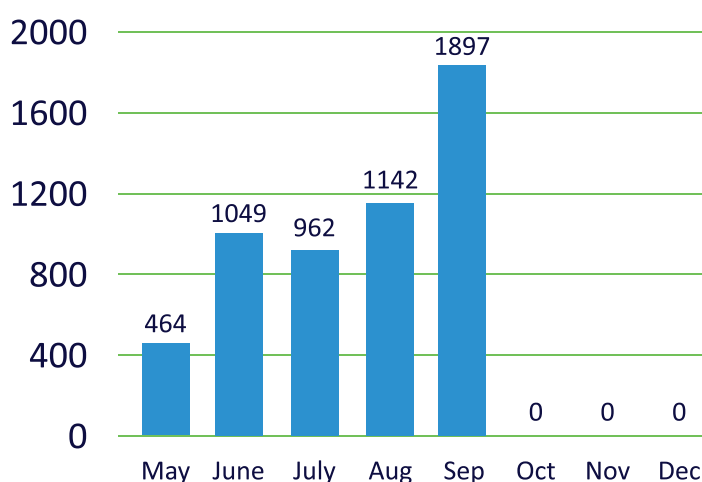
You can see from the accompanying graph how our vaccination delivery programme is progressing. Access to vaccination for Covid-19 is being offered from several providers including CHF. I would like to thank the staff who have contributed to this effort. This is made up of our own employees from General Practice, District Nursing the Inpatient Ward, and administration staff, as well as contribution of staff from St John, Bates Pharmacy and Public Health.

Getting everyone vaccinated in the South Otago Region will be a challenge and will require the cooperation of all local and regional providers.

We started to look at these and other needs during the last 12 months. We did this as a collaborative effort between Clutha Health Inc., Clutha Health First and our community. The discussions started late last year and continued through to June of 2021. By the end, based on the size of the project and uncertainty related to the proposed health reforms it was decided to review the project in the new year. During the project we gained many insights as to our future needs as well as completing a traffic management review to determine our potential for access to the Facility from Clyde Street. This information will help us re-start the project in the future. In the meantime, we are looking at short term remedial work to address the priority areas identified during the project.

The project gave us an excellent opportunity to work collaboratively with Clutha Health Inc plus members of our Board and Management Team. It has also introduced us to member of the community who can give us cultural advice.

COVID Vaccination - Monthly Totals



Community Consultation

This year we have started a series of community consultation sessions in collaboration with Clutha Health Inc and members of the various communities that we are visiting. The first session was held in Lawrence, and we were hosted by Tuapeka Health Company Ltd. The session included members of both Boards, Clutha Health Inc and CHF, plus Board members from Tuapeka Health and members of the community.

These sessions give us the opportunity to hear from the community about their health needs. We are planning to have two of these sessions each year in different parts of the Clutha District.

Healthcare Home

The Healthcare Home initiative being undertaken at CHF has borne some significant fruit over the last 24 months. I appreciate the effort and commitment to this project by Shelley Milne, who has been seconded from her role as a Practice Nurse.

- **Same Day Appointment Process:** A process of GP Triage was introduced which leveraged off the existing Nurse Triage system that was already operating at CHF. Using this methodology resulted in a resolution rate for patients requesting same day appointments ranging between 35% and 45% for all requests made.
- **Under 6-year-old Drop-in Clinic:** These clinics were started last year and continued this year. They have been well received by our community and missed whenever we had to postpone them during lockdown periods. This year the under 6-year walk-in clinic was strengthened with the assigning of a Practice Nurse to pre-screen patients. Baseline clinical information was obtained prior to the patient being seen by the attending clinician. This increased the efficiency of the consultation and timeliness of appointments.
- **Health Improvement Practitioner (HIP) and Health Coach (HC):** This is a new programme funded by the PHO that offers our registered patients access to new services. Patients in need of face-to-face support beyond the time available for a GP can spend time with the HIP and HC to discuss personal and family issues affecting their lives. The purpose of this programme is to avert any exacerbation of a problem that may lead to greater difficulties.
- **Alternatives to face-to-face appointments:** as part of the GP Triage service patients who are identified as not necessarily requiring a face-to-face appointment have been offered a telephone consultation. This offers convenience for patients who do not necessarily need to travel to obtain an appropriate outcome. Uptake of this facility increased notably during the Covid-19 lockdown period.
- **Patient Portal and Open Notes:** Patients have online access to their medical information held by the Practice. This includes making appointments, asking for prescription renewals, reviewing lab results and recently the ability to view the patient's medical records. At this stage almost 70% of eligible patients are registered on our portal. We hope to increase this during the next year.

Staff Recruitment

I am listing recruitment as a significant area of focus especially for Medical Staff. The recruitment of Medical Staff continues to be challenging in both General Practice and the Hospital. This is exacerbated by the current situation with immigration and difficulties with residency. Despite this, during the last 12 months we were able to recruit Dr Raphael Escovar to join our medical staff for the Inpatient Ward. Raphael is an experienced doctor with significant rural hospital experience in the US. Raphael's wife Ekta is a Specialist Paediatrician who has also secured a job with the Southern District Health Board. The family also includes two young children. The Escovars have been in Balclutha since February and are enjoying their time here.



