



Hamilton Multicultural Services Trust

Financial Statement

For the year ended 30 June 2024

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Statement of Service Performance

HMS Trust was founded in 1999 with a mission to support newcomers, particularly refugees and migrants, as they settle in Hamilton. Recognising gaps in services for people from diverse cultural, ethnic, and linguistic backgrounds, the Trust initiated a community interpreting service to assist government agencies and other NGOs, ensuring language is not a barrier to accessing vital information.

Over the years, the Trust's services and programs have expanded to address the broad and varied needs of Hamilton's newcomer population. Additionally, the Trust supports the wider Hamilton community, understanding that fostering strong community relations requires engaging both ethnic communities and the broader local population. The Trust is dedicated to nurturing a deep appreciation for the cultural and ethnic diversity that enriches Hamilton.

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

 VISION A society that values and celebrates the diversity of all people	 MISSION Paving the way for successful settlement
OUR GOALS	
 Empowerment	 Relationship Building
 Capacity Building	
 Strategic Priority Enterprise	 Strategic Priority Engagement and Responsiveness
Success Statement We intentionally seek new opportunities within our core work 	Success Statement What we do responds to immediate individual need, is for the greater good, and supports community participation and integration 
KEY FOCUS AREAS <ul style="list-style-type: none"> • Proactive business development • Enhance relevant existing services, e.g. Decypher & Passport 2 Drive • Develop a cultural competency service offering – individual & organisational focus • Achieve MSD Level 2 Accreditation • Robust Risk Management, H&S, IT, Fleet & Facilities, and HR practices 	KEY FOCUS AREAS <ul style="list-style-type: none"> • Research – ask the people we serve • Develop a stakeholder engagement plan and advocate / influence key stakeholders • Settlement Centre Waikato Extension Delivery of Services <ul style="list-style-type: none"> <li style="width: 50%;">• Affordable Energy <li style="width: 50%;">• Flourish <li style="width: 50%;">• Bike Training <li style="width: 50%;">• Employment Solutions <li style="width: 50%;">• Community Connector <li style="width: 50%;">• New Kiwis Settlement Service <li style="width: 50%;">• Computers in Homes <li style="width: 50%;">• Passport 2 Drive <li style="width: 50%;">• Decypher <li style="width: 50%;">• Sisterhood <li style="width: 50%;">• Ethnic Football Festival <li style="width: 50%;">• Housing Navigator Service <li style="width: 50%;">• Ethnic Health Hub 

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

Language Services	June 2024	June 2023
Decypher - number of interpreting jobs	11,206	9,222
Decypher - number of translation jobs	306	278

The 22% increase in interpreting jobs from previous year includes both face-to-face and telephone services provided to government agencies, including hospitals and courts, as well as businesses, not-for-profit organisations, and private individuals. This rise in demand for language support represents a significant growth compared to the previous year. Decypher's success in meeting this demand is attributed to our extensive range of language offerings and our ability to recruit interpreters in rare languages. These services have notably benefited a high number of refugees and vulnerable ethnic families.

Driving Programmes	June 2024	June 2023
Driving programmes - number of lessons delivered	2,807	3,556
Driving Programmes - number of successful participants	215	489

This year, despite the Open Road national contract being under review, we continued delivering the OR program in Palmerston North.. Our efforts were further supported by the Driver Licence Support Programme, funded by MSD, which targeted MSD clients with refugee and ethnic backgrounds in Hamilton, Palmerston North, and Nelson. The driving lessons were conducted by qualified instructors and included language support, enabling clients to learn in their first languages. Additionally, our on-site licence testing facility in Hamilton provided clients with the opportunity to take their tests promptly, addressing the challenges posed by the extended wait times for testing slots this year.

Settlement Centre information Service	June 2024	June 2023
Number of venue users at Settlement Centre	22	52
Number of new registrations at Settlement Centre	852	447

The Trust offers venue hire services at community rates for events and programs to external organisations, community groups, and individuals. This year, the Trust achieved its long-term goal of refurbishing and extending the Settlement Centre Building to provide a larger and more modern facility that better meets the needs of the community, Centre users, and the services the Trust delivers to its refugee and migrant clients. Construction began in May 2023, starting with the extension of the building to house the HMS Trust services area, followed by the refurbishment of the existing structure for centre agencies and community use. Although the building was unavailable for community use during this period, our services continued without interruption. The building will be available for use by the community after its completion in July.

