

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Otago Community Hospice Trust

Otago Community Hospice Trust
Consolidated Financial Statements
For the year ended 30th June 2023

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Otago Community Hospice Trust
Trust Directory
As at 30th June 2023

NATURE OF BUSINESS

Hospice

CHARITIES SERVICES REGISTRATION NUMBER

CC20590

OFFICE

293 North Road
North East Valley
Dunedin 9041

TRUSTEES

Stuart McLauchlan (Chairperson)
Merrin Bath (Deputy Chairperson)
Peter McIntyre
Rachel Brazil
Jenny Guthrie
Murray Tilyard
Ross Parry
Natalia Dowrick
Wendi Raumati
Donna Matahaere-Atariki

ACCOUNTANTS

G S McLauchlan & Co Limited
P O Box 743
DUNEDIN 9054

AUDITORS

Audit Professionals Limited
P O Box 620
DUNEDIN 9054

BANKERS

ANZ Bank New Zealand Limited

SOLICITORS

Wilkinson Rodgers Lawyers

CONTROLLED ENTITY

The Gordon Allen Foundation Trust

Otago Community Hospice Trust

Statement of Service Performance

For the year ended 30th June 2023

Otago Community Hospice Trust is an Otago-wide community-based service providing specialist palliative care services free of charge to those who are faced with terminal illness. We are part-funded through a Te Whatu Ora contract, with fundraising making up the difference.

Otago Community Hospice enables patients to live their lives as fully as possible. We work in partnership with our community, offering education, support, care and advice to family, whānau, carers and health and social service professionals, through a patient's illness and following death.

We have four community teams based in Dunedin, Central Otago, North Otago and South Otago. We also have an Inpatient Unit in North East Valley, Dunedin. Mostly care is provided where the patient lives, for example in their own home or in a residential facility. Some of our patients are cared for as inpatients, either in our dedicated Hospice facility or in partnership with community hospitals throughout the Otago region. In the community, we work closely with primary palliative care providers, such as GPs, District Nurses, hospital and other community-based health teams.

	2022/2023	2021/2022
Total Number of Patients on Programme	876	750
New referrals	579	546
Average number of patients at any one time	245	247
Admission to IPU	138	152
Community Visits	4049	3705
Kōwhai Programme Attendance	202	146

Otago Community Hospice Trust
Consolidated Statement of Comprehensive Revenue and Expenses
For the year ended 30th June 2023

	Note	2023 \$	2022 \$
Revenue from Non-Exchange Transactions			
Rendering of Services		4,577,760	4,194,811
Sale of Donated Goods		2,345,051	1,933,829
Fundraising and Donations		1,520,015	1,763,307
Covid-19 Wages Subsidy/Leave Support Scheme	21	17,036	12,959
Government Grants		15,256	9,064
Grants Revenue		476,522	339,348
		8,951,640	8,253,318
Revenue from Exchange Transactions			
Rendering of Services		75,110	66,832
Other Income		65,497	49,864
Investment Income		425,003	607,696
		565,610	724,392
Total Revenue		9,517,250	8,977,710
Expenses			
Direct Cost of Charity Shops and Public Fundraising		380,788	346,333
Wages, Salaries, Volunteer and Employment Costs		7,162,453	6,426,841
Service Delivery Costs		337,450	293,614
Depreciation and Amortisation Expense	8&9	290,237	310,393
Other Overhead and Administration Expenses		664,927	686,134
Total Expenses	4	8,835,855	8,063,315
Total Surplus for the Year		681,395	914,395
Other Comprehensive Revenue and Expense – revaluation of shares	13	535,510	(1,011,640)
Total Comprehensive Revenue and Expense for the Year		1,216,905	(97,245)

The accompanying notes form part of these consolidated financial statements and Independent Auditor's Report.

Otago Community Hospice Trust
Consolidated Statement of Changes in Net Assets/Equity
For the year ended 30th June 2023

	Accumulated Comprehensive Revenue and Expense \$	Share Revaluation Reserve	Special Reserves \$	Total Equity \$
Opening Balance 1 July 2022	17,690,164	1,140,070	-	18,830,234
Total Comprehensive Income for the year	681,395	535,510	-	1,216,905
Transfer (from) Special Reserves	-	-	-	-
Closing Equity 30 June 2023	18,371,559	1,675,580	-	20,047,139

	Accumulated Comprehensive Revenue and Expense \$	Share Revaluation Reserve	Special Reserves \$	Total Equity \$
Opening Balance 1 July 2021	16,775,769	2,151,710	-	18,927,479
Total Comprehensive Income for the year	914,395	(1,011,640)	-	(97,245)
Transfer (from) Special Reserve	-	-	-	-
Closing Equity 30 June 2022	17,690,164	1,140,070	-	18,830,234

The accompanying notes form part of these consolidated financial statements and Independent Auditor's Report.