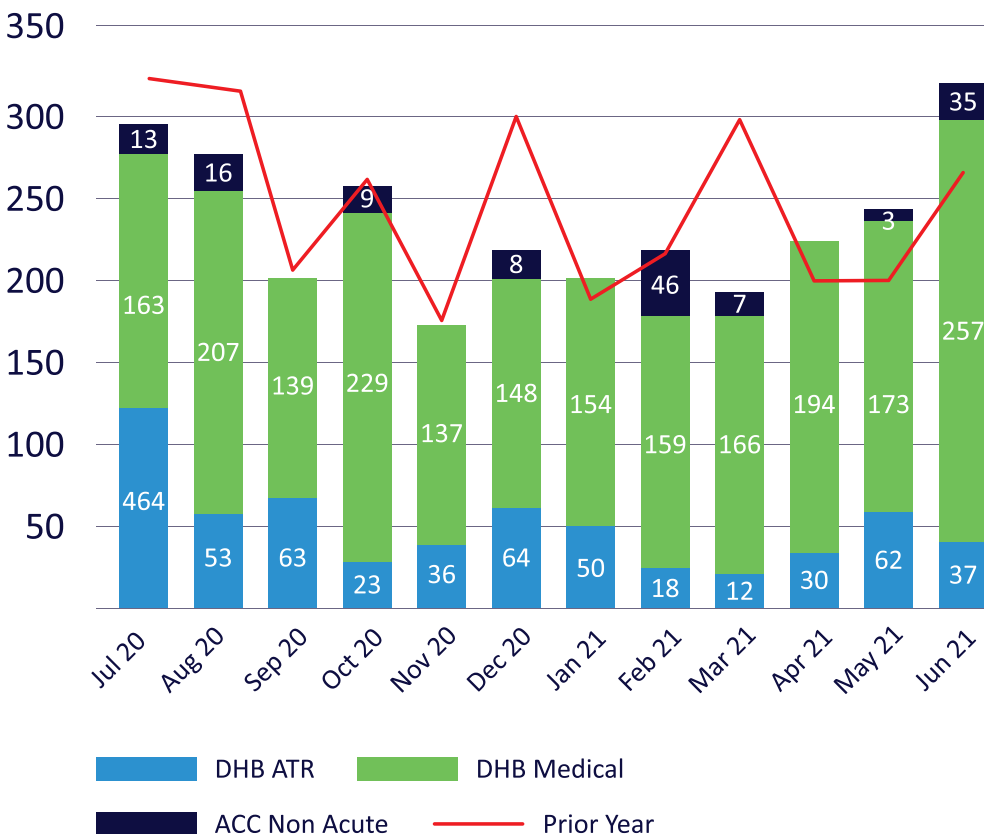
Research

We collaborated with the Ministry of Health on the introduction of the new Access and Choice Initiative, also known as the Health Improvement Practitioner (HIP) and Health Coach. We also collaborated with the University of Otago in a review of the CLIC (Client Led Integrated Care) programme.

Inpatient Ward

The Inpatient Ward has a full complement of nursing staff and has benefited from the recent employment of Dr Escovar. We also have welcomed Dr Paul Trotman as our Medical Director. Paul contributes to our Medical Staff roster occasionally in addition to his leadership role. Paul is a Rural Hospital Medicine Specialist and shares his time between Gore Health, CHF and his true calling as a film maker. I would like to acknowledge the leadership of Shona McDonald our Team Leader for the Inpatient Ward.

Inpatient Bed Nights & Day Stays



Maternity Ward & Lead Maternity Carers (LMC)

The Maternity Service continues to provide a valuable option for primary birthing and post-natal care. I appreciate the effort of our Maternity Team, both the core staff and Lead Maternity Carers under the leadership of Megan Pigou. During the last year the unit had 133 women admitted for births and post-natal care. Although we have had some turnover in staff, the unit continues to be well staffed.



General Practice

Our General Practice is involved in several initiatives that I mentioned earlier in my report. Nevertheless, their most significant activity is seeing patients. During the year over 38,702 patient appointments.

The number of patients who are registered with the Practice has increased from 8,184 in July 2020 to 8,296 in June 2021.

The clinical leadership for the General Practice is through our Practice Nurse Team Leader Andrea Sim, who has to deal with a number of challenges related to vaccination clinics and meeting a range of services that we offer our community. I also acknowledge her role as a Gynae Nurse Specialist.

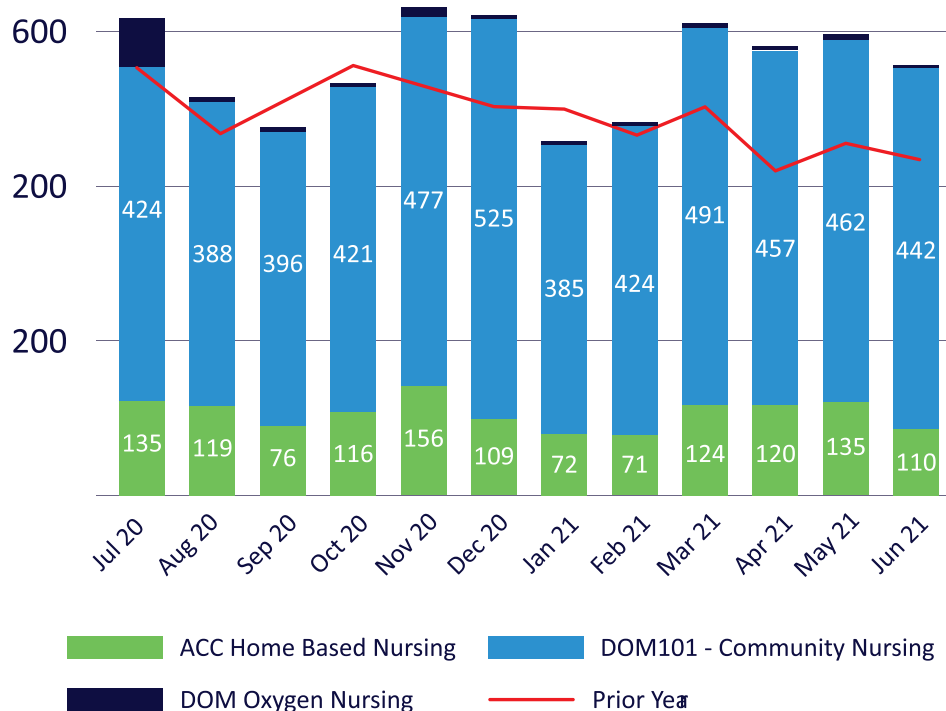
District Nursing and Allied Health Staff

The District Nursing (DN) Service has had another busy year with over 5,866 home visits, and 173 Chemotherapy attendances (part of the District Nursing role at CHF).

Our Team Leader of the DNs is Helen Keen, who also leads our Chemotherapy Administration Service.

The Occupational Therapy service continues to provide a broad range of services for patients in the inpatient ward, day rehabilitation programme, Holmdene residential village and to those patients residing within the South Otago community. Our Team Leader for Community Team is Lesley Watt.

Total District Nurse Attendances



Financial Results

The **audited** financial results are:

Fiscal Year 2020 - 21	Actual	Previous Year
Total Revenue (incl interest)	\$11,615,829	\$11,119,869
Total Expenses	(\$10,810,223)	(\$10,448,374)
Depreciation	(\$214,873)	(\$207,605)
Net Surplus	\$590,733	\$463,890

We are pleased with the financial results of the company which gives us the ability to continue to invest in staff development and the services that we offer to our community. The surplus is partially because of unfilled staff vacancies especially difficulties in medical staff recruitment, also additional unexpected income from COVID-19 testing.

Training of Health Professionals

CHF continues to offer training opportunities for medical, nursing, and allied health staff. What was new last year was our implementation of the Inter-Professional Education Programme. This programme, coordinated by the University of Otago, conducts several sessions during the year where a project is conducted by doctors, nurses, pharmacy students amongst others. The idea of the programme is to have students understand the various professional perceptions in relation to a case and build stronger professional relationships.

Conclusion

CHF continues to develop improved services and is looking towards the future as we take our place in the new health reforms. We are confident in our model and its value to our community and believe that Locality Networks will bring further opportunities in the future.

Another uncertainty in the longer-term impact of the Covid-19 pandemic on health services and staff recruitment. While we will continue to play our role in vaccinating the community, future uncertainty remains on how the country will re-open to the world and when we may start seeing Covid-19 positive patients in the Clutha District. This is likely to happen sooner or later, we will be prepared as an organisation to manage patients in a safe manner while keeping our staff safe.

I acknowledge a strong working relationship with two of our key stakeholders, being the Southern District Health Board and WellSouth Network. While we receive much of our income from these two organisations, what is more important is working together focusing on patient needs. Also, we are keen to see how the Southern DHB and WellSouth PHO will morph in the future under the NZ Health.

