

2022 - 2023

ANNUAL REPORT

Clutha Health Incorporated and
Clutha Community Health Company Ltd



Clutha Health First

Hauora Tahī Ki Iwikatea
Community Health



CLUTHA HEALTH INC
Iwikatea Hauora Inc

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Chairman's Review

Clutha Health Incorporated



On behalf of the Board of Trustees for Clutha Health Incorporated I am pleased to be able to present the Annual Report for the 2022/2023 year.

The Year in Review

It was pleasing to see that with Covid becoming less of a dominant force in our lives, things began to normalise for most people. That does not mean that the health sector is not without its challenges in this ever-changing world where new systems and new methods of delivering and structuring the delivery of health seem to be ever present.

To this end, I must commend our staff, both management and clinical and our directors of Clutha Community Health Company for their professionalism in these changing and often challenging times.

The workload for CHI has been steady with some new activities and the on-going task of providing the best possible facilities for our integrated health services to work from.

Director Appointments

This year saw the appointment of Janet Copeland to the CCHCL board. Janet brings a wealth of legal expertise and governance skills to the board.

Dr Branko Sijnja was reappointed for a further 3-year term and his contribution and institutional knowledge over many years has been extremely valuable to the performance of your integrated health services.

CEO Retirement

Ray Anton retired at the end of the 2022 year after many years of dedicated service. The trustees wish Ray a long and happy retirement.

Rebranding

CHI developed a new logo that we believe is more in keeping with the times we are in and is fresher and better aligns with the Clutha Health First logo.

Constitution Reviews

The trustees of CHI felt that its time to review the constitutions of both CHI and CCHCL to make sure that they are fit for purpose and still relevant.

Emeritus Professor George Benwell was employed to carry out this review and his work will form the basis for ongoing work streams in the next year or two.

House Purchase

CHI purchased a two-bedroom house in John Street which has been refurbished. The reason for this purchase was to provide quality accommodation for locums and other itinerant health workers who come to work at Clutha Health First from time to time.

The Trustees of CHI

My fellow trustees have again discharged their duties very well this year to act as your representatives and stewards of the properties that make up the CHI group. My thanks and the communities should go to them.

Clutha Community Health Company Ltd

Our thanks must go to the staff and management of Clutha Health First for their dedicated and professional work.

Also, our appreciation goes to Bill Thomson and the directors of CCHCL for their consistently high standard of work in strategically governing the business.

A handwritten signature in black ink that reads "H. C. Anderson".

Hamish Anderson.

Chairman, Clutha Health Incorporated.

Clutha Health Incorporated

Annual Report
For the Year ended 30 June 2023

Clutha Health Incorporated

Annual Report For the Year ended 30 June 2023

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- Independent Auditors' Report
- Entity Information
- Financial Statements
- Notes to the Financial Statements

The Trustees hereby approve the financial statements for the year ended 30 June 2023
for and on behalf of the Board of Trustees:



Hamish Anderson (Chairman - Trustee)

29 September 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Clutha Health Incorporated

Qualified Opinion

We have audited the consolidated general purpose financial report of Clutha Health Incorporated (the Parent) and its controlled entities (the Group) which comprise the consolidated financial statements on pages 6 to 16, and the consolidated service performance information on pages 17 to 27. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2023, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying parent and consolidated general purpose financial report presents fairly, in all material respects:

- the financial position of the parent and the consolidated financial position of the Group as at 30 June 2023, and the financial performance and cashflows of the parent and the consolidated financial performance and cashflows of the Group for the year then ended; and
- the consolidated service performance of the Group for the year ended 30 June 2023 in accordance with the entity's service performance criteria

in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

Sufficient independently verifiable evidence was not available to support the Clinical Services performance measures in the Statement of Service Performance. There were no practical alternative audit procedures we could apply to obtain satisfactory assurance over these performance measures and we were therefore unable to confirm whether the Group's reported figures for these specific measures were materially correct for the year ended 30 June 2023.

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated General Purpose Financial Report* 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, the Group.

Other Matter

The comparative information displayed in the Statement of Service Performance is unaudited.

Information other than the Consolidated General Purpose Financial Report and Auditor's Report

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

Our opinion on the general purpose financial report 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 general purpose financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the general purpose financial report 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.

Board's Responsibilities for the Consolidated General Purpose Financial Report

The Board are responsible on behalf of the Group for:

- (a) the preparation and fair presentation of the consolidated financial statements and consolidated service performance information in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare consolidated service performance information in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime; and
- (c) such internal control as the Board determine is necessary to enable the preparation of the consolidated financial statements and consolidated service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated general purpose financial report, 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 Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole and the consolidated service performance information are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this consolidated general purpose financial report.

As part of an audit in accordance with ISAs (NZ) and NZ AS 1, 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 and the consolidated service performance information, 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 of the consolidated financial statements and the consolidated service performance information 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.
- Obtain an understanding of the process applied by the entity to select what and how to report its consolidated service performance.
- Evaluate whether the service performance criteria are suitable so as to result in consolidated service performance information that is in accordance with the Public Benefit Entity Accounting Standards Reduced Disclosure Regime.
- 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 general purpose financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated general purpose financial report, including the disclosures, and whether the consolidated general purpose financial report represents the underlying transactions, events and service performance information in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and service performance information of the entities or business activities within the Group to express an opinion on the consolidated general purpose financial report. 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 our audit.

Restriction on Use

This report is made solely to the Society's Board, as a body. Our audit has been undertaken so that we might state to the Society'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 Society and the Society'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 29th day of September 2023

Clutha Health Incorporated

Entity Information As at 30 June 2023

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

Jolene Ollerenshaw

Kate Anderson

Phil Atkinson

Paul Hanlon

Ruth Baldwin (appointed 16 November 2022)

Sarah Hayward (appointed 16 November 2022)

Shelley Milne (appointed 16 November 2022)

Michele Kennedy (appointed 16 November 2022)

Jennifer O'Connell (retired 16 November 2022)

David Mason (retired 16 November 2022)

Jo-anne Thomson (retired 16 November 2022)

Accountants:

Shand Thomson

Auditors:

Crowe New Zealand Audit Partnership

Bankers:

Bank of New Zealand

The Trustees hereby approve the financial statements for the year ended 30 June 2023 for and on behalf of the Board of Trustees:

Hamish Anderson (Chairman - Trustee)

29 September 2023

Clutha Health Incorporated

Statement of Cash Flows For the Year ended 30 June 2023

		Group		Parent	
	Note	2023 \$	2022 \$	2023 \$	2022 \$
Cash Flows from Operating Activities					
<i>Cash was received from:</i>					
Donations, fundraising & other similar receipts		208	966	-	-
Receipts from providing goods or services		12,015,245	12,360,075	385,165	385,165
Interest, dividends & other investment receipts		151,333	77,863	29,761	16,663
Net goods & services tax received/(paid)		28,786	9,306	(1,521)	9,214
		<u>12,195,572</u>	<u>12,448,210</u>	<u>413,405</u>	<u>411,042</u>
<i>Cash was applied to:</i>					
Payments to suppliers & employees		11,713,389	10,651,847	108,555	55,464
Net Cash Flows from Operating Activities	25	<u>482,183</u>	<u>1,796,363</u>	<u>304,850</u>	<u>355,578</u>
Cash Flows from Investing & Financing Activities					
<i>Cash was provided from:</i>					
Receipts from the sale of property, plant & equipment		21,574	49,896	-	-
Receipts from Term Deposit Maturities		40,873	-	40,873	-
		<u>62,447</u>	<u>49,896</u>	<u>40,873</u>	<u>-</u>
<i>Cash was applied to:</i>					
Payments to acquire property, plant, equipment & goodwill		767,059	449,192	441,928	97,310
Payments for new bank deposits		314,689	1,548,125	-	413,475
		<u>1,081,748</u>	<u>1,997,317</u>	<u>441,928</u>	<u>510,785</u>
Net Cash Flows to Investing and Financing Activities		<u>(1,019,301)</u>	<u>(1,947,421)</u>	<u>(401,055)</u>	<u>(510,785)</u>
Net Increase (Decrease) in Cash Held		<u>(537,118)</u>	<u>(151,058)</u>	<u>(96,205)</u>	<u>(155,207)</u>
Opening Cash & Bank Balances		1,337,475	1,488,534	249,202	404,409
Closing Cash and Bank Balances		<u>\$800,357</u>	<u>\$1,337,476</u>	<u>\$152,997</u>	<u>\$249,202</u>
Represented by:					
Bank of New Zealand Current Account		657,111	846,880	152,899	98,094
Bank of New Zealand Call Account & Short Term Deposits		143,246	490,596	98	151,108
Total Cash at Bank		<u>\$800,357</u>	<u>\$1,337,476</u>	<u>\$152,997</u>	<u>\$249,202</u>



Clutha Health Incorporated

Statement of Comprehensive Revenue and Expense For the Year Ended 30 June 2023

	Note	Group		Parent	
		2023 \$	2022 \$	2023 \$	2022 \$
Revenue from Exchange Transactions					
General Practice Consultation Fees		1,108,859	1,104,451	-	-
Interest Revenue		235,968	80,351	41,724	16,512
Rental Revenue		143,410	152,618	385,164	385,164
Sundry Income	22	24,897	149,665	-	-
Tutoring Students		19,350	14,310	-	-
		<u>1,532,484</u>	<u>1,501,395</u>	<u>426,888</u>	<u>401,676</u>
Revenue from Non-Exchange Transactions					
Contract Services		1,323,457	1,022,167	-	-
General Practice Education Programme		-	793	-	-
PHO Revenue		2,350,384	2,890,863	-	-
Te Whatu Ora Funding		7,499,684	7,029,738	-	-
		<u>11,173,525</u>	<u>10,943,561</u>	<u>-</u>	<u>-</u>
Total Revenue		<u>12,706,009</u>	<u>12,444,956</u>	<u>426,888</u>	<u>401,676</u>
Expenditure					
Administration Expenses	19	283,512	242,006	13,482	10,175
Estate Expenses	14, 17	441,726	348,761	48,996	10,588
External Clinical Contracts & Services		956,339	918,461	-	-
Household Expenses		412,242	406,246	3,730	-
Personnel Costs	12, 13	8,846,161	8,312,699	-	-
Transport Expenses		67,709	86,292	-	-
Treatment Expenses		352,077	498,569	-	-
Other External Costs	16, 19, 21	265,808	228,656	48,866	36,652
		<u>11,625,574</u>	<u>11,041,691</u>	<u>115,074</u>	<u>57,415</u>
Net Depreciation, Gain, Loss on Disposal	18	618,068	604,366	357,438	357,873
Total Expenses		<u>12,243,642</u>	<u>11,646,057</u>	<u>472,512</u>	<u>415,288</u>
Surplus for the Year from Continuing Activities		<u>462,367</u>	<u>798,899</u>	<u>(45,624)</u>	<u>(13,612)</u>
Other Comprehensive Income					
Movement in Fair Value of Land & Buildings		2,942,888	-	2,942,888	-
Total Comprehensive Revenue & Expenses for the Year		<u>\$3,405,255</u>	<u>\$798,899</u>	<u>\$2,897,264</u>	<u>\$(13,612)</u>



Clutha Health Incorporated

Statement of Changes in Net Assets/Equity For the Year Ended 30 June 2023

Group	Note	Charitable Trust Reserves	Building Revaluation Reserves	Accumulated Comprehensive Revenue & Expenses	Total Net Assets/Equity
Balance at 30 June 2021		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		<u>286</u>	<u>-</u>	<u>798,613</u>	<u>798,899</u>
Balance at 30 June 2022 Carried Forward		25,779	6,437,876	12,973,198	19,436,853
Balance at 30 June 2022 Brought Forward		25,779	6,437,876	12,973,198	19,436,853
Changes in Net Assets/Equity for 30 June 2023					
Total Comprehensive Revenue & Expenses for the Year		(1,627)	2,942,888	463,994	3,405,255
Balance at 30 June 2023	20	<u>\$24,152</u>	<u>\$9,380,764</u>	<u>\$13,437,192</u>	<u>\$22,842,108</u>

Parent		Charitable Trust Reserves	Building Revaluation Reserves	Accumulated Comprehensive Revenue & Expenses	Total Net Assets/Equity
Balance at 30 June 2021		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		<u>286</u>	<u>-</u>	<u>(13,898)</u>	<u>(13,612)</u>
Balance at 30 June 2022 Carried Forward		25,779	6,437,876	6,696,570	13,160,225
Balance at 30 June 2022 Brought Forward		25,779	6,437,876	6,696,570	13,160,225
Changes in Net Assets/Equity for 30 June 2023					
Total Comprehensive Revenue & Expenses for the Year		(1,627)	2,942,888	(43,997)	2,897,264
Balance at 30 June 2023	20	<u>\$24,152</u>	<u>\$9,380,764</u>	<u>\$6,652,573</u>	<u>\$16,057,489</u>



Clutha Health Incorporated

Statement of Financial Position As at 30 June 2023

	Note	Group		Parent	
		2023 \$	2022 \$	2023 \$	2022 \$
Assets					
Current Assets					
Cash & Cash Equivalents	4, 23	800,357	1,337,477	152,997	249,202
Short Term Bank Deposits	5, 23	6,443,454	6,377,189	1,295,209	1,336,234
Prepayments		49,538	53,737	-	-
Medical Supplies		67,971	55,369	-	-
Accounts Receivable	11	1,474,024	1,019,281	882	-
Accrued Interest		133,231	48,445	18,444	6,330
		<u>8,968,575</u>	<u>8,891,498</u>	<u>1,467,532</u>	<u>1,591,766</u>
Non Current Assets					
Property, Plant & Equipment	18	15,476,094	12,405,787	14,475,000	11,447,621
Intangibles & Goodwill	9	160,000	160,000	-	-
		<u>15,636,094</u>	<u>12,565,787</u>	<u>14,475,000</u>	<u>11,447,621</u>
Investments					
Long Term Bank Deposits	5, 23	207,400	-	-	-
Shares Clutha Community Health Co Ltd		-	-	625,000	625,000
		<u>207,400</u>	<u>-</u>	<u>625,000</u>	<u>625,000</u>
Total Assets		<u>24,812,069</u>	<u>21,457,285</u>	<u>16,567,532</u>	<u>13,664,387</u>
Less Liabilities					
Current Liabilities					
Accounts Payable	10	404,040	447,360	34,023	26,621
Employee Entitlements	13	1,291,957	1,327,894	-	-
Goods & Services Tax Accrued		273,964	245,178	26,020	27,541
		<u>1,969,961</u>	<u>2,020,432</u>	<u>60,043</u>	<u>54,162</u>
Non Current Liabilities					
Advance Clutha Community Health Co Ltd	17	-	-	450,000	450,000
Total Liabilities		<u>1,969,961</u>	<u>2,020,432</u>	<u>510,043</u>	<u>504,162</u>
Total Net Assets		<u>\$22,842,108</u>	<u>\$19,436,853</u>	<u>\$16,057,489</u>	<u>\$13,160,225</u>
Net Assets/Equity					
Charitable Trust Reserves	24	24,152	25,779	24,152	25,779
Building Revaluation Reserves	18	9,380,764	6,437,876	9,380,764	6,437,876
Accumulated Comprehensive Revenue & Expenses		13,437,192	12,973,198	6,652,573	6,696,570
Total Net Assets/Equity	20	<u>\$22,842,108</u>	<u>\$19,436,853</u>	<u>\$16,057,489</u>	<u>\$13,160,225</u>

Hamish Anderson

Hamish Anderson (Chairman - Trustee)

29 September 2023



Clutha Health Incorporated

Notes to the Financial Statements For the Year ended 30 June 2023

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.

