

2021-2022 ANNUAL REPORT

Clutha Health Incorporated and
Clutha Community Health Company Ltd



Clutha Health First
Hauora Tahī Ki Iwikatea
Community Health

CLUTHA HEALTH
INCORPORATED



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Chairman's Review

Clutha Health Incorporated

On behalf of the Board of Clutha Health Incorporated I am pleased to be able to present the 24th Annual Report of the 2021/2022 year.

The Year in Review

Covid was again a dominating factor in the community and country with the widespread out break of Omicron in New Zealand. We would like to take this opportunity to thank Ray Anton and staff of Clutha Health First for their work in keeping the business operating efficiently whilst dealing with the effects of the pandemic.

The workload for CHI was less demanding this year following the decision to not proceed with the facility redevelopment. The trustees continued to work to make sure that the facility maintenance schedule based on a 10-year program of works was adhered to.

Strategic Planning

We (CHI) are the 100% shareholder of Clutha Community Health Company Ltd (CCHCL) trading as Clutha Health First (CHF). Because of this relationship we were pleased to attend the strategic planning session that CCHCL held and be able to contribute to the future strategic direction of the health facility.

Director Appointments

One of the most important tasks for CHI trustees is to appoint the directors of CCHCL. This year we were happy to reappoint two current directors for a further 3-year term after interviewing them.

- Leanne Samuel
- Conway Powell

Both are outstanding directors and their contribution along with our other CCHCL directors have combined to give the people of our district the excellent health services that they have available to them.

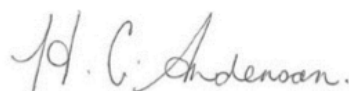
Clutha Health Incorporated

I would like to extend my thanks to my fellow trustees who have given their time and effort to the running and governance of CHI. Their contribution is important to the wonderful integrated and community owned health facility we have.

Clutha Community Health Company Ltd

We again with to thank Ray Anton and the staff of CHF for their work and efforts in this year and our sincere appreciation goes to Bill Thomson and the board of CCHCL for their governance and stewardship of the company.

Hamish Anderson
Chairman, Clutha Health Incorporated



2021-2022

Financial Report

Clutha Health Incorporated



Clutha Health Incorporated
Annual Report
For the Year ended 30 June 2022

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The Trustees hereby approve the financial statements for the year ended 30 June 2022
for and on behalf of the Board of Trustees:



Hamish Anderson (Chairman - Trustee)

03 October 2022

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 2022, 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 2022, 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.

Other than 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 included in the Statement of Service Performance 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.

Board' 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:

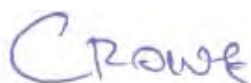
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 Group's Board, as a body. Our audit has been undertaken so that we might state to the Group's 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 Group and the Group's 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 3rd day of October 2022

Clutha Health Incorporated

Entity Information & Statement of Service Performance As at 30 June 2022

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; five elected by the community (residents of the Clutha District), three elected by facility, one 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: Alison.Ludemann@chf.co.nz
Website: www.cluthahealth.co.nz

Board Members:

Hamish Anderson (Chairperson)
Helen Keen
Jennifer O'Connell
Jolene Ollerenshaw
Kate Anderson
David Mason
Phil Atkinson
Paul Hanlon
Jo-anne Thomson

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:**

Following the outcome of stage one, based on an unanimous recommendation of the Facility Development Group, both Boards agreed that the initial development activities that had been completed were valuable for future planning but due to the uncertainty caused by the new Health system reforms, and identifying the implications of these for CHF, further progression of development was suspended.


■ 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 (2021 \$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 2022 for and on behalf of the Board of Trustees:



Hamish Anderson (Chairman - Trustee)

03 October 2022

Clutha Health Incorporated

Statement of Cash Flows For the Year ended 30 June 2022

	Note	Group		Parent	
		2022 \$	2021 \$	2022 \$	2021 \$
Cash Flows from Operating Activities					
<i>Cash was received from:</i>					
Donations, fundraising & other similar receipts		966	4,774	-	-
Receipts from providing goods or services		12,360,075	11,487,657	385,165	385,165
Interest, dividends & other investment receipts		77,863	148,516	16,663	14,797
Net goods & services tax received/(paid)		9,306	14,041	9,214	(5,107)
		<u>12,448,210</u>	<u>11,654,988</u>	<u>411,042</u>	<u>394,855</u>
<i>Cash was applied to:</i>					
Payments to suppliers & employees		10,651,847	10,440,439	55,464	50,105
Net Cash Flows from Operating Activities	19	<u>1,796,363</u>	<u>1,214,549</u>	<u>355,578</u>	<u>344,750</u>
Cash Flows from Investing & Financing Activities					
<i>Cash was provided from:</i>					
Receipts from the sale of property, plant & equipment		49,896	35,936	-	-
<i>Cash was applied to:</i>					
Payments to acquire property, plant, equipment & goodwill		449,192	342,305	97,310	19,375
Repayment of related party loan		-	-	-	-
Payments for new bank deposits		1,548,125	814,308	413,475	113,132
		<u>1,997,317</u>	<u>1,156,613</u>	<u>510,785</u>	<u>132,507</u>
Net Cash Flows to Investing and Financing Activities		<u>(1,947,421)</u>	<u>(1,120,677)</u>	<u>(510,785)</u>	<u>(132,507)</u>
Net Increase (Decrease) in Cash Held		<u>(151,058)</u>	<u>93,872</u>	<u>(155,207)</u>	<u>212,243</u>
Opening Cash & Bank Balances		1,488,534	1,394,662	404,409	192,166
Closing Cash and Bank Balances		<u>\$1,337,476</u>	<u>\$1,488,534</u>	<u>\$249,202</u>	<u>\$404,409</u>
Represented by:					
Bank of New Zealand Current Account		846,880	1,101,381	98,094	356,490
Bank of New Zealand Call Account & Short Term Deposits		490,596	387,153	151,108	47,919
Total Cash at Bank		<u>\$1,337,476</u>	<u>\$1,488,534</u>	<u>\$249,202</u>	<u>\$404,409</u>

Clutha Health Incorporated

Statement of Comprehensive Revenue and Expense For the Year Ended 30 June 2022

	Note	Group		Parent	
		2022 \$	2021 \$	2022 \$	2021 \$
Revenue from Exchange Transactions					
Contract Services		1,022,167	908,304	-	-
District Health Board Funding		7,029,738	6,924,643	-	-
General Practice Consultation Fees		1,104,451	1,220,628	-	-
General Practice Education Programme		793	7,931	-	-
Interest Revenue	17	80,351	89,352	16,512	14,214
PHO Revenue		2,890,863	2,322,444	-	-
Rental Revenue		152,618	119,975	385,164	385,164
Sundry Income	23	149,665	26,324	-	-
Tutoring Students		14,310	10,441	-	-
Total Revenue		12,444,956	11,630,045	401,676	399,378
Expenditure					
Administration Expenses	17	242,006	209,135	10,175	10,124
Estate Expenses	15, 21	348,761	360,019	10,588	5,273
External Clinical Contracts & Services		918,461	936,709	-	-
Household Expenses		406,246	310,676	-	-
Personnel Costs	13, 14	8,312,699	7,980,359	-	-
Transport Expenses		86,292	89,695	-	-
Treatment Expenses		498,569	335,654	-	-
Other External Costs	17, 24, 25	228,656	252,346	36,652	34,134
		11,041,691	10,474,592	57,415	49,531
Net Depreciation, Gain, Loss on Disposal	16	604,366	573,010	357,873	358,137
Total Expenses		11,646,057	11,047,601	415,288	407,668
Surplus for the Year from Continuing Activities		798,899	582,443	(13,612)	(8,290)
Total Comprehensive Revenue & Expenses for the Year		\$798,899	\$582,443	\$(13,612)	\$(8,290)

Clutha Health Incorporated

Statement of Changes in Net Assets/Equity For the Year Ended 30 June 2022

Group	Note	Charitable Trust Reserves	Building Revaluation Reserves	Accumulated Comprehensive Revenue & Expenses	Total Net Assets/Equity
Balance at 30 June 2020		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 Carried Forward		25,493	6,437,876	12,174,585	18,637,954
Balance at 30 June 2021 Brought Forward		25,493	6,437,876	12,174,585	18,637,954
Changes in Net Assets/Equity for 30 June 2022					
Total Comprehensive Revenue & Expenses for the Year		286	-	798,613	798,899
Balance at 30 June 2022	18	<u>\$25,779</u>	<u>\$6,437,876</u>	<u>\$12,973,198</u>	<u>\$19,436,853</u>

Parent		Charitable Trust Reserves	Building Revaluation Reserves	Accumulated Comprehensive Revenue & Expenses	Total Net Assets/Equity
Balance at 30 June 2020		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 Carried Forward		25,493	6,437,876	6,710,468	13,173,837
Balance at 30 June 2021 Brought Forward		25,493	6,437,876	6,710,468	13,173,837
Changes in Net Assets/Equity for 30 June 2022					
Total Comprehensive Revenue & Expenses for the Year		286	-	(13,898)	(13,612)
Balance at 30 June 2022	18	<u>\$25,779</u>	<u>\$6,437,876</u>	<u>\$6,696,570</u>	<u>\$13,160,225</u>

Clutha Health Incorporated

Statement of Financial Position As at 30 June 2022

	Note	Group		Parent	
		2022 \$	2021 \$	2022 \$	2021 \$
Assets					
Current Assets					
Cash & Cash Equivalents	4, 22	1,337,477	1,488,532	249,202	404,409
Short Term Bank Deposits	5, 22	6,377,189	4,392,177	1,336,234	922,759
Prepayments		53,737	55,242	-	-
Medical Supplies		55,369	77,240	-	-
Accounts Receivable	12	1,019,281	1,015,190	-	-
Accrued Interest		48,445	45,957	6,330	6,481
		<u>8,891,498</u>	<u>7,074,339</u>	<u>1,591,766</u>	<u>1,333,650</u>
Non Current Assets					
Property, Plant & Equipment	16	12,405,787	12,664,967	11,447,621	11,762,292
Intangibles & Goodwill	10	160,000	160,000	-	-
		<u>12,565,787</u>	<u>12,824,967</u>	<u>11,447,621</u>	<u>11,762,292</u>
Investments					
Long Term Bank Deposits	5, 22	-	436,889	-	-
Shares Clutha Community Health Co Ltd		-	-	625,000	625,000
		<u>-</u>	<u>436,889</u>	<u>625,000</u>	<u>625,000</u>
Total Assets		<u>21,457,285</u>	<u>20,336,195</u>	<u>13,664,387</u>	<u>13,720,942</u>
Less Liabilities					
Current Liabilities					
Accounts Payable	11	447,360	392,919	26,621	78,778
Employee Entitlements	14	1,327,894	1,069,450	-	-
Goods & Services Tax Accrued		245,178	235,872	27,541	18,327
		<u>2,020,432</u>	<u>1,698,241</u>	<u>54,162</u>	<u>97,105</u>
Non Current Liabilities					
Advance Clutha Community Health Co Ltd	21	-	-	450,000	450,000
Total Liabilities		<u>2,020,432</u>	<u>1,698,241</u>	<u>504,162</u>	<u>547,105</u>
Total Net Assets		<u>\$19,436,853</u>	<u>\$18,637,954</u>	<u>\$13,160,225</u>	<u>\$13,173,837</u>
Net Assets/Equity					
Charitable Trust Reserves	26	25,779	25,493	25,779	25,493
Building Revaluation Reserves		6,437,876	6,437,876	6,437,876	6,437,876
Accumulated Comprehensive Revenue & Expenses		12,973,198	12,174,585	6,696,570	6,710,468
Total Net Assets/Equity	18	<u>\$19,436,853</u>	<u>\$18,637,954</u>	<u>\$13,160,225</u>	<u>\$13,173,837</u>

H. C. Anderson

Hamish Anderson (Chairman - Trustee)

03 October 2022



SHAND THOMSON



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



Clutha Health Incorporated

Notes to the Financial Statements For the Year ended 30 June 2022

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 9.