Computers in Homes	June 2024	June 2023
Number of participants who graduated from the programme	17	30

The Ministry of Education funds the Computers in Homes programme to enhance digital literacy among quota refugee families. The programme provides recently arrived refugee families with school-aged children with digital literacy training, a laptop, technical support, and 12 months of internet access. This year, 17 families, representing a diverse range of 10 ethnicities, successfully graduated from the programme.

Employment Solutions	June 2024	June 2023
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Number of clients who received employment support	69	59
Number of clients who secured employment	49	40

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 our ethnic communities. The clients benefitted from help with crafting CVs, preparing for interviews, and receiving network support.

Community Support	June 2024	June 2023
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Number of families assisted with living costs	68	131
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HMS Trust is contracted by the Ministry of Social Development (MSD) to support vulnerable ethnic clients through the Community Connector service, which works directly with clients to help them improve their living situations. As part of this service, MSD provided a discretionary fund that allowed us to offer financial assistance to clients facing increased household expenses due to rising living costs. The Trust supported families by delivering food and care packs and assisting with other essential living expenses.

Affordable Energy For All	June 2024	June 2023
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Number of families assisted through Affordable Energy For All programme	27	29
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The Affordable Energy for All programme, funded by WEL Energy, is dedicated to helping families access affordable, reliable, and sustainable energy to ensure warmer, drier, and healthier living environments. This year, the Trust supported 27 families through this programme. Our Energy Navigator plays a crucial role by conducting home assessments and workshops to ensure families understand how to reduce their energy costs and that their homes align with Healthy Home standards. We also provided financial literacy support through one-on-one consultations with financial mentor.

New Kiwis Settlement Service	June 2024	June 2023
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Number of quota refugee and reunification clients supported	151	283
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New Kiwis Settlement Service (NKSS), funded by MBIE, focuses on supporting successful lifelong settlement of quota refugees, and we do this by assisting people to build independence and forming local community connections. Our goal is to help support refugees settle in Hamilton by helping families and individuals understand kiwi culture and achieve five settlement goals: self-sufficiency, secure housing, access education, Health and well-being, and community participation. This year the Trust supported 151 clients from quota refugee and reunification categories. This is significantly lower than the previous year as previous year included handover of former refugee clients from Red Cross service to HMS Trust.

Housing Navigator Service	June 2024	June 2023
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Number of families assisted with improved housing	58	14
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In February 2023, the Trust was contracted by MSD to support clients from ethnic and refugee backgrounds in finding suitable long-term housing solutions. People from these communities face significant challenges in securing housing, including language barriers, limited digital skills, a lack of understanding of tenant and landlord rights, and restricted access to the rental market. Furthermore, prejudice and racism exacerbate the difficulties in accessing quality housing, particularly in an already strained rental market. Over the past year, we have supported 58 families, comprising 307 individuals, including 186 children into long-term housing.

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

Statement of Comprehensive Revenue and Expenses

	Note	June 2024 \$	June 2023 \$
Revenue from exchange transactions			
Revenue from providing goods or services	9a(i)	1,805,806	1,452,380
Interest, dividends and other investment revenue	9a(ii)	108,564	41,287
Other revenue	9a(iii)	38,651	19,886
Revenue from exchange transactions		1,953,021	1,513,553
Revenue from non-exchange transactions			
Grants, fundraising and other similar revenue	9b(i)	3,090,592	490,515
Income from contracts	9b(ii)	1,892,849	2,379,511
Revenue from non-exchange transactions		4,983,441	2,870,026
Total Revenue		6,936,462	4,383,580
Expenses			
Expenses related to events	10	21,434	16,338
Volunteer and employee related costs	10	3,143,128	2,911,882
Costs related to providing goods or services	10	669,989	1,094,458
Grants and donations made	10	2,000	1,400
Other expenses	10	111,891	102,402
Total Expenses		3,948,442	4,126,480
Surplus for the year		2,988,020	257,099

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 2023	999,959	344,862	160,000	1,504,821
Transfers	476,093	(344,862)	(131,231)	-
Surplus/(Deficit) for the year	2,988,020	-	-	2,988,020
Balance at 30 June 2024	4,464,072	-	28,769	4,492,841