Judgement is applied in determining the carrying value of land and buildings. These assets are periodically subject to independent valuation.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2023 include:

- Provision for expected credit loss is \$10,000 (2022 \$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

Revenue from Exchange Transactions

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.

Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions is recognised as revenue immediately unless there are substantive use or return conditions in the related contract.

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 receivables after initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment.

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.

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. This year, Colliers International completed a valuation of land & buildings as at 30 June 2023. Other assets are stated at cost less accumulated depreciation and impairment.

Investments

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, at call with banks, and other short-term 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.

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

During the year, the Group became subject to, and implemented, PBE IPSAS 41 Financial Instruments and PBE FRS 48 Service Performance Reporting.

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments replaces parts of PBE IPSAS 29 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied PBE IPSAS 41 prospectively, with an initial application date of 1 July 2022.

As a result of adopting PBE IPSAS 41 as at 1 July 2022 there were no changes to the value of assets or liabilities, rather a change in the measurement category of the assets.

The nature of the presentation changes are described below:

Classification and Measurement of Financial Assets and Liabilities

Under PBE IPSAS 41, financial assets are subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost or fair value through other comprehensive revenue and expense (FVOCRE). Financial liabilities are subsequently measured at fair value through surplus or deficit (FVTSD) or amortised cost. Financial instruments measured at amortised cost replaces the previous measurement category: loans and receivables, the change in category is outlined in the below table. The classification is based on two criteria:

1. the Group's business model for managing the assets, and

2. whether the instruments 'contractual cash flows represent solely payment of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as at date of initial application namely 1 July 2022. The assessment of whether contractual cash flows on debt instruments are solely compromised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Receivables from exchange and non-exchange transactions and term deposits were classified as Loans and Receivables as at 30 June 2022 and are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised costs beginning on 1 July 2022.

	Measurement Category	
	PBE IPSAS 29	PBE IPSAS 41
Financial Assets		
Cash & Cash Equivalents	Loans & Receivables	Amortised Cost
Term Deposits	Loans & Receivables	Amortised Cost
Investment	FVTSD	FVTSD
Financial Liabilities		
Accounts Payable	Amortised Cost	Amortised Cost

Impairment

The adoption of PBE IPSAS 41 has changed the Group's accounting for impairment losses for financial assets by replacing PBE IPSAS 29's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PBE IPSAS 41 requires the Group to recognise an allowance for ECL's for all debt instruments not held at fair value through surplus or deficit.

Upon the adoption of PBE IPSAS 41 on 1 July 2022, the Group did not recognise any additional impairment.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 Service Performance Reporting is a new accounting standard. The standard came into effect on 1 January 2022 and was adopted from 1 July 2022. The change in accounting policy is made in accordance with the transitional provisions of PBE FRS 48 has been applied retrospectively.

PBE FRS 48 established principles and requirements for presenting service performance information that is useful for accountability and decision making purposes. These high level requirements provide flexibility for the Group to determine how best to "tell our story" using contextual information and relevant measures.

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

Note 2 – Financial Instruments

Financial Assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, and fair value through surplus or deficit (FVTSD).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of short-term receivables and payables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

In order for a financial asset to be classified and measured it needs to give rise to cash flows that are principal and interest (SPPI) on the principal amount assessment is referred to as the SPPI test and is instrument level. Financial assets with cash flows that are classified and measured at fair value through surplus or deficit, transaction costs, irrespective of the business model.



Note 2 – Financial Instruments (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Financial Assets at Fair Value through Surplus or Deficit

Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Financial Performance.

This category includes derivative instruments and managed funds which the Group had not irrevocably elected to classify at FVOCRE.

After initial recognition the financial assets in this category are measured at fair value with gains or loss on re-measurement recognised in surplus or deficit.

Financial Assets at Amortised Cost

Financial assets at amortised cost are non-derivative financial assets or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, are subsequently measured at amortised cost using the effective interest method (EIR) and are subject to impairment. Gains and losses are recognised in surplus or deficit when the asset is derecognised, modified, or impaired.

The Group's cash and cash equivalents are categorised as financial assets at amortised cost.

Subsequent Measurement of Financial Assets as Amortised Cost

The Group applies a simplified approach in calculating Expected Credit Losses (ECL). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at reporting date. The Group established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amount in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- 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 under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

Financial liabilities at amortised cost are classified, at initial recognition and include payables.

After initial recognition, payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of financial performance.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, waived, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of financial performance.

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:

	2023	2022
Call deposits	2.75%	0.30%

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 3.65% - 5.80% (2022 1.20% - 3.70%).

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 – Capital Commitments

There are no capital commitments at balance date (2022 Nil).

Note 8 – 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 (2022 \$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 (2022 \$2,600,000). There are no plans to move premises.

There are no other contingent liabilities at balance date (2022 \$Nil).

Note 9 – Intangible Assets

Intangible assets represent goodwill on the purchase of Dr Visagie's practice in February 2016. The value has been assessed at cost price \$160,000 with no impairment (2022 \$160,000).

Note 10 – Accounts Payable

	Group		Parent	
	2023	2022	2023	2022
Trade Creditors	\$ 314,835	\$ 374,218		
Accruals	89,205	73,142		
Payables under Exchange Transactions	\$404,040	\$447,360		



Note 11 – Accounts Receivable

	Group		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
Gross Amounts	1,484,024	1,026,781	882	-
Less Provision for Doubtful Debts	10,000	7,500	-	-
Receivables from Exchange Transactions	\$1,474,024	\$1,019,281	\$882	\$Nil

Note 12 – 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.

	2023	2022
	\$	\$
Trustees (0.14 FTE) (2022 0.08 FTE)	17,420	14,790
Board of Directors (0.47 FTE) (2022 0.43 FTE)	108,750	91,500
Executive Management (2 FTEs)	598,162	529,878
Total Paid to Key Management Personnel	\$724,332	\$636,168

The Group has two key management personnel, determined on full-time equivalent basis, which received remuneration from the Group during the year (2022: 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 (2022 \$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 (2022 \$Nil).

Note 13 – Employee Benefit Liability

The following employee entitlements exist at balance date:

	2023	Increase (Decrease)	2022
	\$	\$	\$
Wages Accrued	393,250	31,903	361,347
Leave Accrued	898,707	(67,840)	966,547
Total Employee Benefit Liability	\$1,291,957		\$1,327,894

Note 14 – Leased Assets

Operating Leases

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

The financial obligations under the above leases are:

	Group		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
No later than one year	\$Nil	\$11,261	\$Nil	\$Nil
Later than one and no longer than five years	\$Nil	\$Nil	\$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 15 – 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 16 – Trustee Honorariums

Trustee honorariums were paid as follows:

	Group		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
Hamish Anderson	4,700	4,020	4,700	4,020
Helen Keen	1,410	1,380	1,410	1,380
Jennifer O'Connell	600	1,170	600	1,170
David Mason	300	900	300	900
Kate Anderson	1,590	1,440	1,590	1,440
Jolene Ollerenshaw	1,770	1,380	1,770	1,380
Phil Atkinson	1,890	1,620	1,890	1,620
Paul Hanlon	1,740	1,560	1,740	1,560
Jo-Anne Thomson	450	1,320	450	1,320
Sarah Hayward	750	-	750	-
Ruth Baldwin	600	-	600	-
Shelley Milne	810	-	810	-
Michele Kennedy	810	-	810	-
	\$17,420	\$14,790	\$17,420	\$14,790

Note 17 – 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 (2022 \$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 2023 (2022 \$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, Jolene Ollerenshaw and Shelley Milne are employees of Clutha Health Community Health Company Ltd.
- Helen Keen is a Trustee of the Catlins Medical Trust and South Otago Nurses Trust.
- 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 Good Hands Property Works Ltd as a property manager for the Lanark Street and John Street properties.
- Sarah Hayward is an employee of Clutha Development Incorporated and a Trustee of Clutha Licensing Trust.
- Michele Kennedy is a councillor of Clutha District Council.
- The Society and the Company purchase accountancy and advisory services from Shand Thomson, an accounting firm in which Bill Thomson, a Director of Clutha Community Health Company Ltd, is currently employed as a consultant. These services are supplied on normal commercial terms.
- Dr Branko Sijnja, a Director of Clutha Community Health Company Ltd, was paid wages during the year in his capacity of employee of \$172,572 (2022 \$104,231).
- Outstanding balances at 30 June 2023 owed to/from related parties are as follows:

	Group		Parent
	2023	2022	
	\$	\$	
Clutha Community Health Co Ltd	-	-	



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Note 18 – Property, Plant & Equipment

This year, as established by Colliers International (registered valuers), hospital land is recorded at market value, hospital buildings have been recorded at depreciated replacement cost and other land & buildings are valued on the basis of comparable sales evidence (market value). 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	
	2023 \$	2022 \$	2023 \$	2022 \$
Land				
Cost Price	548,693	548,693	548,693	548,693
Plus Additions	150,323	-	150,323	-
Revaluation to Market Value	870,984	591,307	870,984	591,307
Less Accumulated Depreciation	-	-	-	-
Closing Book Value	<u>\$1,570,000</u>	<u>\$1,140,000</u>	<u>\$1,570,000</u>	<u>\$1,140,000</u>
Buildings				
Cost Price	8,623,134	8,623,134	8,623,134	8,623,134
Less Accumulated Depreciation to FY22	(4,162,081)	(4,162,081)	(4,162,081)	(4,162,081)
Plus Revaluation to Depreciated Replacement Cost	5,846,569	5,846,569	5,846,569	5,846,569
Closing Book Value as at 30 June 2022	<u>10,307,622</u>	<u>10,307,622</u>	<u>10,307,622</u>	<u>10,307,622</u>
Plus Additions	291,606	-	291,606	-
Less Depreciation FY23	(357,439)	-	(357,439)	-
Plus Revaluation to Depreciated Replacement Cost per Colliers International	2,456,504	-	2,456,504	-
Plus Revaluation to Market Value	206,707	-	206,707	-
Closing Book Value	<u>\$12,905,000</u>	<u>\$10,307,622</u>	<u>\$12,905,000</u>	<u>\$10,307,622</u>
Total Closing Book Value	<u><u>\$14,475,000</u></u>	<u><u>\$11,447,622</u></u>	<u><u>\$14,475,000</u></u>	<u><u>\$11,447,622</u></u>
Depreciation Current Year	357,438	357,873	357,438	357,873

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

	Group		Parent	
	2023 \$	2022 \$	2023 \$	2022 \$
Leasehold Improvements				
Opening Cost	570,901	440,811	-	-
Additions(Disposals at Cost)	31,890	130,090	-	-
Closing Cost	<u>602,791</u>	<u>570,901</u>	<u>-</u>	<u>-</u>
Less Accumulated Depreciation	277,900	228,767	-	-
Closing Book Value	<u>\$324,891</u>	<u>\$342,134</u>	<u>-</u>	<u>-</u>
Depreciation Current Year	56,257	45,821	-	-
Furniture & Fittings				
Opening Cost	354,248	338,573	-	-
Additions(Disposals at Cost)	88,847	15,675	-	-
Closing Cost	<u>443,095</u>	<u>354,248</u>	<u>-</u>	<u>-</u>
Less Accumulated Depreciation	217,275	181,751	-	-
Closing Book Value	<u>\$225,820</u>	<u>\$172,497</u>	<u>-</u>	<u>-</u>
Depreciation Current Year	35,524	32,773	-	-
General Plant/Equipment				
Opening Cost	725,739	724,438	-	-
Additions(Disposals at Cost)	(15,949)	1,301	-	-
Closing Cost	<u>709,790</u>	<u>725,739</u>	<u>-</u>	<u>-</u>
Less Accumulated Depreciation	561,321	551,766	-	-
Closing Book Value	<u>\$148,469</u>	<u>\$173,973</u>	<u>-</u>	<u>-</u>
Depreciation Current Year	46,200	47,579	-	-
Office Equipment & IT				
Opening Cost	339,407	289,225	-	-
Additions(Disposals at Cost)	17,391	50,182	-	-
Closing Cost	<u>356,798</u>	<u>339,407</u>	<u>-</u>	<u>-</u>
Less Accumulated Depreciation	264,582	243,032	-	-
Closing Book Value	<u>\$92,216</u>	<u>\$96,375</u>	<u>-</u>	<u>-</u>
Depreciation Current Year	41,270	36,744	-	-



Note 18 – Property, Plant & Equipment (continued)

Motor Vehicles

Opening Cost	492,795	512,093	-	-
Additions(Disposals at Cost)	73,840	(19,298)	-	-
Closing Cost	566,635	492,795	-	-
Less Accumulated Depreciation	356,938	319,608	-	-
Closing Book Value	\$209,697	\$173,187	-	-
Depreciation Current Year	96,176	92,928	-	-
Gain on Disposal	(16,121)	(10,158)	-	-
Loss on Disposal	1,324	806	-	-
Total Depreciation for the Year	\$618,068	\$604,366	\$357,438	\$357,873
Total Property, Plant & Equipment	\$15,476,094	\$12,405,787	\$14,475,000	\$11,447,622

Note 19 – Disclosures

Items requiring specific disclosures are:

	Note	Group		Parent	
		2023 \$	2022 \$	2023 \$	2022 \$
Interest Income		235,968	80,351	41,724	16,512
Donations Received	21	208	966	Nil	Nil
Audit Fees		21,650	11,463	4,900	4,025
Bad Debts Written Off		619	5,522	Nil	Nil
Donations Made		10,000	10,000	10,000	10,000
Doubtful Debts (Movement)	11	2,500	Nil	Nil	Nil
Net Gain on Sale of Property, Plant & Equipment	17	14,797	9,351	Nil	Nil
Directors Fees	15	108,750	91,500	Nil	Nil
Trustees Honorariums	16	17,420	14,790	17,420	14,790

All revenues were derived from continuing activities.