I would like to thank the Board and our Chairman Bill Thomson. The Board has provided strategic direction for the company and offered support as we tackled significant challenges.

The success of this organisation is from the skill and commitment of our staff. I would like to especially thank Gary Reed, our Clinical Director and responsible for many of the initiatives in the organisation. Gary has a strong group of Team Leaders. I would also like to thank my team in the corporate area who are constantly innovating in supporting the functioning of the organisation.

I would also like to thank Clutha Health Inc. Trustees for their effort and support of our Facility.

Ray Anton
Chief Executive



2021

Annual Performance Indicators





GOAL ONE

Develop Clinical Services

Why is this important?

Clutha Health First needs to continually address the health needs of the community and ensure that services are clinically and financially sustainable, and that we offer better services, which are provided sooner and more conveniently for our patients. Clutha Health First needs to ensure that our services are also patient centered and that our patients have equitable access to health services.

How have we measured our success?

Clutha Health First has now completed two years in the Health Care Home programme. This programme is in general practice and focuses on finding ways to spend more time with our primary care patients who really need it, improving patient experience and improving processes to make things easier for staff. Goals are set each year and approved by WellSouth Network. Reducing inequity and barriers to primary care services is also a key focus. Additional national targets for the delivery of screening programmes are also required to be achieved each year.

Clutha Health First also measures success by reviewing statistics of productivity against the budgeted volumes for services contracted with the Southern District Health board for rural inpatient, primary care maternity and community health services.

How did we perform?

Reducing inequities in Māori service users

- 100% of Māori 8-month-old babies are up to date with their vaccinations.
- 64% of Māori over 65 have received their flu vaccination.
- 95% of enrolled Māori at the General Practice have received quit smoking advice.
- 69.5% of eligible Māori have had a Cardiovascular Risk Assessment and CHF continues to proactively contact this cohort to offer screening services and/or refer to the specialist outreach service to promote engagement.
- In Māori women, 60% have received a mammogram and 66% have had a cervical smear, while this is below the national targets set, the practice still continually tries to engage this cohort, with text and written reminders, referrals to an outreach service and use of the free voucher programme from the PHO.

Reducing barriers of access to health services

- Under 6 clinics = 1453 children have been seen in these drop in clinics for the 2020/2021 year.
- Health coach / Health Improvement Practitioners = 974 patients have been seen since this service started in January 2021. Key conditions seen are those with anxiety/panic, depression and/or needing support for a lifestyle change.

Providing patient centered care

- In the year 2020/21 - 2626 patients enrolled with the Patient Portal - ConnectMed, which now gives CHF a total of 3923 which is -67% of the eligible enrolled patients.
- Patient Portal users: viewed a total of 7604 lab results, made 1388 appointments in the general practice, requested 1332 repeat prescriptions, and viewed their notes 2973 times.
- Clutha Health First has engaged separate contracts with the 2 local residential care facilities, to have the same resident general practitioner. This provides a consistent approach for delivering routine and urgent primary care assessment for these residents.





GOAL TWO

Enhance Community Engagement

Why is this important?

Consumer engagement is where consumers/patients are empowered to participate in decisions about treatment, services, and the care that they receive. While Clutha Health First does not have a specific consumer representative group, the organisation had set goals for the year to relaunch a new and refreshed brand and logo, an updated website, bimonthly newsletters to the community and stakeholders and to join forces with Clutha Health Incorporate to complete a series of road trips of the Clutha District to hear directly from the community.

Rebranding and updating the website provides a modern and refreshed image of Clutha Health First. The Website is not only for patients to source information, but also provides information for potential recruitment of staff and directors who are wanting to view information about Clutha Health First. CHF engaged with an external marketing consultancy firm to facilitate this update and the relaunch was completed in October 2020.

How have we measured our success?

- The website was completely redesigned, and the rebranding of the organisation was completed in October 2020.
- The combined CCHCL and CHI boards have scheduled a programme of dates to consult with the wider community throughout the district. The first session was held in Lawrence on the 12th of May 2021. Further dates have been provided for other locations of the Clutha District including Clinton, Owaka, Kaitangata and Balclutha. The evening session was well attended including representatives from Tuapeka Community Health and members of the public.
- Clutha Health First communicated in the local newspaper on a bimonthly basis since December 2020, to inform the community on programmes and services offered at Clutha Health First.

How did we perform?

- Rebranding material is available to all staff to use to provide a consistent refreshed look when communicating with others via paper or digital means. All internal and external signage was updated with the new logo and was replaced throughout the facility.
- The website was completely redesigned to be a more accessible format for users. There is a direct link on the landing page for patients to make payment online and access the general practice patient portal.
- A specific location on the website was also created where patient/community members can electronically submit a complaint, suggestion, or a compliment. Since this feature was added in early 2021, 23% of the 20/21 years complaints/compliments or suggestions have been received directly from the updated website.



GOAL THREE

Upgrade Physical Facilities

Why is this important?

The Clutha Health First Facilities are state of the art with up-to-date technology having gone through a major re-development and refurbishment in recent years. Nevertheless, we have two constraints: (a) the ambulatory care area that includes the General Practice and Outpatient Clinics is quickly running out of space causing us to hesitate from taking on new activities that would be beneficial to our community. Ideally, we would like to shift the Outpatient clinics to a new location releasing space for expansion in this area. (b) the building located at 24 Clyde Street is becoming a challenge to maintain. This building is leased to the Southern DHB and is occupied by Mental Health and Public Health.

Along with the above two constraints, we are looking to build long term resilience and flexibility to accommodate additional health services that could be offered locally and prevent patients from needing to travel to the larger hospital in Dunedin. The new Dunedin Hospital being developed in Dunedin is assuming a future where there are increased services being offered in rural areas and in community-based hubs.

How have we measured our success?

We engaged the services of a consultant to help develop a business case which was presented to our Board in December 2020. Since that time, we employed the service of a Project Manager and initiated the preliminary design of a new Ambulatory Care Centre with the help of designated user groups. The project has been carried out under the direction of the Facility Development Group, which is a combination of Clutha Health Inc Trustees (owners of the facilities), Clutha Health First Directors, Senior Management Staff, and a Māori Cultural Advisor.

How did we perform?

We have completed the first phase of this project with a functional design brief and a traffic management report. The former identified a significant project of development with preliminary costings exceeding our expectations. The latter produced a favourable report indicating our options for access to our facilities from Clyde Street, with verbal support from NZTA.

Due to the situation with the health reforms and significant nature of this project, it was decided by the two boards that we would review the future direction of the Facility in the new year.

In the meantime, the Boards requested that management identify a list of short to medium term remedial work required.





GOAL FOUR

Lead Regional Networking

Why is this important?

We need to collaborate and innovate for health services in our region to be cohesive and unified, placing the patient in the centre of what we do.

How have we measured our success?