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.

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 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 2022 include:
 - Provision for doubtful debts is \$7,500 (2021 \$7,500)

- 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.

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.

Investments

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

Note 1 – Statement of Accounting Policies (continued)

■ 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.

■ 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.

■ 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	2022 \$	2021 \$
Loans & Receivables			
Cash & Cash Equivalents	4	1,337,477	1,488,532
Trade & Other Receivables	12	1,019,281	1,015,190
Investments in Bank Term Deposits	5	6,377,189	4,829,066
Total Financial Assets		\$8,733,947	\$7,332,788
Financial Liabilities at Amortised Cost			
Trade & Other Payables	11, 14	1,775,254	1,462,368
Total Financial Liabilities		\$1,775,254	\$1,462,368

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.



SHAND THOMSON



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:

	2022	2021
Call deposits	0.30%	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 1.20% - 3.70% (2021 0.80% - 3.15%)

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 COVID-19 virus pandemic, which resulted in lockdowns throughout New Zealand in 2020 and 2021, is not expected to have a significant impact on the future activities of the Group.

Note 8 – Capital Commitments

There are no capital commitments at balance date (2021 Nil).

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 (2021 \$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 (2021 \$2,600,000). There are no plans to move premises.

There are no other contingent liabilities at balance date (2021 \$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 (2021 \$160,000).

Note 11 – Accounts Payable

	Group		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade Creditors	374,218	332,071	22,721	74,953
Accruals	73,142	60,848	3,900	3,825
Payables under Exchange Transactions	\$447,360	\$392,919	\$26,621	\$78,778

Note 12 – Accounts Receivable

	Group		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Gross Amounts Owing	1,026,781	1,022,690	-	-
Less Provision for Doubtful Debts	7,500	7,500	-	-
Receivables from Exchange Transactions	\$1,019,281	\$1,015,190	\$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.

	2022	2021
	\$	\$
Trustees (0.08 FTE)	14,790	16,640
Board of Directors (0.43 FTE)	91,500	87,500
Executive Management (2 FTEs)	529,878	510,161
Total Paid to Key Management Personnel	\$636,168	\$614,301

The Group has two key management personnel, determined on full-time equivalent basis, which received remuneration from the Group during the year (2021: 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 (2021 \$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 (2021 \$Nil).

Note 14 – Employee Benefit Liability

The following employee entitlements exist at balance date:

	2022	Increase (Decrease)	2021	Increase (Decrease)	2020
	\$	\$	\$	\$	\$
Wages Accrued	361,347	80,949	280,398	21,516	258,882
Leave Accrued	966,547	177,495	789,052	(16,482)	805,534
Total Employee Benefit Liability	\$1,327,894		\$1,069,450		\$1,064,416

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	
	2022	2021	2022	2021
	\$	\$	\$	\$
No later than one year	\$11,261	\$12,285	\$Nil	\$Nil
Later than one and no longer than five years	\$Nil	\$11,261	\$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	
	2022	2021	2022	2021
	\$	\$	\$	\$
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	<u>8,705,000</u>	<u>8,705,000</u>	<u>8,705,000</u>	<u>8,705,000</u>
Plus Additions(Disposals) FY14 – FY18	1,672,344	1,672,344	78,000	78,000
Less Depreciation FY14 – FY18	(1,325,219)	(1,325,219)	(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	<u>11,569,345</u>	<u>11,569,345</u>	<u>11,569,345</u>	<u>11,569,345</u>
Plus Additions(Disposals) FY19 – FY22	170,155	126,952	170,155	126,952
Less Depreciation FY19 – FY21	(1,431,878)	(1,074,005)	(1,431,878)	(1,074,005)
Closing Book Value	<u>\$10,307,622</u>	<u>\$10,622,292</u>	<u>\$10,307,622</u>	<u>\$10,622,292</u>
Total Closing Book Value	<u>\$11,447,622</u>	<u>\$11,762,292</u>	<u>\$11,447,622</u>	<u>\$11,762,292</u>
Depreciation Current Year	357,873	358,137	357,873	358,137

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

	Group		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Leasehold Improvements				
Opening Cost	440,811	360,811	-	-
Additions(Disposals)	130,090	80,000	-	-
Closing Cost	<u>570,901</u>	<u>440,811</u>	-	-
Less Accumulated Depreciation	228,767	182,946	-	-
Closing Book Value	<u>\$342,134</u>	<u>\$257,865</u>	-	-
Depreciation Current Year	45,821	38,049	-	-

Note 16 – Property, Plant & Equipment (continued)

Furniture & Fittings

Opening Cost	338,573	317,535	-	-
Additions(Disposals)	15,675	21,038	-	-
Closing Cost	<u>354,248</u>	<u>338,573</u>	-	-
Less Accumulated Depreciation	181,751	148,978	-	-
Closing Book Value	<u>\$172,497</u>	<u>\$189,595</u>	-	-

Depreciation Current Year	32,773	31,307	-	-
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General Plant/Equipment

Opening Cost	724,438	700,739	-	-
Additions(Disposals)	1,301	23,699	-	-
Closing Cost	<u>725,739</u>	<u>724,438</u>	-	-
Less Accumulated Depreciation	551,766	556,977	-	-
Closing Book Value	<u>\$173,973</u>	<u>\$167,461</u>	-	-

Depreciation Current Year	47,579	53,832	-	-
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Office Equipment & IT

Opening Cost	289,225	263,499	-	-
Additions(Disposals)	50,182	25,726	-	-
Closing Cost	<u>339,407</u>	<u>289,225</u>	-	-
Less Accumulated Depreciation	243,032	209,702	-	-
Closing Book Value	<u>\$96,375</u>	<u>\$79,523</u>	-	-

Depreciation Current Year	36,744	35,395	-	-
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Motor Vehicles

Opening Cost	512,093	453,822	-	-
Additions(Disposals)	(19,298)	58,271	-	-
Closing Cost	<u>492,795</u>	<u>512,093</u>	-	-
Less Accumulated Depreciation	319,608	303,863	-	-
Closing Book Value	<u>\$173,187</u>	<u>\$208,230</u>	-	-

Depreciation Current Year	92,928	81,535	-	-
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Gain on Disposal	(10,158)	(25,245)	-	-
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Loss on Disposal	806	-	-	-
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Total Depreciation for the Year	<u>\$604,366</u>	<u>\$573,010</u>	<u>\$357,873</u>	<u>\$358,137</u>
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Total Property, Plant & Equipment	<u>\$12,405,787</u>	<u>\$12,664,966</u>	<u>\$11,447,622</u>	<u>\$11,762,292</u>
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Note 17 – Disclosures

Items requiring specific disclosures are:

	Note	Group		Parent	
		2022 \$	2021 \$	2022 \$	2021 \$
Interest Income		80,351	89,352	16,512	14,214
Donations Received	23	966	4,774	Nil	Nil
Audit Fees		11,463	13,608	4,025	3,825
Bad Debts Written Off		5,522	12,047	Nil	Nil
Donations Made		10,000	10,000	10,000	10,000
Doubtful Debts (Movement)	12	Nil	1,500	Nil	Nil
Net Gain on Sale of Property, Plant & Equipment	16	9,351	25,245	Nil	Nil
Directors Fees	24	91,500	87,500	Nil	Nil
Trustees Honorariums	25	14,790	16,640	14,790	16,640

All revenues were derived from continuing activities.

Note 18 – Total Accumulated Funds

	Group		Parent	
	2022 \$	2021 \$	2022 \$	2021 \$
Accumulated Comprehensive Revenue & Expense				
Opening Balance	12,174,585	11,592,560	6,710,468	6,719,176
Add(Deduct) Surplus(Deficit) for Year	<u>798,613</u>	<u>582,025</u>	<u>(13,898)</u>	<u>(8,708)</u>
Closing Balance	<u>12,973,198</u>	<u>12,174,585</u>	<u>6,696,570</u>	<u>6,710,468</u>

Note 18 – Total Accumulated Funds (continued)

Charitable Trust Reserves

Opening Balance	25,493	35,151	25,493	35,151
Add/(Deduct) Surplus/(Deficit) for Year	286	(9,658)	286	(9,658)
Closing Balance	25,779	25,493	25,779	25,493

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>\$19,436,853</u>	<u>\$18,637,954</u>	<u>\$13,160,225</u>	<u>\$13,173,837</u>
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Note 19 – Reconciliation of Net Surplus with Net Cash Flows from Operating Activities

	Group		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net Surplus/(Deficit)	798,899	582,443	(13,612)	(8,290)
Add Depreciation and Gain & Loss on Disposal	604,366	573,010	357,873	358,137
	<u>1,403,265</u>	<u>1,155,453</u>	<u>344,261</u>	<u>349,847</u>
Plus/(Less) Movement in Working Capital Items				
(Increase)/Decrease in Receivables & Prepayments	(4,546)	2,402	152	583
(Increase)/Decrease in Medical Supplies on Hand	21,871	(9,198)	-	-
Increase/(Decrease) in GST Accrued	9,307	14,041	9,215	(5,107)
Increase/(Decrease) in Operating Payables/Accruals	366,466	51,851	1,950	(573)
Net Working Capital Movement	<u>393,098</u>	<u>59,096</u>	<u>11,317</u>	<u>(5,097)</u>
Net Cash Flows from Operating Activities	<u>\$1,796,363</u>	<u>\$1,214,549</u>	<u>\$355,578</u>	<u>\$344,750</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.

- Dr Branko Sijnja, a Director of Clutha Community Health Company Ltd, was paid wages during the year in his capacity of employee of \$104,231 (2021 \$63,442).
- Outstanding balances at 30 June 2022 owed to/(from) related parties are as follows:

	Group		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Clutha Community Health Co Ltd	-	-	1,854	2,380

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 (2021 \$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 2022 (2021 \$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.
- 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 Ltd, 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.