Note 20 – Total Accumulated Funds

	Group		Parent	
	2023 \$	2022 \$	2023 \$	2022 \$
Accumulated Comprehensive Revenue & Expense				
Opening Balance	12,973,198	12,174,585	6,696,570	6,710,468
Add(Deduct) Surplus(Deficit) for Year	463,994	798,613	(43,997)	(13,898)
Closing Balance	13,437,192	12,973,198	6,652,573	6,696,570
Charitable Trust Reserves				
Opening Balance	25,779	25,493	25,779	25,493
Add(Deduct) Surplus(Deficit) for Year	(1,627)	286	(1,627)	286
Closing Balance	24,152	25,779	24,152	25,779
Land & Building Revaluation Reserves				
Opening Balance	6,437,876	6,437,876	6,437,876	6,437,876
Add Revaluation during the Year	2,942,888	-	2,942,888	-
Closing Balance	9,380,764	6,437,876	9,380,764	6,437,876
Total Accumulated Funds	\$22,842,108	\$19,436,853	\$16,057,489	\$13,160,225

Note 21 – Directors Fees

Directors Fees were paid as follows:

	Group		Parent	
	2023 \$	2022 \$	2023 \$	2022 \$
Bill Thomson	23,000	21,000	-	-
Dr Branko Sijnja	13,000	13,000	-	-
Dr Conway Powell	10,500	11,125	-	-
Prof George Benwell	5,250	10,500	-	-
Alastair McKenzie	13,000	13,000	-	-
Dr Alexandra Tickle	15,000	12,375	-	-
Leanne Samuel	13,750	10,500	-	-
Janet Copeland	6,125	-	-	-
Peter Williamson	9,125	-	-	-
	\$108,750	\$91,500	\$Nil	\$Nil

Note 22 – Sundry Income

	Group		Parent	
	2023 \$	2022 \$	2023 \$	2022 \$
Cleaning	8,502	7,853	-	-
Service Recharges	-	-	-	-
Donations	208	966	-	-
Oracle Oncharges	1,916	2,455	-	-
SDHB	7,028	116,804	-	-
COVID Funding	-	-	-	-
Study/Student	5,068	20,056	-	-
Placement	-	-	-	-
Miscellaneous	2,175	1,531	-	-
	\$24,897	\$149,665	-	-



Note 23 – Funds Invested

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

	Group		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cash & Cash Equivalents	800,357	1,337,477	152,997	249,202
Short Term Bank Deposits	6,443,454	6,377,189	1,295,209	1,336,234
Long Term Bank Deposits	207,400	-	-	-
	<u>7,451,211</u>	<u>7,714,666</u>	<u>1,448,206</u>	<u>1,585,436</u>
Less:				
Opening Funds	7,714,666	6,317,598	1,585,436	1,327,168
Increase(Decrease) in Cash Assets	\$(263,455)	\$1,397,068	\$(137,230)	\$258,268

Note 24 – Movement in Charitable Trust Funds

	Group		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
General Purposes Fund				
Opening Balance	19,632	19,414	19,632	19,414
Add Interest	649	218	649	218
Closing Balance	<u>20,280</u>	<u>19,632</u>	<u>20,280</u>	<u>19,632</u>
Hospital Ward Funds				
Opening Balance	3,587	3,547	3,587	3,547
Add Interest	39	40	39	40
(Deduct) Withdrawals	(2,400)	-	(2,400)	-
Closing Balance	<u>1,227</u>	<u>3,587</u>	<u>1,227</u>	<u>3,587</u>
Chapel Fund				
Opening Balance	2,560	2,532	2,560	2,532
Add Interest	85	28	85	28
Closing Balance	<u>2,645</u>	<u>2,560</u>	<u>2,645</u>	<u>2,560</u>
Closing Balance	<u>\$24,152</u>	<u>\$25,779</u>	<u>\$24,152</u>	<u>\$25,779</u>

Net movement in Charitable Trust Funds is \$(1,627); (2022 \$286).

Note 25 – Reconciliation of Net Surplus with Net Cash Flows from Operating Activities

	Group		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
Net Surplus/(Deficit)	462,256	798,899	(45,624)	(13,612)
Add Depreciation and Gain & Loss on Disposal	<u>618,068</u>	<u>604,366</u>	<u>357,438</u>	<u>357,873</u>
	1,080,324	1,403,265	311,814	344,261
Plus/(Less) Movement in Working Capital Items				
(Increase)/Decrease in Receivables & Prepayments	(535,906)	(4,546)	(12,845)	152
(Increase)/Decrease in Medical Supplies on Hand	(12,602)	21,871	-	-
Increase/(Decrease) in GST Accrued	28,898	9,307	(1,520)	9,215
Increase/(Decrease) in Operating Payables/Accruals	<u>(78,531)</u>	<u>366,466</u>	<u>7,401</u>	<u>1,950</u>
Net Working Capital Movement	(598,141)	393,098	(6,964)	11,317
Net Cash Flows from Operating Activities	<u>\$482,183</u>	<u>\$1,796,363</u>	<u>\$304,850</u>	<u>\$355,578</u>

Why are we here?

Our Purpose:

Collaborate, Innovate, Advocate for a healthy community.

Clutha Community Health Company Ltd (CCHCL) is a community owned and operated not-for-profit charitable organisation delivering a range of health care services aimed at improving the wellbeing of its community in a clinically and financially sustainable way. The company trades under the name of Clutha Health First (CHF).

The constitution of CCHCL details a range of broad objectives that guide the organisation in the delivery of these services across the Clutha District. These include:

- The effective and efficient co-ordination of health services across the public, private and voluntary sectors.
- Maintaining an appropriate balance of resource allocations to health protection, promotion, education and treatment services.
- Administering a range of healthcare facilities and services to the benefit of the Clutha District residents.
- The promotion of activities, such as employment for the sick and infirm, relief for the less fortunate and to provide and advice and assistance to other enterprises aligned with its objectives.

Our Governance Model

CHF is governed by a Board of Directors appointed by Clutha Health Incorporated (CHI), this being the 100% shareholder of CHF and the owners of the premises that CHF services are delivered from. Appointments to the CHF Board are made by the CHI Trustees. The trustees include elected members from the Clutha District community, an Iwi representative, a representative of the Clutha District Council, and elected staff members of CHF.

The CHF Board takes advice and recommendations from appointed specialist sub-committees, ostensibly the Finance, Risk & Audit Committee (FRAC), CEO Appraisal and Remuneration Committee (CARC) and the recently convened Cultural Advisory Committee (CAC).

These objectives are intended to be achieved through:

- Collaboratively working in partnership with other Health Service Funders. These include Te Whatu Ora (Southern), ACC (for hospital based & community delivered services), Wellsouth PHO and ACC (for primary care services) and private clinicians for non-publicly funded services.
- Working with other third parties to facilitate the availability of core health services for the timely delivery of supportive treatments in a timely manner. Such services include community laboratory services, ultrasound and radiology services, community physiotherapy along with community public health and mental health services.

The uniqueness of CHF lies in its commitment to ensuring that the traditional silos of health services have been removed and in doing so the company has become a role model for the delivery of fully integrated health services. For the patient this means they can receive a wide range of services within their community, that primary care (general practice) works in collaboration with other onsite services such as District Nurses, Allied Health, Social Work and others to ensure that all required services are delivered as needed.

The Board of Directors are responsible for:

- Recruitment of the Chief Executive Officer.
- Setting the strategic direction of the Company.
- Ensuring sound governance procedures are in place.
- Fulfilment of legally established fiduciary responsibilities.
- Promoting strong ethical standards.

The Board of Directors is assisted in achieving these standards and obligations by the Chief Executive Officer.

How will we get there?

By Improving the Health Outcomes of Our Community Through:



Clinical Services

By seeking to ensure that locally delivered services are configured and designed to minimise the need for patients to travel out of their home region to receive their care.

Cultural Engagement & Partnership

By working in collaboration to ensure our clinical services are equitable and easily accessible to all members of the community.

Workforce Sustainability

By ensuring our workforce has the necessary skills, resources and appropriate remuneration to deliver high quality clinical services.

Financial Sustainability

By ensuring that our services are financially sustainable for the future health needs of our community.



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 whakarei 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.



Our Values

We value **our people.**

We value **honesty and respect.**

We value **excellence.**

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



Chairman's Report

Clutha Community Health Company Ltd

I am pleased to present the 25th Annual Report of Clutha Community Health Company Ltd covering Clutha Health First's performance and achievements for the year ended 30 June 2023.

Health Sector Issues

The past financial and operational year has been one of enduring challenges for the Board, Management, and Staff of Clutha Health First. While the implications and impact of the COVID-19 pandemic had in the latter months eased, relief was short-lived as uncertainty quickly established itself in the health sector with the implementation of the government's 2022 Health Reforms.

Much frustration has subsequently arisen from a lack of clear policy direction from Te Whatu Ora, a lack of clear communication to its key stakeholders, significant staffing changes internally leading to a vacuum of decision-making making, and, most alarmingly, a failure to maintain a level of funding sufficient to ensure that Clutha Health First remains financially sustainable. Compounding these issues is a chronic national shortage of doctors, allied health professionals, and nurses that is proving challenging to our ability to attract such staff to Balclutha. As will be appreciated, such uncertainty adds a level of apprehension to our team and, ultimately, to our patients.

Management Matters

After twenty-one years of dedicated service to Clutha Health First, its long-standing CEO Ray Anton retired in December 2022 with a very well-deserved farewell function held to mark the occasion. Ray provided the Board with suitable notice of his retirement plans which allowed for a robust recruitment process that resulted in Sharon Mason being appointed Chief Executive Officer in January of this year.

As readers of this report will know, Sharon regrettably tendered her resignation just four months into her role and departed in early July 2023. Her premature resignation, triggered by a realisation that she had made a mistake in returning to the health sector, was a huge surprise and disappointment to our Board. Nonetheless, it is important to acknowledge that Sharon embarked on several admirable initiatives during her brief time at Clutha Health First, particularly involving our staff, our community, and the wider health sector. Sharon's sudden departure prompted the Board to re-evaluate the senior management roles at Clutha Health First before it considered appointing a new CEO.

The Board is extremely pleased and grateful to Gary Reed, our long-time Clinical Director, for stepping up to the Acting CEO role, thus providing the Board with the necessary time to consider its position. To assist Gary in his Clinical Director role, Leanne Samuel took a leave of absence from her CHF Director responsibilities and assumed the role of Acting Clinical Advisor. The Board is greatly appreciative to Gary and Leanne for their support.

Significant Board Appointments

In November 2022, George Benwell retired from the Board after six years of valuable service and commitment to the company, staff, and community. In replacing George, the Clutha Health Incorporated Trustees appointed Janet Copeland, an Invercargill lawyer and experienced company director who brings with her a broad diversity of skills that has added considerable depth to the Board. Janet has long-standing relationships with the South Otago region due to her past and ongoing employment and family connections.



The Clutha Health Incorporated Trustees also asked the Board to identify and appoint an appropriate additional Director to represent and support Clutha District Mana Whenua and to bring a wider lens to advocating for, and on, the broader Maori perspective. The Board was fortunate that Peter Williamson (Ngai Tahu) accepted this appointment.

Since taking up his role, Peter has enthusiastically embraced his new directorship role and added a cornerstone Māori perspective to our Board processes and discussions since taking up his position. As many readers of this report will know, Peter has strong family links with the Clutha District.

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.

Financial Performance

The financial performance of Clutha Health First over the year ended 30 June 2023 has undoubtedly been a highlight of the past year. While the Board and Management had anticipated a modest surplus for the year in question, we achieved a surplus of \$507,991.

The primary drivers of this result were:

- Unbudgeted revenue from COVID-19 testing and vaccinations.
- Cost savings as a result of staff shortages.
- Receipts from several “one-off” retrospective revenue adjustments.
- Higher than expected midwifery income.
- Reduced clinical education costs that our doctors, nurses and allied health staff have accessed.

However, the financial outlook for 2024 and beyond is far from reassuring. The company is anticipating a very substantial deficit in the year ahead, primarily as a result of Te Whatu Ora not accepting responsibility to fund CHF at a level that would allow it to pay its staff at the same level of remuneration which it is paying its own staff (in the same or similar positions) that have resulted in the last year or so following national pay equity settlements involving nursing and administrative teams.

