

ANNUAL REPORT

FOR THE YEAR ENDED 30 June 2023



PRINCIPAL ACTIVITY

Medical, Dental, Social Services, Public Health, Mental Health, Whanau Ora, and Vocational Training

TRUST ESTABLISHMENT DATE

30/06/2008

PRINCIPLE ADDRESS

411 Great North Road
Henderson
Auckland 0650

THE FONO GROUP TRUSTEES

Nacanieli Yalimaiwai	Chairperson
Ruby Manukia-Schaumkel	Vice-chairperson
Salote Lavemai-Likiafu	Treasurer
Latasi Koro	Secretary
Harry Fatu Toleafoa	
Greg Traill	
Filemoni Panisi	
Manava Parakoti	
Lynn Pavihi	
John Paterson	
Neil Woodhams	

OCEANIA CAREER ACADEMY LTD BOARD

Fiugalu Tevita Funaki	Chairperson
Nacanieli Yalimaiwai	Director
Peter Sherwin	Director
Kenina Court	Director
John Paterson	Director
Dr Siale Foliaki	Director
Harry Fatu Toleafoa	Director

IRD NUMBER

095-306-713

BANKERS

Westpac Banking Corporation
Auckland

SOLICITORS

Corban Revell
Henderson
Auckland

AUDITORS

Forbes Audit and Accounting
Chartered Accountants
Auckland

CHARITIES COMMISSION REGISTRATION

CC 53923

Cover photo: At the 2023 Enea Ola Pasifika Outrigger Health Challenge the Overall Weightloss Supreme Award won by Niutupuola Community Group.

THE FONO GROUP TRUST

ANNUAL REPORT 2023

The Fono Group Trust
 411 Great North Road
 PO Box 21021, Henderson

TABLE OF CONTENTS

Chair's Report	4
CEO's Report	8
A Calendar of People's Stories	12
Consolidated Financial for the year ended 30 June 2023	23
Statement of Service Performance for the year ended 30 June 2023	44
Independent Auditor's Report	49



CHAIR'S REPORT

AN EXCITING YEAR OF INSPIRING STORIES



When you look at the calendar storyline in this 2022-23 Annual Report you must, along with me, be inspired by what together as members of The Fono Group we have been able to achieve for the communities we all serve. And as the stories haven't stopped coming, you will note we have carried the calendar on up to publication date in November 2023.

Every response to challenges and advances on the storyline shows teamwork and the integrated model of care working as we increase our footprint across Auckland and add further services. The investment made to support this activity is paying off and I am pleased in this report to provide a picture of sound investment resulting in enhanced services, delivered well in modern facilities.

We have never been a stronger force for Pacific communities

In the year ending 30 June 2023 The Fono Trust put Covid and the restrictions it placed on the organisation aside and moved onto future planning. Our commitment to resilience, adaptability, and fresh thinking has enabled The Fono and Oceania Career Academy to not only navigate through these unprecedented times but also emerge stronger and more determined to create value for our stakeholders. Being secure in the knowledge our core model of care and the ability to innovate with services had passed the most severe resiliency tests. Giving us a platform for the future - to achieve our vision.

During the year the Board and management worked together across the many wide ranging, areas vital to continuing the development and the contribution the Trust has made to Pacific peoples in New Zealand.

Setting the scene was the careful review of the organisation’s strategy resulting in a reset of the Strategic Plan to reinforce, that through its actions, The Fono can significantly influence Pasifika health, social and education disparity by taking the initiative when working with communities, government agencies and partners to create a shared ecosystem.

Four pillars were defined within the strategy, related to The Trust’s vision – “well, safe, vibrant and informed communities.” They are:

1. **Become the preferred provider for Pacific**
2. **Increase influence and impact**
3. **Become the preferred provider for funders and stakeholders**
4. **People, People, People**

The strategy reset is shaping how The Fono’s management continue to refine and implement the integrated model of care to reflect the fundamental Pacific approach to holistic supporting of one another through investment in people.

The Board is the Voice of Pacific people

During the year under review, the Board considered how the best interests of the Auckland Pacific peoples could be served in terms of being the voice of the community – blended with sound legal, financial and commercial expertise. The conclusion reached by the Board was there should be changes to the Trust’s constitution to broaden the base of representation and allow for additional expertise.

The Board has a Finance, Audit, Risk and Human Resources Governance Committee and a Clinical Governance Committee. The full schedule of meetings was maintained through the year. The Oceania Career Academy Ltd has a separate Board and a full schedule of meetings was also held.

Financial Resilience and Risk Management

Despite the economic and environmental challenges during 2022-23, our financial performance was robust showing the benefit of using resources wisely to best effect. The Fono’s ability to adapt to changing conditions with a



continued focus on efficiency and investment in improving both ways of working and supporting systems enabled The Fono to mitigate the impact of the various crises and maintain financial stability.

CHAIR'S REPORT

AN EXCITING YEAR OF INSPIRING STORIES

The Board was particularly appreciative of management's ability to realise the planned investments in infrastructure during the year with progress on several fronts, covered more fully in the Chief Executive Officer's report.

The Fono Trust has been sustainable for the over 30 years it has been in existence through careful management of its assets. As the largest Pacific health and wellbeing charitable organisation the Board believes it has an obligation to its stakeholders to maintain a prudent, transparent balance between actively using its resources to fulfil its purpose in the community while maintaining sufficient reserves to cover investment and risks.

The Board is in the process of again identifying and taking account of all relevant considerations and ensuring there is an up-to-date policy in place.



Recent happenings have shown it is essential to have reserves available to buffer the Trust against unforeseen events. Pandemic, weather and other service continuity emergency interruptions. There are also other exceptional costs that can arise such as operational challenges, legal issues, cost increases due to unanticipated problems.

The trust's reserves policy also ensures The Fono has been able to invest in innovative ventures advancing Pacific interests in the health, social services and education fields. Many of which have been subsequently funded externally, once proof of performance shows the value to be derived from improved outcomes for the people we serve. We continue to maintain a project reserve for this purpose.

Having proven economic stability over the longer term is a key factor in awarding of health and community services contracts. Funding agencies can have confidence in an organisation with the financial integrity and capability to have invested in systems, processes and training necessary to carry out complex requirements. They can also be assured that should for any reason, renewal funding timing doesn't quite match outgoings, continuity of critical programmes or services will not be put at risk. Further, if a contract is cancelled due to changing funder priorities, The Fono can fulfil what it sees as its duty of care to the service users and staff through an unfunded transition period.

There is no clear professional consensus on what reserves should be. It varies depending on whether an organisation is commercial or not for profit and the sectors in which it operates. We believe The Fono Trust has struck the right level at a three months' emergency continuity reserve along with reserves to fund essential future projects such as the development of our Manurewa location. The policy and provisions will be reviewed by the Board every 6 months.

Navigating Uncertainty

The Fono is not immune to global forces. The challenge of increasing demand for health services driven in part by an aging population has been compounded in New Zealand by the shortage of clinical staff as they are attracted offshore. The worldwide "permacrisis" in health



has The Fono looking to further innovative solutions linked to improving equity for Pacific peoples in health, economic and social development and education.