Note 22 – Funds Invested

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

	Group		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash & Cash Equivalents	1,337,477	1,488,532	249,202	404,409
Short Term Bank Deposits	6,377,189	4,392,177	1,336,234	922,759
Long Term Bank Deposits	-	436,889	-	-
	<u>7,714,666</u>	<u>6,317,598</u>	<u>1,585,436</u>	<u>1,327,168</u>
Less:				
Opening Funds	6,317,598	5,419,496	1,327,168	1,011,870
Increase in Cash Assets	<u>\$1,397,068</u>	<u>\$898,102</u>	<u>\$258,268</u>	<u>\$315,298</u>

Note 23 – Sundry Income

	Group		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cleaning	7,853	7,853	-	-
Service Recharges				
Donations	966	4,774	-	-
Oracle Oncharges	2,455	2,615	-	-
SDHB	116,804	-	-	-
COVID Funding				
Study/Student	20,056	9,880	-	-
Miscellaneous	1,531	1,202	-	-
	<u>\$149,665</u>	<u>\$26,324</u>	<u>\$Nil</u>	<u>\$Nil</u>

Note 24 – Directors Fees

Directors Fees were paid as follows:

	Group		Parent	
	2022 \$	2021 \$	2022 \$	2021 \$
Bill Thomson	21,000	20,000	-	-
Dr Branko Sijnja	13,000	12,500	-	-
Dr Conway Powell	11,125	12,500	-	-
George Benwell	10,500	12,500	-	-
Alastair McKenzie	13,000	10,000	-	-
Dr Alexandra Tickle	12,375	10,000	-	-
Leanne Samuel	10,500	10,000	-	-
	<u>\$91,500</u>	<u>\$87,500</u>	<u>\$Nil</u>	<u>\$Nil</u>

Note 25 – Trustee Honorariums

Trustee honorariums were paid as follows (0.08 FTEs):

	Group		Parent	
	2022 \$	2021 \$	2022 \$	2021 \$
Hamish Anderson	4,020	5,000	4,020	5,000
Helen Keen	1,380	1,650	1,380	1,650
Jennifer O'Connell	1,170	1,200	1,170	1,200
David Mason	900	900	900	900
Kate Anderson	1,440	2,040	1,440	2,040
Michelle Kennedy	-	600	-	600
Jolene Ollerenshaw	1,380	1,650	1,380	1,650
Phil Atkinson	1,620	1,770	1,620	1,770
Paul Hanlon	1,560	1,830	1,560	1,830
Jo-Anne Thomson	1,320	-	1,320	-
	<u>\$14,790</u>	<u>\$16,640</u>	<u>\$14,790</u>	<u>\$16,640</u>

Note 26 – Movement in Charitable Trust Funds

	Group		Parent	
	2022 \$	2021 \$	2022 \$	2021 \$
General Purposes Fund				
Opening Balance	19,414	19,096	19,414	19,096
Add Interest	218	318	218	318
Closing Balance	<u>19,632</u>	<u>19,414</u>	<u>19,632</u>	<u>19,414</u>
Hospital Ward Funds				
Opening Balance	3,547	8,696	3,547	8,696
Add Interest	40	58	40	58
(Deduct) Withdrawals	-	(5,207)	-	(5,207)
Closing Balance	<u>3,587</u>	<u>3,547</u>	<u>3,587</u>	<u>3,547</u>
Chapel Fund				
Opening Balance	2,532	7,359	2,532	7,359
Add Interest	28	42	28	42
(Deduct) Withdrawals	-	(4,869)	-	(4,869)
Closing Balance	<u>2,560</u>	<u>2,532</u>	<u>2,560</u>	<u>2,532</u>
Closing Balance	<u>\$25,779</u>	<u>\$25,493</u>	<u>\$25,779</u>	<u>\$25,493</u>

2021 - 2022 Statistics



409

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.



124

Chemotherapy Administrations were given.



73

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



37,102

Attendances to the General Practice.



951

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



2,217

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



6,195

District Nursing Visits.



169

Admissions to the Maternity Ward.



44

Births in Maternity.



1,371

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



3,067

Patients attended a Physiotherapy appointment.



Why are we here?

Collaborate, Innovate, Advocate for a healthy community.

Hauora Tahi Ki Iwikatea

Clutha Community Health Company Limited, trading as Clutha Health First came into existence in December 1998. Prior to that date the local hospital was owned and operated by the Southern Crown Health Enterprise (CHE), later re-named as the Southern District Health Board, which also changed to Te Whatu Ora Health NZ Southern in the most recent iteration of the New Zealand health system.

At the time the CHE and previously the South Otago Health Board were consolidating health services and had already closed hospitals in smaller towns in the Clutha District. Also, the Balclutha Hospital was old and run down and there was no desire to re-build. The CHE was planning on closing it as well leaving the local community with a significant loss in health services access.

The local community refused to accept this outcome and pushed back through political influence including a famed march in the streets of Dunedin.

The community rallied and proposed that a contract is offered to deliver the same range of

services that the CHE delivered, at a fixed cost. The Community also decided to abandon the old hospital and build a purpose-built facility in town that combined hospital services with GP services. The over-riding aim was to ensure the continuation of health services being delivered in Balclutha under a more collaborative model where GPs would co-locate in the new facility.

The new Clutha Health First Facility was opened by the Honourable Bill English in December 1998.

Our model of governance is based on the establishment of Clutha Health Inc. (CHI), a community owned non-profit Trust with a Board of Trustees that includes 5 trustees elected by the community in tri-annual elections, three elected from the Facility, one Clutha District Council appointee and one local Runanga appointee. CHI owns the buildings and also owns a non-profit limited company Clutha Community Health Company Limited (CCHCL) and appoints its Board. CCHCL holds contracts with Health NZ, ACC, and General Practice primary care contracts and employs all staff who work in an integrated model of care.





Our Values



We value **our people.**

We value **honesty and respect.**

We value **excellence.**

We value **the environment we live in.**

Our Goals

1 To Identify and Develop Clinical Services in Collaboration with the Locality Network/Health New Zealand/Māori Health Authority

Ki te tautuhi me te whakawhanake i ngā ratonga haumanu me te kupenga rohe, Hauora Aotearoa me Te Mana Hauora Māori.

- Role of technology in clinical services.
- Protect privacy and security of patient information.
- Identify new models of care.
- Enhance management of urgent patients.
- Review Outpatient Clinics.

2 To Engage in a Locality Network

Ki te whakauru ki te whatunga rohe.

- Establish ongoing relationships regionally with Māori Leadership.
- Participate as a member of a Locality Network.

3 To Enhance Cultural Engagement and Partnership

Ki te whakare i ake i te urunga ahurea me te mahi tahi.

- Build on recommendations presented by our cultural advisor.
- Establish a working group including internal and external members to prioritise implementation.
- Facilitate Maori representation at governance level and across the organisation.
- Link activity with the locality network.

4 To Focus on Workforce Sustainability

Kia arotahi ki te oranga tonutanga o ngā kaimahi.

- Address pay parity in the health sector.
- Develop fit for purpose workforce to meet new models of care.
- Strengthen clinical staff recruitment and retention.
- Recruit joint clinical/academic position.
- Recruit Rural Hospital medicine Fellow and General Practice Fellow and re-engage with registrar training.

5 To Maintain Financial Sustainability

Kia mau tonu te oranga o te putea.

- Address risks associated with pay parity.
- Produce achievable annual budgets.
- Negotiate longer term funding contracts.
- Secure future funding as impacted by changes from the health reforms.

Chairman's Report

Clutha Community Health Company Ltd

It is my pleasure to present the 24th annual report of the Clutha Community Health Company Ltd. This report focusses on the company's financial year ended 30th June 2022.

The past year has again presented the company's Board, management, and staff with huge challenges which I will discuss in this report. However, they have been challenges met with planning, commitment and determination, and have reflected in continuity of the provision of excellent health services to the South Otago community.



The Board's Priorities and Challenges

It will be of no surprise that the primary challenge for the 2022 financial year has been the ongoing issues arising from Covid. Quite aside from the implications for our patients, Covid has impacted significantly on staff sickness and availability which has served to greatly compound the demands on our loyal staff.

An exacerbating factor has been the increasing shortage of doctors and nurses in New Zealand, particularly rural New Zealand, and our consequent challenges in fully staffing our hospital and General Practice. Again, this has placed pressure on existing medical staff, who continue to rise to this challenge. One of the regrettable and inevitable consequences of this situation is that a number of our Health Care Home initiatives have had to be temporarily suspended.

Another major challenge of the Board and management in the past year has been dealing with the re-negotiation of our contract for hospital and consultancy services. The CEO of the outgoing Southern District Health Board was keen to negotiate a new single contract encompassing all of the five rural hospitals in the Southern region. Our Board and management were seriously concerned that this would undermine the independence, sovereignty, and community needs focus of these hospitals – the very factors which we believe have served our South Otago community so well over so many years. Whilst a mutually satisfactory alternative contract has now been agreed upon in principle, this is yet to be fully signed off pending a resolution of the funding of pay equities being negotiated at a national level.

Our concern is not the fairness of the proposed

equity settlements being negotiated between Health New Zealand and the unions representing nurses, allied health, and clerical staff, but rather gaining assurance from Health New Zealand that they will fund fair pay settlements for community hospitals such as Clutha Health First. Without such assurance Clutha Health First could simply not afford to match the remuneration being paid to the staff in Health New Zealand owned and operated hospitals. This would undermine our financial and clinical viability. This issue is very much a work in progress and at the forefront of Board and management's endeavours in the five Southern region (community owned) rural hospitals.

On a more positive note, the Board and management continue to seek to understand the implications and opportunities for Clutha Health First under the new health reforms. One of the intentions of these reforms is that health and disability services, together with social services, police, district councils, etc. will work more closely and collaboratively together to identify and address the specific health and wellbeing needs of "local" communities.

The geographical boundaries of these localities is to be determined by Iwi Māori Partnership Boards. At this stage it has been suggested that the South Otago area could be a stand-alone locality, or that we may become part of a Gore and possibly Southland district locality. Whilst CHF's role in such a locality is unlikely to be dominant, we are nonetheless taking steps to play a proactive role at this early stage, with a view to protecting and enhancing the delivery of health and disability services to our community.

Our intention to show a leadership role in the development of a locality which encompasses South Otago has necessarily involved us embracing our Te Tiriti o Waitangi obligations and seeking to work with local Iwi and Māori leadership to ensure that we address the issue of identified inequity in the provision of health and disability services to Māori and rural communities. To this end the Board is encouraging and supportive of management initiatives in engaging with Māori leadership in our District, as well as exploring how cultural values may be better recognised within Clutha Health First.

A further important achievement of the Board in the past year has been the successful review of our strategic goals for Clutha Health First. This is something that we undertake on a two yearly cycle. In this year's workshop we had the additional challenges of the current health reforms to consider – some of which are known, but many

Financial

It is indeed very pleasing that in a year that Clutha Health First and our staff have faced so many Covid related challenges, as I have described above, that the company has achieved an excellent financial result.

The surplus for the year ended 30th June 2022 was \$812,511 up from \$590,733 in the 2021 financial year. This big jump in surplus was achieved largely as a result of one off receipts from:

- The net revenue from Covid testing and vaccination income;
- Payment from the SDHB to reimburse capital costs associated with creation of an isolation room (again primarily for Covid related purposes); and
- A significant payment from ACC for accumulated arrears over several years in non-acute rehabilitation services.

of the implications of these reforms are still to be fully understood.