The Board considers that it has a responsibility to pay our staff commensurate with those salaries our staff would expect to receive should they be employed in the same role by Health New Zealand. A failure to pay competitive salaries would add to our recruitment challenges and inevitably result in a reduction in services the company offers to its community.

It is not easy to envisage how the Government’s position on not funding CHF to the level that it can sustainably fund equitable salaries for its staff is compatible with its recently released Rural Health Strategy, which is based on five core principles, these being:

- Considering rural communities as a priority group.
- Prevention – paving the path to a healthier future (for rural communities).
- Services are available closer to home for rural communities.
- Rural communities are supported to access services at a distance.
- A valued and flexible workforce.

In reality, the reverse of these strategies is currently occurring. However, you have the Board's assurance that Clutha Health First is not at all accepting of the current situation, and, together with our fellow rural hospitals in Otago and Southland, are advocating strongly for equity and sustainability in our funding.

Acknowledgements

Once again, I want to convey the Board's heartfelt appreciation to our management and staff. They have worked with true dedication to our community and patients in meeting the challenges created by COVID-19, the changes to our national health service, and our staffing shortages.

In addition, Gary Reed and his corporate management team continue to carry the burden of financial stress resulting from shortfalls in our funding and the consequential threat to our future operational model. The considered and constructive manner in which they address these issues on a day-to-day basis and how they have maintained clinical services to our community is a massive credit to them.

I also want to acknowledge the substantial workload and responsibilities carried out by my fellow Directors over the past year. As well as having the ultimate responsibility to our shareholders and community for maintaining the quality of health services provided by Clutha Health First, the Directors have also carried the duties associated with management succession.

The Directors want to assure readers that they are immensely proud of the quality and range of health services that the dedicated staff of Clutha Health First provides. The Directors are committed to ensuring the continuation and further enhancement of the local services for our community's ongoing health and well-being.

Bill Thomson
Chair





Chief Executive's Report

Hauora Tahī Ki Iwikatea | Clutha Health First

I am pleased to present this year's annual report for the year-end June 2023, reflecting on the performance, challenges, and opportunities Clutha Health First (CHF) has encountered this past year. It incorporates the updated reporting standards required by the Auditor General's office.

The 2023 financial year has been a challenging one with the COVID-19 pandemic, emerging Te Pae Ora health sector reforms, national and local pay parity/equity negotiations, the need for a sustainable model of care in the light of workforce constraints, and a change of CEOs in rapid succession.

Throughout these changes, the one constant has been the fantastic Clutha Health First Team, who have collectively been committed to providing the best possible care to the community of South Otago during some very challenging times. The reassuring takeout from the past 12 months is that Clutha Health First is well positioned to face these challenges and will continue to build on solid foundations for a robust and resilient organisation.

Due to the ever-changing health and fiscal environment, the CHF Board reviewed its five strategic priorities in June 2023, mainly in response to the government's Health Reforms. Such changes were made to acknowledge the goals of the reforms. They signalled the company's intention to be at the forefront of those, including the government's recently released Rural Health Strategy and its participation in Locality Networks (once established).

Recognising the importance of delivering genuinely equitable services, the Board proactively established a new committee, the Cultural Advisory Committee, to strengthen the company's understanding of Māori perspectives and to support improved health equity outcomes for Māori across the region. Building relationships with the Pacifica community to better understand and support their health is also part of the group's activities.

CHF Performance/Financial Result

Clutha Health First is in a "healthy" financial position, achieved through unbudgeted COVID-19 funding, staff vacancies, and targeted health programs funded through the WellSouth Primary Health Organisation. However, we are cognisant that the new national commissioning structure within Te Whatu Ora will drive a review of CHF's current funding streams in the coming year. The implications of any change have yet to be fully understood.

CHF Challenges

Pay Parity/Equity

Many of you will have read in the media the discussions around pay equity negotiations for many national health-related staff groups, including nurses and allied health professions of physiotherapy, occupational therapy, social workers, and health administrators. Some of you won't know that as a non-government, community-owned organisation, we are not funded to remunerate our staff to the same amount as their peers employed by Te Whatu Ora. We continue to advocate with Te Whatu Ora for our teams to be compensated equally to their colleagues and, in doing so, enable the company to pay such salaries so as to maintain staff retention and ensure recruitment is not hampered by inequitable salary rates.



Staff recruitment

Sourcing permanent GPs, Medical Officers, Nurse Practitioners, and health professionals in general is an ongoing challenge for us; this is not unique to our organisation but reflective of an international and national workforce shortage.

CHF has been proactive approach in developing a strategic recruitment strategy that outlines a suite of opportunities to take a different approach to recruiting for “hard to fill” positions. One of these options has been a partnership with the Clutha Development Agency to develop a video clip of staff speaking about what makes CHF a “special place to work.” This ‘talking-heads’ format will form part of a more comprehensive recruitment profile, which will include more targeted advertising and promotion aimed at the unique characteristics of each employee types demographic. The approach intends to reflect professional and generational trends and will incorporate, amongst others, a greater use of social media and video media.

Models of Care

COVID-19 has changed how the organisation operates in multiple ways, particularly in the virtual telehealth environment. Due to the recruitment challenges for medical staff in the inpatient and primary care setting, CHF is actively exploring partnering with different entities to utilise technology to enable remote medical staff to cover inpatient services and help support winter “surge” challenges for primary care. CHF remains committed to ensuring sustainable health services for our community and leveraging technology innovation to allow this to occur.

Generator Upgrade

The past 12 months have seen multiple natural hazard events around New Zealand, which have had far-reaching effects which include impacting on the confidence of all health service providers that they will have the ability to deliver services should a significant natural disaster eventuate. For CHF, such events may include a major earthquake (as the region sits along an important alpine fault line) and flooding (secondary to our proximity to the Clutha River).

As a priority for our patient’s and employees’ health & safety and emergency preparedness, CHF has reviewed its emergency generator capability to ensure that our facility is fit for purpose in the event of electricity loss from a local outage or a natural disaster. The current generator requires a significant upgrade; therefore, the new generator’s cost has been included in the 2023/2024 capital budget.

Opportunities

Health Reform/Rural Health Strategy/Localities

The Health Reforms of July 2022: The 20 District Health Boards around the country ceased to exist, and Te Whatu Ora - Health New Zealand and Te Aka Whai Ora - The Māori Health Authority - were born.

The legislation enacting the various changes to the health system - Pae Ora (Healthy Futures) Act – focuses explicitly on Rural Health and, as a critical priority, developing a Rural Health Strategy by June 2023. CHF has taken a proactive role in feeding into the Rural health strategy, and we await to see if this increased accountability will address many of the longstanding inequities experienced by our rural communities in accessing the same level of care as their urban counterparts.

As a community-owned organisation, we welcomed another critical component of the health reforms: Locality Networks. Localities reflect the intention to strengthen the place-based approach to improving the health of local communities. Localities will form a mechanism for connecting health, support services, Iwi, and community organisations, to improve the health and well-being of our rural communities and local Māori. While Clutha does not yet have a clearly defined locality boundary, we look forward to working with Runanga representatives, local government leaders, and our rural communities to provide the priorities eventually identified.

In anticipation of establishing a Locality Network, the rural health providers within the South Otago region collaborated to establish the Clutha District Health Network which brought together mutually aligned providers to collaborate in bringing an improved cohesiveness of services available across the local motu. These providers included the Catlins Medical Centre, Milton Community Health Trust, Tuapeka Community Health Company Ltd, and West Otago Health Ltd.

Cultural Advisory Committee

The CHF Board of Directors endorsed the establishment of a Cultural Advisory Committee to guide the Board and the organisation in ensuring we meet our obligations under Te Tiriti o Waitangi and to focus on reducing inequity in our community across all demographics. The Cultural Advisory Committee is in its fledgling stage; however, as the Māori & Pacifica action plans are refreshed, the committee will assist in bringing the projects “to life.”

Harnessing the Digital and Virtual Environment

CHF has embraced the many opportunities over the past year to harness the technology available to gain efficiencies in running the business of CHF. New technology implemented this year by CHF includes.

- MedTech Evolution patient management system in general practice.
- Zambion Payroll system.
- Get Home Safe App, which monitors staff working alone in the community.
- Manage My Health in primary care enables access to a patient’s health record.



Future Model of Care

CHF continues to be innovative in addressing many challenges, including medical staff recruitment. Those challenges have led to CHF sourcing new partners to work within the virtual space at a national level and exploring changing our current model of care. Work is underway to flesh out a new care model, which will be realised by the latter part of 2023 and 2024.

Our Environment

Operating a business focusing on health, CHF has begun a journey to acknowledge its environmental impact and how it may mitigate this by establishing environmental sustainability goals.

The journey has begun with some 'baby steps.' Actions have been taken to identify all external windows that are not fully glazed (to minimise heat loss) and to explore the potential of solar panels (to reduce electricity demand on the grid). Inpatient medical records have transferred from paper notes to digital notes, with our Medical Records Dept no longer producing hard copy medical record folders. All women registered with our midwives have entirely electronic medical records accessible from their 'smartphone' or a computer. A drive to a 'PaperLite' environment has reduced printing significantly across the company as it moved to maximise electronic systems to minimise paper usage and paper disposal.

The Clutha Health First Team/Contractors/Key stakeholders

Thank you to the fantastic Clutha Health First team, our contractors, and key stakeholders. The transition for our community and New Zealand to learning to live with COVID-19 has created some challenges over the years. Our team and the strong partnerships we have formed have enabled our organisation's resilience and ability to provide continuity of service to our community.

We look forward to the opportunities that await us as we return to the business-as-usual model and the exciting potentials ahead of us as we anticipate the government's Rural Health Strategy, Locality Networks, and a closer working relationship with Health New Zealand and Te Whatu Ora – Southern.

Gary Reed
Acting Chief Executive



2022/2023

Key Highlights



Patient Portal

In Primary Care a new patient portal (Manage my Health) was introduced, allowing greater access to a patient's personal health record. Manage my Health is a web-based 'app' enabling patients to schedule health appointments, view laboratory results, medical recalls or medical warnings, order prescriptions, view consultation notes and to make payments online.



Men's Health

Clutha District wide Men's Health Clinics were held in conjunction with Movember (the annual national Men's Health Check initiative) during the month of November. Our staff visited four local participating pubs at which over 90 males underwent a health check – over 50% of those that attended received a follow up appointment for varying health concerns.



Vaccination Clinics

Two Offsite Multi Agency Walk in Vaccination Clinics were held in collaboration with Te Whatu Ora (Southern) & Wellsouth PHO. The drop-in clinics offered a range of immunisations including Covid-19 boosters, childhood immunisations and Influenza vaccinations, at which 230 people attended.



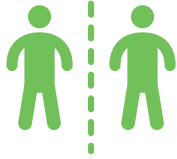
Influenza Vaccination

Two off-site walk-in clinics were held during the influenza vaccination season at which more than 950 patients were vaccinated against the flu.



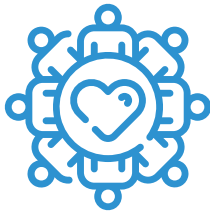
Get Home Safe App

The 'app' Get Home Safe was adopted and used by our employees working in remote and rural areas of the district which allowed their colleagues to know where they were and when they were expected to be back on site.



Isolation Room

Driven by the impact of local Covid-19 infection rates a negative pressure isolation room was constructed within the Inpatient Ward that enabled ward staff to safely care for patients with a range of airborne and transmissible infections (such as COVID-19).



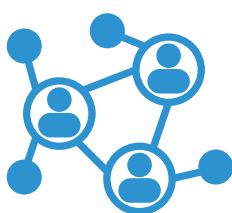
Community Hui Whanaungatanga

In anticipation of the establishment of a Locality Network in the region a local Community Hui Whanaungatanga was held with support from the Waikoau Runanga. Its purpose was to provide an opportunity for Whanaungatanga (making connections with others) and for the community to begin a conversation around establishing its own Locality Network.



Shielded Website


CHF's website became a "Shielded Site", this being an initiative by Women's refuge whereby victims of domestic violence can access information on how to plan to get out of a dangerous situation but have the protection of knowing that their browser history is not visible to anyone else.



Clutha District Health Network

CHF joined forces with Tuapeka Health Company, Milton Health Company, Catlins Medical Centre and West Otago Health to form the Clutha District Health Network. The purpose and intent of the Network is to work collaboratively to further enhance the range and quality of rural health services available to our community.





2022-2023

Service Performance Report

Clutha Health Community Company Ltd (CHF) aims to provide healthcare services to our community that are both clinically and financially sustainable. To achieve this collaboration with third parties is essential, as is the retention of employees to deliver these services.

During 2022/2023 CHF was able to turn its attention back onto collaboratively delivering clinical services to our community after the previous two years being largely focused on COVID-19. It should be noted that some of the data presented throughout this report is distorted due to the change in the model of care CHF was providing because of the impact of COVID-19. There have been several challenges throughout 2022/2023 and these are highlighted throughout the report.

The Statement of Service Performance presents an overview of CHF's key objectives and goals during 2022/2023. The Performance Measure data used throughout the report relates solely to CHF performance measures and is not a consolidation of both entities. It identifies what has been achieved throughout the year and challenges encountered that resulted in goals not being achieved.

GENERAL OBJECTIVE	PERFORMANCE MEASURE
1. Develop Clinical Services	Online Patient Portal Usage Outpatient Estimated Waiting Times Inpatient Bed Nights Occupancy Maternity Births & Post Natal Stays
2. Cultural Engagement & Partnership	Māori/Pasifika Enrolled at General Practice Māori/Pasifika with Diabetes Attending for an Annual Blood Test
3. Workforce Sustainability	Workforce Retention Pay Parity Funding
4. Financial Sustainability	CHF CAPEX Reinvestment

Develop Clinical Services

Clutha Community Health Company Ltd (CHF) aims to provide equitable healthcare services to our community. During 2022/2023 CHF turned its focus back to restoring the range of services that had been available prior to the impact of Covid-19 which saw services suspended or deferred due to long periods of national lockdowns and very stringent infection prevention controls in place during the pandemic.