Otago Community Hospice Trust
Consolidated Statement of Financial Position
As at 30th June 2023

	Note	2023 \$	2022 \$
Current Assets			
Cash and Cash Equivalents	5	1,740,651	1,325,280
Trade and Other Receivables	6	725,761	764,165
Prepayments		29,709	91,773
Investments	7	7,783,126	7,204,468
		10,279,247	9,385,686
Non-Current Assets			
Investments	7	4,979,677	4,599,723
Intangible Assets	8	608	1,214
Property, Plant and Equipment	9	6,061,851	6,176,353
		11,042,136	10,777,290
Total Assets		21,321,383	20,162,976
Current Liabilities			
Trade and Other Payables	10	210,263	295,853
Employee Entitlements		810,231	715,912
Deferred Revenue	11	253,750	320,977
		1,274,244	1,332,742
Total Liabilities		1,274,244	1,332,742
Net Assets		20,047,139	18,830,234
Represented by:			
Equity			
Accumulated Comprehensive Revenue and Expense		18,371,559	17,690,164
Share Revaluation Reserve		1,675,580	1,140,070
Special Reserves		-	-
Total Equity	13	20,047,139	18,830,234

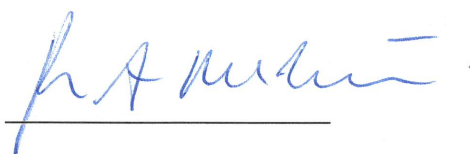
Signed for and on behalf of the Board of Trustees who authorised these consolidated financial statements for issue

On the 18th day of September 2023

Trustee



Trustee



Otago Community Hospice Trust
Consolidated Statement of Cash Flows
For the year ended 30th June 2023

	Note	2023 \$	2022 \$
<u>Cash Flows from Operating Activities</u>			
Cash was provided from:			
Fundraising, Donations and Grants		4,314,947	4,046,843
Government Grants		15,256	9,064
Receipts from Goods & Services provided, Non Exchange Transactions		4,578,249	4,196,975
Receipts from Goods & Services provided, Exchange Transactions		121,920	120,143
Investments Income Receipts		367,362	336,866
Goods and Services Tax (net) Received/(Paid)		(19,029)	2,550
		9,378,705	8,712,441
Cash was applied to:			
Payments to Suppliers		1,379,768	1,270,363
Payments to Employees		7,069,122	6,419,557
		8,448,890	7,689,920
Net Cash Flows from Operating Activities		929,815	1,022,521
<u>Cash Flows from Investing Activities</u>			
Receipts from the sale of Property, Plant and Equipment and Intangibles		1,846	-
Receipts from the sale of Investments		951,579	2,700,693
		953,425	2,700,693
Cash was applied to:			
Purchase of Property, Plant and Equipment and Intangibles		132,063	178,122
Payments to purchase Investments		1,335,806	4,039,689
		1,467,869	4,217,811
Net Cash Flows (to) Investing Activities		(514,444)	(1,517,118)
<u>Cash Flows from Financing Activities</u>			
Cash was applied to:			
Repayments of finance lease principal		-	31,155
Interest paid on finance lease		-	363
		-	31,518
Net Cash Flows (to) Financing Activities		-	(31,518)
Net Increase/(decrease) in Cash and Cash Equivalents		415,371	(526,115)
Cash and Cash Equivalents at the Beginning of the Year		1,325,280	1,851,395
Cash and Cash Equivalents at the End of the Year	5	1,740,651	1,325,280

Note that the Cash and Cash Equivalents balances shown above do not include Bank Deposits that have original maturities greater than three months as they are shown separately as investments.

