



# Hamilton Multicultural Services Trust

## Financial Statements

For the year ended 30 June 2022



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## 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 2022	June 2021
Decypher - number of interpreting jobs	7,581	9,068
Decypher - number of translation jobs	385	347

Income generated from interpreting and translation services forms 28% of the total Trust's revenue for the year. In addition to jobs delivered at the hospital and other government agencies and businesses, Decypher was contracted for interpreting services at three government MIQ sites in Hamilton. This started in November 2020 but came to an end in January 2022 due to border closure and changes in government travel policies. Face to face services were impacted as a result of Covid-19 lockdowns and isolation requirements. Some of the jobs were substituted with video and telephone interpreting at rates much lower than those charged for face to face interpreting but enabled our large pool of interpreters to continue to deliver this service in highly challenging times.

Driving Programmes	June 2022	June 2021
Driving programmes - number of lessons delivered	2,902	3,563
Driving Programmes - number of successful participants	428	441

Driving programmes consist of a community driving school, and Open Road refugee driver training programme. The Community driving school is a user pay model, partly subsidised by the Trust and small grants to serve clients from ethnic and local communities, and Open Road programme is funded by MBIE to support refugee learners at no cost to the learners. The Open Road programme is delivered in 11 locations including Hamilton. The number of lessons include lessons delivered in Hamilton to community school clients and the number of successful participants include outcomes for Open Road nationally as well as driving school participants. Despite the impact of Covid-19 which resulted in service interruptions during the lockdown period, and vaccine regulations for close contact services, the Trust achieved great results overall.

Settlement Centre information Service	June 2022	June 2021
Number of venue users at Settlement Centre	44	56
Number of new registrations at Settlement Centre	368	707

The Trust offers venue hire facility to other organisations, community groups and individuals for their events and programmes at community rates. This year due to covid the number of groups, and individuals who use the centre facility declined. The Centre was closed to the public during the lockdown period and the face to face information service was conducted through telephone and social media platforms. This placed downward pressure on revenue the Trust generates through venue hire and migrants accessing other services located at the Centre.

Computers in Homes	June 2022	June 2021
Number of participants who graduated from the programme	12	23

Computers in Homes is funded by the Ministry of Education to support digital literacy for quota refugee families. The variance in number of participants from 2021 to 2022 is the result of border closure and refugee families not being able to settle in Hamilton during this time to participate in the programme. Unspent contract funding is carried forward to next year to deliver remaining outcomes.

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



Employment Solutions	June 2022	June 2021
Number of clients who received employment support	88	137
Number of clients who secured employment	71	77

The Migrant Employment Solutions service is funded by MBIE to support skilled migrants find employment. Employment Solutions aims to match the skills of international talent with the needs of New Zealand businesses. The Trust believes that employment is one of the key objectives to ensure successful settlement and independence of members of our ethnic communities. Until 30th of June 2022, this programme was funded by MBIE. The Trust also receives a small grant from Office of Ethnic Communities to deliver this service. This has enabled the Trust to continue to deliver the employment solutions service in the next financial year.

Covid Response	June 2022	June 2021
Number of families supported through Covid Response services	167	110

HMS Trust is contracted by the Ministry of Social Development to support ethnic communities through the Community Connector service. 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 grants and an increase in discretionary fund as a direct response from Government recognising the impact of extended lockdowns on ethnic communities. The Trust supported families who were isolating due to Covid-19 with delivery of food and care packs as well as provided assistance with living costs.

The Trust has continued to provide healthy home assessments as part of our Affordable Energy programme. In 2021, 37 families received a healthy home assessment and 32 families in 2022. The Affordable Energy programme is supported by a grant from WEL Energy Trust to employ a team member to complete home assessments and help clients source cheaper power options.

The impact of the Covid-19 pandemic resulted in the Trust responding to the needs of ethnic communities and providing services which were not part of our business as usual. During this last financial reporting year the Trust became involved in leading a health response to support the Government's vaccination drive, along with the set up of an Ethnic Health Hub, contracted by the Waikato District Health Board (WDHB). The Ethnic Health Hub was set up in March and responded to 209 high need health referrals from the WDHB. The Settlement Centre became a drive through vaccination clinic site through the lock down periods. When lock down ended the Trust continued to provide vaccinations at the Centre in the community venue rooms. The result of the vaccination service was 2176 people being vaccinated at the Centre.