Clinical Services are the cornerstone of CHF's purpose and the primary means of ensuring that our community health needs are being met. CHF is committed to continually identifying and improving services that will meet our community needs in a timely and convenient manner.

One way of achieving this aspiration is by ensuring that the information technology systems used throughout our facility are modern and up to date. CHF is committed to securing expert advice and information to ensure this is the case. Patient privacy is paramount, and a review of our systems was undertaken by an external cyber security specialist company.

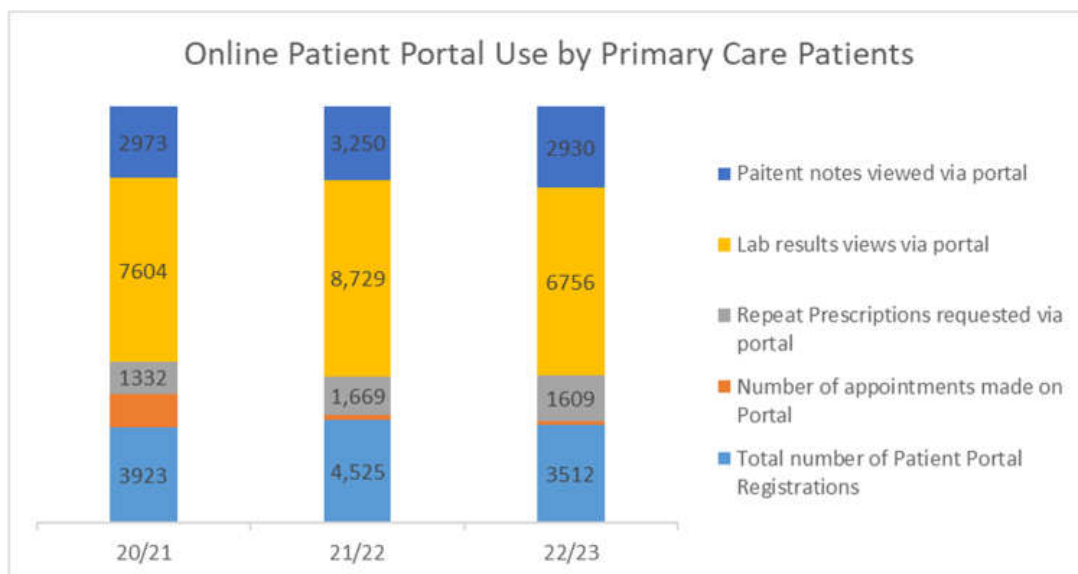
Examples of updated technology implemented this year include an upgrade to our centralised Patient Management System as well as a new web-based Patient Portal for General Practice.

The implementation of the Portal has meant that patients can request repeat prescriptions, view their laboratory results and clinical notes and make routine appointments.

Opportunities to establish services identified as being desired by the local community (by means of feedback) are further anticipated once the Clutha District has established, or become a member of, a Locality Network which is a cornerstone policy of the incoming national health reforms. It is anticipated that the Network will be operational in the 2023/24 period.

The Covid-19 pandemic imposed significant constraints on the availability of a very wide range of clinical services. Enabling access to both services and information within this environment provided the catalyst for the general practice to move to IT led solutions for communicating with its patients such as the Patient Portal described previously.

From the data below we can see that during the COVID-19 pandemic the community found having access to their personal health information extremely useful. During COVID-19 the functionality for booking appointments within the portal was unavailable and has only recently been reinstated.

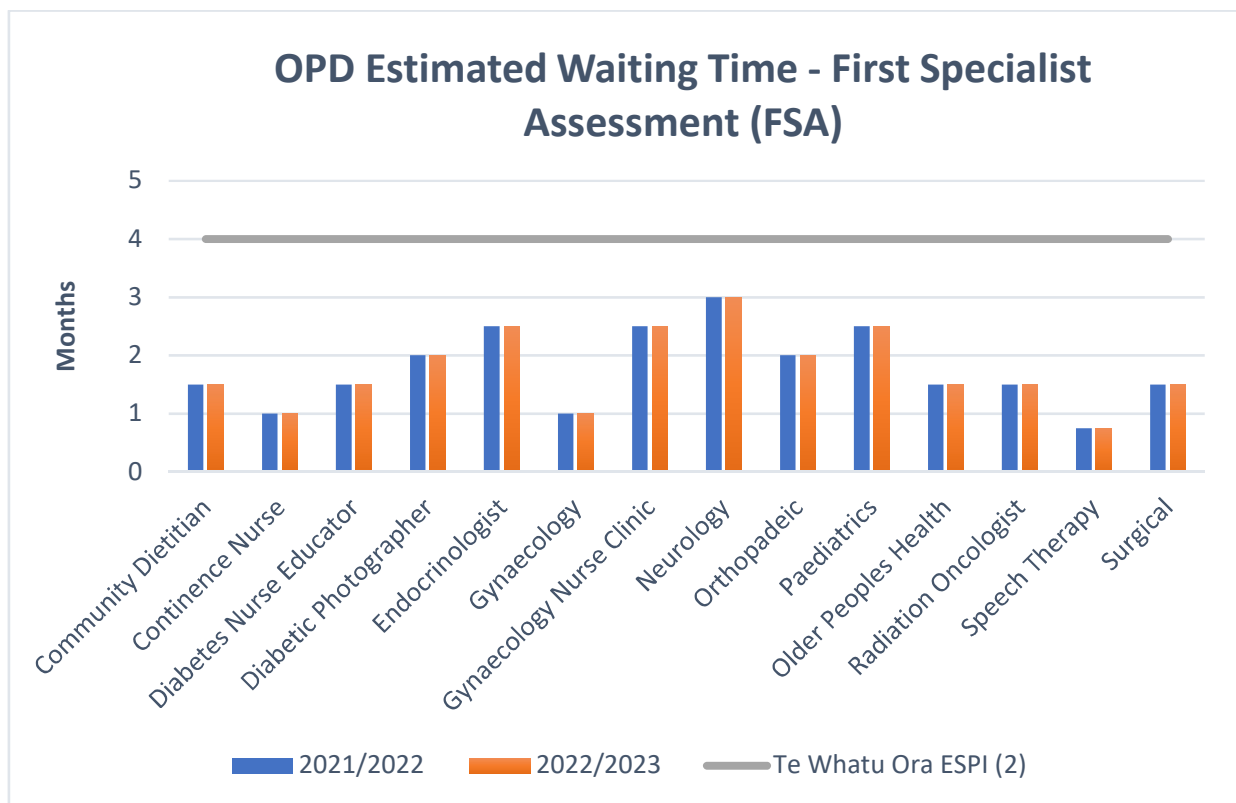


Information technology systems are emerging at a rapid pace in NZ and offer huge improvements in the management of patients and their access to services. At CHF the Inpatient ward, Maternity ward along with Community and Outpatient services are moving to a new patient management system called SI-PICS (South Island Patient Information Care System).

This system is used for the recording of administrative data and information such as clinical referrals, waiting lists, admissions, appointments and attendances. SI-PICS is a South Island wide electronic system that Te Whatu Ora Southern is adopting throughout all the Otago/Southland regions hospitals and facilities. SI-PCIS was scheduled to be live district wide in April 2023,

but was deferred by Te Whatu Ora Southern until November 2023. This project created an opportunity for reviewing and refining current administrative processes for our services.

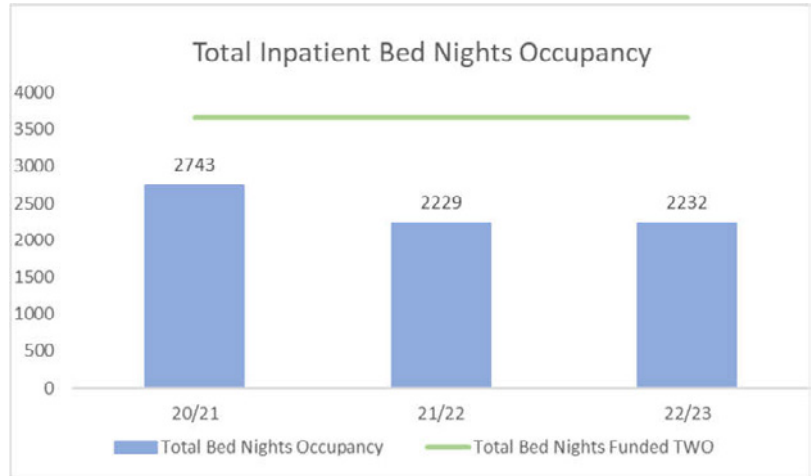
CHF in collaboration with Te Whatu Ora Southern and other Rural Hospitals was planning to commence a regional review of Outpatient Clinical services and to investigate the potential for further clinics to be delivered locally. Unfortunately, this has now been indefinitely deferred by Te Whatu Ora. Clutha Health First continues to provide current outpatient services in a timely manner well within the Ministry of Health Elective Services Patient Flow Indicator (ESPI2) wait time targets as below.



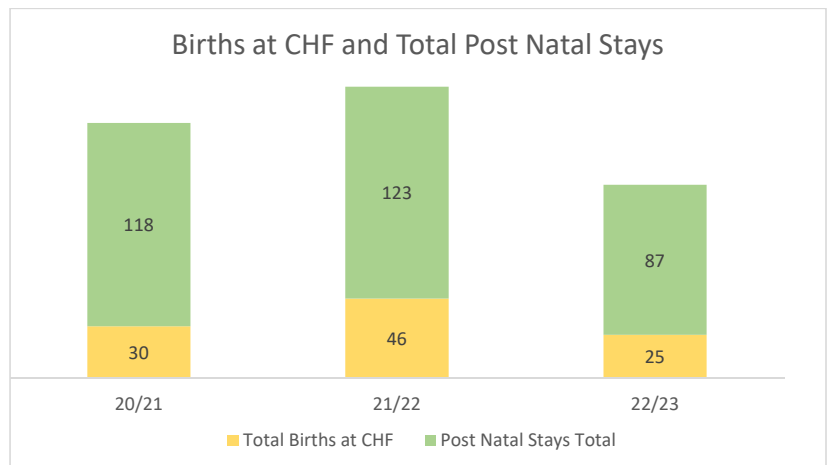
Clinical workforce nursing shortages meant a reduction the number of Inpatient beds available for community patients during the later part of the 2022/2023 year. Nursing shortages were in effect a combination of underlying vacancies and the impact of Covid-19 reducing staff availability due to isolation requirements in place at the time.

Develop Clinical Services

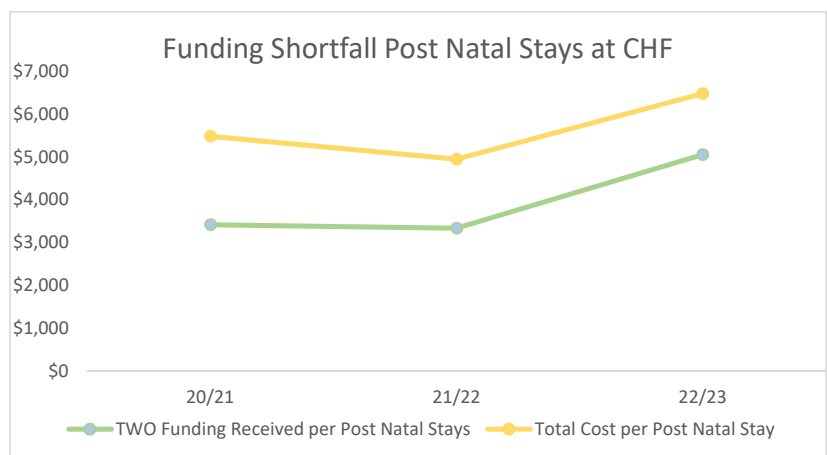
Occupancy was also affected by health policies in place which required all infected Covid-19 patients requiring hospitalisation to be admitted to Dunedin Hospital. National isolation policies (e.g., national lockdowns) also resulted in significantly reduced community respiratory infections which traditionally would have resulted in hospitalisation for a broad range of susceptible patients.



Having the ability for new mothers to access maternity services locally has been identified as a service that is important to our community. Technology and implementation of a web-based 'app' has meant that our expectant and new mothers can find all their clinical notes, view laboratory results, and upcoming appointments.



The financial viability of maternity services is a continuing challenge with the "gap" between funding received and costs incurred widening. We continue to work with Te Whatu Ora to secure additional long-term funding to alleviate this shortfall which has been calculated to be double that of the current level of funding received.





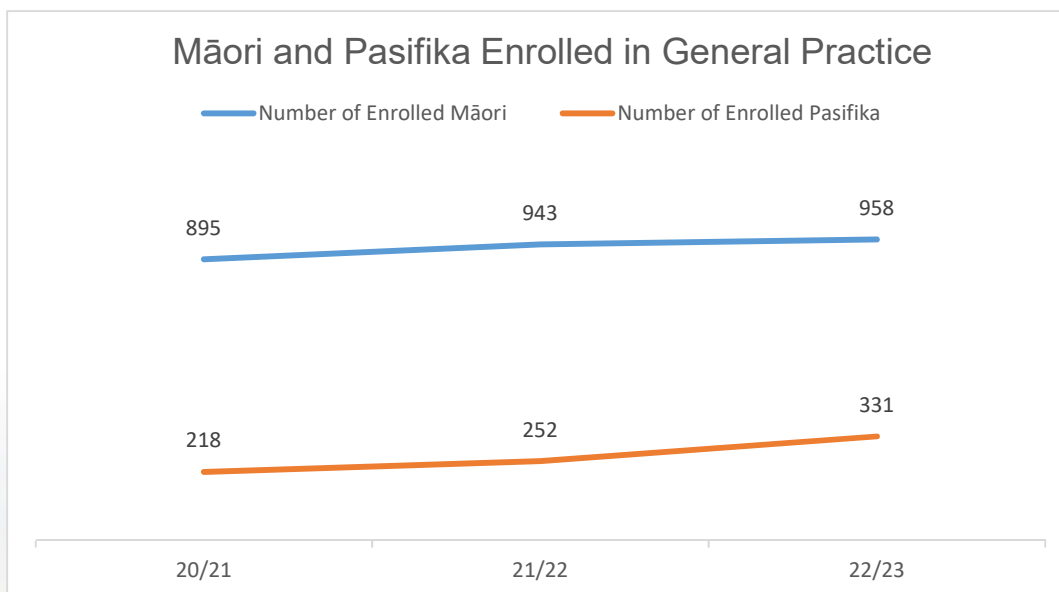
Cultural Engagement & Partnership

CHF is committed to ensuring that healthcare services provided to our community are equitable for all community members. The Māori and Pasifika communities have been identified as priorities in the Clutha District and the development of Māori and Pasifika Health plans have been progressed during 2022/2023.