	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

Statement of Financial Position

As at 30 June 2024

	Note	30-Jun-24 \$	30-Jun-23 \$
Assets			
Current Assets			
Cash and cash equivalents	12	1,326,396	2,332,116
Receivables from exchange transactions	11a	261,403	197,272
Prepayments and other receivables	11a	32,670	34,833
Total Current Assets		1,620,469	2,564,221
Non-Current Assets			
Property, plant and equipment	13	141,908	224,679
Centre Building - Work in Progress	14	3,958,127	655,138
Intangibles - Work in Progress	15	13,615	-
Total Non-Current Assets		4,113,650	879,817
Total Assets		5,734,119	3,444,038
Liabilities			
Current Liabilities			
Trade and Other Payables	11b	697,600	436,301
Employee Entitlements	11b	179,367	165,960
Deferred Revenue	18	328,077	1,287,295
Loans and Borrowings	19a	15,920	19,262
Other Current Liabilities		20,314	14,479
Total Current Liabilities		1,241,278	1,923,297
Non-Current Liabilities			
Loans and Borrowings	19a	-	15,920
Total Liabilities		1,241,278	1,939,217
Total Assets less Total Liabilities (Net Assets)		4,492,841	1,504,821
Equity			
General Reserves	20	4,464,072	999,959
Specified Reserves	20	28,769	504,862
Total Accumulated Funds		4,492,841	1,504,821

Claire van der
Most



Executive Chair

David Rickard



Treasurer

Date: 22 / 10 / 2024

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



Statement of Cash Flows

	Note	30-Jun-24 \$	30-Jun-23 \$
Cash Flows from Operating Activities			
Cash was received from:			
Grants, fundraising and other similar revenue (non-exchange)		2,424,909	1,008,978
Receipts from contracts (non-exchange)		1,605,149	2,687,828
Receipts from providing goods or services		1,741,674	1,412,186
Other Revenue		18,079	19,886
Net GST		(184,816)	96,295
Cash was applied to:			
Payments to suppliers		(264,093)	(1,085,770)
Payments to employees		(3,129,723)	(2,885,306)
Donations or grants paid		(2,000)	(1,400)
Net Cash Flows from Operating Activities	21	2,209,179	1,252,697
Cash Flows from Investing Activities			
Cash was received from:			
Receipts from the sale of property, plant and equipment		11,950	-
Interest, dividends and other investment receipts		108,566	41,287
Cash was applied to:			
Payments to acquire property, plant and equipment		(3,316,152)	(337,740)
Net Cash Flows from Investing Activities		(3,195,636)	(296,452)
Cash Flows from Financing Activities			
Cash was applied to:			
Principal repayment of lease obligation		(19,263)	(30,688)
Net Cash Flows from Financing Activities		(19,263)	(30,688)
Net Increase/(Decrease) in Cash		(1,005,720)	925,556
Opening Cash		2,332,116	1,406,560
Closing Cash		1,326,396	2,332,116
This is represented by:			
Bank Accounts and Cash	12	1,326,396	2,332,116

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 2024.

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.

HMS Trust is a public benefit not-for-profit entity and although the Trust qualifies as a Tier 3 Reporting Entity according to new thresholds for reporting tiers given its total expenditure has been less than \$5m in preceding two years, it elects to report in accordance with Tier 2 Reporting Requirements, consistent with previous year.

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 2024.(2023: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 2024 \$	June 2023 \$
Income from Centre		
Agency Contributions	3,862	3,898
Agency Venue Hire	4,477	11,718
Centre Venue Hire	11,833	22,502
Rent Received	21,840	20,780
	42,012	58,899
Income from Driving School		
Car Hire	3,994	5,687
Driving Lesson Fee	51,954	57,918
Practice Session Fee	32,288	58,729
	88,236	122,333
Income from Interpreting Fees and Translation		
Cancellation Fee	59,088	81,247
Interpreting Fee	1,177,540	887,590
Mileage Income	41,836	28,200
Telephone Confirmation	77,909	63,876
Telephone Service	169,815	85,585
Translations	93,764	78,614
Travel Time	38,195	29,203
Video Interpreting	8,146	8,306
	1,666,293	1,262,622
Income from Events		
Ethnic Football Festival Entry Fee	9,265	8,526
	9,265	8,526
Total Revenue from providing goods or services	1,805,806	1,452,380

(ii) Interest, dividends and other investment revenue	June 2024	June 2023
	\$	\$
Interest Received	108,564	41,287
	108,564	41,287
(iii) Other Revenue		
Gain on disposal	20,572	365
Insurance claims	1,319	5,792
Other services	16,760	13,729
Total other revenue	38,651	19,886
Total Revenue from exchange transactions	1,953,021	1,513,553