The Trust continues to work alongside Waikato DHB for delivery of the Ethnic Health Hub service in the next financial year, and while maintaining current contracts with government agencies; aims at enhancing its enterprise services to reinvest in further development of other community projects as one of its strategic priority.

This report has been prepared in accordance with **PBE FRS 48 Service Performance Reporting**. The Trust has elected to adopt the accounting standard early. The Trust has established systems in place to record service performance measures to include in performance reports in previous years under PBE SFR-A (NFP) Tier 3.



## Statement of Comprehensive Revenue and Expenses

	Note	June 2022 \$	June 2021 \$
<b>Revenue from exchange transactions</b>			
Revenue from providing goods or services	9a(i)	1,185,012	1,278,192
Interest, dividends and other investment revenue	9a(ii)	7,106	11,661
Other revenue	9a(iii)	78,246	80,956
<b>Revenue from exchange transactions</b>		<b>1,270,364</b>	<b>1,370,809</b>
<b>Revenue from non-exchange transactions</b>			
Grants, fundraising and other similar revenue	9b(i)	733,001	446,895
Income from contracts	9b(ii)	1,640,957	1,537,929
<b>Revenue from non-exchange transactions</b>		<b>2,373,958</b>	<b>1,984,824</b>
<b>Total Revenue</b>		<b>3,644,322</b>	<b>3,355,633</b>
<b>Expenses</b>			
Expenses related to events	10	-	17,056
Volunteer and employee related costs	10	2,490,796	1,977,650
Costs related to providing goods or services	10	1,029,163	1,168,366
Grants and donations made	10	462	1,787
Other expenses	10	97,996	86,103
<b>Total Expenses</b>		<b>3,618,417</b>	<b>3,250,962</b>
<b>Surplus for the year</b>		<b>25,905</b>	<b>104,671</b>

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



## Statement of Changes in Equity

	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
<b>Balance at 30 June 2022</b>	<b>360,092</b>	<b>727,630</b>	<b>160,000</b>	<b>1,247,722</b>

  

	General Reserves \$	Building Reserves \$	Other Reserves \$	Total Equity \$
Balance at 1 July 2020	36,415	980,731	100,000	1,117,146
Transfers	(7,448)	(52,552)	60,000	-
Surplus/(Deficit) for the year	104,671	-	-	104,671
<b>Balance at 30 June 2021</b>	<b>133,638</b>	<b>928,179</b>	<b>160,000</b>	<b>1,221,817</b>

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



## Statement of Financial Position

As at 30 June 2022

	Note	30-Jun-22	30-Jun-21
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	12	1,406,560	1,671,177
Receivables from exchange transactions	11a	157,078	262,908
Prepayments and other receivables	11a	29,473	25,240
<b>Total Current Assets</b>		<b>1,593,111</b>	<b>1,959,325</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	13	215,170	215,373
Centre Building - Work in Progress	14	272,370	71,821
<b>Total Non-Current Assets</b>		<b>487,540</b>	<b>287,194</b>
<b>Total Assets</b>		<b>2,080,651</b>	<b>2,246,519</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	11b	152,681	313,981
Employee Entitlements	11b	139,383	85,947
Deferred Revenue	16	465,497	530,431
Loans and borrowings	17a	22,427	18,673
Other current Liabilities		9,497	9,799
<b>Total Current Liabilities</b>		<b>789,485</b>	<b>958,831</b>
<b>Non-Current Liabilities</b>			
Loans and borrowings	17a	43,444	65,871
<b>Total Liabilities</b>		<b>832,929</b>	<b>1,024,702</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>1,247,722</b>	<b>1,221,817</b>
<b>Equity</b>			
General Reserves	18	360,092	133,638
Specified Reserves	18	887,630	1,088,179
<b>Total Accumulated Funds</b>		<b>1,247,722</b>	<b>1,221,817</b>