Otago Community Hospice Trust

Notes to the Consolidated Financial Statements

For the year ended 30th June 2023

1. REPORTING ENTITY

The reporting entity, Otago Community Hospice Trust (the “Trust”) is domiciled in New Zealand and is a charitable trust incorporated under the Charitable Trusts Act 1957 and a registered charity under the Charities Act 2005. The 2023 consolidated financial statements comprise Otago Community Hospice Trust and its controlled entity, The Gordon Allen Foundation Trust (the “Foundation”). The Foundation was previously called Otago Hospice Foundation Trust but changed its name on 29 May 2019 to recognise the contribution from Gordon Allen.

These consolidated financial statements and the accompanying notes summarise the financial results of activities carried out by Otago Community Hospice Trust and its controlled entity. The Trust provides hospice services in Otago and the Foundation receives and invests funds to provide specialist palliative care of the terminally ill in the province of Otago.

The Board of Trustees is of the view that the Trust is a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view supporting that primary objective rather than a financial return. These consolidated financial statements have been approved and were authorised for issue by the Board of Trustees as per the date on the Statement of Financial Position.

2. BASIS OF PREPARATION

a) Statement of Compliance

The Otago Community Hospice Trust’s consolidated financial statements have been prepared in accordance with the Charities Act 2005, which requires compliance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (“PBE Standards RDR”) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Tier 2 Not-For-Profit public benefit entities. For the purposes of complying with NZ GAAP, the Otago Community Hospice Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE Accounting Standards on the basis that it does not have public accountability and it is not defined as large as operating expenditure falls below the threshold of \$30 million per annum.

b) Basis of Measurement

These consolidated financial statements have been prepared on the basis of historical cost, unless otherwise noted in a specific accounting policy. It is assumed that the Trust and its subsidiary will continue as a going concern.

c) Functional and Presentation Currency

The consolidated financial statements are presented in New Zealand dollars (\$), which is the Otago Community Hospice Trust’s functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

Otago Community Hospice Trust

Notes to the Consolidated Financial Statements (continued)

For the year ended 30th June 2023

d) Changes in Accounting Policies

In the current year, the Trust has adopted all mandatory new and amended standards and interpretations from 1 July 2022 as below:

- PBE IPSAS 41, *Financial Instruments*

PBE IPSAS 41 addresses the classification, measurement and recognition of financial assets and financial liabilities, and the impairment of financial assets. It supersedes most of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*.

In summary, financial assets are to be classified into two measurement categories:

- Those measured at fair value.
- Those measured at amortised cost.

The classification depends on the Trust's management model for managing its financial instruments and the contractual cash flow characteristics of the instrument. All the Trust's financial assets continue to be held at amortised cost less a provision for impairment.

For financial liabilities, the standard retains most of the PBE IPSAS 29 requirements. PBE IPSAS 41 also prescribes the 'expected credit loss model' for impairment of financial assets, replacing the incurred loss model used in PBE IPSAS 29. The Trust has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and requires recognition from initial recognition of trade receivables.

- PBE FRS 48, *Service Performance Reporting*

The Trust presents service performance information in compliant with the Standards for the first time to describe what the Trust has achieved throughout the reporting period to deliver on its broader aims and objectives. This is presented under the Statement of Service Performance.

These standards had a disclosure impact only on these financial statements.

3. SPECIFIC ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements as set out below.

Principles of Consolidation

The consolidated financial statements incorporate the annual results, and assets and liabilities of all Otago Community Hospice Trust's various activities and its controlled entity as at 30 June 2023. Otago Community Hospice Trust and its controlled entity together are referred to in these consolidated financial statements as the Group. The details of Group entities are set out in note 15.

Otago Community Hospice Trust

Notes to the Consolidated Financial Statements (continued)

For the year ended 30th June 2023

The Group controls an entity if it has power to govern the financial and operating policies of the entity so as to benefit from that entity's activities. Controlled entities which form part of the Group are consolidated from the date on which control is transferred to the Group. They are de-consolidated from when control ceases.

The acquisition method of accounting is used to account for the business combinations by the Group. The cost of an acquisition is measured as the fair value of the assets given, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group. The financial statements of the controlled entity are prepared for the same 30 June reporting period as the Otago Community Hospice Trust.

3.1 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from Non-Exchange Transactions

A non-exchange transaction is where the Trust either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Where non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

When non-exchange revenue is received with restrictions attached, but there is no requirement to return the asset if not deployed as specified, then revenue is recognised on the earlier of receipt or confirmation of funding.

Condition stipulation – funds received are required to be used for a specific purpose, with a requirement to return unused funds.

