



Hamilton Multicultural Services Trust

Financial Statements

For the year ended 30 June 2023



Contents

	Page
Statement of Service Performance	3 - 5
Statement of Comprehensive Revenue and Expenses	6
Statement of Changes in Equity	7
Statement of Financial Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 22
Auditor's Report	23 - 24



Statement of Service Performance

HMS Trust was established in 1999 to provide a range of services to assist newcomers particularly refugees and migrants who have come to settle in Hamilton.

The Trust had concerns about the gaps in services for people from different cultural, ethnic, and linguistic backgrounds. At this time the Trust established a service to provide community interpreters to government agencies and NGO's, so language would not be a barrier to access information. The Trust's services and programmes have grown to meet the broad and varied client profile of the newcomer population. The Trust also provides for the needs of other members of the Hamilton Community, because it identifies that in order to promote good community relations, it is vital to work with receiving communities as well as the ethnic communities. The Trust seeks to foster true appreciation for the ethnic and cultural diversity of Hamilton.

The services the Trust delivered during the year, revolve around supporting the following key strategic priorities and objectives:



The accompanying notes must be read in conjunction with this report.



Language Services	June 2023	June 2022
Decypher - number of interpreting jobs	9,222	7,581
Decypher - number of translation jobs	278	385

Decypher's interpreting and translation services accounted for 29% of the Trust's total revenue this year. As covid-related restrictions eased, Decypher managed to exceed pre-pandemic levels in face-to-face interpreting resulting in 22% increase in interpreting jobs compared to last year. While the number of translation jobs declined, a 20% revenue growth was achieved due to larger assignments. These services notably benefitted high number of refugee and vulnerable ethnic families.

Driving Programmes	June 2023	June 2022
Driving programmes - number of lessons delivered	3,556	2,902
Driving Programmes - number of successful participants	489	428

Our driving programmes consist of a community driving school and the Open Road refugee driver training programme. The community driving school operates on a user-pay basis, partly subsidised by the Trust and grants, serving local and ethnic communities. The Open Road programme, funded by MBIE, offers cost-free training to refugee learners in 11 locations across North and South Island, including Hamilton. This year MSD clients were also supported to gain learners, restricted, and full driver licence resulting in 40 successful outcomes.

Settlement Centre information Service	June 2023	June 2022
Number of venue users at Settlement Centre	52	44
Number of new registrations at Settlement Centre	447	368

The Trust provides venue hire services at community rates for events and programmes to external organizations, community groups, and individuals. As the Trust's staff and services expanded, the Centre saw increased internal use for delivering services to migrant and refugee clients. This underscored the necessity for more space to accommodate community groups and private users. Excitingly, construction has commenced on building extension and renovating existing spaces to address this need. This year, 447 new clients accessed the various services located at the Centre.

Computers in Homes	June 2023	June 2022
Number of participants graduated from the programme	30	12

The Ministry of Education funds Computers in Homes to enhance digital literacy among quota refugee families. With the relaxation of border restrictions, our refugee arrivals have surpassed pre-Covid levels. Consequently, there has been a notable increase in participants benefitting from Computers in Homes programme. This year the contracted annual outcome target was exceeded by 11 places. The families who graduated from the programme represent 7 ethnicities.

Employment Solutions	June 2023	June 2022
Number of clients who received employment support	59	88
Number of clients who secured employment	40	71

The Trust provides the Employment Solutions service at no charge to refugee, migrant, and ethnic clients. This service is designed to support ethnic communities in securing employment. The Trust holds the belief that employment plays a pivotal role in achieving successful settlement and independence for members of ethnic communities. The clients benefitted from help with crafting CVs, preparing for interviews, and receiving network support.