A Community Hui - Hui Whanaungatanga was held in collaboration with Waikoau Runanga with over 60 people attending. The primary purpose of the hui was to make connections with each other and for the community to unite and voice perspectives around the development of a Locality Network in the Clutha District. As a provider of services CHF awaits further progression of this initiative.

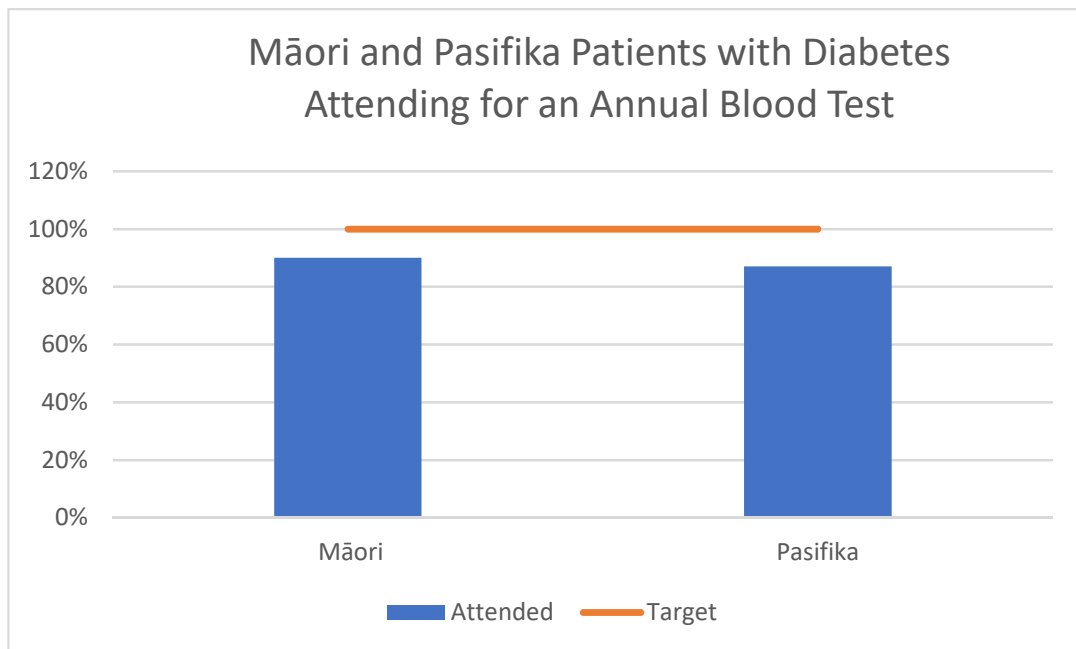
COVID-19 had an impact on the ability to be able to identify and deliver some targeted healthcare services to the Māori and Pasifika communities during the 2021/2022 year and the start of the 2022/2023 year as services adapted to adhere to Ministry of Health pandemic guidelines.

As both a local and regional provider of services the general practice can be a reflection of those services and the equity of provision it achieves. There is some evidence of a degree of underlying inequity for Māori in certain measurable programmes, but it is reassuring that the differentials are very marginal and are reflective of our highly engaged and integrated local population and community.



For certain clinical programmes where those inequalities can be demonstrated CHF is collaborating with the Wellsouth PHO Health Coach to prioritise Māori and Pasifika for programmes such as Flu Vaccinations and Annual Diabetes reviews. These initiatives have been developed through, for example, forming relationships with local church Ministers and encouraging members to engage with the general practice.

As these relationships are newly formed, we have no engagement data for previous years and 2022/2023 data engagement numbers are low in comparison to the number of enrolled patients (e.g. Annual Blood Test Attendance for Diabetic Patients – Māori 39 patients; Pasifika 16 patients).



Workshops and staff training has also been completed in collaboration with Te Whatu Ora to assist CHF in understanding our current processes and considering future needs for enhancing cultural engagement and partnership. Part of this includes encouraging staff to participate in Te Ao Māori online learning so staff have a better understanding of the cultural beliefs and needs as well as developing confidence with learning Te Reo, Tikanga and Te Whare Tapa Wha (Māori Health Model of Care).

When the Ministry of Health guidelines eased, in collaboration with the Wellsouth PHO Health Coach a Pasifika Healthy Activity Group was

established to engage the Pacific community into making better healthy lifestyle choices. Although this was a small group, it was a stepping stone in engaging with the Pasifika community.

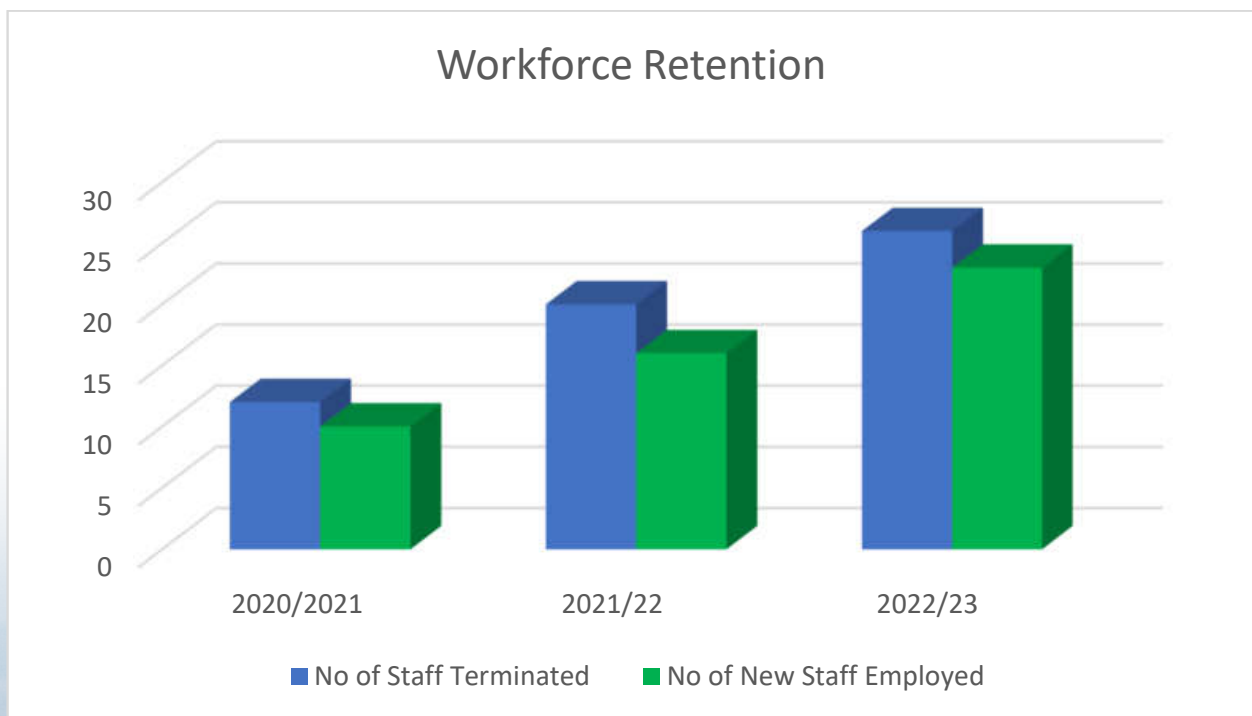
A newly established Cultural Advisory Committee will guide CHF in how best to implement and improve additional culturally appropriate practices and maintain and enhance the delivery of equitable health services.

Workforce Sustainability

Workforce retention and sustainability is a key component in ensuring CHF can deliver our current clinical services and is becoming a formidable challenge for it.

We have several clinical vacancies throughout the facility but the biggest challenge the company is facing is the employment of Senior Medical Officers and General Practitioners. This is demonstrated below, where CHF has been unable to replace all the employees that have relocated over the last two years.

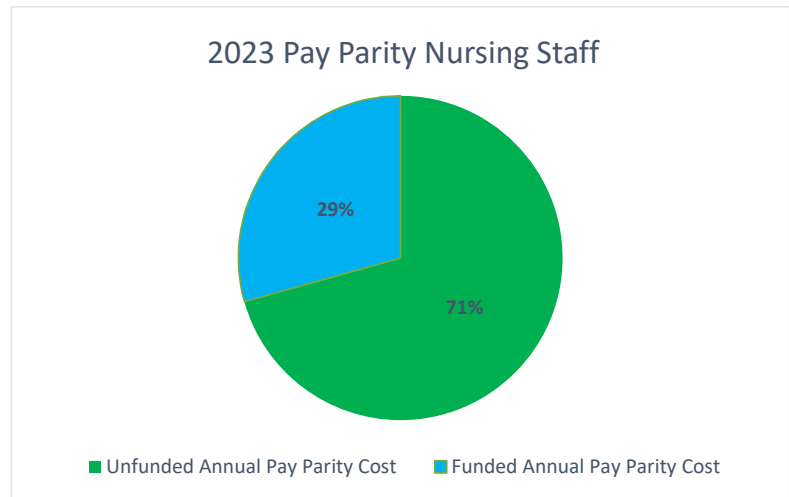
As part of a new targeted approach CHF has engaged in a refresh of its recruitment strategy which will focus on the benefits of living and working in our local community, spear-headed by a 'talking-heads' video in which our staff talk positively about their individual professions and the satisfaction and pleasure to be found from working with rural peoples.



CHF is committed to ensuring that our employees receive pay parity with their peers in government operated and funded hospital facilities and this approach has enabled us to maintain and attract new staff in some areas of the facility.

Although the company has made the commitment to ensure our employee salaries are comparable with those of Te Whatu Ora's, the additional annual funding received from Te Whatu Ora for 2022/2023 only covers 29% of the additional annual cost to CHF.

2023 Pay Parity Nursing Staff



Several projects working with third parties for workforce retention have had to be indefinitely deferred this year. Still, CHF continues to be committed to strengthening staff recruitment by developing a recruitment strategy and framework which will be implemented in the upcoming year.

CHF remains committed to enabling our employees to further their knowledge, skills and capabilities through Post Graduate education and introduce new skill sets, such as nurse prescribing in primary care.



Financial Sustainability

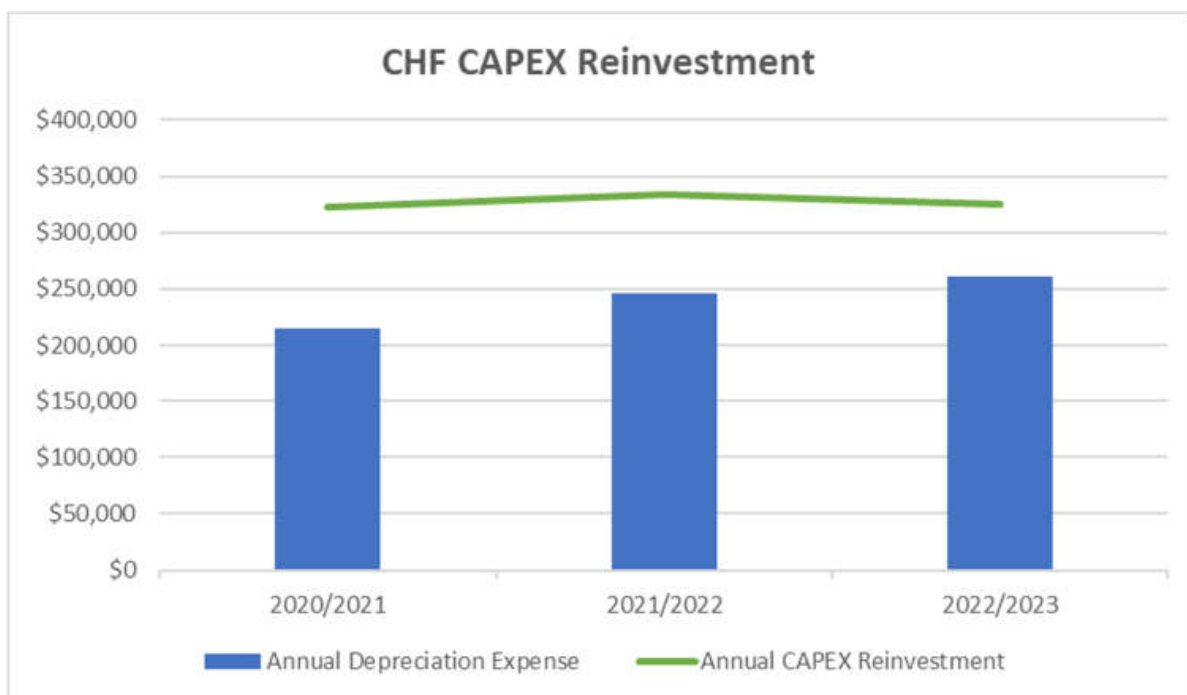
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Financial Sustainability is a critical component of CHF's delivery of healthcare services to the community. Although the company is facing several financial challenges due to inflationary and pay parity pressures, it is fortunately in a sound financial position with cash reserves it has accumulated which provide a short-term buffer. However, this is not sustainable in the medium to longer term. The company remains committed to securing funding levels that recognise that a rural workforce delivering publicly funded health services should be paid commensurate with their Te Whatu Ora peers.

The health reforms initiated in 2022 have brought considerable uncertainty as to the role, function, and place of rural hospitals. Underpinning this uncertainty was the renewal of our contract with Te Whatu Ora for a period of only one year.