As a consequence of the strategic planning workshop our strategic goals for the next two years have been identified as follows:

- To identify and develop clinical services in collaboration with the Locality Network/Health New Zealand/Māori Health Authority;
- To engage in a locality network;
- To enhance cultural engagement and partnership;
- To focus on workforce sustainability;
- To maintain financial sustainability.

It is these overarching goals which will now drive management and operational objectives and plans for the ensuing two years.

Our inability to secure a full complement of doctors, including the proposed joint academic/clinical position with the University of Otago, was also a material factor in cost savings.

There is little doubt that the level of operational surplus in the coming year will be significantly and adversely affected by the fact that the above "one off" gains of the past year will not repeat. Furthermore, in the coming year we will face significant financial challenges in funding pay equity settlements currently being negotiated.

Nevertheless, the ability of Clutha Health First to consistently achieve surpluses over recent years has undoubtedly placed the company in a very strong position to reinvest in facilities, equipment, and services when the changing and wider needs under the current health reforms become better understood.



The Board

There have been no changes in the composition of the Clutha Community Health Co Ltd Board for the past year.

The Clutha Health Incorporated Trustees approved the reappointment of Dr Conway Powell for a third three year term in November last year, and at the same time Leanne Samuel was reappointed for a second term.

At the present time the Directors are liaising closely with the Clutha Health Incorporated Trustees to ensure that an appropriate appointment is made to our Board to represent Māori interests, to ensure that their health needs are understood and addressed by Clutha Health First, and that our Te Tiriti o Waitangi obligations are recognised.

This appointment, which is imminent, will certainly add value as we continue to seek to ensure the successful establishment of a “locality” encompassing South Otago, as discussed earlier in my report.

Acknowledgments

As Ray has indicated in his annual report he has made a decision to retire at the end of this year after 21 years as Chief Executive Office of Clutha Health First.

This company and our community owe a great deal of gratitude to Ray for his leadership and innovation over this time, and the strong financial position the company has achieved. The Directors frequently hear from visiting health professionals, who have had the opportunity to see through our facility, that the integrated model of primary and secondary healthcare at Clutha Health First is an excellent example of the manner in which locality based health services are aspirationally to be delivered in the future. Ray certainly leaves Clutha Health First in an excellent position to continue to “collaborate, innovate, and advocate” for the health and wellbeing of the South Otago Community.

Thank you Ray!

Thanks also to my fellow Directors for their absolute commitment to Clutha Health First, our staff, and the health requirement of our community.

Finally, and on behalf of the Board, I wish to acknowledge the outstanding service and achievements of our staff over the past challenging year, and their commitment to the health and wellbeing needs of our patients and the wider South Otago Community.

Bill Thomson

Chair, Clutha Health Company Ltd





Chief Executive's Report

Hauora Tahi Ki Iwikatea | Clutha Health First

Introduction

It is with great pleasure that I present this year's annual report. This will be my final annual report for Clutha Health First after completing 21 years in this role. With my family's support I have decided that it was time for me to retire, effective December 2022, from my role at CHF and from my career in health after 45 un-interrupted years. The last 21 years have been the most rewarding of my career that had started in the US and included stints in Saudi Arabia. I came to New Zealand in 1988 to work on a one-year project at the old Otago Health Board. That's where I met my wife to be and the start of my long-term journey in New Zealand.

Taking on the role of Manager and later CEO of Clutha Health First allowed me, with the support of the Board and the Community, to make a significant impact on the access and delivery of health services in the Clutha Region. Over the years you will have seen our organisation grow and blossom both operationally and physically to the current model of an integrated health service that brings GPs, Nurse Practitioners, Inpatient doctors and Nurses, District Nurses, Allied Health Staff and Primary Maternity together to offer an effective and efficient health service for our community. I am proud of our achievement and the trust and support that has been offered by our Governance, both at the company level and from our community owners Clutha Health Inc.

It is the foresight of the original planners in the late 1990s who decided that our community can do a better job than the government at organising and delivering local health services. That was a gutsy move, especially when health has always run huge deficits, where demand always exceeded supply and where rationing of services is the norm. The belief was that we can be better at looking after our own people and do so with their support. I

believe that our model allows us to run our business of health without the politics that plague the national organisations and their iterations. For Clutha Health First, this has worked well, despite the constant turbulence and under-funding of rural health services.

On the 1st of July 2022, a new iteration of health has been introduced in New Zealand, with all the District Health Boards being made redundant and replaced with Health NZ and the Māori Health Authority. More on this in my report and how I see how we will fit into this new set of reforms.

The 12-month period ending June 2022 was another Covid influenced year where business as usual was difficult to maintain. Between lock downs, limited access to services, increased staff absences due to illness or isolation, changing demands from our community and resurgence of flu, it has been a stressful period for both the community and staff. It is a credit to the dedicated staff to keep their heads above water and maintain a professional approach to the care that was provided. They have maintained their composure under very difficult and stressful periods. This has not been helped by our loss of our long time GP Dr Nico van Egmond who returned home to the Netherlands after working at CHF General Practice for over 9 years. More on recruitment efforts later in my report.

We are introducing this year a new section in the Annual Report called "Performance Report". This new section will include statistical information on our achievement against our goals and to meet new reporting requirements.



Significant Areas of Focus

Health Reforms:

On the 1st of July 2022 the New Zealand public health system was turned upside down. After 20 years the District Health Boards we all abolished and in their place, there is a new single agency called Te Whatu Ora (Health NZ) working in partnership with Te Aka Whai Ora Māori Health Authority. These new organisations will plan and deliver health services on a national level. Health NZ will have four regional offices, with one in the South Island located in Christchurch. There will be a Southern District office located in Dunedin. The aim of the new agency is to deal with health equity for our Māori population and eliminate the post code lottery that has plagued our health system under the DHB model.

A significant change in the new model separates the funding and delivery of health between two major categories, being (a) Hospitals and (b) Primary and Community services. This is an interesting distinction especially since one of the objectives of the recent health reforms is to encourage an integrated health service that focuses on the population/patient and not on separate silos. It has been confirmed that the Rural Trust hospitals in the southern region, including Clutha Health First, will be funded through the Primary and Community silo. While this is heartening for us, it does signal an interesting new post code lottery. If you are in the Southern Region Rural Hospitals are funded through Primary and Community, while parts of the rest of the country Rural Hospitals are funded through the Hospital silo.

Another major change under Health NZ is the introduction of “Locality Networks”. The concept is that local communities know best how they want to improve the health and wellbeing of their people. This is laudable especially since the focus is on a multi-agency approach. People’s health is impacted by poverty, healthy homes, jobs, prevalence of alcohol and drug use and so on. I fully support this multi-agency approach and hope that it will not be like herding cats. Nine pilots of Localities have started, none in the Southern

Region. Health NZ would like to see the whole country covered by established localities. Health will play a role in a Locality but will not in itself form one. These Locality Networks will need the blessing of our local Runanga and established in partnership with local Māori.

The health reforms pose both a risk and an opportunity for Clutha Health First. Our organisation draws resources from multiple sources including Health NZ, General Practice capitation and fees, ACC income amongst others. We are locally owned, and our staff are employed by us and not Health NZ. There are several risks:

- Pay Equity claims are being signed off by Health NZ with significant pay increases for most of the staff employed. Unless our funding reflects parity with the new agreements, we will struggle to recruit and retain staff.
- Our contract with Health NZ was only renewed for a three-month period, starting July 2022, in anticipation of signing a longer-term contract. How will this contract be impacted by the changes discussed above? Will Health NZ fund our contracts for staff pay parity?

There are also several opportunities:

- One of the areas of focus of health NZ is the development of a Rural Health Strategy. Using a national approach to equitable access to health services in rural areas, CHF could benefit from improved access to resources and hence services for our community.
- The development of Locality Networks may prioritise improvement in the health and wellbeing of our population, which may result in reduced demand for health services and better concentration of health resources on managing acute and chronic patients.
- There may be opportunities for Health NZ to recognise our model of health integration and encourage its development.

Facility Master Planning:

One of our objectives from last year was the design and development of Facility changes to deal with the replacement of the building located at 24 Clyde Street and the addition of space for Rehabilitation and meeting our cultural obligations. The project was well advanced but was eventually put on hold due to overall cost projections, changes that were coming up as part of Health NZ and the impact on our contracts.

Instead, a decision was made to make further improvements to 24 Clyde Street which have been largely completed.

Disruptions to Business as Usual:

The fiscal period of 2021-22 was far from Business as Usual. Disruption has largely been caused by the Covid-19 pandemic, unusual level of staff turnover and staff isolation and sickness. This has affected most of the New Zealand health system. Many of our additional programmes have been put on hold such as HealthCare Home. Uncertainty continues as we experience waves of Covid-19 peaks.

Relationships with Southern DHB, also regional and national relationships

The Southern DHB has been trying to modify our contract, along with the similar contracts for the other Rural Hospitals, and the process was not completed in time for a July 2022 start. Instead, we are on a three month roll over contract. Along with the contract revision, Health NZ is trying to organise the Rural Hospitals into a network working together to plan future delivery of hospital services. As SDHB has morphed into Health NZ in July, there has been a significant number of changes to the management structure including the departure of Chris Fleming, the CEO, as of the end of June.

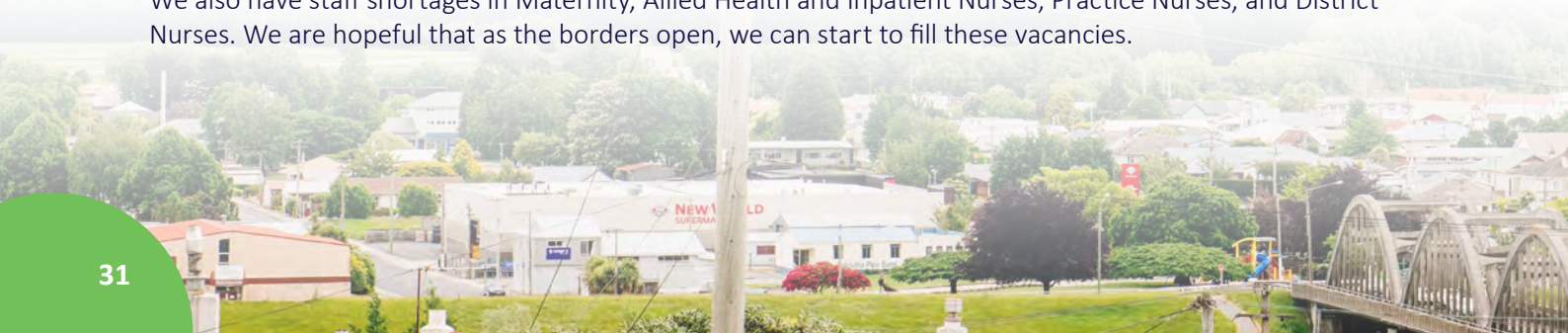
Engagement with the Community

During the fiscal year we made additional effort to engage with the community. This was done in collaboration with Clutha Health Inc. We started a series of community consultations where both the Company Board and the Clutha Health Inc. Trustees met with a local health organisation and invited the community for a discussion regarding health services. The first meeting was held in Lawrence in May 2021 and it was followed with a meeting in Clinton in November 2021. Additional sessions were planned but had to be put on hold due to the resurgence of Covid-19. We look at re-initiating these consultation sessions as soon as Covid Omicron situation stabilises.