Community Support	June 2023	June 2022
Number of families assisted with living costs	131	167

HMS Trust is contracted by the Ministry of Social Development to support vulnerable ethnic clients through the Community Connector service and Covid Response services. Community Connectors work directly with clients to support them to improve their living situations. MSD provided a discretionary fund as part of the Community Connector service. The Trust also received food securities grant and an increase in discretionary fund recognising the impact of Covid and heightened cost of living for ethnic communities. While the demand for food aid decreased as covid related restrictions lifted, the community's need for support with household expenditures surged due to increased living costs. The Trust supported families with delivery of food and care packs as well as assisted with other living expenses.

The New Kiwis Settlement Service supported 206 quota refugees and 77 clients from the reunification family support category. This service is funded by MBIE that aims at supporting quota refugee families to settle in Hamilton.

Recognizing that housing remains a significant challenge in the settlement process, especially for our former refugee clients, the Trust launched the Housing Navigator service in February. This initiative, funded by MSD, is designed to address the long-term housing needs of ethnic clients. Through this service, the Trust successfully assisted 14 families in securing suitable housing.

Additionally, we extended our assistance to 29 families through the Affordable Energy programme. Made possible through a grant from WEL Energy Trust, this initiative involves conducting healthy home assessments and assisting clients in identifying more affordable power alternatives.

In February, Te Whatu Ora extended the Ethnic Health Hub service until the end of June, subsequently extending it further until the end of September 2023. Over the course of this year, the Ethnic Health Hub service responded to 1037 high need health referrals from the WDHB.

Looking ahead, the Trust remains committed to collaborating with Te Whatu Ora to deliver the Ethnic Health Hub service in the next financial year. While maintaining existing contracts with government agencies, we are actively working to enhance our enterprise services, with a strategic focus on reinvesting in the development of other community projects.

This report has been prepared in accordance with **PBE FRS 48 Service Performance Reporting**.

Statement of Comprehensive Revenue and Expenses

	Note	June 2023 \$	June 2022 \$
Revenue from exchange transactions			
Revenue from providing goods or services	9a(i)	1,452,380	1,185,012
Interest, dividends and other investment revenue	9a(ii)	41,287	7,106
Other revenue	9a(iii)	19,886	78,246
Revenue from exchange transactions		1,513,553	1,270,364
Revenue from non-exchange transactions			
Grants, fundraising and other similar revenue	9b(i)	490,515	733,001
Income from contracts	9b(ii)	2,379,511	1,640,957
Revenue from non-exchange transactions		2,870,026	2,373,958
Total Revenue		4,383,579	3,644,322
Expenses			
Expenses related to events	10	16,338	-
Volunteer and employee related costs	10	2,911,882	2,490,796
Costs related to providing goods or services	10	1,094,458	1,029,163
Grants and donations made	10	1,400	462
Other expenses	10	102,402	97,996
Total Expenses		4,126,480	3,618,417
Surplus for the year		257,099	25,905

Statement of Changes in Equity

	General Reserves \$	Building Reserves \$	Other Reserves \$	Total Equity \$
Balance at 1 July 2022	360,092	727,630	160,000	1,247,722
Transfers	382,768	(382,768)	-	-
Surplus/(Deficit) for the year	257,099	-	-	257,099
Balance at 30 June 2023	999,959	344,862	160,000	1,504,821

	General Reserves \$	Building Reserves \$	Other Reserves \$	Total Equity \$
Balance at 1 July 2021	133,638	928,179	160,000	1,221,817
Transfers	200,549	(200,549)	-	-
Surplus/(Deficit) for the year	25,905	-	-	25,905
Balance at 30 June 2022	360,092	727,630	160,000	1,247,722

The accompanying notes must be read in conjunction with this report.