We will lead the development of locality networks as proposed by the health reforms. We will work with other healthcare providers including pharmacy, dentistry, aged care, ambulance, local health trusts and other non-governmental agencies to ensure the best outcome for our patients. We will collaborate with other rural hospitals and the SDHB in developing our working relationship.

How did we perform?

1. Development of Locality Networks: This is an ongoing initiative where the Transition Unit for the Health Reforms are looking at piloting several Locality Networks. We have been collaborating with other rural hospitals and WellSouth Network on the development of Locality Networks in our region.
2. We have been collaborating with other local health trusts and GP practices by providing a range of specialist services available to their patients and offering them after hours urgent care.
3. We have agreed to share the resources of a project coordinator who can advance projects that create efficiencies across the rural hospitals.





GOAL FIVE

Enhance Financial Strength

Why is this important?

We will maintain our financial performance to ensure that our organisation is sustainable and able to invest in the development of health services in our region.

How have we measured our success?

- Achievable budgets.
- Monthly Board reporting.
- Long-term contracts.
- Find efficiencies in our cost structures to ensure our services are viable.

How did we perform?

- Fiscal Year financial results (per audit)
 - Revenue actual \$11,615,829 vs budget \$11,366,086, 2.2% higher than budget
 - Expenses actual \$11,025,096 vs budget \$10,996,185, 1.8% above budget
 - Net Surplus actual \$590,733 vs budget \$169,901, 358% higher than budget
- Our contract with the SDHB has been renewed for a one-year term. This is not desirable, but understandable since the SDHB will be absorbed into Health NZ by June 2022. Our understanding is that Health NZ will take over our contract from that date.





Statistics 2020 - 2021



537

People were admitted to the Inpatient ward.



100%

Of those admitted to the Inpatient ward and who were smokers were offered quit smoking advice and support.



173

Chemotherapy Administrations were given.



73

Procedures were completed on board the Mobile Surgical Services 'Bus'.



38,702

Attendances to the General Practice.



1,312

Patients under 14 years old received a free health service at the General Practice.

Statistics 2020 - 2021



2,633

Attendances to the after-hours primary care service or given emergency treatment.



6,708

District Nursing Visits.



119

Admissions to the Maternity Ward.



30

Births in Maternity.



1,293

Allied Health Visits throughout the District (Occupational Therapy, Social Work, Needs Assessment and Speech Language Therapy).



3,194

Patients attended a Physiotherapy appointment.

Patient Satisfaction

2020 - 2021

75%

Of those surveyed for Inpatient services reported they were "Very Satisfied" with the overall service on the Inpatient ward.

100%

Of those surveyed for Maternity services reported they were 'Very Satisfied' with the overall service on the Maternity ward.

85%

Of those surveyed for our community services reported they were 'Very Satisfied' with the overall service in the community.

93%

Of those surveyed for our General Practice reported they were 'Very Satisfied' with the overall service.

91%

Of surveyed patients in General Practice reported they were treated with respect by the Clutha Health First Reception team.

83%

Of surveyed General Practice patients report that the healthcare professional involved the patient as much as they wanted to be in making decisions about their treatment and care.

353

Patients completed a survey about their recent Inpatient, Maternity or Community Service they received.



MY CARE PLAN
M. Conner

DATE: _____

TIME: _____

Room: _____

Bed: _____

Medical History:

- Allergies
- Diabetes
- Heart Disease
- High Blood Pressure
- Kidney Disease
- Liver Disease
- Lung Disease
- Stomach Issues
- Other: _____

Medications:

- Insulin
- Blood Pressure Meds
- Cholesterol Meds
- Pain Meds
- Other: _____

Handwritten notes: Tea/ Milk 2x Sugar

Patient Narrative Feedback

2020 - 2021

Amazing Care

Very impressed with the doctor, knowledge amazing, answered a lot of worries - very impressed. How I was kept informed about my treatment and condition guided with ongoing meds and management. Also found a lot of conditions I have, and I didn't know - thank you for your amazing care.

Patient Comfort

The personalised care and changes made have had a big impact on patient comfort and independence with eating.

Treated with Respect

How the Nurses came and treated me with my wound and was really nice to have them come to see me at home and at the clinic. They treated me with respect while dealing with my wound.

Very Friendly

The staff were very friendly and always smiling and always asking if there was anything else they could do.

Excellent

The way I was spoken to and had things explained was excellent.

Clutha Community Health Company Limited

Annual Report For the Year ended 30 June 2021

■ ■ Contents

■	Directory	2
■	Independent Auditors' Report	3-5
■	Statutory Disclosures	6-7
■	Financial Statements	8-11
■	Notes to the Financial Statements	12-16

Clutha Community Health Company Limited

Directory As at 30 June 2021

Nature of Business:	Hospital and Health Services	
Registration Number:	887714	
NZ Business Number:	9429037944018	
Incorporation Date:	18 December 1997	
Directors:	Bill Thomson (Chairman), BCom, FCA Dr Branko Sijnja, MBChB, Dip Obst, FRNZCGP, PG DipRPHP, Dip GP Dr Conway Powell, BSc (Hons), PhD, CMIInstD Prof George Benwell, BSurv, MPhil, PhD, LS, MIS, MInstD Alastair McKenzie, CMIInstD Dr Alexandra Tickle, PhD, MSc Leanne Samuel, RN DipN, RM BM, MHSM	
Manager:	Ray Anton, BSc, MMgt, CMIInstD	
Registered Office:	102 Clyde Street, Balclutha	
Accountants:	Shand Thomson, PO Box 2, Balclutha	
Bankers:	ANZ Bank, 33 Clyde Street, Balclutha Bank of New Zealand, PO Box 24, Balclutha Westpac, P O Box 182, Balclutha	
Solicitors:	Sumpter Moore, PO Box 89, Balclutha	
Inland Revenue Department:	Clutha Community Health Company Limited	069-397-913
Auditors:	Crowe New Zealand Audit Partnership, PO Box 188, Dunedin	
Shareholder:	Ordinary Shares Clutha Health Incorporated	<u>312,500</u>

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Clutha Community Health Company Ltd

Opinion

We have audited the financial statements of Clutha Community Health Company Ltd (the Company) on pages 8 to 16, which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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.

An entity associated with our firm performed an assurance related review during the period. Other than this and in our capacity as auditor we have no relationship with, or interests in, the Company.

Information Other Than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in the annual report on pages 2 and 6 to 7 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.

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Emphasis of Matter

We draw attention to Note 20 of the Annual Report, which describes the effect of the New Zealand Government's decision to introduce Covid alert level restrictions on businesses effective from 17 August 2021. Our opinion is not modified in respect of this matter.

Directors' Responsibilities for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors 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 Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 financial statements, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Restriction on Use

This report is made solely to the Company's Shareholder. Our audit has been undertaken so that we might state to the Company's Shareholder 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 Company and the Company's Shareholder, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads "CROWE".

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Dunedin this 6th day of October 2021

Clutha Community Health Company Limited

Statutory Disclosures As at 30 June 2021

Introduction

The Directors present their annual report and financial statements for the year ended 30 June 2021. The financial statements are for the reporting entity Clutha Community Health Company Limited (the Company).