Restriction stipulation - funds received are required to be used for a specific purpose, with no requirement to return unused funds.

Otago Community Hospice Trust

Notes to the Consolidated Financial Statements (continued)

For the year ended 30th June 2023

Donations

Goods donated to the Trust's charity shops are recognised as revenue when the donated goods are sold. Other donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific fundraising events and donated assets.

The Trust has benefited from significant donations of services by volunteers. Although recognised as a major contribution to the Trust's operations, these contributions are not recognised in these consolidated financial statements because of the difficulty in determining their value with reliability. Donations of significant assets, for use by the Trust, are recognised at fair value at the date of the donation.

Grant Revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations, local government and central government agencies. Grant revenue is recorded as revenue at the earlier of notification of approval of the grant, or receipt of the funding. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled. Grants received during the year are acknowledged in the Annual Report, which is available on the Trust's website, or the Charities Services website for its controlled entity The Gordon Allen Foundation Trust.

Revenue from Exchange Transactions

Exchange revenue is recognised when the significant risks and rewards have been transferred to the buyer on delivery of the goods or services and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Trust.

Contract Revenue

The Trust receives funding from various government agencies for carrying out the services specified in the relevant contracts. Revenue is recorded as revenue when the Trust has the rights to the funding, in the period in which the related services have been performed in accordance to the substance of the agreement.

Event income

Event income is recorded as revenue when the function or event takes place.

Charity Shops

Charity Shop income is recognised on a cash basis at the time of sale.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

3.2 CURRENT ASSETS

Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less. The carrying amount of cash and cash equivalents represent fair value.

Prepayments

Prepayments include insurances, membership, subscription, staff travel and education, and expenses that relate to periods after balance date.

Trade and Other Receivables

Trade and other receivables are measured at their cost less any impairment losses.

The Trust applies the PBE IPSAS 41 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. Receivables are written off when there is no reasonable expectation of recovery and the loss is recognised in the surplus or deficit.

Inventories

The Trust has taken advantage of the Donated Goods (Amendments to PBE IPSAS 23) RDR exemption as it is not practicable to measure reliably the fair value of those donated goods at the date of acquisition because the costs of recognising the goods outweigh the benefits.

3.3 NON-CURRENT ASSETS

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of assets purchased for the charity shops are stated inclusive of GST as per note 3.8 Goods and Services Tax (GST).

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

Depreciation is charged on either straight line or diminishing value over the useful life of all assets, except for land. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life. Depreciation is calculated at the following rates on each class of property, plant and equipment:

Buildings & Improvements	1% straight line to 40% diminishing value
Motor Vehicle	20% to 30% diminishing value
Furniture, Fittings & Plant	8% to 67% diminishing value
Computer Software	40% to 50% diminishing value

The residual value, useful life, and depreciation methods of property, plant and equipment and intangibles are reviewed annually.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The Otago Community Hospice Trust does not hold any intangible assets that have an indefinite life.

Intangible assets acquired by the Trust which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses. Amortisation is recognised on a diminishing value basis over the estimated useful life of the asset, from the date they are available for use and expensed in the reported surplus or deficit for the year.

The following amortisation rates have been applied to each class of intangible assets:

Computer software	40%-50% diminishing value
Computer licences	50% diminishing value

Intangible assets are assessed annually.

Purchased computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure is expensed as incurred. Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, is expensed as incurred.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

3.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Otago Community Hospice Trust becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

The Otago Community Hospice Trust derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Otago Community Hospice Trust 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; and either:

- The Trust has transferred substantially all the risks and rewards of the asset; or
- The Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Subsequent Measurement of Financial Assets

The subsequent measurement of financial assets depends in their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets into the following categories: those measured at amortised cost and those measured at fair value through surplus or deficit.

All financial assets of the Trust, except for equity instrument investments, in the years reported have been designated into one classification, “those measured at amortised cost” being assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost less any impairment losses. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gains or losses arising from derecognition is recognised directly in the Statement of Comprehensive Revenue and Expense.

The Trust subsequently measures all equity investments at fair value. Where the Trust has elected to present fair value gains or losses on equity investments in Other Comprehensive Revenue and Expense, there is no subsequent reclassification of fair value gains or losses to surplus or deficit, following derecognition of the investments.