(b) Revenue from non-exchange transactions

(i) Grants, fundraising and other similar revenue	June 2024	June 2023
	\$	\$
Grants brought forward from previous year	241,628	328,147
Grants received during the year	309,850	391,365
Capex Grants brought forward from previous year	600,000	-
Capex Grants received during the year	2,107,000	600,000
Grants carried forward to next year	(170,110)	(841,628)
Total grant income	3,088,368	477,884
Donations	2,224	3,518
Leave Support Payment	-	9,113
Total grants, fundraising and other similar revenue	3,090,592	490,515
(ii) Income from Contracts		
Hamilton City Council	109,635	127,669
Ministry of Business Innovation and Employment	762,859	1,280,646
Ministry of Social Development	685,234	605,907
Other Contracts	335,121	365,288
	1,892,849	2,379,511
Total Revenue from non-exchange transactions	4,983,441	2,870,026

During the year, the Trust received \$2,107,000 in capital expenditure (CapEx) grants, in addition to \$600,000 received in the previous financial year from various funders, to support the expansion and refurbishment of the Settlement Centre. The total capital expenditure grant of \$2,707,000 has been recognized as income in the current year. This grant income has been utilized for the building extension and refurbishment, and has been capitalized as a fixed asset under "Centre Building - Work in Progress." Refer to Note 14.

(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 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 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 gain on disposal of fleet which was surplus to requirements. This mainly resulted from the closure of Open Road sites in Wellington, Auckland, and Dunedin.

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

10. **Expenses**

Expenses related to events	June 2024	June 2023
	\$	\$
Event Costs	21,434	16,338
Total Expenses related to events	21,434	16,338
Costs related to providing goods or services		
Advertising fees	5,283	1,890
Administration Expenses	4,527	7,148
Consultancy Fees	6,672	14,599
Gifts and acknowledgements	19,952	20,165
Hospitality	25,287	23,842
Insurance	46,498	30,872
IT Expenses	82,397	68,681
Outsourcing	72,245	56,970
Project Expenses	165,334	367,968
Rent	37,143	57,206
Repairs & Maintenance	45,541	49,663
Resources & Materials	31,475	41,388
Subcontractor Fees	-	246,466
Telecommunications	41,421	40,436
Travel Costs	60,171	42,070
Utilities	26,043	25,094
Total Costs related to providing goods or services	669,989	1,094,458
Grants and Donations made		
Donations Paid	2,000	1,400
Total Grants and Donations made	2,000	1,400
Other Expenses		
Audit Fees	9,000	8,000
Bad Debts W/O	190	241
Depreciation	82,320	82,715
Loss on Disposal	8,431	926
Legal Expenses	2,026	-
Memberships and Subscriptions	8,424	10,520
Sponsorships and Contributions	1,500	-
Total Other Expenses	111,891	102,402
Total Expenses (excluding employee related costs)	805,314	1,214,598

(a) Event Costs

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

(b) Volunteer and employee related costs

Volunteer and employee related cost	June 2024	June 2023
	\$	\$
ACC Levies	12,318	12,032
Interpreter wages	747,003	602,350
Kiwisaver Employer Costs	76,164	68,977
Salaries & Wages	2,257,362	2,130,460
Staff Professional Development	12,798	43,884
Training	1,740	2,600
Translator Wages	28,057	28,423
Volunteer Recognition	7,686	23,157
Total Volunteer and employee related cost	3,143,128	2,911,882

(c) Auditor's Fees

Hall Chadwick provide audit services to HMS Trust. At balance date, \$9,000 has been accrued for the audit of financial statements for the year ended 30 June 2024.

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 2024	June 2023
	\$	\$
Accounts Receivable	261,403	186,122
Interest Receivable	-	11,150
	261,403	197,272

Prepayments and Other receivables	June 2024	June 2023
	\$	\$
Prepayments and Other receivables	32,670	34,833
Total Prepayments and Other receivables	32,670	34,833

(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 2024	June 2023
	\$	\$
Accounts Payable	759,304	315,471
Accruals for Expenses	11,485	9,204
GST	(73,189)	111,626
Total Creditors and accrued expenses	697,600	436,301
Employee costs payable		
Accruals for Salaries & Wages	179,367	165,960
Total Employee costs payable	179,367	165,960

12. Cash and Cash equivalents

Bank accounts and cash	June 2024	June 2023
	\$	\$
Saving Accounts	1,252,910	685,317
Current Accounts	74,419	451,232
Short - Term Deposit	-	1,200,000
Credit Card account balance	(933)	(4,433)
Total Bank accounts and cash	1,326,396	2,332,116

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 2024

Asset Class	Opening Carrying Amount	Purchases	Disposals	Depreciation	Closing Carrying Amount
Leasehold Improvements	728	-	458	270	-
Computer & Peripherals	59,145	6,998	1,489	37,188	27,466
Furniture & Equipment	55,558	7,434	6,484	13,626	42,882
Motor Vehicle	109,248	-	6,680	31,008	71,560
Total	224,679	14,432	15,111	82,092	141,908

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

(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 other income or other 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

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.