Principal Activities

The Company's principal activity is the provision of hospital and health services for residents of the Clutha District. There has been no material change in the Company's business activity during the year under review.

Financial Results

The net surplus for the year was \$590,733 (2020 \$463,890 surplus). Pending clarity on the contracting entity, and the nature of that contract under the Health reforms which are due to be in place by 30 June 2022, the Southern District Health Board has 'rolled over' the annual contract for the year ended 30 June 2021 for a further 12 month period on similar terms and conditions, subject to a 2% uplift in the contract sum.

Financial Position

In the opinion of the Directors, the Company's affairs are in a satisfactory state.

As at 30 June 2021 the book value of assets totalled	\$7,692,633
And were financed by:	
■ Shareholders' Equity	6,089,117
■ Liabilities	1,603,516
	<u>\$7,692,633</u>

Movement in Reserves

Retained Earnings

Opening Balance 4,873,384

Plus

Net Surplus for the Year 590,733

**Revenue Reserves
Carried Forward of:**

\$5,464,117

Directors

In accordance with the Company's Constitution, one third of the Directors retire each year at the annual general meeting. During the year, Bill Thomson, Alastair McKenzie and Dr Alexandra Tickle retired by rotation and were reappointed.

Dividend

The Directors advise that no dividend was paid during the 2021 year (2020 \$Nil).

Directors Disclosures

As required by section 211 of the Companies Act 1993 we disclose the following information:

- (a) Directors' Interests:
The following transactions were entered into by the Directors of the Company:
- Bill Thomson was a Director and Shareholder of Shand Thomson until 31 March 2015. Bill is employed by Shand Thomson as a consultant. Shand Thomson provides accountancy services to the Company.
 - Bill Thomson is the Chairman of the philanthropic organisation, The Clutha Foundation. The Company may apply for funding from the Foundation in the future.
 - Bill Thomson is a Trustee of The Blair Cross Charitable Trust. The Trust supports education and training in the areas of medicine.
 - Bill Thomson was appointed as a trustee of the South Otago Nurses Trust on 1 December 2018. The trust supports continuing professional education for nurses employed by Clutha Community Health Company Ltd.
 - Dr Branko Sijnja is the Director of the Rural Medical Immersion Programme of the University of Otago Medical School. The programme places fifth year medical students for a full academic year in the Company.
 - Dr Branko Sijnja is a part time employee of Clutha Community Health Company Ltd. Salaries paid were as follows:

	2021	2020
Dr Branko Sijnja	63,442	\$44,002

- Dr Conway Powell and his spouse, Dr Kathy Powell, are Directors and Shareholders of Powell Consulting Ltd, which provides services to the Ministry of Health, District Health Boards and Primary Health Organisations. Powell Consulting Ltd provided services to Royal New Zealand College of General Practitioners last year.
- Dr Conway Powell was a Director of the Nursing Council of New Zealand until 31 March 2020.
- Dr Conway Powell's spouse, Dr Kathy Powell, provides GP locum services to rural practices across New Zealand, including Clutha Community Health Company Ltd.
- Dr Conway Powell was an employee and project manager for the Dean of Medicine at the University of Otago until 29 May 2020.
- Dr Conway Powell is the chair of the Finance, Risk and Audit Committee of Physiotherapy New Zealand.
- Prof George Benwell is the Chairman of University Union Ltd. University Union Ltd is owned 50/50 by the Otago University Students Association and the University of Otago.
- Leanne Samuel is the Southland/Gore Area Manager of IDEA Services.
- Leanne Samuel was the Executive Director of Nursing and Midwifery for the Southern District Health Board until 2017.
- Alastair McKenzie is a Director/Board Member of the following organisations:
 - Bert Walker 1988 Ltd
 - Diabetes New Zealand
 - Dunedin Community Trust
 - Turner Heights Ltd
 - Endurance Ag Ltd
 - Netball South
- Dr Alexandra Tickle is a Director of Amaroq Therapeutics Ltd, a company developing a new class of cancer treatments.
- Dr Alexandra Tickle is employed by Otago Innovation Ltd, a wholly-owned subsidiary of the University of Otago.
- Dr Alexandra Tickle is a Trustee of the New Zealand Brain Tumour Trust.
- Dr Alexandra Tickle's spouse, Shane Tickle, is a self-employed sheep and beef farmer who manages a Simmental Stud for Dr Everd Strauss. Dr Everd Strauss is a specialist anaesthetist at Mercy Hospital, Dunedin Hospital and a lecturer at the Otago Medical School.

Use of Company Information:

The Board received no notices during the year from Directors requesting to use company information received in their capacity as Directors which would not have been otherwise available to them.

- (b) Share Dealing:
No Director owned, requested nor disposed of any interest in shares during the year.

(c) Directors Fees:

Directors fees were paid as follows:

	2021	2020
	\$	\$
Bill Thomson	20,000	20,000
Dr Branko Sijnja	12,500	12,500
Dr Conway Powell	12,500	12,500
George Benwell	12,500	12,500
Alastair McKenzie	10,000	10,000
Dr Alexandra Tickle	10,000	10,000
Leanne Samuel	10,000	10,000
	<u>\$87,500</u>	<u>\$87,500</u>

Auditors

Crowe New Zealand Audit Partnership were appointed auditors pursuant to section 207 of the Companies Act 1993 and fees payable to the auditor were \$9,783.

Employee Remuneration

The number of employees whose remuneration and benefits are within the defined bands are as follows:

	2021	2020
Remuneration Range	Number of Employees	
\$100,001 - \$110,000	5	3
\$110,001 - \$120,000	3	1
\$120,001 - \$130,000	1	1
\$130,001 - \$140,000	-	1
\$140,001 - \$150,000	1	-
\$150,001 - \$160,000	1	1
\$170,001 - \$180,000	-	1
\$190,001 - \$200,000	-	1
\$210,001 - \$220,000	-	1
\$220,001 - \$230,000	1	1
\$250,001 - \$260,000	1	-
\$270,001 - \$280,000	-	1
\$360,001 - \$370,000	-	1
\$370,000 - \$380,000	1	-

The Directors hereby approve the financial statements for the year ended 30 June 2021. For and on behalf of the Board of Directors:



W G Thomson (Chairman)



Dr B Sijnja (Director)