Dividends from such an investment continue to be recognised in surplus or deficit, when the trusts right to receive payments is established.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

Impairment of Financial Assets

The Trust assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and fair valued through the Statement of Comprehensive Revenue and Expense. For trade receivables, the Trust applies the simplified approach permitted by PBE IPSAS 41, which requires expected lifetime losses to be recognised, from initial recognition of the receivables.

Financial Liabilities

The Trust's financial liabilities include trade and other creditors (excluding GST) and finance lease payable. They are classified as financial liabilities measured at amortised cost. All financial liabilities are initially recognised at fair value and are measured subsequently at amortised cost using the effective interest method.

3.5 CURRENT LIABILITIES

Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade payables are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee Entitlements

Employee entitlements that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at the current rate of pay. These included salaries and wages accrued up to balance date, annual leave and time in lieu earned to but not yet taken at balance date.

Deferred Revenue

Monies received prior to the end of the financial year where there are unfulfilled conditions existing are recorded as Deferred Revenue until the conditions have been met.

3.6 LEASES

Finance Leases

These are leases which the Group assumes substantially all the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at an amount equal to its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Otago Community Hospice Trust

Notes to the Consolidated Financial Statements (continued)

For the year ended 30th June 2023

Operating Leases

Payments of operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

3.7 INCOME TAX

The Trust has been granted charitable status and as such is exempt from income tax pursuant to the Income Tax Act 2007.

3.8 GOODS AND SERVICES TAX (GST)

The Trust and its controlled entity are registered for GST. The consolidated financial statements have been prepared with both income and expenditure items exclusive of GST, with the exception of items relating to the sale of donated goods. In the Statement of Financial Position, accounts receivable and accounts payable are both inclusive of GST (if any). Other assets and liabilities are exclusive of GST. The net amount of GST recoverable from or payable to the Inland Revenue Department is shown as a separate item in current assets or current liabilities. Cash flows are included in the Statement of Cash Flows exclusive of GST.

The Trust operates charity shops which sell donated goods. In terms of the Goods and Services Act 1985, the sale of donated goods is an exempt supply, so income and expenditure, prepayments, accounts payable, and fixed asset purchases in relation to these activities are inclusive of GST (if any).

3.9 EQUITY

Equity is made up of the following components:

Accumulated Comprehensive Revenue and Expense

Accumulated comprehensive revenue and expense is the Otago Community Hospice Trust's accumulated surpluses or deficits since its formation, adjusted for transfers to/from reserves.

Special Reserves

Special reserves are shown when funds are identified for special purposes.

3.10 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Otago Community Hospice Trust's consolidated financial statements in conformity with PBE Standards RDR requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the

Otago Community Hospice Trust

Notes to the Consolidated Financial Statements (continued)

For the year ended 30th June 2023

accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Otago Community Hospice Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating Lease Commitments

The Otago Community Hospice Trust has entered into a number of leases.

The Trust has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the assets, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Otago Community Hospice Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Otago Community Hospice Trust. Such changes are reflected in the assumptions when they occur.

Useful Lives and Residual Values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Changes in the market in relation to the asset

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

4. TOTAL EXPENSES

Expenses in the Consolidated Statement of Comprehensive Revenue and Expenses includes the following specific expenses:

	2023	2022
	\$	\$
Accounting	72,132	68,768
Audit Fees	11,300	11,050
Computer Expenses	91,785	99,867
Electricity, Gas & Water	80,189	69,126
Insurances	88,871	89,240
Other Expenses including Wages	8,491,578	7,725,264
Total Expenses	8,835,855	8,063,315

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2023	2022
	\$	\$
Cash Float – NZ dollars	3,645	2,750
Cash at Bank – NZ dollars	1,643,344	1,229,267
– Australian dollars	70,654	84,146
– British pound	11,041	3,637
– American dollars	9,760	4,571
– Euro dollars	2,207	909
Total Cash and Cash Equivalents	1,740,651	1,325,280

6. TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
Receivables – Exchange Transactions		
Trade Receivables	17,125	23,405
Related Party Receivables	13,997	2,376
Accrued Interest	31,528	28,275
Receivables – Non Exchange Transactions		
Trade Receivables	433,111	410,109
Grants Receivable	230,000	300,000
Total Trade and Other Receivables	725,761	764,165