Statement of Financial Position

As at 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
Assets			
Current Assets			
Cash and cash equivalents	12	2,332,116	1,406,560
Receivables from exchange transactions	11a	197,272	157,078
Prepayments and other receivables	11a	34,833	29,473
Total Current Assets		2,564,221	1,593,111
Non-Current Assets			
Property, plant and equipment	13	224,679	215,170
Centre Building - Work in Progress	14	655,138	272,370
Total Non-Current Assets		879,817	487,540
Total Assets		3,444,038	2,080,651
Liabilities			
Current Liabilities			
Trade and other payables	11b	436,301	152,681
Employee entitlements	11b	165,960	139,383
Deferred revenue	17	1,287,295	465,497
Loans and Borrowings	18a	19,262	22,427
Other Current Liabilities		14,479	9,497
Total Current Liabilities		1,923,297	789,485
Non-Current Liabilities			
Loans and Borrowings	18a	15,920	43,444
Total Liabilities		1,939,217	832,929
Total Assets less Total Liabilities (Net Assets)		1,504,821	1,247,722
Equity			
General Reserves	19	999,959	360,092
Specified Reserves	19	504,862	887,630
Total Accumulated Funds		1,504,821	1,247,722


Executive Chair


Treasurer

Date: 5th October 2023

The accompanying notes must be read in conjunction with this report.

Statement of Cash Flows

	Note	30-Jun-23 \$	30-Jun-22 \$
Cash Flows from Operating Activities			
Cash was received from:			
Grants, fundraising and other similar revenue (non-exchange)		1,008,978	605,261
Receipts from contracts (non-exchange)		2,687,828	1,703,763
Receipts from providing goods or services		1,412,186	1,292,592
Other revenue		19,886	71,848
Net GST		96,295	7,166
Cash was applied to:			
Payments to suppliers		(1,085,770)	(1,219,708)
Payments to employees		(2,885,306)	(2,437,360)
Donations or grants paid		(1,400)	(462)
Net Cash Flows from Operating Activities	20	1,252,697	23,100
Cash Flows from Investing Activities			
Cash was received from:			
Receipts from the sale of property, plant and equipment		-	9,019
Interest, dividends and other investment receipts		41,287	7,106
Cash was applied to:			
Payments to acquire property, plant and equipment		(337,740)	(285,169)
Net Cash Flows from Investing Activities		(296,452)	(269,044)
Cash Flows from Financing Activities			
Cash was applied to:			
Principal repayment of lease obligation		(30,688)	(18,673)
Net Cash Flows from Financing Activities		(30,688)	(18,673)
Net Increase/(Decrease) in Cash		925,556	(264,617)
Opening Cash		1,406,560	1,671,177
Closing Cash		2,332,116	1,406,560
This is represented by:			
Bank Accounts and Cash	12	2,332,116	1,406,560

The accompanying notes must be read in conjunction with this report.



Notes to the Financial Statements

1. Reporting Entity

The reporting entity is the Hamilton Multicultural Services Trust (HMS Trust), a charitable organisation registered under the Charities Act 2005 (CC32525).

HMS Trust was established in 1999 with a mission to pave the way for successful settlement of migrant and refugee communities. The services it has delivered during the year focus on achieving the following goals:

- To connect support and advocate for the refugee and migrant communities.
- To maintain and establish stakeholder relationships.
- To foster participation of newcomers in the community.
- To enable refugees and migrants to be engaged members of the community.
- To strengthen the organisation, grow existing projects while developing new ones.

The financial statements and the accompanying notes summarise the financial results of activities carried out by HMS Trust for the year ended 30 June 2023.

2. Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purpose of complying with NZ GAAP, HMS Trust is a public benefit not-for-profit entity and qualifies as a Tier 2 reporting entity as for the two preceding reporting periods it has total expenditure between \$2m and \$30m.

3. Basis of measurement

Financial statements have been prepared on historical cost basis.

4. Functional and Presentational Currency

The financial statements are presented in New Zealand dollars (\$), which is the entity's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

5. Changes in Accounting Policies

There have been no changes in accounting policies during the 12 month period ended 30th June 2023. (2022: Nil)

6. **Use of judgement 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.