6 October 2021

SHAND THOMSON



Clutha Community Health Company Limited

Statement of Cash Flows For the Year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash Flows from Operating Activities			
<i>Cash was received from:</i>			
Donations, fundraising & other similar receipts		4,774	5,942
Receipts from providing goods or services		11,487,657	10,910,975
Interest, dividends & other investment receipts		133,719	113,896
Net goods & services tax received/(paid)		19,148	18,292
		11,645,298	11,049,105
<i>Cash was applied to:</i>			
Payments to suppliers & employees		10,775,499	10,300,793
Net Cash Flows from Operating Activities	23	869,799	748,312
Cash Flows from Investing & Financing Activities			
<i>Cash was provided from:</i>			
Receipts from the sale of property, plant & equipment		35,936	32,304
<i>Cash was applied to:</i>			
Payments to acquire property, plant, equipment & goodwill		322,930	252,397
Payments for new bank deposits		701,176	247,578
		1,024,106	499,975
Net Cash Flows to Investing & Financing Activities		(988,170)	(467,671)
Net Increase (Decrease) in Cash Held	21	(118,371)	280,641
Opening Cash & Bank Balances		1,202,495	921,854
Closing Cash & Bank Balances		\$1,084,124	\$1,202,495
Represented by:			
Bank Current Accounts & Cash on Hand		744,890	713,490
Bank Call Account		339,234	489,005
Total Cash at Bank		\$1,084,124	\$1,202,495

Clutha Community Health Company Limited

Statement of Comprehensive Revenue and Expense For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue from Exchange Transactions			
Contract Services		908,304	844,566
District Health Board Funding		6,924,643	6,641,585
General Practice Consultation Fees		1,220,628	1,192,080
General Practice Education Programme		7,931	9,374
Interest Revenue	19	75,138	105,257
PHO Revenue		2,322,444	2,151,162
Rental Revenue		119,975	130,417
Sundry Income	19	26,324	36,339
Tutoring Students		10,440	9,090
Total Revenue		11,615,829	11,119,869
Expenditure			
Administration Expenses		199,010	189,278
Estate Expenses	8, 9, 19	739,909	724,243
External Clinical Contracts & Services		936,709	771,919
Household Expenses		310,676	330,885
Personnel Costs	13	7,980,359	7,800,947
Transport Expenses		89,695	89,204
Treatment Expenses		335,654	336,974
Other External Costs	13, 19	218,210	204,923
		10,810,223	10,448,374
Net Depreciation, Gain, Loss on Disposal of Assets	12	214,873	207,605
Total Expenses		11,025,096	10,655,979
Surplus for the Year from Continuing Activities		590,733	463,890
Other Comprehensive Revenue and Expenditure for the Year		-	-
Total Comprehensive Revenue and Expenditure for the Year		\$590,733	\$463,890

Clutha Community Health Company Limited

Statement of Changes in Net Assets/Equity For the Year Ended 30 June 2021

	Contributed Capital \$	Accumulated Comprehensive Revenue and Expense \$	Total Net Assets/ Equity \$
Balance at 30 June 2019	625,000	4,409,494	5,034,494
Changes in Net Assets/Equity for 30 June 2020			
Total Comprehensive Revenue & Expenditure for the Year	-	463,890	463,890
Balance at 30 June 2020 Carried Forward	\$625,000	\$4,873,384	\$5,498,384
Balance at 30 June 2020 Brought Forward	625,000	4,873,384	5,498,384
Changes in Net Assets/Equity for 30 June 2021			
Total Comprehensive Revenue & Expenditure for the Year	-	590,733	590,733
Balance at 30 June 2021	\$625,000	\$5,464,117	\$6,089,117

Clutha Community Health Company Limited

Statement of Financial Position As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current Assets			
Cash & Cash Equivalents	15	1,084,124	1,202,495
Short Term Bank Deposits	16	3,469,418	2,812,089
Prepayments		55,242	46,606
Medical Supplies		77,240	68,042
Accounts Receivable	17	1,017,570	969,310
Accrued Interest		39,476	98,057
		5,743,070	5,196,599
Non Current Assets			
Property, Plant & Equipment	12	902,675	830,552
Intangible Assets	11	160,000	160,000
Bank Term Deposits	16	436,889	393,042
Related Party Advance	9	450,000	450,000
		1,949,564	1,833,594
Total Assets		7,692,634	7,030,193
Liabilities			
Current Liabilities			
Accounts Payable	10	316,520	268,996
Employee Benefits	22	1,069,450	1,064,416
Goods & Services Tax Accrued		217,545	198,397
Total Liabilities		1,603,516	1,531,809
Total Net Assets		\$6,089,117	\$5,498,384
Net Assets/Equity			
Contributed Capital	7	625,000	625,000
Accumulated Comprehensive Revenue & Expenses		5,464,117	4,873,384
Total Net Assets/Equity		\$6,089,117	\$5,498,384



W G Thomson (Chairman)



Dr B Sijnja (Director)

6 October 2021

Clutha Community Health Company Limited

Notes to the Financial Statements For the Year ended 30 June 2021

Note 1 – Statement of Accounting Policies

Reporting Entity

Clutha Community Health Company Limited was incorporated on 18 December 1997 under the Companies Act 1993. The Company became a registered charity under the Charities Act 2005 on the 24 January 2008. The Company is wholly owned by Clutha Health Incorporated.

Nature of Business

The Company provides hospital and health services from premises situated on Charlotte and Clyde Streets, Balclutha.

Basis of Preparation

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

The Company qualifies as a Tier 2 reporting entity as the two most recent reporting periods operating expenditure has been between \$2 million and \$30 million.

There is no public accountability.

These financial statements were authorised for issue by the chairman, Bill Thomson, on 6 October 2021.

Measurement Base

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been followed in the preparation of these financial statements. Accrual accounting is used to recognise expenses and revenues when they occur.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Company's functional and presentation currency, rounded to the nearest dollar. There has been no change in the functional currency during the year.

Use of Judgements and Estimates

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

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

The judgement made in applying accounting policies that has had the most significant effect on the amounts recognised in the financial statements is to consider that residual balances of payments for goodwill made other than the payment referred to in Note 11 are impaired to the point of no value.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustments in the year ended 30 June 2021 include:

- Provision for bad debts \$7,500 (2020 \$6,000)
- Useful life of depreciable assets (see below)

Particular Accounting Policies

The following particular accounting policies adopted in the financial statements have a significant effect on the results and financial position:

Revenue Recognition from Exchange Transactions

Funding for services performed is recognised as revenue in the year that the services are performed. Rental income and interest received are recorded as revenue in the period earned. Sales of services are recognised in the accounting period in which the services are rendered.

Goods & Services Tax (GST)

The Company is registered for GST.

The financial statements have been prepared on a "GST exclusive" basis with the exception of accounts receivable and accounts payable which are disclosed inclusively.

Inventories

Drugs and consumables on hand are valued at the lower of cost using the first in first out basis, or net realisable value.

Investments

Investments have been recorded at cost less impairment.

Accounts Receivable

Accounts receivable are recognised initially at fair value less provision for doubtful debts. Bad debts are written off in the year in which they are identified. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables with the amount of the provision is recognised in the Statement of Comprehensive Revenue and Expense.

Taxation

Clutha Community Health Company Limited is a charitable organisation and is therefore exempt from income tax. The Company became a registered charity under the Charities Act 2005 on the 24 January 2008.