Over the last two years the financial performance of the company has been bolstered by the unexpected additional government funding provided to ensure our community was cared for during the pandemic. This additional funding has enabled CHF to maintain cash reserves at a sustainable level for the future.

CHF is utilising some of these funds through reinvestment into the organisation to ensure that facilities are fit & safe for purpose. Replacement of, and investment in, clinical equipment and information technology systems is an integral part of our business.



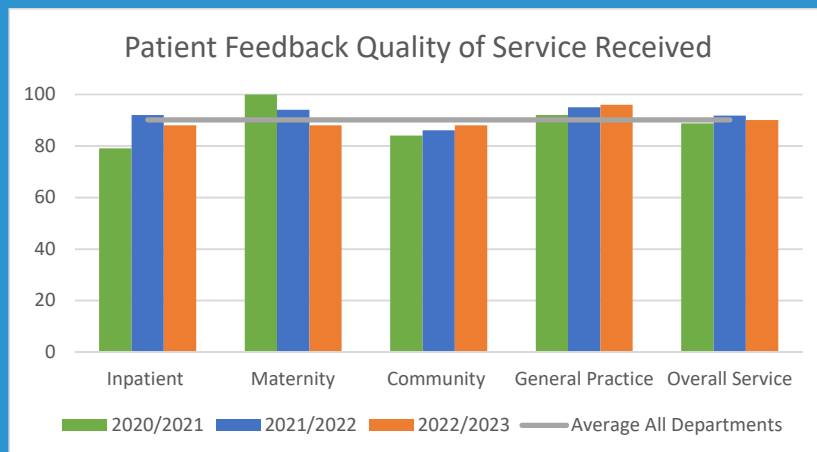
The preservation of cash reserves has been a deliberate focus of the company's longer-term strategy to further develop the facility campus, incorporating the Te Whatu Ora-Southern delivered services of mental health & addictions and public health into a singular on-site ambulatory centre.

Planning for this new facility was put on hold in 2021 due to the combination of the COVID-19 pandemic, escalating construction costs and the uncertainty of the impact of the incoming health reforms.

Patient Satisfaction & Feedback

What we Did Well

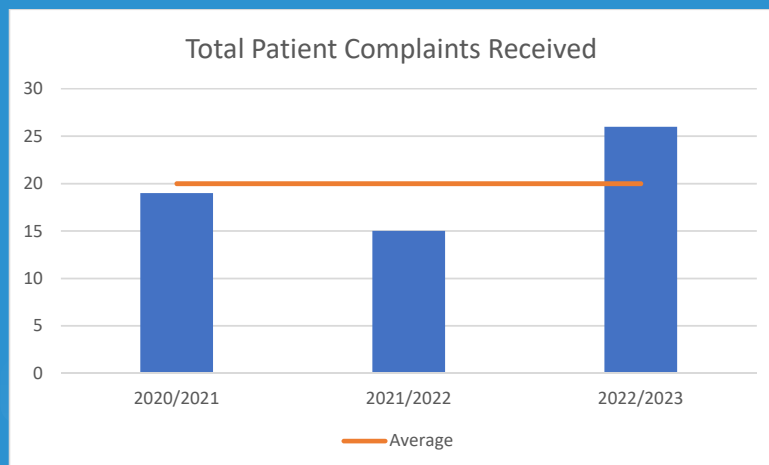
Patient Feedback is an integral part of ensuring that CHF is meeting its purpose and the needs of our community. One example of how we measure satisfaction is by inviting all Inpatient Ward, Maternity, General Practice and Community patients to complete a patient survey on their experiences of receiving care from Clutha Health First.



Results from the surveys (averaging 400 respondents annually) are reviewed on a regular basis by our Clinical Quality Team. The graph below illustrates that CHF has a high level of patient satisfaction (90% average), with patients feeling like they are treated with kindness and understanding (95% average) and being involved with decisions around their care and treatment (88% average) for the quality of service received.

What Can We Do Better?

As part of the patient feedback process, we encourage patients to inform us if we have not met their needs and ask for suggestions as to what we could do better. It is clear from below that following the emergence of COVID-19 CHF has experienced an increase in complaints about care or services delivered – these are largely related to communication and the relationship between the patient and staff member.



This is a nationally reflected trend attributed to the underlying stressors COVID-19 imposed on people and the challenges patients have faced in obtaining services that have not been fully restored in the aftermath of the pandemic.

2022 - 2023

Financial Report





Clutha Community Health Company Limited

Annual Report For the Year ended 30 June 2023

■ ■ Contents

- Directory
- Independent Auditors' Report
- Statutory Disclosures
- Financial Statements
- Notes to the Financial Statements

Clutha Community Health Company Limited

Directory As at 30 June 2023

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 Alastair McKenzie, CMIInstD Dr Alexandra Tickle, PhD, MSc Leanne Samuel, RN DipN, RM BM, MHSM Janet Copeland, LLB, BCom Peter Williamson, BA, PG DipPH Prof George Benwell, BSurv, MPhil, PhD, LS, MIS, MInstD (retired 16 December 2022)	
Manager:	Gary Reed, RN, PG CertCCN, PG Dip Hlth Econ, MBA Ray Anton, BSc, MMgt, CMIInstD (retired 16 December 2022) Sharon Mason (appointed 9 January 2023, finished 14 July 2023)	
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 Limited

Qualified Opinion

We have audited the general purpose financial report of Clutha Community Health Company Limited (the Company) which comprise the financial statements on pages 8 to 16, and the service performance information on pages 17 to 27. The complete set of financial statements comprise the statement of financial position as at 30 June 2023, 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, except for the matter for which we have qualified our opinion, the accompanying general purpose financial report presents fairly, in all material respects:

- the financial position of the Company as at 30 June 2023, and its financial performance and its cash flows for the year then ended; and
- the service performance of the Company for the year ended 30 June 2023 in accordance with the entity's service performance criteria

in accordance with Public Benefit Entity Accounting Standards (Reduced Disclosure Regime) issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

Sufficient independently verifiable evidence was not available to support the Clinical Services performance measures in the Statement of Service Performance. There were no practical alternative audit procedures we could apply to obtain satisfactory assurance over these performance measures and we were therefore unable to confirm whether the Company's reported figures for these specific measures were materially correct for the year ended 30 June 2023.

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the General Purpose Financial Report* 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 General Purpose Financial Report and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in the Statutory Disclosures on pages 6 and 7, but does not include the general purpose financial report and our auditor's report thereon.

Our opinion on the general purpose financial report 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 general purpose financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the general purpose financial report 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.

Other Matter

The comparative information displayed in the Statement of Service Performance is unaudited.

Directors' Responsibilities for the General Purpose Financial Report

The Directors are responsible on behalf of the Company for:

- (a) the preparation and fair presentation of the financial statements and service performance information in accordance with Public Benefit Entity Accounting Standards (Reduced Disclosure Regime) issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Accounting Standards (Reduced Disclosure Regime) ; and
- (c) such internal control as the Directors determine is necessary to enable the preparation of the financial statements and service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report, 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 General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole and the service performance information are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

As part of an audit in accordance with ISAs (NZ) and NZ AS 1, 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 and the service performance information, 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 of the financial statements and the service performance information 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.
- Obtain an understanding of the process applied by the entity to select what and how to report its service performance.
- Evaluate whether the service performance criteria are suitable so as to result in service performance information that is in accordance with the Public Benefit Entity Accounting Standards Reduced Disclosure Regime.
- 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 general purpose financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the general purpose financial report, including the disclosures, and whether the general purpose financial report represents the underlying transactions, events and service performance information 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 29th day of September 2023

Clutha Community Health Company Limited

Statutory Disclosures As at 30 June 2023

Introduction

The Directors present their annual report and financial statements for the year ended 30 June 2023. 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 \$507,991 (2022 \$812,511 surplus). Te Whatu Ora has 'rolled over' the annual contract for a period of 12 months ending June 2024 on similar terms and conditions with a 5% uplift in funding.

Financial Position

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

As at 30 June 2023 the book value of assets totalled	\$9,322,117
And were financed by:	
■ Shareholders' Equity	7,409,619
■ Liabilities	1,912,498
	<u>\$9,322,117</u>

Movement in Reserves

Retained Earnings	
Opening Balance	6,276,628
Plus	
Net Surplus for the Year	507,991
Revenue Reserves Carried Forward of:	<u>\$6,784,619</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, Prof George Benwell retired by rotation and did not seek reappointment. Janet Copeland was appointed by the Shareholder for a three year term. Peter Williamson was appointed by the Board for a one year term under the provisions of Section 13 of the Company's constitution.

Dividend

The Directors advise that no dividend was paid during the 2023 year (2022 \$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 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 \$172,572 (2022 \$104,231).
 - 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, Te Whatu Ora 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 provides consultancy services to Roxburgh Medical Trust and Teviot Valley Rest Home.
 - 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 Ltd, a start up company developing a healthcare device to detect 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.
 - Leanne Samuel is a Trustee of Community Trust South.

- Leanne Samuel is a Fellow of the College of Nurses Aotearoa.
- 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 Ltd, a start up company developing a healthcare device to detect periodontal disease.
- Dr Alexandra Tickle is a Trustee of the New Zealand Brain Tumour Trust.
- Dr Alexandra Tickle was a Director of SPCA Social Enterprises Ltd until 3 March 2023.
- Janet Copeland is a Director/Board Member/Member/Trustee of:
 - Copeland Ashcroft Law Ltd
 - Dunedin City Council Audit & Risk Subcommittee
 - Next Investments Ltd
 - NZ Law Society Standards Committee (Southland)
 - Ronaki (Southland) Ltd
 - Southland Charity Hospital Trust
 - Stoney Creek Investments Ltd
 - Predator Free Rakiura Trust

(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:

	2023	2022
	\$	\$
Bill Thomson	23,000	21,000
Dr Branko Sijnja	13,000	13,000
Dr Conway Powell	10,500	11,125
Prof George Benwell	5,250	10,500
Alastair McKenzie	13,000	13,000
Dr Alexandra Tickle	15,000	12,375
Leanne Samuel	13,750	10,500
Janet Copeland	6,125	-
Peter Williamson	9,125	-
	<u>\$108,750</u>	<u>\$91,500</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 \$16,750.

Employee Remuneration

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

Remuneration Range	2023	2022
	Number of Employees	
\$100,001 - \$110,000	7	4
\$110,001 - \$120,000	1	4
\$120,001 - \$130,000	3	3
\$130,001 - \$140,000	1	-
\$140,001 - \$150,000	1	1
\$150,001 - \$160,000	-	1
\$170,001 - \$180,000	1	-
\$180,001 - \$190,000	1	-
\$210,001 - \$220,000	1	-
\$220,001 - \$230,000	1	1
\$230,001 - \$240,000	-	1
\$280,001 - \$290,000	1	-
\$300,001 - \$310,000	-	1
\$320,001 - \$330,000	1	-
\$360,001 - \$370,000	-	1
\$380,001 - \$390,000	1	-

Ray Anton (general manager) retired on 16 December 2022. Sharon Mason (general manager) started 9 January 2023 and finished 14 July 2023.

The Directors hereby approve the financial statements for the year ended 30 June 2023. For and on behalf of the Board of Directors:



W G Thomson (Chairman) **Dr B Sijnja (Director)**

29 September 2023

Clutha Community Health Company Limited

Statement of Cash Flows For the Year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash Flows from Operating Activities			
<i>Cash was received from:</i>			
Donations, fundraising & other similar receipts		208	966
Receipts from providing goods or services		12,015,245	12,360,075
Interest, dividends & other investment receipts		121,572	61,200
Net goods & services tax received/(paid)		30,307	92
		12,167,332	12,422,333
<i>Cash was applied to:</i>			
Payments to suppliers & employees		11,989,999	10,981,548
Net Cash Flows from Operating Activities	23	177,333	1,440,785
Cash Flows from Investing & Financing Activities			
<i>Cash was provided from:</i>			
Receipts from the sale of property, plant & equipment		21,574	49,896
<i>Cash was applied to:</i>			
Payments to acquire property, plant, equipment & goodwill		325,131	351,882
Payments for new bank deposits		314,689	1,134,650
		639,820	1,486,532
Net Cash Flows to Investing & Financing Activities		(618,246)	(1,436,636)
Net Increase (Decrease) in Cash Held		(440,913)	4,149
Opening Cash & Bank Balances		1,088,273	1,084,124
Closing Cash & Bank Balances		<u>\$647,360</u>	<u>\$1,088,273</u>
Represented by:			
Bank Current Accounts & Cash on Hand		504,212	748,785
Bank Call Account		143,148	339,488
Total Cash at Bank		<u>\$647,360</u>	<u>\$1,088,273</u>



Clutha Community Health Company Limited

Statement of Comprehensive Revenue and Expense For the Year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from Exchange Transactions			
General Practice Consultation Fees		1,108,859	1,104,451
Interest Revenue		194,244	63,839
Rental Revenue		143,410	152,618
Sundry Income	20, 21	24,897	149,665
Tutoring Students		19,350	14,310
		<u>1,490,760</u>	<u>1,484,883</u>
Revenue from Non-Exchange Transactions			
Contract Services		1,323,457	1,022,167
General Practice Education Programme		-	793
PHO Revenue		2,350,384	2,890,863
Te Whatu Ora Funding		7,499,684	7,029,738
		<u>11,173,525</u>	<u>10,943,561</u>
Total Revenue		12,664,285	12,428,444
Expenditure			
Administration Expenses		270,030	231,831
Estate Expenses	8, 9, 20	777,894	723,337
External Clinical Contracts & Services		956,339	918,461
Household Expenses		408,512	406,246
Personnel Costs	12, 19	8,846,161	8,312,699
Transport Expenses		67,709	86,292
Treatment Expenses		352,077	498,569
Other External Costs	20	216,942	192,004
		<u>11,895,664</u>	<u>11,369,440</u>
Net Depreciation, Gain, Loss on Disposal of Assets	13, 20	260,630	246,493
Total Expenses		12,156,294	11,615,933
Surplus for the Year from Continuing Activities		507,991	812,511
Other Comprehensive Revenue and Expenditure for the Year		-	-
Total Comprehensive Revenue and Expenditure for the Year		<u>\$507,991</u>	<u>\$812,511</u>