7. **Goods and Services Tax (GST)**

All amounts are recorded exclusive of GST, except for Account payables and receivables which are stated inclusive of GST.

8. **Income Tax**

Hamilton Multicultural Services Trust is a registered charitable organisation and is therefore exempt for income tax under section CW41 of the Income tax Act 2007.

9. **Revenue**

(a) **Revenue from exchange transactions**

(i) Revenue from providing goods or services	June 2023 \$	June 2022 \$
Income from Centre		
Agency Contributions	3,898	3,953
Agency Venue Hire	11,718	10,756
Centre Venue Hire	22,502	31,351
Rent Received	20,780	17,600
	58,899	63,660
Income from Driving School		
Car Hire	5,687	4,163
Driving Lesson Fee	57,918	54,726
Practice Session Fee	58,729	41,933
	122,333	100,822
Income from Interpreting and Translation		
Cancellation Fee	81,247	58,585
Interpreting Course Fee	-	1,826
Interpreting Fee	887,590	724,260
Mileage Income	28,200	15,586
Telephone Confirmation	63,876	49,090
Telephone Service	85,585	80,415
Translations	78,614	65,429
Travel Time	29,203	17,624
Video Interpreting	8,306	7,715
	1,262,622	1,020,530
Income from Events		
Ethnic Football Festival Entry Fee	8,526	-
	1,452,380	1,185,012
Total Revenue from providing goods or services	1,452,380	1,185,012

The accompanying notes must be read in conjunction with this report.



(ii) Interest, dividends and other investment revenue	June 2023	June 2022
	\$	\$
Interest Received	41,287	7,106
	41,287	7,106
(iii) Other revenue		
Gain on disposal	365	6,398
Insurance claims	5,792	813
Other services	13,729	71,035
Total other revenue	19,886	78,246
Total Revenue from exchange transactions	1,513,553	1,270,364
(b) Revenue from non-exchange transactions		
(i) Grants, fundraising and other similar revenue	June 2023	June 2022
	\$	\$
Grants brought forward from previous year	328,147	455,887
Grants received during the year	991,365	556,371
Driving Change Network grant transfer to Momentum	-	(230,621)
Grants carried forward to next year	(841,628)	(328,147)
Total grant income	477,884	453,490
Donations	3,518	1,939
Covid-19 Wage Subsidy	-	193,302
Leave Support Payment	9,113	7,313
Resurgence Support Payment	-	76,957
Total grants, fundraising and other similar revenue	490,515	733,001
(ii) Income from Contracts		
Hamilton City Council	127,669	119,638
Ministry of Business Innovation and Employment	1,280,646	1,129,179
Ministry of Social Development	605,907	190,255
Other Contracts	365,288	201,885
	2,379,511	1,640,957
Total Revenue from non-exchange transactions	2,870,026	2,373,958

This year, the Trust received a grant of \$585,000 from Lotteries to facilitate the expansion and refurbishment of the Settlement Centre which has been carried forward to next year. This grant will be utilized as we progress through the construction stages.

(a) Revenue from exchange transactions

(i) Revenue from providing goods or services:

Revenue from services is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to the organisation. Revenue is measured at the fair value of consideration received.

(ii) Interest income:

Interest income is earned on short term deposits and saving accounts and is recognised in the statement of comprehensive revenue and expense as it accrues.

During the year, the Trust invested in several short term deposit bank accounts to benefit from high rates of return that resulted in significant increase in interest income when compared with the previous year.

(b) Revenue from non-exchange transactions

(i) Grants, donations and other similar revenue:

The recognition of non-exchange revenue from Grants depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue. Stipulations that are 'conditions' specifically require HMS Trust to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require HMS Trust to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Grant revenue includes funding received from government agencies, other charitable and philanthropic organisations.

Donations are recognised as revenue upon receipt. These include donations from general public, and donations received for specific programme or services.