Executive Chair

Treasurer

Date: 12/10/2022

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





## Statement of Cash Flows

	Note	30-Jun-22 \$	30-Jun-21 \$
<b>Cash Flows from Operating Activities</b>			
<b>Cash was received from:</b>			
Grants, fundraising and other similar revenue (non-exchange)		605,261	622,579
Receipts from contracts (non-exchange)		1,703,763	1,541,735
Receipts from providing goods or services		1,292,592	1,172,589
Other Revenue		71,848	72,039
Net GST		7,166	(15,141)
<b>Cash was applied to:</b>			
Payments to suppliers and employees		(3,657,068)	(2,986,403)
Donations or grants paid		(462)	(1,787)
<b>Net Cash Flows from Operating Activities</b>	<b>19</b>	<b>23,100</b>	<b>405,611</b>
<b>Cash flows from Investing Activities</b>			
<b>Cash was received from:</b>			
Receipts from the sale of property, plant and equipment		9,019	-
Interest, dividends and other investment receipts		7,106	11,661
<b>Cash was applied to:</b>			
Payments to acquire property, plant and equipment		(285,169)	(134,190)
<b>Net Cash Flows from Investing Activities</b>		<b>(269,044)</b>	<b>(122,529)</b>
<b>Cash flows from Financing Activities</b>			
<b>Cash was received from:</b>			
Proceeds from loans borrowed		-	-
<b>Cash was applied to:</b>			
Principal repayment of lease obligation		(18,673)	(58,642)
<b>Net Cash Flows from Financing Activities</b>		<b>(18,673)</b>	<b>(58,642)</b>
<b>Net Increase/(Decrease) in Cash</b>		<b>(264,617)</b>	<b>224,440</b>
Opening Cash		1,671,177	1,446,737
Closing Cash		1,406,560	1,671,177
<b>This is represented by:</b>			
<b>Bank Accounts and Cash</b>	<b>12</b>	<b>1,406,560</b>	<b>1,671,177</b>

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 2022.

### 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 2022.



### Effect of PBE Standard RDR Adoption

This is the first year HMS Trust has applied Tier 2 PBE Standards RDR to the preparation of the financial statements. The financial statements have previously been prepared under PBE SFR-A (NFP) Tier 3.

The accounting policies set out in the Statement of Accounting Policies to the financial statements have been applied in preparing the financial statements for the year ended 30 June 2022 and the comparative information presented in these financial statements for the year ended 30 June 2021 and in the preparation of the opening balance sheet at the date of transition 1 July 2020.

In preparing its opening statement of financial position in accordance with PBE Standards RDR, no adjustments were required to reported amounts.

### 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 2022 \$	June 2021 \$
<b>Income from Centre</b>		
Agency Contributions	3,953	4,913
Agency Venue Hire	10,756	21,580
Centre Venue Hire	31,351	22,532
Rent Received	17,600	17,600
	<hr/>	<hr/>
	63,660	66,625
<b>Income from Driving School</b>		
Car Hire	4,163	2,754
Driving Lesson Fee	54,726	53,614
Practice Session Fee	41,933	42,742
	<hr/>	<hr/>
	100,822	99,110

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



	June 2022	June 2021
	\$	\$
<b>Income from Interpreting Fees and Translation</b>		
Cancellation Fee	58,585	46,532
Interpreting Course Fees	1,826	3,522
Interpreting Fees	724,260	772,055
Mileage Income	15,586	33,411
Telephone Confirmation	49,090	40,769
Telephone Service	80,415	83,678
Translations	65,429	90,031
Travel Time	17,624	32,059
Video Interpreting	7,715	-
	<b>1,020,530</b>	<b>1,102,057</b>
<b>Income from Events</b>		
Ethnic Football Festival entry fee	-	10,400
<b>Total Revenue from providing goods or services</b>	<b>1,185,012</b>	<b>1,278,192</b>
(ii) Interest, dividends and other investment revenue		
Interest Received	7,106	11,661
	<b>7,106</b>	<b>11,661</b>
(iii) Other Revenue		
Gain on disposal	6,398	8,917
Insurance Claims	813	-
Other Services	71,035	72,039
<b>Total other revenue</b>	<b>78,246</b>	<b>80,956</b>
<b>Total Revenue from exchange transactions</b>	<b>1,270,364</b>	<b>1,370,809</b>
<b>(b) Revenue from non-exchange transactions</b>		
(i) Grants, fundraising and other similar revenue	June 2022	June 2021
	\$	\$
Grants brought forward from previous year	455,887	280,204
Grants received during the year	556,371	619,138
Driving Change Network grant transfer to Momentum	(230,621)	-
Grants brought forward from previous year	(328,147)	(455,887)
<b>Total grant income</b>	<b>453,490</b>	<b>443,455</b>
Donations	1,939	3,440
Covid-19 Wage Subsidy	193,302	-
Leave Support Payment	7,313	-
Resurgence Support Payment	76,957	-
<b>Total grants, fundraising and other similar revenue</b>	<b>733,001</b>	<b>446,895</b>
(ii) Income from Contracts		
Hamilton City Council	119,638	75,000
Ministry of Business Innovation and Employment	1,129,179	1,306,338
Ministry of Social Development	190,255	87,956
Other Contracts	201,885	68,635
	<b>1,640,957</b>	<b>1,537,929</b>
<b>Total Revenue from non-exchange transactions</b>	<b>2,373,958</b>	<b>1,984,824</b>