Employee Entitlements

Provision is made in respect of liability for annual, alternate and long service leave. All leave has been calculated on an actual entitlement basis at current rates of pay.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Note 1 – Statement of Accounting Policies (continued)

Intangible Assets

Goodwill represents the excess of the cost of acquisition over the fair value of the Company's share of the net identifiable assets of the acquired general practices at the date of acquisition. Goodwill on acquisition of practices is included in intangible assets. Goodwill is carried at cost less impairment losses. Impairment is reviewed at each reporting date and adjusted if appropriate.

Property, Plant & Equipment

Assets are stated at cost less accumulated depreciation and impairment.

Depreciation

Depreciation of property, plant & equipment is calculated so as to allocate the cost or value of the assets less their residual values over their estimated useful lives. The depreciation rates used in preparation of these financial statements are as follows:

Lessees Improvements:

■ Helipad	50 Years Straight Line
■ Other	10 Years Straight Line
Furniture & Fittings	10 Years Straight Line
Plant & Equipment	8 Years Straight Line
Office Equipment & IT	4 Years Straight Line
Motor Vehicles	4 Years Straight Line

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

Changes in Accounting Policies

There have been no significant changes in accounting policies from those applied last year.

Note 2 - Inventory Commitments

No inventories are specifically and separately pledged as security for liabilities (2020 \$Nil). There were no reversals of previously written down inventory items (2020 \$Nil).

Note 3 – Events Subsequent to Balance Date

The Directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in this report, which has significantly or may significantly affect the operation, the results of these operations, or the state of affairs of the Company.

Note 4 - Contingent Liabilities

There are no contingent liabilities at balance date (2020 \$Nil).

Note 5 - Capital Commitments

There were no capital commitments at balance date (2020 \$Nil).

Note 6 - Directors & Officers Indemnity Insurance

In accordance with the Constitution and the Companies Act 1993, the Company has given indemnities to, and effected insurance for, Directors and officers of the Company relating to any liabilities or costs incurred for any act or omission in their capacity as Directors or officers of the Company.

Note 7 - Paid in Share Capital

Shares Issued

- Shares are classified as contributed capital. The company has 312,500 Fully Paid Ordinary Shares on issue (2020: 312,500).

Rights Attaching to Shares Issued

All shares rank pari passu for dividend, voting, and winding up purposes and have no par value.

- All shares are owned by Clutha Health Incorporated

Note 8 – Leased Assets

Operating Leases

Premises are leased from Clutha Health Incorporated as follows:

	Start Date	Lease Term	Rights of Renewal	Lease Value pa \$
Charlotte Street	01/07/2013	5 years	2	350,000
Clyde Street ¹	01/12/2010	5 years	2	35,164
Lanark Street ²	22/01/2018	Nil	NA	Nil

¹ The lease for Clyde Street is in the process of being renewed.

² The lease for Lanark Street recognises that the Company advanced the funds for the purchase to Clutha Health Incorporated interest free.

Premises are leased from the Salvation Army on a nine year term for \$12,285 per annum, starting 1 August 2014.

The financial obligations under the above leases are:

	2021 \$	2020 \$
Not later than one year	376,937	376,937
Later than one and not longer than five years	361,261	723,546
Later than five years	-	-

There are no other material operating leases.

Finance Leases

There are no finance leases.

Note 9 – Related Party Information

Clutha Community Health Company Limited rents the health facility land and buildings at an agreed rental from Clutha Health Incorporated which is the sole shareholder of the Company. The rental for the Charlotte Street property is \$350,000 per annum, the rental for the 24 Clyde Street property is \$35,164 per annum.

	2021 \$	2020 \$
Rental Paid	385,164	385,164
Owed by Clutha Health Incorporated	2,380	2,246

The \$450,000 advance made in 2017 to Clutha Health Incorporated is secured over the property at 40 Lanark Street, Balclutha. The advance is interest free with the property being made available to the Company for its use at no cost. Repayment is to be made when the property is sold.

Clutha Community Health Company Limited purchases accountancy and advisory services from Shand Thomson Ltd, an accounting firm in which Bill Thomson, a Director, is currently employed as a consultant. These services were supplied on normal commercial term, 2021 \$28,061 (2020 \$31,317).

Dr Branko Sijnja, a Director, was paid wages during the year in his capacity of employee of \$63,442 (2020 \$44,002).

Note 10 – Accounts Payable from Exchange Transactions

	2021 \$	2020 \$
Trade Creditors	259,499	204,718
Accruals	57,021	64,278

\$316,520 \$268,996

SHAND THOMSON



Note 11 – Intangible Assets

Intangible assets represent goodwill on the purchase of Dr Visagie's practice in February 2016, and the value has been assessed at cost price \$160,000 with no impairment (2020 \$160,000).

Note 12 – Property, Plant & Equipment

Property, plant & equipment are stated at cost less accumulated depreciation.

	2021 \$	2020 \$
Leasehold Improvements		
Opening Cost	360,811	352,128
Additions	80,000	8,683
Closing Cost	440,811	360,811
Less Accumulated Depreciation	182,946	144,895
Closing Book Value	<u>\$257,865</u>	<u>\$215,916</u>
Depreciation Current Year	38,049	33,085
Furniture & Fittings		
Opening Cost	317,535	297,205
Additions	21,038	36,355
Disposals	-	(16,025)
Closing Cost	338,573	317,535
Less Accumulated Depreciation	148,978	117,671
Closing Book Value	<u>\$189,595</u>	<u>\$199,864</u>
Depreciation Current Year	31,307	29,646
General Plant/Equipment		
Opening Cost	700,739	708,197
Additions	24,612	34,366
Disposals	(913)	(41,824)
Closing Cost	724,438	700,739
Less Accumulated Depreciation	556,977	504,058
Closing Book Value	<u>\$167,461</u>	<u>\$196,681</u>
Depreciation Current Year	53,832	62,157
Office Equipment & IT		
Opening Cost	263,499	273,497
Additions	37,683	52,786
Disposals	(11,957)	(62,784)
Closing Cost	289,225	263,499
Less Accumulated Depreciation	209,702	186,263
Closing Book Value	<u>\$79,523</u>	<u>\$77,236</u>
Depreciation Current Year	35,395	33,324
Motor Vehicles		
Opening Cost	453,822	388,079
Additions	159,599	120,212
Disposals	(101,328)	(54,469)
Closing Cost	512,093	453,822
Less Accumulated Depreciation	303,863	312,966
Closing Book Value	<u>\$208,230</u>	<u>\$140,856</u>
Depreciation Current Year	81,535	56,570
Total Depreciation Current Year	<u>\$240,118</u>	<u>214,783</u>
Plus(Less)		
Gain on Disposal	(25,245)	(11,205)
Loss on Disposal	-	4,027
	(25,245)	(7,178)
	<u>\$214,873</u>	<u>\$207,605</u>
Total Property, Plant & Equipment	<u>\$902,675</u>	<u>\$830,552</u>

Note 13 – Remuneration

The amounts disclosed in the following table are recognised as an expense during the reporting period related to key management personnel (KMPs) and include short-term benefits and directors' fees.