(ii) Income from contracts:

HMS Trust receives funding from government to deliver services to refugee and migrant communities. These contracts specify the number of outcomes to be achieved in a period to satisfy the contract requirements. Revenue is recognised to the extent of outcomes achieved in a period. Unspent contract funding is deferred to the next period.

(c) Other Revenue

Other revenue includes leave support payment received during the year. Full subsidy was passed on to permanent staff, and casual staff were paid for work lost due to isolation requirements.

Income is recognised in the period services are delivered and is measured at the fair value of considerations received.

10. **Expenses**

	June 2023	June 2022
Expenses related to events	\$	\$
Event Costs	16,338	-
Total Expenses related to events	16,338	-
Costs related to providing goods or services		
Advertising fees	1,890	7,577
Administration expenses	7,148	3,610
Consultancy fees	14,599	24,220
Gifts and acknowledgements	20,165	12,285
Hospitality	23,842	20,156
Insurance	30,872	22,264
IT Expenses	68,681	86,373
Outsourcing	56,970	71,931
Project expenses	367,968	309,956
Rent	57,206	49,900
Repairs & Maintenance	49,663	47,793
Resources & Materials	41,388	26,019
Subcontractor fees	246,466	243,241
Telecommunications	40,436	43,821
Travel Costs	42,070	36,380
Utilities	25,094	23,637
Total Costs related to providing goods or services	1,094,458	1,029,163
Grants and Donations made		
Donations Paid	1,400	462
Total Grants and Donations made	1,400	462
Other Expenses		
Audit fees	8,000	7,000
Bad debts w/o	241	1,551
Depreciation	82,715	74,966
Loss on disposal	926	5,685
Memberships and Subscriptions	10,520	8,794
Total Other Expenses	102,402	97,996
Total Expenses (excluding employee related costs)	1,214,598	1,127,621

(a) Event Costs

HMS Trust organises the Ethnic Football Festival in summer every year. Event costs are recognised in the period these are incurred.



(b) Volunteer and employee related costs

Volunteer and employee related cost	June 2023	June 2022
	\$	\$
ACC levies	12,032	9,642
Interpreter wages	602,350	536,275
InfoNOW Assistants wages	-	26,618
Kiwisaver Employer Costs	68,977	58,157
Salaries & Wages	2,130,460	1,800,560
Staff Professional Development	43,884	16,576
Training	2,600	560
Translator wages	28,423	28,688
Volunteer recognition	23,157	13,720
Total Volunteer and employee related cost	2,911,882	2,490,796

(c) Auditor's Fees

Campbell & Campbell Accounting Consultants provide audit services to HMS Trust. At balance date, \$8,000 has been accrued for the audit of financial statements for the year ended 30 June 2023.

11. Financial Instruments

Financial assets and financial liabilities are recognised when HMS Trust becomes party to the contractual provisions of the financial instrument.

HMS 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 HMS 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:

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

(a) Financial Assets:

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. HMS Trust's financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables or as available for sale financial assets. HMS Trust's financial assets include cash and cash equivalents, receivables from exchange transactions and prepayments.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is an objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment.

Cash and cash equivalents, and receivables from exchange transactions, and prepayments fall into this category of financial instruments.

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

	June 2023	June 2022
Receivables from exchange transactions	\$	\$
Accounts Receivable	186,122	156,878
Interest Receivable	11,150	200
	197,272	157,078

	June 2023	June 2022
Prepayments and other receivables	\$	\$
Prepayments and other receivables	34,833	29,473
Total Prepayments and other receivables	34,833	29,473

(b) Financial Liabilities:

HMS Trust's financial liabilities include trade and other payables, and employee entitlements.