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



In 2020, HMS Trust entered a collective and reciprocal agreement to form Driving Change Network which was being collaboratively funded by J R McKenzie trust, Vodafone Foundation NZ, Len Reynolds, and the Todd Foundation. This relationship was formed to look at the need for a systematic approach to address the challenge of driver licensing in Aotearoa. HMS Trust provided administration support through to the end of October 2021. The Driving Change Steering Group came to an agreement with Momentum Waikato to become fund holder for Driving Change Network. This was accepted by the HMS Trust and the funds were transferred to Momentum Waikato in November 2021.

**(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. Interest income is recognised in the statement of comprehensive revenue and expense as it accrues.

**(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 given by government agencies, other charitable organisations 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 Covid-19 wage subsidy, leave support payment and resurgence support payment received during the year. Full wage subsidy was passed on to permanent staff, and casual staff were paid for work lost due to lockdown restrictions or to fulfil isolation requirements.

This also includes income received from Waikato DHB for running vaccine clinics during the year. Income is recognised in the period services are delivered and is measured at the fair value of considerations received.

10. **Expenses**

	June 2022	June 2021
	\$	\$
Expenses related to events		
Event Costs	-	17,056
<b>Total Expenses related to public fundraising</b>	<b>-</b>	<b>17,056</b>
Costs related to providing goods or services		
Advertising fees	7,577	24,746
Administration Expenses	3,610	2,368
Consultancy Fees	24,220	25,395
Gifts and acknowledgements	12,285	4,730
Hospitality	20,156	24,963
Insurance	22,264	33,655
IT Expenses	86,373	53,363
Outsourcing	71,931	47,226
Project Expenses	309,956	213,451
Rent	49,900	27,428
Repairs & Maintenance	47,793	45,236
Resources & Materials	26,019	26,182
Subcontractor Fees	243,241	521,449
Telecommunications	43,821	37,589
Travel Costs	36,380	58,232
Utilities	23,637	22,352
<b>Total Costs related to providing goods or services</b>	<b>1,029,163</b>	<b>1,168,366</b>
Grants and Donations made		
Donations Paid	462	1,787
<b>Total Grants and Donations made</b>	<b>462</b>	<b>1,787</b>
Other Expenses		
Audit Fees	7,000	5,000
Bad Debts W/O	1,551	397
Depreciation	74,966	71,399
Legal Costs	-	996
Loss on Disposal	5,685	555
Memberships and Subscriptions	8,794	7,756
<b>Total Other Expenses</b>	<b>97,996</b>	<b>86,103</b>
<b>Total Expenses (excluding employee related costs)</b>	<b>1,127,621</b>	<b>1,273,311</b>

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



**(a) Event Costs**

HMS Trust organises the Ethnic Football Festival in summer every year. Event costs are recognised in the period incurred. Due to Covid-19 restrictions the events committee decided to cancel the event this year.

**(b) Volunteer and employee related costs**

Volunteer and employee related cost	June 2022	June 2021
	\$	\$
ACC Levies	9,642	6,232
Interpreter wages	536,275	436,953
InfoNOW Assistants wages	26,618	54,392
Kiwisaver Employer Costs	58,157	44,638
Salaries & Wages	1,800,560	1,363,777
Staff Professional Development	16,576	22,121
Training	560	12,213
Translator Wages	28,688	30,275
Volunteer Recognition	13,720	7,049
<b>Total Volunteer and employee related cost</b>	<b>2,490,796</b>	<b>1,977,650</b>

**(c) Auditor's Fees**

Campbell & Campbell Accounting Consultants provide audit services to HMS Trust. At balance date, \$7,000 has been accrued for the audit of financial statements for the year ended 30 June 2022.

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 any objective evidence that a financial 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.