In July 2022 we supported the organisation of a Hui in Balclutha which was very well received and gave our community the opportunity to re-engage for the first time in 15 years. The session was productive and ignited the interest to participate in a local development. We also appreciated the Kapa Haka group from South Otago High School performing at the Hui.

Our Team

Despite all the disruptions our team has been resilient and professional, but at the same time stretched in meeting the demand with staff shortages. Once the borders opened, we started getting traction with recruitment of medical staff and we are optimistic that we will have a doctor join our Inpatient Ward in September 2022 and another doctor join the General Practice team in January 2023. By all means, that does not mean that all our vacancies are filled, but will alleviate some of the current burden affecting our staff. We also have staff shortages in Maternity, Allied Health and Inpatient Nurses, Practice Nurses, and District Nurses. We are hopeful that as the borders open, we can start to fill these vacancies.



Our Services

Our Inpatient Ward experienced periods of lock down, visitor access limitations, and a shortage of staff. Maternity was also affected by staffing issues and our midwives stepped up in maintaining a service for our women. General Practice dealt with Covid as a front-line provider testing patients in a safe way, offering vaccination for Covid and the Flu while maintaining an acute service. The GPs were also affected by the departure of Dr Nico van Egmond and we were not able to replace him, although Dr Branko Sijnja increased his time with CHF starting in July 2022. The District Nursing team was affected by staff departure and has recently recruited new staff. The Allied Health team did not escape staff illness and maternity leave.

During the year we installed over 40 Ultraviolet lights in clinical areas. These lights do not affect the occupants of the rooms but reduce the viral load. We also received Hepa Filters that are used in a variety of rooms to increase ventilation and reduce viral load. These changes and the use of the newly completed Isolation Room with negative pressure ventilation have given our facility increased safety for both our staff and patients.

It was also true that fiscal year 21/22 was not business as usual. Many services and access to the facility were limited and patients needing an appointment with our clinical staff had increased wait times. This was unavoidable and has caused distress to both patients and staff.

Financial Results

The audited financial results are:

Fiscal Year 2021 - 22	Actual	Previous Year
Total Revenue (incl interest)	\$12,428,444	\$11,615,829
Total Expenses	(\$11,369,440)	(\$10,810,223)
Depreciation	(\$246,493)	(\$214,873)
Net Surplus	\$812,511	\$590,733

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 a result 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 (IPE) Programme. This programme, undertaken jointly with the University of Otago, conducts several sessions during the year where a project is conducted by a doctor, nurse, pharmacy student 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

We seem to be navigating through a parallel universe caused by the pandemic. At the same time, we are trying to continue to offer our community a quality health service. We are looking forward to some relief as we go into the spring and summer periods where hopefully we will see reduced flu related illness and where, like magic, we get some relief from the ever-evolving Covid pandemic.

While there are many uncertainties from the changing landscape of health with Te Whatu Ora Health NZ starting to define how it will influence an improved health system, I believe that our Model in Balclutha continues to be a robust solution offering an integrated service. I also think that with the introduction of Locality Networks that CHF will play a key role as a partner with the wider community, including our Māori community.

I acknowledge first and foremost the dedicated and hard-working staff at CHF who are enduring a difficult period and feel more optimistic that our recruitment efforts will shortly bear fruit. I also acknowledge the support and commitment of our Board and the working relationship with our Chairman Bill Thomson. Our strategic planning refresh in May provided clarity as to our purpose and goals.

I would like to also thank Clutha Health Inc. for their continued support of our Facility and in participating in our strategic planning.

Finally, as this is my last Annual Report, I would like to wish Clutha Health First the best as it continues to navigate the choppy waters of health in New Zealand. I still remember my first day at CHF back in October 2001. I was warmly received and supported by the staff and the Board. This gave me an environment where I felt that I could take risks and help build a sustainable model of health for the Clutha Region.

Ray Anton
Chief Executive





Patient Feedback

All staff from doctors down to cleaners were very friendly and professional, like hearing they way they dealt with the old guy next to me, great bedside manner

The kindness and understanding of the nurses and how supportive they were towards me and my situation as a blind person - it was wonderful and very encouraging

Hospitals ability to have blood tests etc Diagnosed quickly to help in patient care and treatment

The staff were there when needed. On the ball. Meals were A1. Nothing was a bother with them

The therapist was very knowledgeable and explained everything to my satisfaction

They were very professional in my treatment and also their approach for the way they talked to you

Outstanding members of staff. Very flexible with times to meet, very patient, taking the time to explain things clearly and double check everything in place

In spite of being very busy and under covid related pressures (staff shortages etc) both nurses I saw gave me all the time I needed & did not appear rushed or stressed.



Patient Satisfaction

100%

Of those surveyed for our Inpatient service reported that they felt the quality or treatment and care they received was either good or very good.

95%

Of those surveyed for our Community services reported that they felt the quality or treatment and care they received was either good or very good.

268

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

92%

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

95%

Of patients surveyed in General Practice reported the health care professional treated them with respect.

80%

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

88%

Of patients surveyed reported that the healthcare professional explained things in a way that the patient could understand.

88%

Of patients surveyed reported that the healthcare professional explained things in a way that the patient could understand.

92%

Of patients surveyed in General Practice felt that their cultural needs were met.

163

People participated in the General Practice survey.



2021-2022

Annual Performance Indicators

What are our entity's founding constitution stated purpose?

The primary objects of the company shall be limited to those classified as charitable within New Zealand and in particular to relieve sickness and ill health principally amongst the residents of the Clutha District Council.

- Promoting, protecting and conserving the public health and providing health services;
- Providing for the effective co-ordination of the planning, provision, and evaluation of health services between the public, private and voluntary sectors;
- Establishing and maintaining an appropriate balance in the provision and use of resources for health protection, health promotion, health education and treatment services;
- The administration of a hospital, hostel and health centre, treatment for the sick and infirm and the provision of community health care in all its form for the residents of the Clutha District Council area.
- The promotion of activities which are directed towards the provision of paid employment for the sick and the infirm residents of the operating area or towards the relief from need amongst the poorer residents of the Clutha District Area, the acquisition and holding of shares and other interests in companies whose activities are so directed.
- The provision of advice and assistance with regard to the establishment and operation of enterprises whose activities are directed towards the aims referred to in bullet 1 to 5.
- The promotion and implementation of schemes of community benefit of a charitable nature within the Clutha District Council Area.

Strategic Planning

Every two years the CCHCL Board with participation from the CHI Trustees review and refresh our purpose, strategic Goals and Values. This is done with consultation of the staff. The Purpose, Values and Goals discussed below were current as of June 2022, refreshed positions were finalised and become active as of July 2022.

What is Our Purpose?

Our current purpose statement is: "To improve the health of our community through enterprise, innovation, advocacy and leadership."

What are our Values?

We value **our people**.

We value **honesty and respect**.

We value **excellence**.



GOAL ONE

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?

Through to December 2021 we employed the services of a project planner and were working through an objective of completing a business case for the development.

This was completed and presented to both the CCHCL Board and the CHI Trustees. The project included an investment in a Cultural Advisor who conducted both staff and community consultations and produced a report with recommendations related to the proposed new Facility.

How did we perform?

The Business case was completed in December 2021 and after a discussion with the two Boards it was decided to put the project on hold due to uncertainties related to the Health Reforms, DHB contract renewal and the effects of the Covid-19 pandemic.





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— UENPV —
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RVPNE
RVPNE



GOAL TWO

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 and how have we performed?

The measures presented in this section reflect the most significant key performance indicators representing most of the output of the organisation.

The contract figures reflect the purchasing from the District Health Board. Due to the disruptions from the pandemic, some of our services were curtailed and, in some cases, shut down for periods of time.

This is reflected in the actual output in the most recent periods.

1 Delivery on contracted services by Health NZ

- A. Outpatient Clinics
- B. Allied Health Services
- C. Inpatient Ward
- D. Maternity

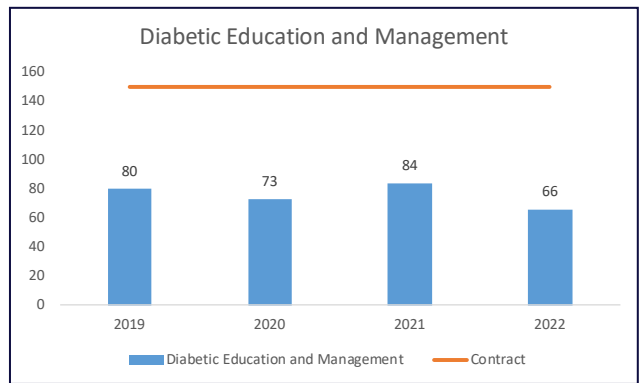
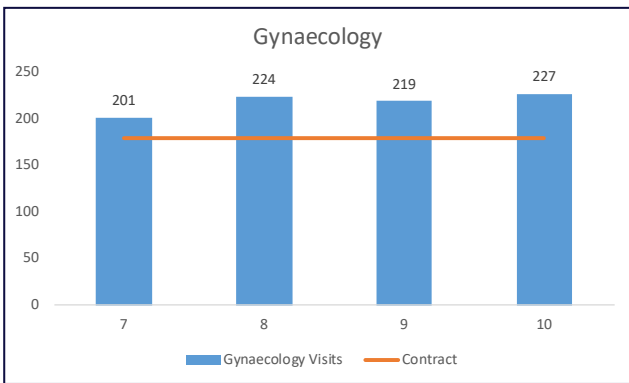
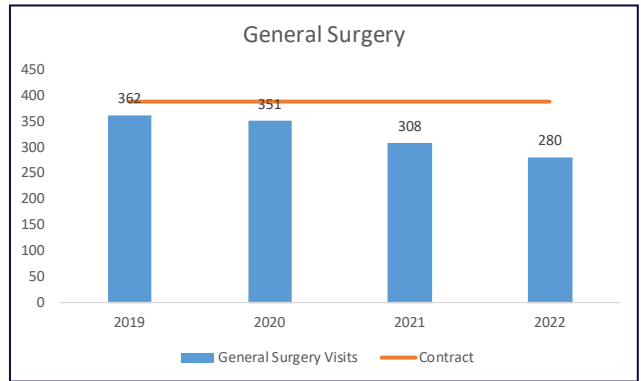
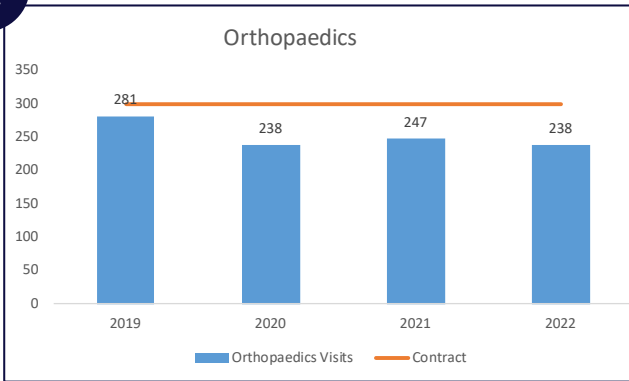
2 Delivery on Primary Care services