All financial liabilities are initially recognised at fair value (plus transaction costs for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

	June 2023	June 2022
Trade and other payables	\$	\$
Accounts payable	315,471	129,569
Accruals for expenses	9,204	7,781
GST	111,626	15,331
Total Trade and other payables	436,301	152,681
Employee costs payable		
Accruals for Salaries & Wages	165,960	139,383
Total Employee costs payable	165,960	139,383

12. Cash and Cash equivalents

	June 2023	June 2022
Bank accounts and cash	\$	\$
Saving Accounts	685,317	393,730
Current Accounts	451,232	206,687
Short - Term Deposit	1,200,000	810,073
Credit Card accounts	(4,433)	(3,930)
Total Bank accounts and cash	2,332,116	1,406,560

Cash and cash equivalents comprise cash on hand and cash at bank, and highly liquid investments having a maturity of 90 days or less that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

13. **Property, plant and equipment**

As at 30 June 2023

Asset Class	Opening Carrying Amount	Purchases	Disposals	Depreciation	Closing Carrying Amount
Leasehold Improvements	1,051	-	-	323	728
Computer & Peripherals	62,528	31,995	794	34,584	59,145
Furniture & Equipment	56,369	16,896	1,919	15,788	55,558
Motor Vehicle	95,222	46,046	-	32,020	109,248
Total	215,170	94,937	2,713	82,715	224,679

As at 30 June 2022

Asset Class	Opening Carrying Amount	Purchases	Disposals	Depreciation	Closing Carrying Amount
Leasehold Improvements	1,871	-	-	820	1,051
Computer & Peripherals	37,562	53,575	5,843	22,766	62,528
Furniture & Equipment	36,346	31,045	630	10,392	56,369
Motor Vehicle	139,594	-	3,384	40,988	95,222
Total	215,373	84,620	9,857	74,966	215,170

(a) Recognition and measurement

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised and separately recorded as income or expenses.

(b) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to this entity. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

(c) Depreciation

Depreciation is calculated to write off the cost of leasehold improvements less their residual values using the straight-line method over their useful lives and is recognised in surplus or deficit. Other property, plant and equipment are depreciated using diminishing value basis. Depreciation rates and basis for each class of asset are as follows:

Leasehold Improvements	10-40% SL
Computers and Peripherals	15-50% DV
Furniture & Fixtures	8-70% DV
Motor Vehicle	30% DV

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that HMS Trust will obtain ownership by the end of the lease term. The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

14. Centre Building - Work in Progress

The cost of an item of property, plant and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

HMS Trust is involved in the process of centre building extension and refurbishment. The costs capitalised to date include project management fee, architect fee, engineering and inspection fees, and other professional fees incurred to date.

In April, at Hamilton City Council's Community and Natural Environment Committee meeting, the Trust submitted a proposal for transfer of ownership of the existing Settlement Centre building to the HMS Trust which was unanimously agreed by the Councillors along with 20 years lease for land. The process is awaiting final sign off which is expected to complete in the next year.

Non Current Assets	June 2023	June 2022
	\$	\$
Work in Progress - Centre Building	655,138	272,370

15 Capital Commitments

As noted in note 14, the Trust is in the process of the centre extension and refurbishment. The capital commitments in relation to this project include construction costs, project management, architect fees and other professional fees. The remaining balance for contracted costs is as follows (excl GST)

Non Current Assets	June 2023	June 2022
	\$	\$
Contracted Project Costs	3,794,031	-
Less costs incurred to 30 June 2023	(605,208)	-
Remaining contracted costs - Capital Commitments	3,188,823	-

16. Employee Entitlements

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if HMS Trust has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits are expensed at the earlier of when HMS Trust can no longer withdraw the offer of those benefits and when HMS Trust recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

17. **Deferred Revenue**

	June 2023	June 2022
Unspent donations and grants	\$	\$
Grants In Advance	841,628	328,147
Contracts In Advance	445,667	137,350
Total unspent contracts and tagged funds	1,287,295	465,497

Contracts, and grants with conditions attached are recognised as revenue when conditions have been fulfilled. Unspent portion is deferred to next year as agreed with the funder and parties to the contract.