As part of The Fono's contribution to making a difference, the Oceania Career Academy, as New Zealand's only Pacific owned tertiary institution through the period under review was planning its launch of Level 2 and Level 3 Health and Wellbeing courses .

The new multi-party Government has not set out detail policies related to areas of particular interest to Pacific peoples and during the election run up Pacific interests seldom featured. What we can be sure of is that tough times will continue and needs will not diminish. The Pacific health and wellbeing and tertiary sectors will need to fight hard to be heard – but we at The Fono are up to it.

People making a difference

Looking back at the 2022-23 financial year I commend the diligence of The Fono Trust board members along with the Oceania Career Academy board to the duties demanded of them. The boards are well served by the management of the organisations with the Executive Leadership Team, comprising the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Development Officer all playing vital roles in leading the senior management groups at The Fono and Oceania Career Academy.

The Board was pleased in the year under review to give all staff three days additional paid holiday on the days between Christmas and New Year 2022 to recognise their individual efforts during what had been a very difficult period, dominated by Covid.

Finally, I would like to thank the advisers, communities and funders who showed faith in what The Fono and Oceania can achieve and supported our vision.

Vinaka Vakalevu, Malo 'aupito, Fa'afetai lava.

Nacanieli Yalimaiwai

Chair of The Fono Trust



CEO'S REPORT

FUTURE PROOFING “BY PACIFIC – FOR PACIFIC” TO
“BY PACIFIC – FOR ALL KIWIS”



The 2022-23 financial year was set to be The Fono Trust's year of “future proofing” as we took account of experience gained through the pandemic and the shift in emphasis towards Pacific providers. Especially the “by Pacific – for Pacific” approach and the requirement for effective infrastructure to support the services provided and to allow for close analysis of the financial, health and social outcomes. Our service delivery and operational support teams were absolutely determined to implement

practices that provided best standards of services in every aspect of our operations and approaches, externally and internally. Despite the early 2023 emergencies, we succeeded with commencing and in some cases completing all planned developments. It is these interwoven strands of activity that show the scope and scale of what was taken on, in addition to the day-to-day intensity of very busy activities across all the services.

We are now ready to take the “for Pacific – by Pacific” approach and apply it as the “by Pacific – for all Kiwis” approach. Proven to work well.

A calendar of people’s stories

Through the Annual Report we have selected just some of the many events and projects undertaken through the year under review and in fact have extended it beyond 30 June 2023 to show the continuing progress being made on many fronts across The Fono and Oceania Career Academy activities. The stories are told in the words of the people directly involved, giving them the opportunity to share their personal contribution and views on what The Fono and Oceania Career Academy are working to achieve.

Taking stock

One key message we took from evolving services to suit difficult circumstances during the pandemic period was the need to be critical of every aspect of how each of our services interfaced with their users. As we began to emerge from Covid, we engaged Digital Arts Network a consultancy specialising in mapping and analysing processes and working with organisations to have their own people come up with solutions to issues service users and staff experience. In The Fono and Oceania Career Academy’s cases we were particularly looking to improve connections, access, the experience and to reinforce FonoCare - the integrated model of care.

The mapping of service patterns and evolved processes combined with researching experiences provided additional insight into what service means to users and where FonoCare linkages could be reinforced. This allowed projects to be initiated to enhance ways of working and increase the effectiveness of The Fono and the ways people connect when accessing services and internally between services. The projects are ongoing with projects underway during the year in review now progressively rolling out in the new financial year. These include major advances such as a new, more accessible website for The Fono and



easier internal referral processes for Whanau Ora, improved access to HR resources and continuation of improving means of linking services.

Capability development

While The Fono and its people performed exceptionally well during the extreme conditions of the pandemic, it was obvious many systems were stretched beyond their capacity in such a pressure test.

What was also clear was that the premises for the medical and dental practices were no longer fit for purpose in the conditions likely to prevail in the future as the prospect of further health and environmental occurrences increases.

In the City, work commenced on a new ground floor medical practice facility allowing for future expansion in the 2nd floor dental and mind health services. In Henderson the medical practice moved to temporary premises while the Great North Rd building was repurposed and improved safe clinical specification with infection control. The Blockhouse Bay Rd and Manurewa premises were upgraded to improve capacity and usefulness of the facilities.



CEO'S REPORT

FUTURE PROOFING “BY PACIFIC – FOR PACIFIC” TO “BY PACIFIC – FOR ALL KIWIS”

The premises developments are one element of improving the ability to access The Fono services by making face to face medical and dental consultations easier with welcoming reception areas. Providing options for medical contacts through phone services and outreach ('Aiga FonoCare) including the Mobile Unit due to be deployed in coming months.

With the assistance of development funding, extensive assessments of what was needed for The Fono was undertaken with a number of vital “future proofing” infrastructure projects defined.

These included a new payroll system, procurement process and new technology platform designed to substantially improve financial management, analysis and timely decision making, reporting and stakeholder relationships. These three projects were launched in late 2023.

Further planning concepts begun in 2022-23 are to develop through technology, additional resourcing of non-clinical support staff and adopting proven models from overseas organisations paralleling The Fono. The objective is to enable clinical staff to spend most time using their skills by transferring some traditional, largely administrative tasks to others. An example is the Treatment Coordinator position in our Dental services taking notes and managing dental plans for patients, rather than the dentist.

Care – Connect – Wellbeing

In 2022-23 The Fono looked to best utilise the data held across medical, dental and contract specific systems as an enabler of the single view of a patient/client of The Fono across services. Achieving this would assist the person, and in some cases their family, by allowing better individual and collective decision making on health and other wellbeing needs. It would also assist The Fono in defining organisation wide trends and analysis as an aid to facilitating service connections, treatment options and education programmes. There are many challenges to achieving the outcome including privacy and technological compatibility aspects. Work on the project has commenced with a report available early 2024.

Innovation continues to drive us

The success of The Fono Group for over 30 years has relied upon its ability to innovate and take the lead in connecting with its communities and its ways of working.

Through the pandemic and since, opportunities have been provided to broaden the extent of what could be achieved and accelerate the pace of introduction. We are taking this approach into the “taking stock” process and “capability development” projects outlined above.



Results are seen in the range of projects noted above as well as other innovative future focused developments. An example is the planning of Oceania Career Academy's health and wellbeing courses designed to deliver teaching in a style Pacific communities understand. A further example is The Fono's Fononga engagement group activity reaching into Pacific communities and having them become champions of tertiary education for Pacific youth.

People – People – People

This is one of the four strategic pillars of The Fono Group, supporting the vision and values of the organisation. It guides the way the people we employ, work with the people we serve and encourages our individual employees to reach their potential and achieve their aspirations.

The aim is for The Fono and Oceania Career Academy (its tertiary education unit) to provide the best environment and conditions for health, wellbeing and education practitioners to grow.

To achieve this The Fono makes training and personal / professional development programmes and options available. The knowledge and skills imparted allow The Fono, with some confidence, to empower managers and staff to make decisions in the best interests of the people we serve.

In the sectors in which The Fono and Oceania Career Academy operate, delays in recognising the need for parity across disciplines has been an issue and has inhibited The Fono Group's ability to attract and retain in some positions. Recent developments allowing for pay parity across government funded contracts is reducing the disadvantages and The Fono will continue to press for fairness across all its employment groups.