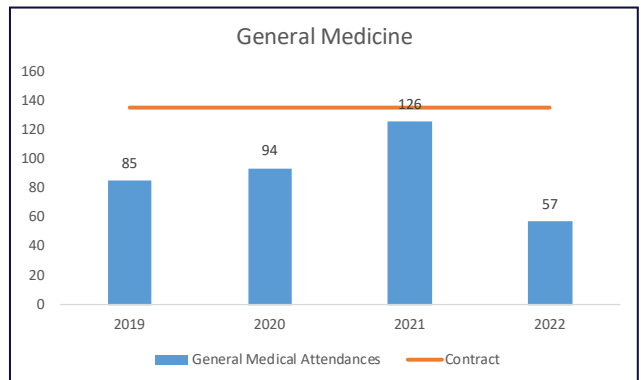
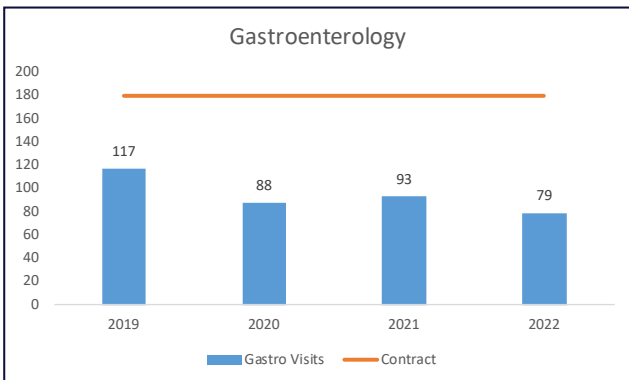
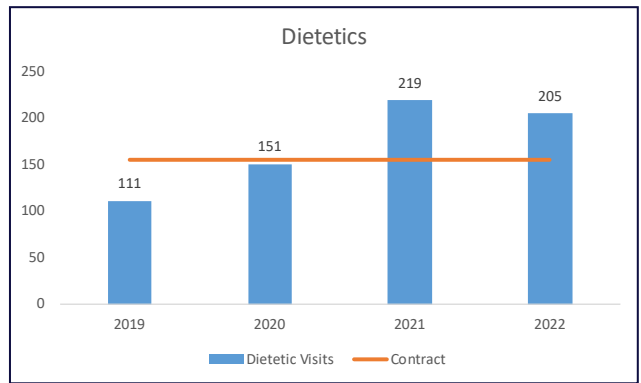
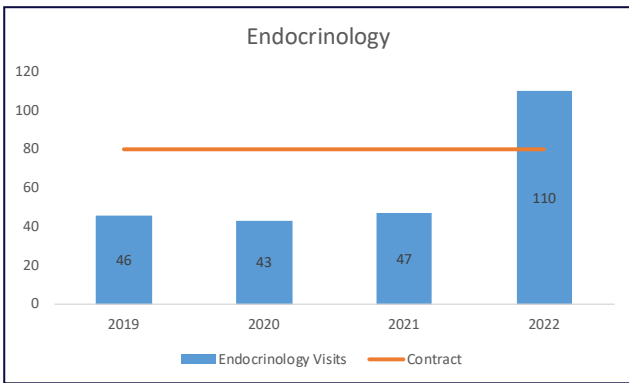
A

Outpatient Clinics

Delivery on contracted services by Health NZ



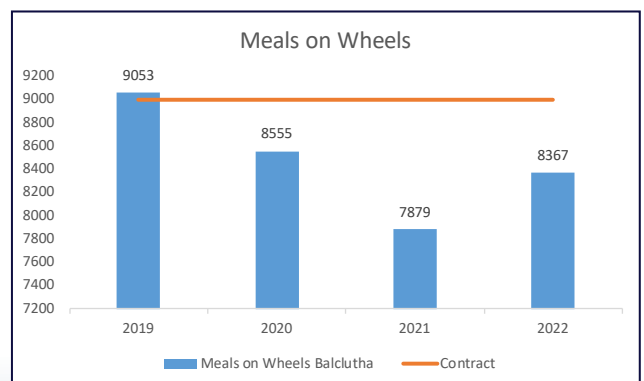
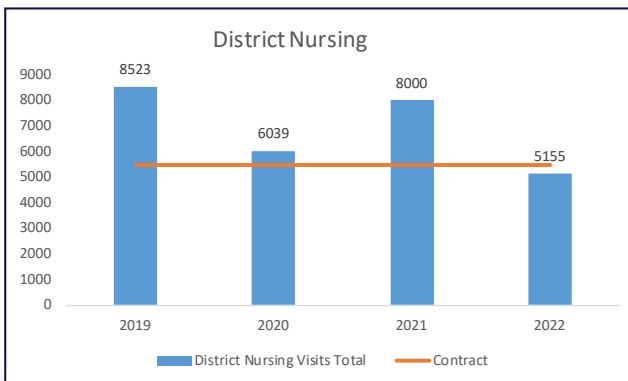
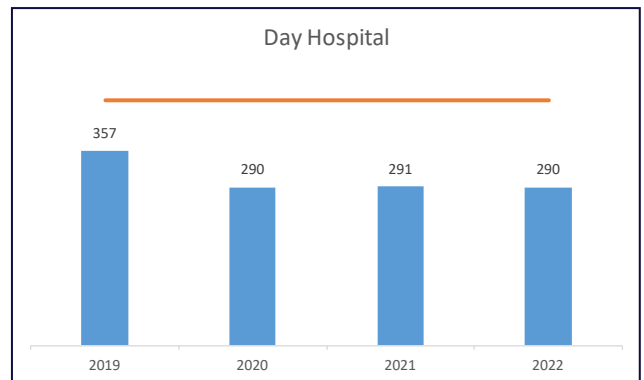
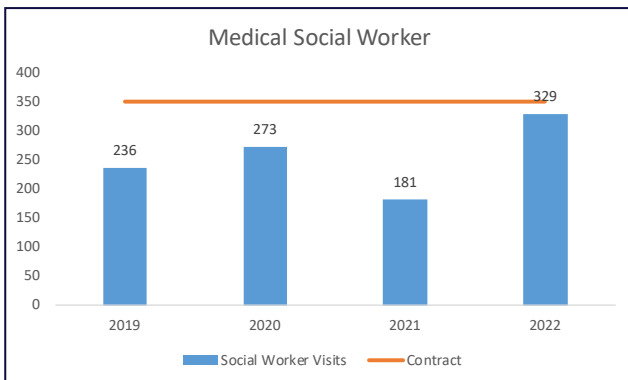
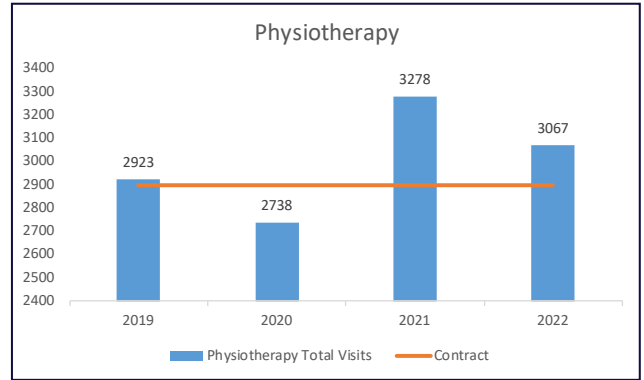
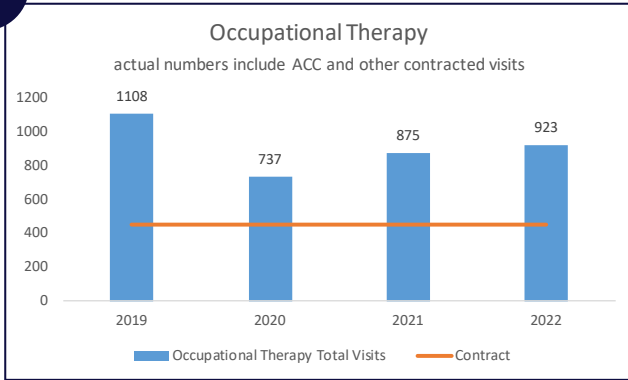
Note: Reduced activity compared to contact volume due to large number of patients not attending their appointments.



Allied Health Services

Delivery on contracted services by Health NZ

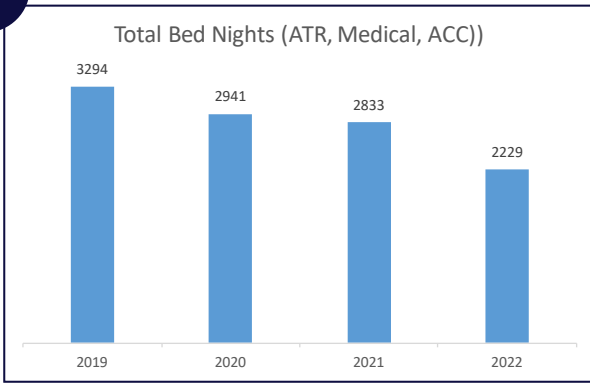
B



Inpatient Ward

Delivery on contracted services by Health NZ

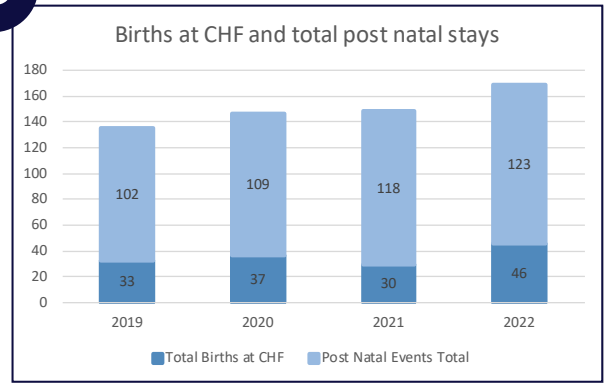
C



Maternity

Delivery on contracted services by Health NZ

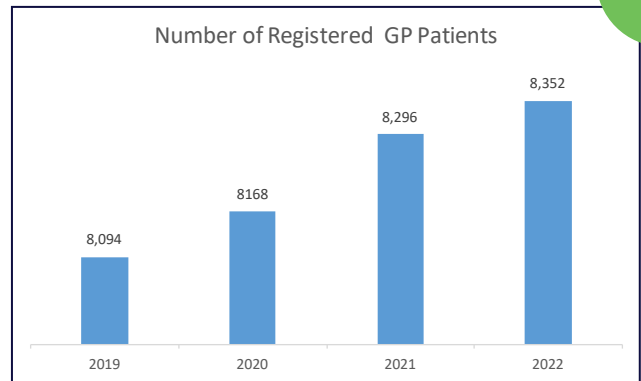
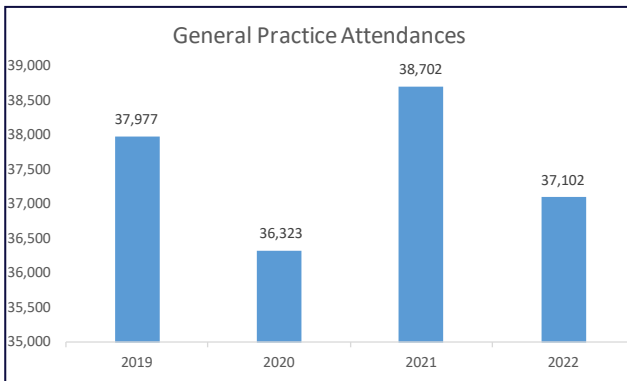
D



General Practice

Delivery on Primary Care services

2





GOAL THREE

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 center 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: We have come to understand from Health NZ and the Maori Health Authority that the development of localities needs to be led by the community and not the health providers. Our role will be to support the localities. Progress on Locality Networks in our region has been slow, but one in Kokonui is close to being commissioned.
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 FOUR

Enhance Financial Strength

Why is this important?