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

7. INVESTMENTS

	2023	2022
	\$	\$
Current Assets		
<i>Amortised Cost</i>		
Bank deposits	170,806	164,771
<i>Fair Value</i>		
Shares (New Zealand publicly listed)	2,661,015	2,631,945
Shares (Australia publicly listed)	1,993,509	1,930,864
Shares (International publicly listed)	2,957,796	2,476,888
	<u>7,612,320</u>	<u>7,039,697</u>
	7,783,126	7,204,468
Non-current Assets		
<i>Amortised Cost</i>		
Debt securities (corporate and government bonds and notes)	4,979,677	4,599,723
	<u>4,979,677</u>	<u>4,599,723</u>
	12,762,803	11,804,191

8. INTANGIBLE ASSETS

	2023	2023	2023
	Cost	Accum	Book
	\$	Amort	Value
	\$	\$	\$
Acquired Computer Software	16,237	15,685	552
Licences	21,680	21,624	56
	<u>37,917</u>	<u>37,309</u>	<u>608</u>

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/22	Additions	Disposals	Amortisation	Net Book Value 30/6/23
	\$			\$	\$
Acquired Computer Software	1,102	-	-	550	552
Licences	112	-	-	56	56
	<u>1,214</u>	<u>-</u>	<u>-</u>	<u>606</u>	<u>608</u>

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

8. INTANGIBLE ASSETS (Continued)

	2022 Cost \$	2022 Accum Amort \$	2022 Book Value \$
Acquired Computer Software	16,237	15,135	1,102
Licences	21,680	21,568	112
	37,917	36,703	1,214

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/21 \$	Additions	Disposals	Amortisation \$	Net Book Value 30/6/22 \$
Acquired Computer Software	4,093	-	1,890	1,101	1,102
Licences	225	-	-	113	112
	4,318	-	1,890	1,214	1,214

9. PROPERTY PLANT AND EQUIPMENT

	2023 Cost \$	2023 Accum Dep \$	2023 Book Value \$
Land	1,090,308	-	1,090,308
Buildings	6,000,272	1,531,567	4,468,705
Motor Vehicle	606,924	448,256	158,668
Furniture, Fittings and Plant	1,273,139	928,969	344,170
	8,970,643	2,908,792	6,061,851

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/22 \$	Additions \$	Disposals \$	Depreciation \$	Net Book Value 30/6/23 \$
Land	1,090,308	-	-	-	1,090,308
Buildings	4,550,658	37,786	-	119,739	4,468,705
Motor Vehicle	209,376	10,000	-	60,708	158,668
Furniture, Fittings and Plant	326,011	129,718	2,375	109,184	344,170
	6,176,353	177,504	2,375	289,631	6,061,851

The Group owns land and buildings in Dunedin and Oamaru which has the latest rateable value of \$9,685,000.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

9. PROPERTY PLANT AND EQUIPMENT (continued)

	2022 Cost \$	2022 Accum Dep \$	2022 Book Value \$
Land	1,090,308	-	1,090,308
Buildings	5,962,486	1,411,828	4,550,658
Motor Vehicle	596,924	387,548	209,376
Furniture and Fittings and Plant	1,148,973	822,962	326,011
	8,798,691	2,622,338	6,176,353

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/21 \$	Additions \$	Disposals \$	Depreciation \$	Net Book Value 30/6/22 \$
Land	1,090,308	-	-	-	1,090,308
Buildings	4,614,345	60,312	553	123,446	4,550,658
Motor Vehicle	253,141	39,122	-	82,887	209,376
Furniture and Fittings and Plant	339,291	92,858	3,292	102,846	326,011
	6,297,085	192,292	3,845	309,179	6,176,353

10. TRADE AND OTHER PAYABLES

	2023 \$	2022 \$
Payables – Exchange Transactions		
Trade Payables and Accrued Expenses	84,337	156,437
Related Party Payables	37,119	43,006
GST Payable	88,807	96,410
Total Trade and Other Payables	210,263	295,853

11. DEFERRED REVENUE

	2023 \$	2022 \$
Unexpended Grants	253,750	320,997
Total Income in Advance	253,750	320,997

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

12. RELATED PARTY TRANSACTIONS

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Trust.