	2021 \$	2020 \$
Board of Directors (0.45 FTE)	87,500	87,500
Executive Management (2 FTEs)	495,154	467,512
Total Paid to Key Management Personnel	<u>\$582,654</u>	<u>\$555,012</u>

The Company has two key management personnel, determined on full-time equivalent basis, which received remuneration from the Company during the year (2020: two key management personnel on full time equivalent basis).

The Company did not provide any compensation that was not on arm's length terms to key management personnel and close family members of key management personnel during the year (2020 \$Nil). The Company provides no long-term benefits to its key management personnel.

There are no loans and advances transactions and outstanding balances made to/received from key management personnel during the year (2020 \$Nil).

Note 14 - Financial Instruments

Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash, short term deposits, receivables and investments. The Company places its cash and short term investments with high credit rated financial institutions. The major receivable is from the Southern District Health Board monthly grant. Credit risk is considered minimal as the Board is a Government agency. Receivables are presented net of the allowance for doubtful receivables. There are no collateral securities to support financial investments due to the quality of the receivables and investments dealt with.

Fair Value

Cash, short term deposits, receivables, accounts payable and short term borrowings have a carrying amount that is equivalent to their fair value.

Currency & Interest Rate Risk

There is no currency risk as all transactions are in New Zealand dollars. Short term deposits are used to minimise interest risk. There are no off balance sheet financial instruments at balance date, nor have there been any during the financial year.

Categories of Financial Instruments

The following table summarises the categories of the Company's financial instruments:

	Note	2021 \$	2020 \$
Loans & Receivables			
Cash & Cash Equivalents	15	1,084,124	1,202,495
Trade & Other Receivables	17	1,017,570	969,310
Investments in Bank Term Deposits	16	3,906,307	3,205,131
Total Financial Assets		<u>\$6,008,001</u>	<u>\$5,376,936</u>
	Note	2021 \$	2020 \$
Financial Liabilities at Amortised Cost			
Trade & Other Payables	10 21	1,385,970	1,333,412
Total Financial Liabilities		<u>\$1,385,970</u>	<u>\$1,333,412</u>

Note 14 - Financial Instruments (continued)

Financial Assets

The Company's financial assets include its cash, short-term deposits, and various receivables. The Company recognises financial assets when it becomes party to a contract. These assets may be classified into the categories of financial assets depending of the Company's intention to hold them and the nature of the investments.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset. The subsequent measurement and presentation of the financial assets will vary depending on their category.

All financial assets held by the Company in the years reported have been designated into the following 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 and these comprise cash and cash equivalents, trade and other receivables and short-term deposits. The financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Company's financial liabilities are classified as "financial liabilities measured at amortised cost", which are subsequently measured at amortised cost using the effective interest method. Financial liabilities at amortised cost comprise trade and other payables.

At each reporting date, the Company assesses whether the financial assets are impaired and when there is objective evidence of impairment, the carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in surplus or deficit.

For financial assets carried at amortised cost, the criterion used to determine whether objective evidence of impairment exists is the asset's collectability. Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor,

default payments or debts more than 60 days overdue are considered objective evidence of impairment.

A financial asset is derecognised primarily when: (a) the rights to receive cash flows from the asset have expired, or (b) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party.

Note 15 – Cash and Cash Equivalents

Per annum annual interest rate ranges applicable to components of cash and cash equivalents:

	2021	2020
Call deposits	0.05%	0.05%

There are no restrictions over any of the cash and cash equivalent balances held by the Company.

Note 16 – Investments

Per annum annual interest rate ranges applicable to components of short and long term deposits is 0.80% - 3.15% (2020 1.90% - 4.10%)

Note 17 – Accounts Receivable from Exchange Transactions

	2021	2020
	\$	\$
Gross amounts owing	1,025,070	975,310
Less:		
Provision for Doubtful Debts	7,500	6,000
	<u>\$1,017,570</u>	<u>\$969,310</u>

Note 18 – Bank Security

The Bank of New Zealand has a debenture over the assets and undertakings of the Company as security for any bank financing.

Note 19 – Disclosures

Items requiring specific disclosures are:

	Note	2021	2020
		\$	\$
Interest Income		75,138	105,257
Donations Received		4,774	5,942
Audit Fees		9,783	8,750
Bad Debts Written Off		12,047	5,729
Directors Fees	13	87,500	87,500
Doubtful Debts (Movement)	17	1,500	(2,000)
Net Gain on Sale of Property, Plant & Equipment	12	25,245	7,178
Operating Leases (Buildings)	8	397,449	397,449
Operating Leases (Other)	8	Nil	Nil

All revenues were derived from continuing activities.

Note 20 – COVID-19

The Directors are aware of the current COVID-19 emergency and the New Zealand Government's decision that all non-essential businesses are to close effective 17 August 2021. This matter is being addressed with business continuity planning and the Directors have considered that this is a "non-adjusting" subsequent event and that there is no impact on the 2021 financial year.

At the date of approving these financial statements the Directors believe that COVID-19 will have no more than a minor impact on the future financial performance of the Company. The situation continues to be monitored and managed through business continuity planning.

Note 21 – Funds Invested

Movement in cash assets, including all term deposits are as follows:

	2021	2020
	\$	\$
Cash & Cash Equivalents	1,084,124	1,202,495
Short Term Bank Deposits	3,469,418	2,812,089
Long Term Bank Deposits	436,889	393,042
	<u>4,990,431</u>	<u>4,407,626</u>
Less:		
Opening Funds	4,407,626	3,879,407
Increase in Cash Assets	<u>\$582,805</u>	<u>\$528,219</u>

Note 22 – Employee Benefit Liability

The following employee entitlements exist at balance date:

	2021	Increase (Decrease)	2020	Increase (Decrease)	2019
	\$	\$	\$	\$	\$
Wages Accrued	280,398	21,516	258,882	42,279	216,603
Leave Accrued	789,052	(16,482)	805,534	203,795	601,739
Total Employee Benefit Liability	<u>\$1,069,450</u>		<u>\$1,064,416</u>		<u>\$818,342</u>

During the year \$49,472 was paid out to employees to meet the obligations of the Holidays Act. 2020 leave accrued included a provision of \$75,000.

Note 23 – Reconciliation of Net Surplus with Net Cash Flows from Operating Activities

	2021	2020
	\$	\$
Net Surplus	590,733	463,890
Add Depreciation and Gain & Loss on Disposal	<u>214,873</u>	<u>207,605</u>
	805,606	671,495
Plus/(Less) Movement in Working Capital Items		
(Increase) in Receivables & Prepayments	1,685	(91,763)
Decrease in Medical Supplies on Hand	(9,198)	(6,300)
Increase in GST Accrued	19,148	18,292
Increase in Operating Payables & Accruals	<u>52,558</u>	<u>156,588</u>
Net Working Capital Movement	64,193	76,817
Net Cash Flows from Operating Activities	<u>\$869,799</u>	<u>\$748,312</u>



Clutha Health First

Hauora Tahī Ki Iwikatea
Community Health

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Location: 9 - 11 Charlotte Street, Balclutha