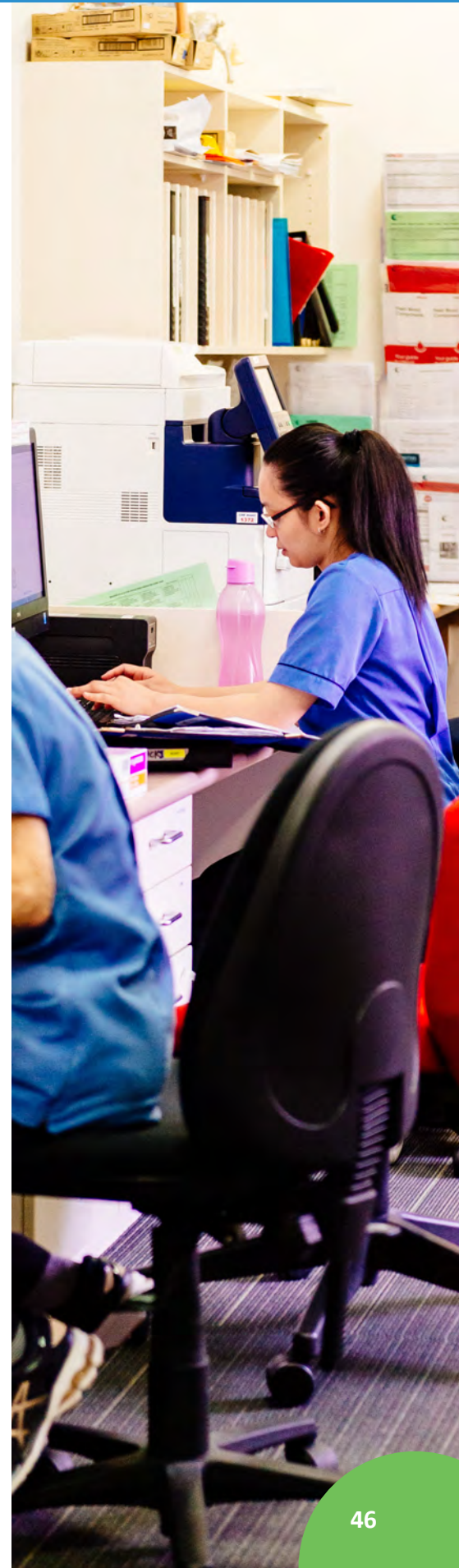
We will maintain our financial performance to ensure that our organisation is sustainable and able to invest in the development of health services in our region.

How have we measured our success?

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

How did we perform?

1. FY financial results (per audit)
 - a. Revenue actual \$12,428,444 vs budget \$11,801,979, 5.3% higher than budget
 - b. Expenses actual \$11,615,933 vs budget \$11,531,202, 0.7 % higher than budget
 - c. Net Surplus actual \$812,511 vs budget \$270,777, 200% higher than budget
4. We have been negotiating a contract renewal along with the other Trust owned Rural Hospitals. The DHB wants a common contract format and the establishment of a network amongst the Rural Hospitals for the purpose of planning services. As this process was not completed in time, the contract was renewed for a three-month period. This is in anticipation of a longer-term contract being signed starting October 2022.
5. Due to national Pay Equity claims being gradually agreed between the government and Health NZ employees, it was imperative that the Rural Hospital staff should be paid in parity to their urban employed Health NZ employees. This has not yet been agreed to by Health NZ.





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 organization 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 Incorporated 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 did we perform?

- New and refreshed branding is being widely used in all of our communication.
- Our website has been updated and is more accessible.
- We have started community consultation sessions where our Board and the Clutha Health Inc Trustees will attend. We are invited into the community by a local organisation and meet with the community to hear their areas of interest and concern. We have conducted two of these consultation sessions in the last fiscal year in Lawrence and Clinton. Additional sessions will be organised in other parts of the community.





2021-2022

Financial Report

Clutha Community
Health Company Ltd





Clutha Community Health Company Limited

Annual Report For the Year ended 30 June 2022

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Clutha Community Health Company Limited

Directory As at 30 June 2022

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 2022, 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 2022, 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.

Other than 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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Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.

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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.

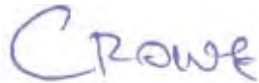
As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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, as a body. 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 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 3rd day of October 2022

Clutha Community Health Company Limited

Statutory Disclosures As at 30 June 2022

Introduction

The Directors present their annual report and financial statements for the year ended 30 June 2022. 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 \$812,511 (2021 \$590,733 surplus). The Southern District Health Board has 'rolled over' the annual contract for a period of three months ending September 2022 on similar terms and conditions with a 3% uplift in funding. This is pending the new entity Te Whatu Ora, Health NZ Southern offering a contract renewal for an extended period.

Financial Position

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

As at 30 June 2022 the book value of assets totalled	\$8,869,751
And were financed by:	
■ Shareholders' Equity	6,901,628
■ Liabilities	1,968,123
	<u>\$8,867,751</u>

Movement in Reserves

Retained Earnings

Opening Balance	5,464,117
------------------------	-----------

Plus

Net Surplus for the Year	812,511
--------------------------	---------

Revenue Reserves Carried Forward of:

	<u>\$6,276,628</u>
--	--------------------

Directors

In accordance with the Company's Constitution, one third of the Directors retire each year at the annual general meeting. During the year, Conway Powell and Leanne Samuel retired by rotation and were reappointed.

Dividend

The Directors advise that no dividend was paid during the 2022 year (2021 \$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 is a trustee of the South Otago Nurses Trust. The trust supports continuing professional education for nurses employed by Clutha Community Health Company Ltd.
- Dr Branko Sijnja was the Director of the Rural Medical Immersion Programme of the University of Otago Medical School until 30 June 2022. 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:

	2022	2021
Dr Branko Sijnja	\$104,231	\$63,442

- 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.
- 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 is the chair of the Finance, Risk and Audit Committee of Physiotherapy New Zealand.
- Dr Conway Powell provides consultancy services to Roxburgh Medical Trust.
- 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.
- Prof George Benwell is a director of Periomedic, a start up company developing a miniaturised healthcare device intended to treat periodontal disease.
- Leanne Samuel was the Southland/Gore Area Manager of IDEA Services until June 2022.
- Leanne Samuel is Te Whatu Ora, Southland Hospital Operations Manager from July 2022.
- Leanne Samuel is a director of Community Trust South.
- Alastair McKenzie is a Director/Board Member of the following organisations:
 - Bert Walker 1988 Ltd
 - Community Care Trust
 - Diabetes New Zealand
 - Endurance Ag Ltd
 - Turner Heights Ltd
- 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 director and the chair of Periomedic, a start up company developing a miniaturised healthcare device intended to treat periodontal disease.
- Dr Alexandra Tickle is a Trustee of the New Zealand Brain Tumour Trust.
- Ray Anton is a board member and the treasurer of Hauora Taiwhenua Rural Health Network. The Network advocates nationally on behalf of rural general practice and rural hospitals. The hospital and general practice divisions of Clutha Community Health

Company Ltd are members of the network and pay annual fees.

- (b) 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.
- (c) Share Dealing:
No Director owned, requested nor disposed of any interest in shares during the year.
- (d) Directors Fees:
Directors fees were paid as follows:

	2022	2021
	\$	\$
Bill Thomson	21,000	20,000
Dr Branko Sijnja	13,000	12,500
Dr Conway Powell	11,125	12,500
George Benwell	10,500	12,500
Alastair McKenzie	13,000	10,000
Dr Alexandra Tickle	12,375	10,000
Leanne Samuel	10,500	10,000
	<u>\$91,500</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 \$7,438.

Employee Remuneration

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

	2022	2021
Remuneration Range	Number of Employees	
\$100,001 - \$110,000	4	5
\$110,001 - \$120,000	4	3
\$120,001 - \$130,000	3	1
\$140,001 - \$150,000	1	1
\$150,001 - \$160,000	1	1
\$220,001 - \$230,000	1	1
\$230,001 - \$240,000	1	-
\$250,001 - \$260,000	-	1
\$300,001 - \$310,000	1	-
\$360,001 - \$370,000	1	-
\$370,000 - \$380,000	-	1

The Directors hereby approve the financial statements for the year ended 30 June 2022. For and on behalf of the Board of Directors:


Bill Thomson (Chairman)


Dr B Sijnja (Director)

03 October 2022

SHAND THOMSON


Clutha Community Health Company Limited

Statement of Cash Flows For the Year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash Flows from Operating Activities			
<i>Cash was received from:</i>			
Donations, fundraising & other similar receipts		966	4,774
Receipts from providing goods or services		12,360,075	11,487,657
Interest, dividends & other investment receipts		61,200	133,719
Net goods & services tax received/(paid)		92	19,148
		12,422,333	11,645,298
<i>Cash was applied to:</i>			
Payments to suppliers & employees		10,981,548	10,775,499
Net Cash Flows from Operating Activities	24	1,440,785	869,799
Cash Flows from Investing & Financing Activities			
<i>Cash was provided from:</i>			
Receipts from the sale of property, plant & equipment		49,896	35,936
<i>Cash was applied to:</i>			
Payments to acquire property, plant, equipment & goodwill		351,882	322,930
Payments for new bank deposits		1,134,650	701,176
		1,486,532	1,024,106
Net Cash Flows to Investing & Financing Activities		(1,436,636)	(988,170)
Net Increase (Decrease) in Cash Held	21	4,149	(118,371)
Opening Cash & Bank Balances		1,084,124	1,202,495
Closing Cash & Bank Balances		\$1,088,273	\$1,084,124
Represented by:			
Bank Current Accounts & Cash on Hand		748,785	744,890
Bank Call Account		339,488	339,234
Total Cash at Bank		\$1,088,273	\$1,084,124