Receivables from exchange transactions	June 2022	June 2021
	\$	\$
Accounts Receivable	156,878	262,255
Interest Receivable	200	653
	<u>157,078</u>	<u>262,908</u>

Prepayments and Other receivables	June 2022	June 2021
	\$	\$
Recoverables	150	349
Prepayments	29,323	24,891
Total Prepayments and Other receivables	<u>29,473</u>	<u>25,240</u>

**(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 cost 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.

Trade and Other payables	June 2022	June 2021
	\$	\$
Accounts Payable	129,569	295,808
Accruals for Expenses	7,781	10,008
GST	15,331	8,165
Total Creditors and accrued expenses	<u>152,681</u>	<u>313,981</u>
Employee costs payable		
Accruals for Salaries & Wages	139,383	85,947
Total Employee costs payable	<u>139,383</u>	<u>85,947</u>

12. **Cash and Cash equivalents**

Bank accounts and cash	June 2022	June 2021
	\$	\$
Saving Accounts	393,730	235,553
Current Accounts	206,687	324,134
Short - Term Deposit	810,073	1,111,490
Credit Card account balance	(3,930)	-
Total Bank accounts and cash	<u>1,406,560</u>	<u>1,671,177</u>

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 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
<b>Total</b>	<b>215,373</b>	<b>84,620</b>	<b>9,857</b>	<b>74,966</b>	<b>215,170</b>

**As at 30 June 2021**

Asset Class	Opening Carrying Amount	Purchases	Disposals	Depreciation	Closing Carrying Amount
Leasehold Improvements	4,344	-	-	2,473	1,871
Computer & Peripherals	26,861	33,766	555	22,510	37,562
Furniture & Equipment	36,882	11,521	-	12,057	36,346
Motor Vehicle	84,207	101,870	12,124	34,359	139,594
<b>Total</b>	<b>152,294</b>	<b>147,157</b>	<b>12,679</b>	<b>71,399</b>	<b>215,373</b>

**(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	8-60% DV
Motor Vehicle	30% DV

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



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. The costs capitalised to date include project management fee, architect fee, engineering and inspection fees, and other professional fees incurred to date.

Non Current Assets	June 2022	June 2021
	\$	\$
Work in Progress - Centre Building	272,370	71,821

#### 15. 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.

#### 16. Deferred Revenue

Unspent donations and grants	June 2022	June 2021
	\$	\$
Grants In Advance	328,147	455,887
Contracts In Advance	137,350	74,544
Total unspent contracts and tagged funds	465,497	530,431

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.

#### 17. 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 fulfilment 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).

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



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 finance 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. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease.

**(a) Loans and borrowings**

	June 2022	June 2021
Finance Lease obligations not later than one year	\$	\$
Leased Motor Vehicles	22,427	18,673
Total current finance lease liabilities	22,427	18,673

Finance lease obligations later than one year and not later than 5 years		
Leased Motor Vehicles	43,444	65,871
Total non-current finance lease liabilities	43,444	65,871

**(b) Operating Lease**

	June 2022	June 2021
Commitments to Lease or Rent Assets	\$	\$

**Not later than one year**

Office Equipment	11,925	12,718
Centre Lease - 46g Boundary Rd	8,610	8,610
Office Lease - 87 Boundary Rd	10,000	8,406
	30,535	29,734

**Later than one year and not later than five years**

Office Equipment	17,036	31,534
Centre Lease - 46g Boundary Rd	43,050	43,050
	60,086	74,584

**Later than five years**

Centre Lease - 46g Boundary Rd	19,373	27,983
	19,373	27,983

<b>Total Commitments to lease or rent</b>	<b>109,994</b>	<b>132,301</b>
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The accompanying notes must be read in conjunction with this report.



18. **Equity and Reserves**

General Reserves	June 2022	June 2021
	\$	\$
Opening Balance	133,638	36,415
Current Year Surplus	25,905	104,671
Transfer from Building Reserve (Building WIP)	200,549	71,821
Transfer from Sundry Projects Reserves	-	-
Transfer of funds to Sundry Projects	-	(60,000)
Transfer of funds to Building Reserve	-	(19,269)
<b>Closing Balance</b>	<b>360,092</b>	<b>133,638</b>
<b>Building Reserve (Settlement Centre)</b>		
Opening Balance	928,179	-
Prior Period Adjustment - transfer of tagged funds	-	980,731
Transfer from General Reserves	-	19,269
<b>Building Reserve sub total</b>	<b>928,179</b>	<b>1,000,000</b>
Transfer to General Reserves (Building WIP)	(200,549)	(71,821)
<b>Closing Balance</b>	<b>727,630</b>	<b>928,179</b>
<b>Sundry Projects Reserves</b>		
Opening Balance	160,000	-
Transfer from General Reserves	-	160,000
<b>Sundry Projects Reserve sub total</b>	<b>160,000</b>	<b>160,000</b>
Transfer to General Reserves	-	-
<b>Closing Balance</b>	<b>160,000</b>	<b>160,000</b>
Total Specified Reserves	887,630	1,088,179
Total Reserves	<b>1,247,722</b>	<b>1,221,817</b>

**Purpose of Specified Reserves**

In the last financial year, \$1M were transferred from general reserves to specified reserves for the Settlement Centre building expansion. 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.