The theme of "people, people, people" is the right note to end this summary of the 2022-2023 year. I have appreciated the efforts for and support to The Fono Group by many individuals, agencies and partnerships. In particular, I acknowledge, the staff at The Fono and Oceania Career Academy, the Senior Management teams and the boards of The Fono Trust and Oceania Career Academy and the advisers who have done so much to make the year a success for the organisation. Finally, I thank my fellow Executive Team Members.

Faka'apa'apa atu



Fiugalu Tevita Filisonu'u Funaki
CEO The Fono Group



A CALENDAR OF PEOPLE'S STORIES

FUTURE PROOFING "BY PACIFIC – FOR PACIFIC" TO
"BY PACIFIC – FOR ALL KIWIS"



JULY 2022

"After three tough Covid years our 'winter necessities' Feleoko packs really made a difference to Pacific families in need. Through mid-winter we delivered over 500 packs."

Tima Hunt - Manager Social Services



JULY 2022

"Having Fonocare – the integrated model of care as our lifeforce through Covid meant as we began to emerge from the pandemic we could swiftly introduce services to best support community aspirations."

Fiugalū Tevita Funaki - CEO



AUGUST 2022

"The Fono has been on an incredible 30 year journey – this new centre is the next step in that journey. Enabling more support to more communities."

Sir Collin Tukuitonga - The inaugural Chair of The Fono - today a Pasifika health leader at the official opening of the Regional Office



AUGUST 2022

"Patients and staff really appreciate the fresh look at the practice. It gives everyone a lift."

Pauline Lolohea - Nurse at Blockhouse Bay Clinic on its upgrade



SEPTEMBER 2022

"Everyone enthusiastically participates in all the Pacific language weeks with greetings and food celebrating the heritage brought to The Fono from across the Pacific and the world."

Nephesh Leota-Leaupepe - CEO Office



SEPTEMBER 2022

"Working with The Fono's frontline team to map the patient and client journeys was an amazing experience for the DAN team. We are blown away every day by the amazing work The Fono does and are happy to be part of making the process easier"

Lelané Fourie - Service Design Director – Digital Arts Network on her work

OCTOBER 2022

MESSAGES

"As the country's top 'Super Vaxers' we were blessed to be vaccinating at The Fono's final Covid community vaccination event. We had in total 62 Covid vaccination community events since the September 2021."

Toakase Taufa and Pele Tautua - Community Nurses

OCTOBER 2022



"It was great to show the Deputy PM how we work so well with our communities, as the only Pacific tertiary provider. Backing teaching with student and family mentoring."

Latu Puloka - OCA Team Lead, Navigators on the visit of Carmel Sepuloni to OCA

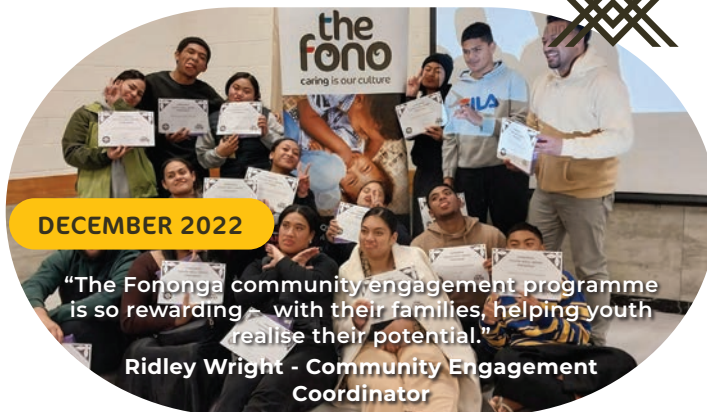
NOVEMBER 2022



"We welcomed our first hybrid into The Fono's fleet of 60. We will be over 30% EV by November 2023."

Hira Harema - Manager Quality

DECEMBER 2022



"The Fononga community engagement programme is so rewarding - with their families, helping youth realise their potential."

Ridley Wright - Community Engagement Coordinator

NOVEMBER 2022



"Working with Tongan Kava Groups has been very successful. We work with each group for 6-8 weeks providing support and resources and then they help us connect with others."

Lingi Pulesea - Team Leader - Smokefree

DECEMBER 2022



"We heard about a Tahitian cultural group - isolated with Covid, tour cancelled and needing support. We put together a package to get them through the tough time and back home."

Nonu TuiSamoà - Group Manager, Development



A CALENDAR OF PEOPLE'S STORIES

FUTURE PROOFING "BY PACIFIC – FOR PACIFIC" TO "BY PACIFIC – FOR ALL KIWIS"



"Volunteering to pack food parcels for families in need with The Fono during the Auckland floods was more than just giving the essentials and nourishment. It served as a lifeline, reassuring them that they were not alone in their struggle."

Kina Tatafu - Risk Consultant - Deloitte / Volunteer at The Fono



JANUARY 2023



"Increasing the ability of the Manurewa facilities to accommodate the growing service teams based here and be ready for the next health or environmental emergency."
Dr Natasha Bansal - Assoc. Clinical Director / Doctor on the upgrade



FEBRUARY 2023

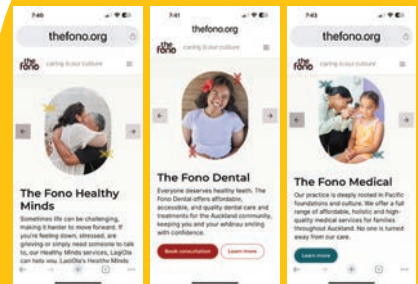


"First the flooding - then Cyclone Gabrielle - right across The Fono we speedily moved into action again in the community. With Churches and Community Leaders, we were able to connect and support those affected almost immediately."

Janet Masoe - Hundal - Manager - Public Health



FEBRUARY 2023



"We set out to redefine access to information and contact points for every service provided by The Fono's integrated model of care. Friendly, easy to use."

Frank Koloi - Manager, Marketing & Comms on the new website

“Being able to work alongside The Fono team at their Feleoko Food-Hub to support our community after the Auckland floods and cyclone was such a humbling and rewarding experience for our team.”

Sekope Kepu - Team Captain,
Moana Pasifika





A CALENDAR OF PEOPLE'S STORIES

FUTURE PROOFING "BY PACIFIC – FOR PACIFIC" TO "BY PACIFIC – FOR ALL KIWIS"



MARCH 2023

"Great opportunity for the Oceania Career Academy to connect with prospective students and parents and for The Fono to talk about health and wellbeing careers."

Fe'ofa'aki Kioa - Navigator Coordinator OCA at Polyfest



APRIL 2023



"Moving to a cramped temporary location while the Great North Rd premises were rebuilt brought the team together."

Priscilla Lutui - Practice Coordinator Henderson on the move to Edsel St



MAY 2023



"Fale Talanoa celebrated our first year in a purpose set up contact centre – welcoming aboard more Pacific language team members."

Leanne Laki - Senior Fonocare Service Agent



MAY 2022



"Being awarded the Kahau Taurima (Well Child) service perfectly complements our other services in the child and parent areas – Family Start, Healthy Babies-Healthy Futures and our practice and outreach medical services."