The Trust has a related party relationship with its Trustees and other key management personnel. The following transactions were carried out with related parties:

Purchases and Payables

G S McLauchlan & Co Ltd is contracted to provide accounting services to the Trust. Mr Stuart McLauchlan is a trustee of the Group and a partner in the firm G S McLauchlan & Co Ltd. Transactions between the Group and G S McLauchlan & Co Ltd are on a discounted commercial arms length basis. \$86,770 (GST exclusive) for accountancy services and consultancy fees are included in these consolidated financial statements (2022: \$88,969). A balance of \$38,549 was outstanding as at 30 June 2023 (2022: \$44,988).

EBOS Group Ltd sells products to the Trust. Mr Stuart McLauchlan is a director of EBOS Group Ltd. Purchases of \$786 (GST inclusive) were made from EBOS Group Ltd during the year. (2022: \$9,878).

Wilkinson Rodgers Lawyers is contracted to provide legal services to the Group. Jenny Guthrie is a trustee of the Trust and Geoff Mirkin is a trustee of the Foundation, and both are partners in the firm Wilkinson Rodgers Lawyers. Legal services of \$5,554 (GST inclusive) were conducted with the Group during the year (2022: \$18,471). \$Nil was outstanding at balance date (2022: \$3,220).

Rachel Brazil, of Rachel Brazil Law is a trustee of the Trust. The Trust, from time to time, pays for the services of Rachel Brazil Law. \$2,235 (GST inclusive) of services on a commercial arms length basis are included in these consolidated financial statements (2022: \$Nil).

Mr Greg Easton was appointed trustee and Deputy Chair of the Foundation Board. Mr Easton is a shareholder employee of Craigs Investment Partners Ltd (CIP). CIP provide investment management, portfolio administration and transactional broking services to both the Foundation and the Trust, for which they receive annual management fees and general transactional brokerage fees. All transactions are conducted on a discounted commercial arms length basis. Custodial and monitors fees of \$31,271 (2022: \$28,081), and brokerage fees of \$9,610 (2022: \$46,526) were paid to CIP for the year. A balance of \$nil was outstanding as at 30 June 2023 (2022: \$nil).

The CEO is in a relationship with the Chief Executive Officer of Mercy Hospital. The Hospital donated \$70,000 to the Hospice during the year (2022: \$70,000). The Group purchased goods and services of \$Nil (GST exclusive) from the Hospital (2022: \$1,779).

Mr Ross Parry is a trustee of the Group and a trustee of the Upper Clutha Hospice Trust. During the year the Group made purchased of \$1,279 (GST inclusive) from the Upper Clutha Hospice Trust. (2022 Nil).

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

12. RELATED PARTY TRANSACTIONS (continued)

Sales and Receivables

During the year the Group received \$15,284 (GST exclusive) of fundraising, services and sundry income from Trustees and related parties on normal trade terms and conditions (2022: \$6,218). \$13,997 (GST inclusive) was receivable as at balance date (2022: \$2,376).

The Upper Clutha Hospice Trust provided a grant of \$45,000 to the Otago Community Hospice Trust during the year. (2022: \$37,500).

The Upper Clutha Hospice Trust operated a CBD Hospice Shop and a combined Warehouse/Shop until June 1, 2023, at which time the Otago Community Hospice Trust began operating the two retail shops. The Upper Clutha Hospice Trust donated fixed assets of \$30,000, and stock of the shops to the Otago Community Hospice Trust as at 1 June 2023. Paid staff of the two retail sites became employees of the Otago Community Hospice Trust as at 1 June 2023. The Otago Community Hospice Trust has taken over the leases for both of the shops.

Key Management Personnel

The key management personnel are members of the governing body which comprised the Board of Trustees, CEO and Senior Management Team. During the year ended 30 June 2023, no remuneration was paid to the Board of Trustees (2022: Nil). The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2023	2022
Total Remuneration	\$1,025,823	\$902,656
Number of persons (FTEs)	5.06	4.6

13. TOTAL EQUITY

Total equity of the Group includes \$16,372,336 (2022: \$15,833,399) which is the total funds of the Foundation. These funds include a share revaluation reserve of \$1,675,580 (2022 \$1,140,070) to recognise unrealised gains on equities held by the Foundation.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

14. FINANCIAL INSTRUMENTS

	2023	2022
	\$	\$
Financial Assets at Amortised Cost		
Cash and Cash Equivalents	1,740,651	1,325,280
Receivables	726,657	764,165
Investments – Bank deposits	170,806	164,771
Investments – Debt securities	4,979,677	4,599,723
Total Financial Assets at Amortised Cost	7,617,791	6,853,939
Financial Assets at Fair Value	\$	\$
Investments – Equity securities	7,612,320	7,039,697
Total Financial Assets at Fair Value through Other Comprehensive Revenue and Expense	7,612,320	7,039,697
Financial Liabilities Measured at Amortised Cost	\$	\$
Payables	210,263	295,853
Finance Lease payable	-	-
Total Financial Liabilities	210,263	295,853