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

Clutha Community Health Company Limited

Statement of Changes in Net Assets/Equity For the Year ended 30 June 2023

	Contributed Capital \$	Accumulated Comprehensive Revenue and Expense \$	Total Net Assets/ Equity \$
Balance at 30 June 2021	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 Carried Forward	\$625,000	\$6,276,628	\$6,901,628
Balance at 30 June 2022 Brought Forward	625,000	6,276,628	6,901,628
Changes in Net Assets/Equity for 30 June 2023			
Total Comprehensive Revenue & Expenditure for the Year	-	507,991	507,991
Balance at 30 June 2023	<u>\$625,000</u>	<u>\$6,784,619</u>	<u>\$7,409,619</u>

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

Clutha Community Health Company Limited

Statement of Financial Position As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current Assets			
Cash & Cash Equivalents	15	647,360	1,088,273
Short Term Bank Deposits	16	5,148,245	5,040,956
Prepayments		49,538	53,737
Medical Supplies		67,971	55,369
Accounts Receivable	17	1,475,722	1,021,134
Accrued Interest		114,787	42,115
		<u>7,503,623</u>	<u>7,301,585</u>
Non Current Assets			
Property, Plant & Equipment	13	1,001,094	958,166
Intangible Assets	11	160,000	160,000
Bank Term Deposits	16	207,400	-
Related Party Advance	9	450,000	450,000
		<u>1,818,494</u>	<u>1,568,166</u>
Total Assets		<u>9,322,117</u>	<u>8,869,751</u>
Liabilities			
Current Liabilities			
Accounts Payable	10	372,597	422,592
Employee Benefits	19	1,291,957	1,327,894
Goods & Services Tax Accrued		247,944	217,637
Total Liabilities		<u>1,912,498</u>	<u>1,968,123</u>
Total Net Assets		<u>\$7,409,619</u>	<u>\$6,901,628</u>
Net Assets/Equity			
Contributed Capital	7	625,000	625,000
Accumulated Comprehensive Revenue & Expenses		6,784,619	6,276,628
Total Net Assets/Equity		<u>\$7,409,619</u>	<u>\$6,901,628</u>



W G Thomson (Chairman)



Dr B Sijnja (Director)

29 September 2023

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

Clutha Community Health Company Limited

Notes to the Financial Statements For the Year ended 30 June 2023

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 2023 include:

- Provision for expected credit loss \$10,000 (2022 \$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

Revenue from Exchange Transactions

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.

Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions is recognised as revenue immediately unless there are substantive use or return conditions in the related contract.

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 receivables after initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment.

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.

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.



Note 1 – Statement of Accounting Policies (continued)

Depreciation

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

Lessees Improvements:

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

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

Changes in Accounting Policies

During the year, the Company became subject to, and implemented, PBE IPSAS 41 Financial Instruments and PBE FRS 48 Service Performance Reporting.

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments replaces parts of PBE IPSAS 29 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied PBE IPSAS 41 prospectively, with an initial application date of 1 July 2022.

As a result of adopting PBE IPSAS 41 as at 1 July 2022 there were no changes to the value of assets or liabilities, rather a change in the measurement category of the assets.

The nature of the presentation changes are described below:

Classification and Measurement of Financial Assets and Liabilities

Under PBE IPSAS 41, financial assets are subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost or fair value through other comprehensive revenue and expense (FVOCRE). Financial liabilities are subsequently measured at fair value through surplus or deficit (FVTSD) or amortised cost. Financial instruments measured at amortised cost replaces the previous measurement category: loans and receivables, the change in category is outlined in the below table. The classification is based on two criteria:

- the Company's business model for managing the assets, and
- whether the instruments 'contractual cash flows represent solely payment of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as at date of initial application namely 1 July 2022. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Receivables from exchange and non-exchange transactions and term deposits were classified as Loans and Receivables as at 30 June 2022 and are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised costs beginning on 1 July 2022.

	Measurement Category	
	PBE IPSAS 29	PBE IPSAS 41
Financial Assets		
Cash & Cash Equivalents	Loans & Receivables	Amortised Cost
Term Deposits	Loans & Receivables	Amortised Cost
Investment	FVTSD	FVTSD
Financial Liabilities		
Accounts Payable	Amortised Cost	Amortised Cost

Impairment

The adoption of PBE IPSAS 41 has changed the Company's accounting for impairment losses for financial assets by replacing PBE IPSAS 29's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PBE IPSAS 41 requires the Company to recognise an allowance for ECL's for all debt instruments not held at fair value through surplus or deficit.

Upon the adoption of PBE IPSAS 41 on 1 July 2022, the Company did not recognise any additional impairment.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 Service Performance Reporting is a new accounting standard. The standard came into effect on 1 January 2022 and was adopted from 1 July 2022. The change in accounting policy is made in accordance with the transitional provisions of PBE FRS 48 has been applied retrospectively.

PBE FRS 48 established principles and requirements for presenting service performance information that is useful for accountability and decision making purposes. These high level requirements provide flexibility for the Company to determine how best to "tell our story" using contextual information and relevant measures.

There have been no other 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 (2022 \$Nil). There were no reversals of previously written down inventory items (2022 \$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 (2022 \$Nil).

Note 5 – Capital Commitments

There were no capital commitments at balance date (2022 \$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 (2022: 312,500).
- 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 Renew:	Lease
Charlotte Street	01/07/2013	5 years	2	
Clyde Street	01/12/2020	5 years	1	
Lanark Street ¹	22/01/2018	Nil	NA	



Note 8 – Leased Assets (continued)

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:

	2023	2022
	\$	\$
No later than one year	385,164	396,425
Later than one and not longer than five years	1,767,582	52,746
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.

	2023	2022
	\$	\$
Rental Paid	385,164	385,164
Owed by Clutha Health Incorporated	1,698	1,854
Owed to Clutha Health Incorporated	882	-

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

Clutha Community Health Company Limited purchases accountancy and advisory services from Shand Thomson Ltd, an accounting firm in which Bill Thomson, a Director, is currently employed as a consultant. These services were supplied on normal commercial term, 2023 \$20,902 (2022 \$20,670).

Dr Branko Sijnja, a Director, was paid wages during the year in his capacity of employee of \$172,572 (2022 \$104,231).

Note 10 – Accounts Payable from Exchange Transactions

	2023	2022
	\$	\$
Trade Creditors	288,167	353,350
Accruals	84,430	69,242
	<u>\$372,597</u>	<u>\$422,592</u>

Note 11 – Intangible Assets

Intangible assets represent goodwill on the purchase of Dr Visagie's practice in February 2016. The value has been assessed at cost price \$160,000 with no impairment (2022 \$160,000).

Note 12 – 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.

	2023	2022
	\$	\$
Board of Directors (0.47 FTE) (2022 0.43 FTE)	108,750	91,500
Executive Management (2 FTEs)	598,162	529,878
Total Paid to Key Management Personnel	<u>\$706,912</u>	<u>\$621,378</u>

The Company has two key management personnel, determined on full-time equivalent basis, which received remuneration from the Company

during the year (2022: 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 (2022 \$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 (2022 \$Nil).

Note 13 – Property, Plant & Equipment

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

	2023	2022
	\$	\$
Leasehold Improvements		
Opening Cost	570,901	440,811
Additions	39,015	130,090
Disposals at Cost	(7,125)	-
Closing Cost	<u>602,791</u>	<u>570,901</u>
Less Accumulated Depreciation	<u>277,900</u>	<u>228,767</u>
Closing Book Value	<u>\$324,891</u>	<u>\$342,134</u>
Depreciation Current Year	56,257	45,821
Furniture & Fittings		
Opening Cost	354,248	338,573
Additions	88,847	15,675
Closing Cost	<u>443,095</u>	<u>354,248</u>
Less Accumulated Depreciation	<u>217,275</u>	<u>181,751</u>
Closing Book Value	<u>\$225,820</u>	<u>\$172,497</u>
Depreciation Current Year	35,524	32,773
General Plant/Equipment		
Opening Cost	725,739	724,438
Additions	26,333	54,571
Disposals at Cost	(42,282)	(53,270)
Closing Cost	<u>709,790</u>	<u>725,739</u>
Less Accumulated Depreciation	<u>561,321</u>	<u>551,766</u>
Closing Book Value	<u>\$148,469</u>	<u>\$173,973</u>
Depreciation Current Year	46,200	47,579
Office Equipment & IT		
Opening Cost	339,407	289,225
Additions	38,249	53,595
Disposals at Cost	(20,858)	(3,413)
Closing Cost	<u>356,798</u>	<u>339,407</u>
Less Accumulated Depreciation	<u>264,582</u>	<u>243,032</u>
Closing Book Value	<u>\$92,216</u>	<u>\$96,375</u>
Depreciation Current Year	41,270	36,744
Motor Vehicles		
Opening Cost	492,795	512,093
Additions	132,686	79,950
Disposals at Cost	(58,846)	(99,248)
Closing Cost	<u>566,635</u>	<u>492,795</u>
Less Accumulated Depreciation	<u>356,938</u>	<u>319,608</u>
Closing Book Value	<u>\$209,697</u>	<u>\$173,187</u>
Depreciation Current Year	96,176	92,928
Total Depreciation Current Year	<u>\$275,427</u>	<u>\$255,845</u>
Plus(Less)		
Gain on Disposal	(16,121)	(16,121)
Loss on Disposal	<u>1,324</u>	<u>(14,797)</u>
	<u>\$260,630</u>	<u>(14,797)</u>
Total Property, Plant & Equipment	<u>\$1,001,094</u>	<u>\$857,437</u>



Note 14 – Financial Instruments

Financial Assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, and fair value through surplus or deficit (FVTSD).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of short-term receivables and payables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through surplus or deficit, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Financial Assets at Fair Value through Surplus or Deficit

Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Financial Performance.

This category includes derivative instruments and managed funds which the Company had not irrevocably elected to classify as FVOCI.

After initial recognition the financial assets in this category are measured at fair value with gains or loss on re-measurement recognised in surplus or deficit.

Financial Assets at Amortised Cost

Financial assets at amortised cost are non-derivative financial assets or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, are subsequently measured at amortised cost using the effective interest method (EIR) and are subject to impairment. Gains and losses are recognised in surplus or deficit when the asset is derecognised, modified, or impaired.

The Company's cash and cash equivalents are categorised as financial assets at amortised cost.

Subsequent Measurement of Financial Assets as Amortised Cost

The Company applies a simplified approach in calculating Expected Credit Losses (ECL). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at reporting date. The Company established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amount in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- 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 under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

Financial liabilities at amortised cost are classified, at initial recognition and include payables.

After initial recognition, payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of financial performance.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, waived, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of financial performance.

Note 15 – Cash and Cash Equivalents

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

	2023	2022
Call deposits	2.75%	0.30%

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 3.65% - 5.80% (2022 1.20% - 3.70%)

Note 17 – Accounts Receivable from Exchange Transactions

	2023	2022
	\$	\$
Gross amounts owing	1,485,722	1,028,634
Less:		
Provision for Doubtful Debts	10,000	7,500
	<u>\$1,475,722</u>	<u>\$1,021,134</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 – Employee Benefit Liability

The following employee entitlements exist at balance date:

	2023	Increase (Decrease)
	\$	\$
Wages Accrued	393,250	31,900
Leave Accrued	898,707	(67,840)
Total Employee Benefit Liability	<u>\$1,291,957</u>	



Note 20 – Disclosures

Items requiring specific disclosures are:

	Note	2023 \$	2022 \$
Interest Income		194,244	63,839
Donations Received		208	966
Audit Fees		16,750	7,438
Bad Debts Written Off		619	5,522
Directors Fees	12	108,750	91,500
Doubtful Debts (Movement)	17	2,500	Nil
Net Gain on Sale of Property, Plant & Equipment	13	14,797	9,352
Operating Leases (Buildings)	8	397,449	397,449
Operating Leases (Other)	8	Nil	Nil

All revenues were derived from continuing activities.

Note 21 – Funds Invested

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

	2023 \$	2022 \$
Cash & Cash Equivalents	647,360	1,088,273
Short Term Bank Deposits	5,148,245	5,040,956
Long Term Bank Deposits	207,400	-
	<u>6,003,008</u>	<u>6,129,229</u>
Less:		
Opening Funds	6,129,229	4,990,431
Increase(Decrease) in Cash Assets	<u>\$(126,224)</u>	<u>\$1,138,798</u>

Note 22 – Sundry Income

	2023 \$	2022 \$
Cleaning Service Recharges	8,502	7,853
Donations	208	966
Oracle Oncharges	1,916	2,455
Study/Student Placement	5,068	20,056
Te Whatu Ora COVID Funding	7,028	116,804
Miscellaneous	2,175	1,531
	<u>\$24,897</u>	<u>\$149,665</u>

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

	2023 \$	2022 \$
Net Surplus	507,991	812,511
Add Depreciation and Gain & Loss on Disposal	260,630	246,493
	<u>768,621</u>	<u>1,059,004</u>
Plus/(Less) Movement in Working Capital Items		
(Increase) in Receivables & Prepayments	(523,061)	(4,698)
(Increase)Decrease in Medical Supplies on Hand	(12,602)	21,871
Increase in GST Accrued	30,307	92
Increase(Decrease) in Operating Payables & Accruals	(85,932)	364,516
Net Working Capital Movement	<u>(591,288)</u>	<u>381,781</u>
Net Cash Flows from Operating Activities	<u>\$177,333</u>	<u>\$1,440,785</u>









Clutha Health First

Hauora Tahi Ki Iwikatea
Community Health

Phone: 03 419 0500

Email: info@chf.co.nz

Location: 9 - 11 Charlotte Street, Balclutha