Sally Dalhousie - Chief Operations Officer

APRIL 2023



"It was exciting seeing the plans for Henderson setting out what can be achieved with good design for a purpose-built facility to handle day to day efficiently as well as unexpected emergencies."

Sandra Valaau - Manager Practices

JUNE 2023

MESSAGES



Health & Wellbeing Students testing on-line study

“Launching two new programmes with a health and well-being context as Pacific oriented steps orientated into careers for young people fulfilled a long held ambition for all of us at OCA and The Fono.”

Debra Robertson-Welsh - Academic Director, OCA



JUNE 2023



“Every Quarter our Whanau Ora team supports over 200 families to achieve their aspirations through assistance in the core domains such as education, financial capability, health and community connection.”

Europa Kupu - Manager Whanau Ora



JULY 2023



“Multiple proprietary patient/client systems mean The Fono has limited clarity on the overlap of services used by our population. This is an obstacle to planning holistic care and the analysis of individual and family needs. The Care-Connect-Wellbeing Project aims to fix this.”

Anthony Tu’itahi - Chief Development Officer



JULY 2023



Enuā Ola celebrated 13 years with an event highlighting the 1,080 participants in the Outrigger Health Challenge across 35 different groups. We help empower all Pasifika to value physical, mental and spiritual well-being.”

Chrystelle Sopoaga - Enuā Ola Coordinator



A CALENDAR OF PEOPLE'S STORIES

FUTURE PROOFING "BY PACIFIC – FOR PACIFIC" TO "BY PACIFIC – FOR ALL KIWIS"

AUGUST 2023



"I was so humbled to be given the opportunity to join in blessing the new city clinic. I feel proud as a Pacific Islander that The Fono has a clinic in the heart of the business district - such a blessing on those that are ill and troubled. Malo."

Father Soane Vahe - Tongan Catholic Chaplaincy

SEPTEMBER 2023



"As kaumatua at The Fono, it was with pride I introduced, along with the Ngati Whatua kaumatua, a Māori dimension to the blessing of the completely rebuilt Henderson 'place of healing' – Te Wāhi Whakaora."

John Paterson - Board Member (The Fono & OCA)



AUGUST 2023



In August the Board spent time evaluating our strategic direction to ensure, as it faces a future dominated by outside economic and other factors, it has a sharp focus on its strengths and ability to generate change.”

Salote Lavemai Likiafu - Board Member, Treasurer



SEPTEMBER 2023



“It was tremendous to have Olga Rukosueva-Lottermoser return to The Fono after further study and qualifying as our OHT. Like me she sought additional qualifications and came back.”

Dr Patrick Soon - Senior Dentist



OCTOBER 2023



“Our modern clinic has been upgraded with more space, new equipment, improved services. In the case of any emerging outbreak, we are well equipped to safely cater for our patients. There is a positive morale amongst our staff and patients happy in our new space.”

Dr Malia Funaki - Clinical Director / GP




OCTOBER 2023

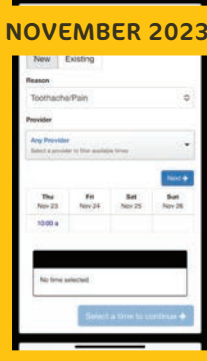


“The Special General Meeting approved amendments to the Constitution to confirm The Fono is ‘by Pacific – for Pacific’ and recognises all communities where we provide services. This will future proof leadership and governance.”

Nacarieli Yalimaiwai - Chair of The Fono Trust



NOVEMBER 2023



“Online dental bookings began in October and are proving a big success with 71% being new patients to The Fono.”

Gill Wilson - Manager - Dental

NOVEMBER 2023

“The strains Covid put on our systems’ ability to support our increased operations meant new arrangements for ERP system were priorities in the last year. Both superior payroll and comprehensive financial management systems are now up and running.”

Jennifer Tupou - CFO / Director Corporate Services



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Pacific Health & Wellb...

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or visit: Careers at www.thefono



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



Matua Pita Pou leads the procession with everyone touching the left walls to clear negative energy and to instill warmth of people into the fabric of the building

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Fono Group Trust
411 Great North Road
PO Box 21021, Henderson

TABLE OF CONTENTS

Trust Directory and Operations Profile	22
Consolidated Statements of Comprehensive Revenue and Expenses for the year ended 30 June 2023	23
Consolidated Statement of Changes in Equity for the year ended 30 June 2023	24
Consolidated Statement of Financial Position for the year ended 30 June 2023	25
Consolidated Statement of Cash Flow for the year ended 30 June 2023	27
Accounting Policies and Notes to the Financial Statements	29
Statement of Service Performance for the year ended 30 June 2023	44
Independent Auditor's Report	49

FINANCIAL STATEMENTS

TRUST DIRECTORY AND OPERATIONS PROFILE

PRINCIPAL ACTIVITY

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30/06/2008

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CHARITIES COMMISSION REGISTRATION

CC 53923

THE FONO GROUP TRUST

CONSOLIDATED STATEMENTS OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Group \$	2022 Group \$
Revenue from exchange transactions			
Operating revenue	5	22,282,102	21,115,441
Interest income		197,374	7,101
Rental income		20,067	24,876
Sundry income		307,231	251,013
		22,806,774	21,398,431
Revenue from non-exchange transactions			
Operating grants		1,283,561	177,929
Covid Relief grant		7,192,092	15,642,379
Donations		7,610	300,316
		8,483,263	16,120,623
Total Revenue		31,290,037	37,519,054
Expenses			
Operating expenses		12,269,437	16,258,139
Depreciation	6	815,014	758,578
Amortisation	7	12,648	29,560
Staff expenses	8	14,860,169	16,996,378
Finance costs		4,870	24,576
Operating lease	9	1,002,481	780,247
Audit fees		54,876	59,920
Trustee fees		153,770	119,837
Total Expenses		29,173,265	35,027,236
Surplus/(Deficit)		2,116,773	2,491,818
Total comprehensive revenue and expense for the year		2,116,773	2,491,818

These financial statements should be read in conjunction with the attached notes and audit report.

THE FONO GROUP TRUST

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Group \$	2022 Group \$
Balance at 1 July 2022		11,371,325	8,879,507
Surplus/(deficit) for the year		2,116,773	2,491,818
Total comprehensive revenue and expenses for the year		2,116,773	2,491,818
Balance at 30 June 2023		13,488,098	11,371,325

These financial statements should be read in conjunction with the attached notes and audit report.

THE FONO GROUP TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Group \$	2022 Group \$
Current Assets			
Cash & cash equivalents	10	5,524,116	14,578,028
Trade & other receivables	11	3,358,014	4,304,767
Inventories	12	747,091	521,711
Short-term investments	13	9,000,000	-
Total Current Assets		18,629,221	19,404,505
Non-Current Assets			
Properties, plant and equipment	6	10,777,621	7,013,947
Investments		12,000	12,000
Intangible assets	7	5,352	20,360
Total Non-Current Assets		10,794,973	7,046,307
Total Assets		29,424,194	26,450,812
Current Liabilities			
Trade and other payables	14	2,356,530	1,828,095
Income received in advance	15	12,359,922	10,930,294
Employee benefits	16	1,219,645	1,639,725
Borrowings	17	-	63,635
Total Current Liabilities		15,936,096	14,461,749
Non-Current Liabilities			
Borrowings	17	-	617,737
Total Non-Current Liabilities		-	617,737
Total Liabilities		15,936,096	15,079,486
Total Net Assets		13,488,098	11,371,325
Equity			
Accumulated Surplus/ Deficit		13,488,098	11,371,325
Total Equity		13,488,098	11,371,325

These financial statements should be read in conjunction with the attached notes and audit report.