Clutha Community Health Company Limited

Statement of Comprehensive Revenue and Expense For the Year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue from Exchange Transactions			
Contract Services		1,022,167	908,304
District Health Board Funding		7,029,738	6,924,643
General Practice Consultation Fees		1,104,451	1,220,628
General Practice Education Programme		793	7,931
Interest Revenue	19	63,839	75,138
PHO Revenue		2,890,863	2,322,444
Rental Revenue		152,618	119,975
Sundry Income	19, 22	149,665	26,324
Tutoring Students		14,310	10,440
Total Revenue		12,428,444	11,615,829
Expenditure			
Administration Expenses		231,831	199,010
Estate Expenses	8, 9	723,337	739,909
External Clinical Contracts & Services		918,461	936,709
Household Expenses		406,246	310,676
Personnel Costs	13, 23	8,312,699	7,980,359
Transport Expenses		86,292	89,695
Treatment Expenses		498,569	335,654
Other External Costs	19	192,004	218,210
		11,369,440	10,810,223
Net Depreciation, Gain, Loss on Disposal of Assets	12	246,493	214,873
Total Expenses		11,615,933	11,025,096
Surplus for the Year from Continuing Activities		812,511	590,733
Other Comprehensive Revenue and Expenditure for the Year		-	-
Total Comprehensive Revenue and Expenditure for the Year		\$812,511	\$590,733

Clutha Community Health Company Limited

Statement of Changes in Net Assets/Equity For the Year ended 30 June 2022

	Contributed Capital \$	Accumulated Comprehensive Revenue and Expense \$	Total Net Assets/ Equity \$
Balance at 30 June 2020	625,000	4,873,385	5,498,385
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 Carried Forward	\$625,000	\$5,464,118	\$6,089,118
Balance at 30 June 2021 Brought Forward	625,000	5,464,117	6,089,118
Changes in Net Assets/Equity for 30 June 2022			
Total Comprehensive Revenue & Expenditure for the Year	-	812,511	812,511
Balance at 30 June 2022	<u>\$625,000</u>	<u>\$6,276,628</u>	<u>\$6,901,628</u>

Clutha Community Health Company Limited

Statement of Financial Position As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current Assets			
Cash & Cash Equivalents	15	1,088,273	1,084,124
Short Term Bank Deposits	16	5,040,956	3,469,418
Prepayments		53,737	55,242
Medical Supplies		55,369	77,240
Accounts Receivable	17	1,021,134	1,017,570
Accrued Interest		42,115	39,476
		<u>7,301,585</u>	<u>5,743,070</u>
Non Current Assets			
Property, Plant & Equipment	12	958,166	902,675
Intangible Assets	11	160,000	160,000
Bank Term Deposits	16	-	436,889
Related Party Advance	9	450,000	450,000
		<u>1,568,166</u>	<u>1,949,564</u>
Total Assets		<u>8,869,751</u>	<u>7,692,634</u>
Liabilities			
Current Liabilities			
Accounts Payable	10	422,592	316,520
Employee Benefits	23	1,327,894	1,069,450
Goods & Services Tax Accrued		217,637	217,545
Total Liabilities		<u>1,968,123</u>	<u>1,603,516</u>
Total Net Assets		<u>\$6,901,628</u>	<u>\$6,089,117</u>
Net Assets/Equity			
Contributed Capital	7	625,000	625,000
Accumulated Comprehensive Revenue & Expenses		6,276,628	5,464,117
Total Net Assets/Equity		<u>\$6,901,628</u>	<u>\$6,089,117</u>


W G Thomson (Chairman)


Dr B Sijnja (Director)

03 October 2022



SHAND THOMSON



Clutha Community Health Company Limited

Notes to the Financial Statements For the Year ended 30 June 2022

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.

The financial statements were authorised for issue by the Directors on the date signed on page 7.

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.

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 2022 include:

- Provision for bad debts \$7,500 (2021 \$7,500)
- 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:

Lessee 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 (2021 \$Nil). There were no reversals of previously written down inventory items (2021 \$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 (2021 \$Nil).

Note 5 - Capital Commitments

There were no capital commitments at balance date (2021 \$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 (2021: 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	01/12/2020	5 years	1	35,164
Lanark Street ¹	22/01/2018	Nil	NA	Nil

¹ 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:

	2022 \$	2021 \$
No later than one year	396,425	376,937
Later than one and not longer than five years	52,746	361,261
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.

	2022 \$	2021 \$
Rental Paid	385,164	385,164
Owed by Clutha Health Incorporated	1,854	2,380

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 terms, 2022 \$20,670 (2021 \$28,061).

Dr Branko Sijnja, a Director, was paid wages during the year in his capacity of employee of \$104,231 (2021 \$63,442).

Note 10 – Accounts Payable from Exchange Transactions

	2022 \$	2021 \$
Trade Creditors	353,350	259,499
Accruals	69,242	57,021
	<u>\$422,592</u>	<u>\$316,520</u>



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 (2021 \$160,000).

Note 12 - Property, Plant & Equipment

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

	2022 \$	2021 \$
Leasehold Improvements		
Opening Cost	440,811	360,811
Additions	130,090	80,000
Closing Cost	<u>570,901</u>	<u>440,811</u>
Less Accumulated Depreciation	<u>228,767</u>	<u>182,946</u>
Closing Book Value	<u>\$342,134</u>	<u>\$257,865</u>
Depreciation Current Year	45,821	38,049
Furniture & Fittings		
Opening Cost	338,573	317,535
Additions	15,675	21,038
Closing Cost	<u>354,248</u>	<u>338,573</u>
Less Accumulated Depreciation	<u>181,751</u>	<u>148,978</u>
Closing Book Value	<u>\$172,497</u>	<u>\$189,595</u>
Depreciation Current Year	32,773	31,307
General Plant/Equipment		
Opening Cost	724,438	700,739
Additions	54,571	24,612
Disposals	(53,270)	(913)
Closing Cost	<u>725,739</u>	<u>724,438</u>
Less Accumulated Depreciation	<u>551,766</u>	<u>556,977</u>
Closing Book Value	<u>\$173,973</u>	<u>\$167,461</u>
Depreciation Current Year	47,579	53,832
Office Equipment & IT		
Opening Cost	289,225	263,499
Additions	53,595	37,683
Disposals	(3,413)	(11,957)
Closing Cost	<u>339,407</u>	<u>289,225</u>
Less Accumulated Depreciation	<u>243,032</u>	<u>209,702</u>
Closing Book Value	<u>\$96,375</u>	<u>\$79,523</u>
Depreciation Current Year	36,744	35,395
Motor Vehicles		
Opening Cost	512,093	453,822
Additions	79,950	159,599
Disposals	(99,248)	(101,328)
Closing Cost	<u>492,795</u>	<u>512,093</u>
Less Accumulated Depreciation	<u>319,608</u>	<u>303,863</u>
Closing Book Value	<u>\$173,187</u>	<u>\$208,230</u>
Depreciation Current Year	92,928	81,535
Total Depreciation Current Year	<u>\$255,845</u>	<u>\$240,118</u>
Plus(Less)		
Gain on Disposal	(10,158)	(25,245)
Loss on Disposal	806	-
	<u>(9,352)</u>	<u>(25,245)</u>
	<u>\$246,493</u>	<u>\$214,873</u>
Total Property, Plant & Equipment	<u>\$958,166</u>	<u>\$902,675</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.

	2022 \$	2021 \$
Board of Directors (0.43 FTE)	91,500	87,500
Executive Management (2 FTEs)	529,878	510,161
Total Paid to Key Management Personnel	<u>\$621,378</u>	<u>\$597,661</u>

The Company has two key management personnel, determined on full-time equivalent basis, which received remuneration from the Company during the year (2021: 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 (2021 \$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 (2021 \$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	2022 \$	2021 \$
Loans & Receivables			
Cash & Cash Equivalents	15, 21	1,088,273	1,084,124
Trade & Other Receivables	17	1,021,134	1,017,570
Investments in Bank Term Deposits	16, 21	5,040,956	3,906,307
Total Financial Assets		<u>\$7,150,363</u>	<u>\$6,008,001</u>
Financial Liabilities at Amortised Cost			
Trade & Other Payables	10	1,750,486	1,385,970
Total Financial Liabilities		<u>\$1,750,486</u>	<u>\$1,385,970</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:

	2022	2021
Call deposits	0.30%	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 1.20% - 3.70% (2021 0.80% - 3.15%)

Note 17 – Accounts Receivable from Exchange Transactions

	2022	2021
	\$	\$
Gross amounts owing	1,028,634	1,025,070
Less:		
Provision for Doubtful Debts	7,500	7,500
	<u>\$1,021,134</u>	<u>\$1,017,570</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	2022	2021
		\$	\$
Interest Income		63,839	75,138
Donations Received		966	4,774
Audit Fees		7,438	9,783
Bad Debts Written Off		5,522	12,047
Directors Fees	13	91,500	87,500
Doubtful Debts (Movement)	17	Nil	1,500
Net Gain on Sale of Property, Plant & Equipment	12	9,352	25,245
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 COVID-19 virus pandemic, which resulted in lockdowns throughout New Zealand in 2020 and 2021, is not expected to have a significant impact on the future activities of the Company.

Note 21 – Funds Invested

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

	2022	2021
	\$	\$
Cash & Cash Equivalents	1,088,273	1,084,124
Short Term Bank Deposits	5,040,956	3,469,418
Long Term Bank Deposits	-	436,889
	<u>6,129,229</u>	<u>4,990,431</u>
Less:		
Opening Funds	4,990,431	4,407,626
Increase in Cash Assets	<u>\$1,138,798</u>	<u>\$582,805</u>

Note 22 – Sundry Income

	2022	2021
	\$	\$
Cleaning Service Recharges	7,853	7,853
Donations	966	4,774
Oracle Oncharges	2,455	2,615
SDHB COVID Funding	116,804	-
Study/Student Placement	20,056	9,880
Miscellaneous	1,531	1,202
	<u>\$149,665</u>	<u>\$26,324</u>

Note 23 – Employee Benefit Liability

The following employee entitlements exist at balance date:

	2022	Increase (Decrease)	2021	Increase (Decrease)	2020
	\$	\$	\$	\$	\$
Wages Accrued	361,347	80,949	280,398	21,516	258,882
Leave Accrued	966,547	177,495	789,052	(16,482)	805,534
Total Employee Benefit Liability	<u>\$1,327,894</u>		<u>\$1,069,450</u>		<u>\$1,064,416</u>

Note 24 – Reconciliation of Net Surplus with Net Cash Flows from Operating Activities

	2022	2021
	\$	\$
Net Surplus	812,511	590,733
Add Depreciation and Gain & Loss on Disposal	246,493	214,873
	<u>1,059,004</u>	<u>805,606</u>
Plus/(Less) Movement in Working Capital Items		
(Increase)Decrease in Receivables & Prepayments	(4,698)	1,685
(Increase)Decrease in Medical Supplies on Hand	21,871	(9,198)
Increase in GST Accrued	92	19,148
Increase in Operating Payables & Accruals	364,516	52,558
Net Working Capital Movement	<u>381,781</u>	<u>64,193</u>
Net Cash Flows from Operating Activities	<u>\$1,440,785</u>	<u>\$869,799</u>







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