In July 2023, Hamilton City Council transferred the ownership of the Settlement Centre building to HMS Trust for \$1.00 plus GST (if any) on the basis that the Trust accepts the building on an "as is where is" basis and at the end of the term or earlier expiration of the Land lease, any improvements made by the Trust to the building, and including the building itself, shall be sold back to Council for the price of \$1.00 (plus GST if any).

During the year, the centre building has undergone 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.

Non Current Assets	June 2024	June 2023
	\$	\$
Centre Building - Work in Progress	3,958,127	655,138

15. HMS Trust Book - Work in Progress

In celebration of 25th anniversary, HMS Trust is developing a book detailing its history, featuring stories from founding members, staff, volunteers, and clients. The Trust will retain the copyright for this publication which is currently work in progress. The costs associated with the book include fees for the interviewer, photographer, and editor.

The book, which will also be available for purchase, has been assessed to meet the criteria for an intangible asset with a finite useful life of 5 years and no residual value. The asset will be amortized over its useful life, using a method that appropriately reflects the consumption of the economic benefits. The amortization method and useful life will be subject to an annual review and impairment review if required.

Non Current Assets	June 2024	June 2023
	\$	\$
HMS Trust Book - Work in Progress	13,615	-



16 Commitments and Contingencies

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 2024	June 2023
	\$	\$
Contracted Project Costs	4,256,104	3,794,031
Less costs incurred to 30 June	(3,958,357)	(605,208)
Remaining contracted costs	297,747	3,188,823
- Capital Commitments		

17. 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.

18. Deferred Revenue

Unspent donations and grants	June 2024	June 2023
	\$	\$
Grants In Advance	170,110	841,628
Contracts In Advance	157,967	445,667
Total unspent contracts and tagged funds	328,077	1,287,295

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.

19. 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 finance balance outstanding, using the effective interest method.

(a) Loans and borrowings

Finance Lease obligations not later than one year	June 2024	June 2023
	\$	\$
Leased Motor Vehicles	15,920	19,262
Total current finance lease liabilities	15,920	19,262

Finance Lease obligations later than one year and not later than 5 years		
Leased Motor Vehicles	-	15,920
Total non-current finance lease liabilities	-	15,920

(b) Operating Lease

Commitments to Lease or rent assets	June 2024	June 2023
	\$	\$
Not later than one year		
Office Equipment	11,514	10,520
Land Lease - 46g Boundary Rd	824	824
Office Lease - 87 Boundary Rd	-	10,000
	12,338	21,344
Later than one year and not later than five years		
Office Equipment	24,276	12,978
Land Lease - 46g Boundary Rd	3,296	3,296
	27,572	16,274
Later than five years		
Land Lease - 46g Boundary Rd	11,536	12,360
	11,536	12,360
Total Commitments to lease or rent	51,446	49,979

20. **Equity and Reserves**

	June 2024	June 2023
	\$	\$
General Reserves		
Opening Balance	999,959	360,092
Current Year Surplus	2,988,020	257,099
Transfer from Building Reserve (Building WIP)	344,862	382,768
Transfer from Specified Reserves	131,231	-
Closing Balance	4,464,072	999,959
Building Reserve (Settlement Centre)		
Opening Balance	344,862	727,630
Transfer to General Reserves (Building WIP)	(344,862)	(382,768)
Closing Balance	-	344,862
Sundry Projects Reserves		
Opening Balance	160,000	160,000
Transfer to General Reserves	(131,231)	-
Closing Balance	28,769	160,000
Total Specified Reserves	28,769	504,862
Total Reserves	<u>4,492,841</u>	<u>1,504,821</u>

Purpose of Specified Reserves

Building Reserve

In 2021, the Board approved the allocation of \$1,000,000 from general reserves for the expansion of the Settlement Centre building. As of 30th June 2024, costs totaling \$3,958,357 have been incurred and are recognized as "Centre Building - Work in Progress" on the statement of financial position. The remaining balance of \$344,862 in the Centre Building reserve has been transferred from specified reserves back to general reserves.