THE FONO GROUP TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2023

These Financial Statements have been approved by the Board of Directors.



Trust Board Chairperson

Date: 16 November 2023



Trustee

Date: 16 November 2023

These financial statements should be read in conjunction with the attached notes and audit report.

THE FONO GROUP TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	2023 Group \$	2022 Group \$
Cash flows from operating activities		
Proceeds from:		
Operating revenue	24,658,482	26,416,570
Donations and grants	8,483,263	16,120,623
Interest received	123,671	7,101
Rent income	20,067	24,876
Sundry income	307,231	251,013
Payments to:		
Suppliers	13,177,509	17,082,435
Employees	15,280,249	16,489,427
Interest expense	4,870	24,576
Net cash flows from operating activities	5,130,086	9,223,745
Cash flows from investing activities		
Proceeds from:		
Interest received from term deposits	73,703	-
Payments for:		
Purchase of Property, Plant and Equipment	(4,576,328)	(996,708)
Investing in short term investments	(9,000,000)	-
Net cash flow used in investing activities	(13,502,625)	(996,708)

These financial statements should be read in conjunction with the attached notes and audit report.

THE FONO GROUP TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	2023 Group \$	2022 Group \$
Payments for:		
Repayment of loan principal	(681,372)	(63,636)
Net cash flow from financing activities	(681,372)	(63,636)
Net increase/(decrease)in cash and equivalents	(9,053,911)	8,163,400
Cash and cash equivalents at the beginning of year	14,578,027	6,414,627
Cash and cash equivalents at the end of the year	5,524,116	14,578,027

These financial statements should be read in conjunction with the attached notes and audit report.

THE FONO GROUP TRUST

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

1 Reporting Entity

The Fono Group Trust is a charitable organisation, based in Auckland, incorporated under the Charitable Trusts Act 1957, and registered under the Charities Act 2005.

The primary activity of the Trust is the provision of accessible health care services to those in need.

The Trust and its subsidiaries have been established to carry on activities for the exclusive benefit of charitable purposes within New Zealand.

These consolidated financial statements comprise the trust and its subsidiaries (together referred to as the 'Group').

2 Basis of preparation

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") as required by the Charities Act 2005. They comply with the Public Benefit Entity Accounting Standards ("PBE 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, the Trust is a public benefit not-for-profit entity and is applying Tier 1 Not-For-Profit PBE Standards as it has expenditure of more than \$30 million in the previous reporting periods.

The financial statements are for the year ended 30 June 2023. They were authorised for issue by the board of trustees on 8 December 2023.

2.2 Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for net identifiable assets in a business combination, which are measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$), which is the Trust and Group's functional currency, rounded to the nearest dollar. There has been no change in the functional currency of the Group or any significant foreign operations of the Group during the year.

3 Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the consolidated financial statements include the following:

- Determining the fair values of assets and liabilities acquired with subsidiary companies.

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that could have a significant impact on the financial statements are the depreciation and amortisation rates applied to the Trust's assets.

New and amended IFRS standards that are effective for the current year

Standards and amendments issued that are effective and have been adopted are:

PBE IPSAS 41 Financial Instruments

The Group has adopted PBE IPSAS 41, which supersedes PBE IPSAS29 Financial Instruments: Recognition and Measurement. The main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets held at amortised cost, based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023.

This new standard introduces high-level requirements for Tier 1 and Tier 2 PBEs relating to service performance information.

All Not-for-profit (NFP) PBEs, and those Public Sector (PS) PBEs which are legally required to provide service performance information, must provide the following information:

- The reason for the entity's existence, what the entity aims to achieve over the medium to long term (in broad terms), and how it will go about achieving this; and
- What the entity has done in order to achieve its broader aims and objectives, as stated above.

The Group's statement of service performance can be found on pages 44 - 48.

4 Significant accounting policies

The accounting policies used in the preparation of these financial statements are set out below and have been applied consistently by the Group.

4.1 Basis of consolidation

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group controls an entity when it has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

4.1.1 Subsidiaries

The consolidated financial statements include the Trust's subsidiaries:

- Fono Nesian Services Limited,
- Pasifika Horizon Limited Partnership, and
- Oceania Career Academy Limited.

The companies are incorporated under the Companies Act 1993 and the partnership under the Limited Partnerships Act 2008. All the entities are a wholly owned subsidiaries of the Trust with 30 June balance dates.

The Trust, as the parent entity, consolidates these subsidiaries because it has the capacity to control the financing and operating policies of the entities so as to obtain benefits from their activities. Limited Partnerships Act 2008. All the entities are a wholly owned subsidiaries of the Trust with 30 June balance dates.

The Trust, as the parent entity, consolidates these subsidiaries because it has the capacity to control the financing and operating policies of the entities so as to obtain benefits from their activities.

4.2 Business combinations

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of

the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes fair value of any asset or liability arising from a contingent consideration arrangement. Any acquisition costs are expensed in the surplus or deficit as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in the reported surplus or deficit.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquirer's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of the identifiable net assets exceed the sum calculated above, the excess amount (i.e., gain on a bargain purchase) is recognised in the reported surplus or deficit immediately.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is re-measured to a fair value at the acquisition date through the reported surplus or deficit.

4.3 Income Tax

Due to its charitable status, the entity is exempt from income tax.

4.4 Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST except for receivables and payables that are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

4.5 Revenue Recognition

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Group and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Group's revenue streams must also be met before revenue is recognised.

i. Revenue from exchange transactions

Rendering of services

The Group provides accessible medical and dental services to those in need, vocational training, community social services and health education services. These are paid for by a combination of patient fees and taxpayer funded grants.

Revenue from services rendered is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date. Each contact with a client is regarded as a separate service, completed on the day of contact.

Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Rental income

Rental income is recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Interest

Interest income is recognised using the effective interest method.

ii. Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives benefits (i.e., cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

Except for donated services, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

Benefits from non-exchange transactions that are recognised as assets are recognised as revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

GRANTS AND DONATIONS

The recognition of non-exchange revenue from grants and donations depends on the nature of any conditions attached to the benefits received, and whether this creates a liability (i.e., present obligation) rather than the recognition of revenue.

Where conditions require the Group to return the cash or other benefits received if they are not utilised in the way stipulated, the benefits are initially recognised as a liability and subsequently recognised as non-exchange revenue as and when the conditions are satisfied.

Conditions that are 'restrictions' do not specifically require the Group to return the benefits received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a liability. The non-exchange revenue is recognised immediately.