18. **Leases**

(i) Determining whether an arrangement contains a lease

At the inception of an arrangement, HMS Trust determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfillment of the arrangement is dependent on the use of a specific asset or assets, and
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, HMS Trust separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If HMS Trust concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to fair value of the underlying asset.

(ii) Leased assets

Leases in terms of which HMS Trust assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of 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. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding, using the effective interest method.

(iii) Operating Lease payments

Leases that are not finance leases are classified as operating leases. Operating leases are not recognised in the statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(a) Loans and borrowings

	June 2023	June 2022
Finance lease obligations not later than one year	\$	\$
Leased Motor Vehicles	19,262	22,427
Total current finance lease liabilities	19,262	22,427

Finance lease obligations later than one year and not later than 5 years

Leased Motor Vehicles	15,920	43,444
Total non-current finance lease liabilities	15,920	43,444

The accompanying notes must be read in conjunction with this report.



(b) Operating Lease

	June 2023	June 2022
Commitments to Lease or rent assets	\$	\$
Not later than one year		
Office Equipment	10,520	11,925
Land Lease - 46g Boundary Rd	823	8,610
Office Lease - 87 Boundary Rd	10,000	10,000
	<u>21,343</u>	<u>30,535</u>
Later than one year and not later than five years		
Office Equipment	12,978	17,036
Land Lease - 46g Boundary Rd	3,293	43,050
	<u>16,271</u>	<u>60,086</u>
Later than five years		
Land Lease - 46g Boundary Rd	12,349	19,373
	<u>12,349</u>	<u>19,373</u>
Total Commitments to lease or rent	49,964	109,994

19. **Equity and Reserves**

	June 2023	June 2022
General Reserves	\$	\$
Opening Balance	360,092	133,638
Current Year Surplus	257,099	25,905
Transfer from Building Reserve (Building WIP)	382,768	200,549
Closing Balance	999,959	360,092
Building Reserve (Settlement Centre)		
Opening Balance	727,630	928,179
Transfer to General Reserves (Building WIP)	(382,768)	(200,549)
Closing Balance	344,862	727,630
Sundry Projects Reserves		
Opening Balance	160,000	-
Transfer from General Reserves	-	160,000
Closing Balance	160,000	160,000
Total Specified Reserves	<u>504,862</u>	<u>887,630</u>
Total Reserves	<u>1,504,821</u>	<u>1,247,722</u>

Purpose of Specified Reserves

Building Reserve

In 2021, the Board approved allocation of \$1,000,000 from general reserves for the Settlement Centre building expansion. During the year we progressed to inviting tender bids from construction companies. The contract was granted to Construct Ltd based on successfully meeting the tender criteria. Construction started in May 2023. Costs incurred during the year are recognised as Centre Building work in progress in statement of financial position and an equal sum is transferred from specified reserves to general reserves to track the use of specified reserves.

Sundry Project Reserves

This reserve is tagged for HMS Trust projects which are partially funded through grants and may require further contribution from the Trust.

20. **Reconciliation of Surplus with net cash from Operating Activities**

Cash Flows from Operating Activities

	June 2023	June 2022
	\$	\$
Surplus for the year	257,099	25,905
Adjustments for:		
Depreciation	82,715	74,966
Gain on disposal of property, plant and equipment	(365)	(6,398)
Loss on disposal of property, plant and equipment	926	5,685
Interest received	(41,287)	(7,106)
Bad debts written off	241	1,551
Changes in:		
Receivables from exchange transactions	(40,194)	105,830
Prepayments and other receivables	(5,360)	(4,233)
Trade Payables	145,566	(161,300)
Employee entitlements	26,577	53,436
Deferred revenue	821,798	(64,934)
Other current liabilities	4,982	(302)
Net Cash Flows from Operating Activities	1,252,697	23,100

21. **Related Parties**

(a) Remuneration of Key Management Personnel

The HMS Trust classifies its key management personnel into the following categories:

- Board of Trustees
- Executive Chairperson
- Senior Leadership Team

No remuneration is paid to the members of the Board of Trustees. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, is as follows:

	June 2023	June 2022
Total Remuneration of Key Management Personnel	\$557,160	\$496,239
Full-Time Equivalent	4.5	4.1

The accompanying notes must be read in conjunction with this report.