Sundry Project Reserves

This reserve is specifically tagged for HMS Trust projects that are either unfunded or only partially funded through grants and may require additional contributions from the Trust. The purpose of these reserves is to ensure the operational sustainability of the Community Driving School, Community Connector Service, and Support Services. This year, a deficit of \$131,231 incurred by the Community Driving School was transferred from these specified reserves to the general reserves.

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

Cash Flows from Operating Activities

	June 2024	June 2023
	\$	\$
Surplus for the year	2,988,020	257,099
Adjustments for:		
Depreciation	82,320	82,715
Gain on disposal of property, plant and equipment	(20,572)	(365)
Loss on disposal of property, plant and equipment	8,431	926
Interest received	(108,564)	(41,287)
Bad debts written off	190	241
Changes in:		
Receivables from exchange transactions	(64,131)	(40,194)
Prepayments and other receivables	2,163	(5,360)
Trade and other payables	261,298	145,566
Employee entitlements	13,407	26,577
Deferred revenue	(959,218)	821,798
Other current liabilities	5,835	4,982
Net Cash Flows from operating activities	2,209,179	1,252,697

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



22. **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 2024	June 2023
Total Remuneration of Key Management Personnel	\$592,092	\$557,160
Full-Time Equivalent	4.54	4.53

(b) Transactions with Key Management Personnel

No transactions with Key Management Personnel during the year. (2023: Nil)

23. **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.

24. **Subsequent Events**

As of the reporting date, the Trust has incurred total costs of \$3,958,357 for the building project. On 20th July 2024, the Trust secured a loan of \$249,732 from the bank to cover costs incurred up to June 2024. A subsequent drawdown of \$99,826 has been made, with a final drawdown expected in September to cover the remaining building costs. The Trust has an approved total bank loan of \$600,000, which is structured with a repayment term of five years.

Independent Auditor's Report

To the Board of Trustees of Hamilton Multicultural Services Trust

Opinion

We have audited the financial statements of Hamilton Multicultural Services Trust (the "entity") on pages 3 to 22 which comprises the statement of service performance, the statement of financial performance, the statement of changes in equity and the statement of cash flows for the year ended 30 June 2024, the statement of financial position as at 30 June 2024, the statement of accounting policies and other explanatory information.

In our opinion,

- (a) the reported outcomes and outputs and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- (b) the financial statements on pages 3 to 22 presents fairly, in all material respects:
 - 1. the financial position of the entity as at 30 June 2024 and of its financial performance, changes in equity, and cash flows; and
 - 2. the service performance for the year then ended in accordance with Public Benefit Entity Standards (Not-For-Profit) issued in New Zealand as applicable to Tier 2 not-for-profit entities by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of changes in equity, statement of cash flows, statement of accounting policies and notes to the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibility under those standards are further described in the Auditor's responsibility section of this report.

We are independent of the entity in accordance with Professional and Ethical Standard 1 (Revised) *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, we have no relationship with, and are independent of Hamilton Multicultural Services Trust.

Basis of Accounting and Restriction on Distribution and Use

This report is made solely to the Board of Trustees, as a body, in accordance with section 42F of the Charities Act 2005. Our audit work has been undertaken so that we might state to the Board of Trustees those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hamilton Multicultural Services Trust and the Board of Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

The Board of Trustees' Responsibilities for the Financial Statements

The Board of Trustees on behalf of Hamilton Multicultural Services Trust are responsible for:

- (a) identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the financial statements which comprise:
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of changes in equity, statement of cash flows, statement of accounting policies and notes to the financial statements in accordance with the Public Benefit Entity Standards (Not-For-Profit) issued in New Zealand as applicable to Tier 2 not-for-profit entities by the New Zealand Accounting Standards Board; and
- (c) for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees are responsible for assessing Hamilton Multicultural Services Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Board of Trustees either intend to liquidate Hamilton Multicultural Services Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- (d) Conclude on the appropriateness of the use of the going concern basis of accounting by the Management Committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Hamilton Multicultural Services Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Hamilton Multicultural Services Trust to cease to continue as a going concern.
- (e) 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.
- (f) 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.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

The financial statements for the year ended 30 June 2023 was audited by another auditor who expressed an unmodified opinion on that report on 5 October 2023.

The engagement director on the audit resulting in this independent auditor's report is Tadius Munapeyi.

From and on behalf of:

Hall Chadwick NZ

Hall Chadwick NZ Limited
CPA Public Accountants
Auckland
Date: 22 October 2024