4.6 Employee benefits

i. Short-term employee benefits

Wages, salaries and annual leave liabilities are recognised when the Group has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

ii. Long-term employee benefits

Long-service leave, and cumulative sick leave obligations are recognised when the Group has a legal or constructive obligation to remunerate employees for services provided beyond 12 months of reporting date. Long-term employee benefit obligations are measured using the projected unit credit method, with any actuarial gains or losses recognised in surplus or deficit.

iii. Defined contribution plans (Kiwi saver)

Defined contribution plans are post-employment benefit plans under which an employer pays fixed contributions into a separate entity (the plan) and will have no legal or constructive obligation to pay further amounts. Obligations for employer contributions to Kiwi saver plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees.

4.7 Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the group.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in surplus or deficit as a reduction of operating lease expense over the lease term.

4.8 Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in surplus or deficit in the year of the write-down.

4.9 Financial instruments

The Group initially recognises financial instruments when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the contractual rights to receive cash flows from the asset expire or are waived, or it sells the asset or otherwise transfers substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial instruments are initially measured at fair value plus directly attributable transaction costs. The Group subsequently classifies its financial assets into the following measurement categories:

- Those to be measured subsequently at fair value either through other comprehensive revenue and expenses (FVOCI) or through surplus and deficit (none held during the period), and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies financial liabilities into the following categories: fair value through surplus or deficit (none held during the period), and amortised cost.

i. Measured at fair value through other comprehensive revenue and expense

Financial assets measured at fair value through other comprehensive revenue and expenses include investments in Westcare and Procare.

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive revenue and expense and in the investment revaluation reserve. The cumulative gain or loss is not reclassified to surplus or deficit on disposal of the equity investments, instead, it is transferred to retained earnings.

ii. Measured at amortised cost

Financial assets carried at amortised cost include cash and cash equivalents, trade debtors and other receivables.

TRADE DEBTORS AND OTHER RECEIVABLES

Trade debtors and other receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). This allowance is calculated based on lifetime ECL.

Expected credit loss

The Group applies the simplified ECL approach, in measuring ECLs, receivables have been grouped, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been

grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

iii. Financial liabilities

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Transition to PBE IPSAS 41 Financial Instruments

The Group has adopted PBE IPSAS 41 and as a result:

The classification, of financial assets has changed: cash and cash equivalents has changed from loans and receivables to measured at amortised cost, equity investments have changed from available for sale to fair value through other comprehensive revenue and expense (FVOCI). The carrying amounts for financial assets have not changed between the closing 30 June 2022 and the opening 1 July 2022 as a result of the transition to PBE IPSAS 41.

4.10 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour;
- Costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, 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 (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

ii. Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, are depreciated separately. Depreciation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

The straight-line method depreciation rates are:

Land and buildings	0-12%
Leasehold improvements	16.67%
Plant and equipment	17.5-20%
Fixtures and fittings	10-25%
Office and Computer equipment	40-50%
Motor vehicles	20-36%

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

iii. Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Any impairment losses are recognised in surplus or deficit.

4.11 Intangible Assets

i. Recognition and measurement

Intangible assets are initially measured at cost, except for goodwill, which is measured in accordance with business combination accounting – refer Note 4.2.

All of the Group's intangible assets are subsequently measured in accordance with the cost model, being cost less accumulated amortisation and impairment, except for goodwill, which is not amortised and instead tested for impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

ii. Amortisation

Amortisation of software is recognised in surplus or deficit on a diminishing value basis over its estimated useful life.

The straight-line amortisation rate is: 60% (2022: 25%- 60%)

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

4.12 Borrowing Policy

All borrowing costs are expensed in the period they are incurred.

4.13 Changes in Accounting Policies

There have been no changes to the accounting policies during the financial year.

5 Operating Revenue

	2023	2022
	Group	Group
	\$	\$
Medical Services	7,018,960	6,221,470
Dental Services	1,181,751	972,827
Community Services	7,565,733	6,481,893
Mental Health	2,023,474	1,896,907
Vocational Training	1,264,709	2,471,105
Whanau Ora	3,227,475	3,071,239
Total Operating Revenue	22,282,102	21,115,441

The increase in operating revenue from prior year is mainly driven by contract income related to increases in operational activities and development projects, this has equivalent associated costs.

6 Property, Plant and Equipment

	Land and buildings	WIP	Leasehold Improvement	Plant & Equipment	Fixtures and fittings	Office & Computers	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance as at 1 July 2022	5,531,587	-	723,599	1,092,790	340,734	1,169,130	1,523,021	10,380,860
Additions	389,316	2,804,682	726,153	429,389	11,011	205,001	75,214	4,640,767
Disposals	-	-	-	68,721	78,980	190,713	18,032	356,446
Balance as at 30 June 2023	5,920,903	2,804,682	1,449,752	1,453,458	272,765	1,183,418	1,580,203	14,665,179

Accumulated depreciation and impairment losses

	Land and buildings	WIP	Leasehold Improvement	Plant & Equipment	Fixtures and fittings	Office & Computers	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance as at 1 July 2022	440,229	-	422,779	543,865	211,846	666,865	1,081,327	3,366,911
Depreciation	89,201	-	86,508	169,866	32,665	271,583	165,191	815,014
Disposals	-	-	-	63,386	71,885	159,097	-	294,368
Balance as at 30 June 2023	529,430	-	509,287	650,345	172,626	779,351	1,246,518	3,887,557

Carrying amounts

	Land and buildings	WIP	Leasehold Improvement	Plant & Equipment	Fixtures and fittings	Office & Computers	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
As at 30 June 2022	5,091,358	-	300,820	548,925	128,888	502,264	441,694	7,013,949
As at 30 June 2023	5,391,473	2,804,682	940,465	803,113	100,139	404,067	333,685	10,777,621

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

6 Property, Plant and Equipment (cont.)

Market values

The trustees have obtained market valuations of its land and buildings as at 30 June 2022. The valuations were prepared by R. M. Ganley, Registered Valuer, of Eyles McGough Limited.

Land	7,710,000
Buildings	1,740,000
Total	9,450,000

Work in progress

Building assets in the course of construction total \$2,804,682 (2022: \$0). No other classes have assets in the course of construction.

Security held over items of property plant and equipment

At reporting date land and buildings with a carrying amount of \$2,668,588 (2022: \$1,937,185), are subject to first mortgages to secure bank overdraft facility and unlimited guarantee of existing lease agreement for 92 Ascot Road, Airport (refer to Note 9).

7 Intangible Assets

	Software \$	Total \$
Cost		
Balance as at 1 July 2022	292,084	292,084
Additions	0	0
Disposals	182,044	182,044
Balance as at 30 June 2023	110,040	110,040
Accumulated amortization and impairment losses		
Balance as at 1 July 2022	271,724	271,724
Amortisation	12,648	12,648
Disposals	179,684	179,684
Balance as at 30 June 2023	104,688	104,688
Carrying amounts		
As at 30 June 2022	20,360	20,360
As at 30 June 2023	5,352	5,352

8 Staff Expenses

	2023 Group \$	2022 Group \$
Wages and Salaries	14,586,373	16,490,170
Kiwi saver contributions	476,761	451,715
Increase/ (decrease) in employee entitlements	(202,966)	54,493
Total Staff Expenses	14,860,169	16,996,378

9 Operating Leases

The Group lease several buildings under operating leases.