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

15. GROUP ENTITIES

Name of entity	Principal activity	Place of incorporation
Otago Community Hospice Trust (parent)	To provide hospice services in Otago.	Dunedin
The Gordon Allen Foundation Trust (controlled entity)	To invest funds and provide financial assistance for specialist palliative care of the terminally ill in the province of Otago.	Dunedin

The Trust and Foundation have a 30 June 2023 balance date. All transactions and balances between the Trust and Foundation are offset in these consolidated financial statements.

16. LEASE COMMITMENTS

As at the reporting date, the Trust has entered into the following non-cancellable operating leases:

	2023	2022
	\$	\$
Not later than one year	245,542	107,077
Later than one year and no later than five years	623,221	41,505
Later than five years	77,548	-
	946,311	148,582

17. CAPITAL COMMITMENTS

The Group has no commitments as at 30 June 2023. (2022 \$nil).

18. CONTINGENT LIABILITIES

The Group has no contingent liabilities at 30 June 2023 (2022: nil).

19. EVENTS AFTER BALANCE DATE

The Group entered into the following lease since 30 June 2023:

- Clutha Recreation Centre Inc T/A Cross Recreation Centre lease for 1 year commencing 19 July 2023 at \$9,000 per annum (GST inclusive).

Water egress to the Oamaru and Vogel Street buildings is being investigated.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2023

There were no other events since 30 June 2023 that would materially impact these financial statements.

20. SEPARATE FOUNDATION

The Gordon Allen Foundation Trust operates independently to Otago Community Hospice Trust. It receives donations, bequests and investment income and makes grants to support the Hospice. Certain investments owned by the Foundation are held in trust and are not available for the Hospice's operating activities.

21. COVID-19 VIRUS

The Covid-19 virus pandemic which resulted in a lockdown throughout New Zealand from 24 March 2020 to mid May 2020, and again in August and September 2021 caused a reduction in fundraising income due to the closure of the charity shops and cancellation of events. The pandemic is not expected to significantly impact the future activities of the Trust.

Independent Auditor's Report

to the Trustees of Otago Community Hospice Trust

Our Qualified Opinion

We have audited the statement of service performance and consolidated financial statements of Otago Community Hospice Trust (the "Trust") and its subsidiary (the Group, which consists of the Trust and The Gordon Allen Foundation Trust). The consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2023 and the consolidated statement of comprehensive revenue and expense, the consolidated statement of changes in net assets/equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements that include a summary of significant accounting policies and other explanatory information.

In our opinion:

- (a) except for the effect of any adjustments that might have been necessary had we been able to obtain sufficient evidence concerning donations and fundraising income as described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2023 and its financial performance and cash flows for the year ended on that date
 - (b) the statement of service performance of the Trust presents fairly, in all material respects, the service performance results for the year ended 30 June 2023 as compared with the Trust's service performance criteria
- in accordance with the accounting standard, Public Benefit Entities Standards Reduced Disclosure Regime (PBE Standards RDR) issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

In common with other organisations of a similar nature, control over the revenues from donations, fundraising and similar income prior to being banked is limited. It was not practicable to extend our examination of such income beyond the accounting for amounts received as shown by the accounting records of the Trust, or to determine the effect of the limited control.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the New Zealand Auditing Standard (NZ AS 1) *The Audit of Service Performance Information* (NZ). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and Statement of Service Performance section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the *International Ethics Standards Board for Accountants' Code of Ethics* for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Trustees' Responsibilities for the Consolidated Financial Statements and Statement of Service Performance

The Trustees are responsible, on behalf of the Trust for:

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

In preparing the consolidated financial statements the Trustees 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 Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and statement of service performance as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and 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 economic decisions of users taken on the basis of these consolidated financial statements and service performance information.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board website: https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

Restriction on Use of our Report

This report is made solely to the Trustees as a body. Our audit work has been undertaken so that we might state to the Trustees those matters which we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.



Chartered Accountants
18 September 2023

Dunedin