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

**Cash Flows from Operating Activities**

	June 2022	June 2021
	\$	\$
<b>Surplus for the year</b>	<b>25,905</b>	<b>104,671</b>
Adjustments for:		
Depreciation	74,966	71,399
Gain on disposal of property, plant and equipment	(6,398)	(8,917)
Loss on disposal of property, plant and equipment	5,685	555
Interest received	(7,106)	(11,661)
Bad debts written off	1,551	397
Changes in:		
Receivables from exchange transactions	105,830	(157,749)
Prepayments and other receivables	(4,233)	5,359
Trade and other payables	(161,300)	157,835
Employee entitlements	53,436	11,688
Deferred revenue	(64,934)	228,227
Other current liabilities	(302)	3,807
<b>Net Cash Flows from operating activities</b>	<b>23,100</b>	<b>405,611</b>

20. **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 2022	June 2021
Total Remuneration of Key Management Personnel	\$496,239	\$305,082
Full-Time Equivalent	4.1	3.5

**(b) Transactions with Key Management Personnel**

A member of senior leadership team, who was an employee at the Trust until 6th of August 2021 had her husband as one of the directors of the company that the Trust has a contract for IT services.

Description of Transaction	Jun-22	Jun-21	Jun-22	Jun-21
	Value of Transaction	Value of Transaction	Amount Outstanding	Amount Outstanding
IT services costs in Statement of Comprehensive Revenue and Expenses	\$3,920	\$81,727	\$ -	\$10,551

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



21. **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.

A review of accounting method has resulted in a change of treatment of funds previously tagged for Building and Sundry Projects as a current liability as "Funding in Advance". The change was adjusted in the financial statements of 30 June 2021 as a reduction to "Funding in Advance" and an increase in "Specified Reserves".

22. **Impact of Covid**

The spread of the Covid-19 virus has affected the operations of the Trust.

The Trust's business was significantly affected due to the lockdowns in the first and second quarter of this financial year. The Centre was closed for face to face service delivery which affected venue hire, and delivery of driving lessons was put on hold for almost 5 months. Face to face interpreting was substituted with video and telephone interpreting while covid restrictions were in place. This had a negative affect on the revenue that the Trust would otherwise generate if there was no covid.

The Covid-19 wage subsidy assisted with keeping the staff employed during the lockdown period as we continued to pay staff 100% of their normal wages to support them in these difficult times. As a result of Covid-19, the Trust in collaboration with government agencies engaged in delivering Covid-19 response services and also held Covid-19 vaccination clinics on site. This was very well received by the local and ethnic communities, and also generated revenue for the Trust to sustain its service levels in a highly volatile economic environment.

At the time of the audit the full affect of the Covid-19 virus is unknown. The governance of the Trust believe at the time of the audit that the Trust has sufficient resources to survive the likely impact of the Covid-19 virus assuming New Zealand continues its positive course of minimising the affect of the virus.

# Independent Auditor's Report

## Hamilton Multicultural Services Trust For the year ending 30 June 2022

To the Board of Hamilton Multicultural Services Trust

### **Opinion**

I have audited the financial statements. The financial statements provide information about the past financial performance of Hamilton Multicultural Services Trust and its financial position as at 30 June 2022.

#### **In my opinion, the accompanying financial statements**

- complies with Public Benefit Entity Reduced Disclosure Regime (Not for Profit) in New Zealand.
- gives a true and fair view of the financial position of Hamilton Multicultural Services Trust as at 30 June 2022 and its financial performance for the year ended on that date.

#### **The financial statements in the above opinion includes:**

- the statement of financial position as at 30 June 2022.
- 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 2022.

#### **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) ISAE (NZ) 3000 (Revised). My responsibilities under those standards are further described in the Auditor's Responsibility section of this audit report.

Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Other than my capacity as auditor I have no relationship with, and am independent of Hamilton Multicultural Services Trust

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

### **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**

My objective is to obtain reasonable assurance about whether the financial statements 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.

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) ISAE (NZ) 3000 (Revised) 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 decision of users taken on the basis of the financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate 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.

The audit includes performing procedures to obtain evidence about evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating 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.

I conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine 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.

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

12 October 2022

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