The details of the main property leases are as follows:

1. Ground Floor, 33 Wyndham Street, Auckland. This lease has final expiry 31st March 2031 if renewal exercised.
2. Second Floor, 33 Wyndham Street, Auckland. This lease has final expiry 31st March 2031 if renewal exercised.
3. Subsidiary Oceania Career Academy limited leases 92 Ascot Road, Airport. This Lease commenced 1st March 2021. This lease expires 28th February 2029.
4. Level 2, 6 Alderman Drive, Henderson. This Lease expires 31st January 2030.
5. 117 Carbine Road, Mt Wellington. This lease has final expiry 30 April 2034 if renewal exercised.
6. The future non-cancellable minimum lease payments at reporting date are detailed in the table below:

	2023 Group \$	2022 Group \$
Within one year	967,300	1,012,994
Between two and five years	3,725,942	3,802,718
Greater than five years	1,895,251	918,420
Total non-cancellable operating lease payments	6,588,494	5,734,132

10 Cash & cash equivalents

	2023 Group \$	2022 Group \$
Cash at bank and on hand	4,815,447	8,145,521
Term deposits with maturities of three months or less	565,794	6,238,360
Whanau Ora account	142,875	194,147
Total cash and cash equivalents	5,524,116	14,578,028

11 Trade and other receivables

	2022 Group \$	2021 Group \$
Receivables from non-exchange transactions	1,320,890	2,294,089
Receivables from exchange transactions	1,934,021	1,850,160
Allowance for expected credit losses	-	-
Total trade receivables	3,254,911	4,144,249
Other receivables	103,103	160,518
Total trade and other receivables	3,358,014	4,304,767

12 Inventories

	2023 Group \$	2022 Group \$
Raw materials	68,045	38,146
Work in progress	598,046	321,565
Finished goods	81,000	162,000
Total inventories	747,091	521,711

The amount of inventories recognised as an expense during the year was \$182,303 (2022: \$0).

The write-down of inventories held for distribution amounted to \$0 (2022: \$0). There have been no reversals of write-downs.

13 Investments

	2023 Group \$	2022 Group \$
Westpac term deposits > 3 months	9,000,000	0
Total Short-term Investments	9,000,000	0

14 Trade & Other Payables

	2023 Group \$	2022 Group \$
Trade creditors	1,527,305	1,620,085
Sundry accruals	829,225	208,010
Total trade & other payables	2,356,530	1,828,095

15 Income Received in Advance

	2023 Group \$	2022 Group \$
Income in advance	7,113,994	4,399,255
Grant revenue	4,731,933	6,324,361
Dental receipts	326,293	0
Whanau Ora Families fund	187,702	206,678
	12,359,922	10,930,294

Grant revenue relates to grants, donations, legacies, and bequests received to which there are stipulated conditions are attached. Revenue in relation to this balance is recognised as each stipulated condition is satisfied. The Whanau Ora Families fund is cash held for assisting needy families.

16 Employee Benefits

	2023 Group \$	2022 Group \$
Long service leave	50,699	106,682
Sick pay	157,484	304,468
Holiday pay & accruals	1,011,461	1,228,577
Total current portion	1,219,645	1,639,726
Total Employee benefits	1,219,645	1,639,726

17 Borrowings

	2023 Group \$	2022 Group \$
Current portion	-	63,635
Non-current portion	-	617,737
Total Borrowings	-	681,372

2022:

Loan 1	\$617,372	5.75% - fixed until 4/6/2026	First mortgage over land and buildings at 7 and 9 Halver Road, Manurewa.
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18 Related Party Transactions

Key management personnel remuneration

The Group classifies its key management personnel into two classes:

- Members of the board of trustees and board of directors.
- Senior management team, responsible for reporting to the trustees via the chief executive officer.

Trustees /Directors are paid an annual fee as well as an honorarium for each meeting attended during the period.

Members of the senior management team are engaged as employees of the Group, on normal employment terms.

The aggregate level of remuneration paid, including Kiwi saver contributions at 3%, and number of persons (measured in 'people' for members of the board of trustees, and 'full-time equivalents' (FTEs) for the senior management team) in each class of key management personnel is presented below:

	2023 Group \$		2022 Group \$	
	Remuneration	FTE	Remuneration	FTE
Trustees/directors	140,803	18	121,323	14
Senior management team	1,866,481	7	1,705,012	6
Total key management personnel remuneration	2,007,284	25	1,826,335	20

Related parties transactions

The Fono is a not-for-profit entity with a wide range of transactions involving government agencies and other entities. All transactions are conducted on terms and conditions no more or less favourable than those which it is reasonable to expect the Fono would have adopted if dealing with that entity or service providers at arm's length in the same circumstances. Whenever there may be actual or perceived conflict of interest, alternative management persons, usually with consultant advice, assume decision-making to ensure clarity. This process applied to the transactions below.

KMP	Relationship	Related party	Type	2023	2022
				Group \$	Group \$
Trustees	Community leader or member	Community organisations	Purchase of community engagement ethnic specific services	10,094	6,739
CEO	Board director	Moana Pasifika Limited	Purchase of community partnership services for Pacific youth health education and training	111,826	-
CEO	Trustee	Family Action	Purchase of rental space	600	
CFO	Non-executive director	JKCA	Purchase of specialist systems implementation & PMS billing data cleansing	57,295	3,400
CEO & COO	Non-executive director	Pro Care	Purchase of specialist clinical and support services	96,751	-

Some close family members of key management personnel were patients (Medical and Dental) of The Fono.

Intra-group Transactions

The Trusts has received advances from and (made advances to) its subsidiaries. These eliminate on consolidations.

	2023 Group \$	2022 Group \$
Fono Nesian Services Ltd	739,000	(4,330,000)
Pasifika Horizon Partnership	258,067	258,067
Oceania Career Academy Ltd	900,100	900,100
Total Borrowings	1,897,167	(3,171,833)

19 Reconciliation of surplus/ deficit with net cash flows from operating activities

	2023	2022
	Group	Group
	\$	\$
Net Surplus /(Deficit)	2,116,773	2,491,818
Add back: Depreciation and amortisation	827,662	788,138
Less: Interest income	(73,703)	-
Net movement in Working Capital	2,870,731	3,279,956
(Increase) decrease in trade receivables	889,338	(2,326,128)
(Increase) decrease in other receivables	57,415	529,694
(Increase) decrease in inventories	(225,380)	(521,711)
Increase (decrease) in trade payables	528,435	506,951
Increase (decrease) in income in advance	1,429,628	506,951
Increase (decrease) in employee benefits	(420,080)	506,951
Cash flow from operating activities	5,130,086	9,223,745

20 Categories of financial assets and liabilities

	2023	2022
	\$	\$
Financial assets measured at amortised cost		
Cash and cash equivalents	5,524,116	14,578,028
Trade and other receivables	3,358,014	4,304,766
Short-term investments	9,000,000	-
Financial assets measured at fair value through other comprehensive income		
Investments	12,000	12,000
	17,894,130	18,894,794
Financial liabilities measured at amortised cost		
Trade and other payables	2,356,530	1,828,095
Borrowings	-	681,372
	2,356,530	2,509,467

21 Financial instrument risk

The Group is exposed to various risks in the course of its business, they are:

i. Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to fair value interest rate risk is limited to its short-term deposits which are held at fixed rates of interest. The Group does not actively manage its exposure to fair value interest rate risk.

ii. Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and abnormal circumstances, without incurring significant losses.

iii. Credit risk

Credit risk is the risk of failure of a debtor or counterparty to honour its contractual obligations resulting in financial loss to the Group. The Group incurs credit loss on its trade debtors and other receivables and amounts on deposit. All cash and short-term investments are held at reputable banks with high quality external credit risk ratings [AA-] hence the risk is considered negligible. Credit exposure on trade debtors and other receivables is not materially concentrated in any one counterparty.