(b) Transactions with Key Management Personnel

There were no related party transactions this year. In the previous year, a former member of senior leadership team had a close family member as one of the directors of the company that the Trust has a contract for IT services.

	Jun-23	Jun-22	Jun-23	Jun-22
Description of Transaction	Value of Transaction	Value of Transaction	Amount Outstanding	Amount Outstanding
IT services costs in Statement of Comprehensive Revenue and Expenses	-	\$3,920	-	-

20. **Prior Period Adjustment**

All material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after their discovery, by restating comparative prior period amounts or, if the error occurred before the earliest period presented, by restating the opening balances of assets, liabilities and equity.

21. **Impact of Covid**

The Trust resumed its face-to-face services as Covid related restrictions eased. This included opening the Centre for public, delivering driving lessons, face-to-face client meetings and interpreting services.

During the year, leave support payments assisted full payment of wages to staff who were effected by Covid and had to complete isolation requirements.



Independent Auditor's Report

Hamilton Multicultural Services Trust

For the year ending 30 June 2023



To the Board of Hamilton Multicultural Services Trust

Opinion

I have audited the financial statements of Hamilton Multicultural Services Trust which comprise of

- the statement of financial position as at 30 June 2023 and
- the statement of service performance, the statement of comprehensive revenue and expenses, statement of changes in equity, statement of cash flows, and notes to the financial statements including significant accounting policies for the year ending 30 June 2023

In my opinion, the accompanying financial statements presents fairly, in all material respects;

- the statement of financial position of Hamilton Multicultural Services Trust as at 30 June 2023 the statement of service performance, the statement of comprehensive revenue and expenses, statement of changes in equity, statement of cash flows, and notes to the financial statements including significant accounting policies for the year ending 30 June 2023 in accordance with Public Benefit Entity Reduced Disclosure Regime (Not for Profit) in New Zealand

Additionally, In my opinion

- the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable.

Basis of Opinion

I conducted my audit in accordance with International Standards on Auditing (New Zealand) & the audit of the entity information and statement of service performance in accordance with International Standard on Assurance Engagements ISAE (NZ) 3000 (Revised). My responsibilities under those standards are further described in the Auditor's Responsibility section of this audit report.

I am independent of Hamilton Multicultural Services Trust in accordance with International Code of Ethics for Assurance Practitioners (including International Independence Standards (New Zealand) issued by the New Zealand Auditing and assurance Standards Board and the Ethics Standards Board for Professional Accountants (including International Standards) and have fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other than in my capacity as auditor I have no relationship with or interests in, Hamilton Multicultural Services Trust

Responsibilities of the Board

The Board is responsible for the preparation of the financial statements that give a true and fair view of the matters to which they relate and in accordance with Public Benefit Entity Reduced Disclosure Regime (Not for Profit) in New Zealand and for such internal control as it determines is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Board is responsible on behalf of Hamilton Multicultural Services Trust for assessing the ability of Hamilton Multicultural Services Trust to operate as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis of accounting.

Auditor's Responsibility

- a) My objective is to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes my opinion.
- b) Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists;
- c) Misstatements can arise from fraud or error, and either 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 financial statements.

As part of an audit in accordance with ISAs (NZ), I exercise professional judgement and maintain professional scepticism throughout the audit; I also

- * Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- * Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- * Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

I communicate with management and the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Mark Campbell FCA, B Com
Campbell and Campbell Accounting Consultants
Hamilton

5 October 2023