The Trust's risk management policy is to ensure they can continue to adhere to their objectives in the long term in providing comprehensive, quality primary healthcare to enhance the health and wellbeing of Pacific individuals, families and communities within New Zealand.

The Trust does not actively engage in trading of financial assets for speculative purposes.

There were no material changes in the trust's risk exposure and risk management objectives and policies during the reporting period.

The Group is impacted mainly by credit risk and liquidity risk in relation to financial instruments with maximum exposure to credit risk which is limited to the carrying amount of financial assets recognised at the reporting date as follows:

	2023 \$	2022 \$
Classes of financial assets		
Carrying amounts		
Cash and cash equivalents	5,524,116	14,578,028
Receivables from non-exchange transactions	1,320,890	2,294,089
Receivables from exchange transactions	1,934,021	1,850,160
Short-term Investments	9,000,000	0
	17,779,027	18,722,277

No receivables from exchange or non-exchange transactions are required to be impaired. The trustees have assessed that none of the above financial assets are impaired for each of the reporting periods under review and are of good credit quality. The carrying amounts disclosed above are the trust's maximum possible credit risk exposure in relation to these instruments.

The trust's policy is to deal only with creditworthy counterparts. No collateral is held by the trust in respect of its exposure to credit risk.

Liquidity Risk Analysis

Liquidity risk is the risk that the trust might not be able to meet its obligations. The trust manages its liquidity needs by monitoring forecast cash inflow and outflows due in day-to-day operations. The data used for analysis these cash flows is consistent with those used in the contractual maturity analysis below. Liquidity needs are monitored on a monthly basis projected for the next 3 years.

The trust's objective is to maintain sufficient cash and marketable securities to meet its liquidity requirements for 3 months at a minimum. This objective was met for the reporting period.

The trust considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources, receivables and short-term deposits.

The trust's existing cash resources (including short-term deposits) significantly exceed the current cash flow requirements.

22 Contingent Liabilities

There are no contingent liabilities at 30 June 2023 (2022: \$0).

23 Events after the balance date

The trustees are not aware of any events subsequent to the balance date and prior to adopting these statements that require disclosure.

STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2023

This Statement of Service Performance is prepared for The Fono Trust ("The Group") for the year ended 30 June 2023. This statement was authorised by the Board of Trustees on the 16 November, 2023.

The Statement of Service Performance has been prepared in accordance with Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period and complies with New Zealand generally accepted accounting practice (NZ GAAP).

WHO WE ARE AND WHY WE EXIST?

The Group is a charitable trust dedicated to providing a comprehensive and coordinated wellbeing model of care for Pasifika and high needs people across Auckland and into Northland, from 9 locations.

The integrated services (branded "FonoCare") include Primary Health, Mental Health, Dental, Public Health, Social Services, Whanau Ora and Vocational Training.



OUR PURPOSE

We are built on a culture of caring. This is expressed in the improvements we want to see in the lives of our people, and also in our approach on the ground to ensure that everyone we work with feels respected and supported.

This culture of caring is combined with the drive to be a force for equity. The core outcomes are reducing inequalities in outcomes for Pasifika and providing enhanced access to comprehensive wellbeing services and advice. Our services are delivered with a cultural awareness of the special identities within our Pacific communities to empower them with knowledge and resources to take greater control.

VISION

Well, safe, vibrant and informed communities.

MISSION

To improve equity and wellbeing for the people and communities we serve.

WHO WE SUPPORT

The Group has many stakeholders which include:

- Communities, families and individuals we support through our services.
- Our funding providers
- Our Board of Trustees and employees.

THE FONO GROUP TRUST

Our support services take various forms and include:

- Our FonoCare model as outlined in section 1 of this Annual Report,
- An inclusive and diverse workplace,
- Opportunities to collaborate with Partners to achieve our shared goals (as jointly agreed to support specific communities' interests) through the development and implementation of support programs,
- Timely and transparent reporting to stakeholders on the use of our funds and the impact the contribution to wellbeing achieved for our service users.

HOW WE GENERATE INCOME

We operate with funding provided by Central Government, Local Council, philanthropic grants and through patient user fee charges.

KEY JUDGEMENTS

In developing the statement of service performance information for the period ending 30 June 2023, The Group's management have made key judgements regarding the information to be presented.

THE KEY JUDGEMENTS INCLUDE:

- An evaluation of what information is most appropriate and meaningful to users and stakeholders when assessing performance against the Group's purpose and objectives.
- Providing an appropriate balance between providing comprehensive information on the Group's service performance and avoiding information overload. Ensuring the report is concise and focused.
- Consistent presentation and disclosure of performance information, to facilitate meaningful comparisons over time. Allowing users to evaluate changes and trends in service performance effectively.

To enhance transparency, disclosure of relevant assumptions, estimates and limitations have been included within the report.

The service performance information should be read in conjunction with our Strategic Plan 2023 – 2026, and our activity reports in the Annual Report.

OUR OBJECTIVES AND HOW WE MEASURE THEM

We use four strategic pillars to guide our actions and achieve our vision (our 'objectives'). They provide a clear framework for evaluating our service performance and tracking against our goals.

1. Become the preferred provider for the Pacific.

Continuous quality improvement ensures recognition as the leading performer delivering wellbeing and educational services to informed individuals, families and communities.

Performance measure	2023	2022	Commentary
Number of enrolled general practice patients	14,637	15,467	
Number of enrolled general practice Pacific patients	7,656	8,129	
Number of medical consultations by General Practitioners and Registered Nurses	46,593	57,383	Growth across our services was impacted in 2023 by the operation moving back to its core service delivery model post-Covid 19 and challenges with recruitment experienced within the health sector.
Number of dental patients seen	6,690	5,438	Total revenue by service can be found in note 5 of the financial statements.
Number of LagiOla (mental health/ wellbeing) consultations.	4,860	4,331	
Number of service locations operating in New Zealand	9	9	
Percentage of medical patients satisfied with the quality of the treatment/ care received	63%	68%	<p>Assessing the satisfaction of the patients helps the Group identify whether the expectations of patients have been met and areas requiring improvement.</p> <p>A patient satisfaction survey is carried out quarterly across the four medical practice clinics. 354 patients (2022: 264 patients) completed the survey. Each survey produces an overall satisfaction score. The reported satisfaction score is determined by calculating the average score across the clinics.</p> <p>The unavailability of appointments in 2023 has had an impact on patient satisfaction this year. Initiatives are underway to make services more readily available.</p>

2. Increase influence and impact.

Driving sustainable change to the wellbeing of communities through effective health promotion, education and other actions.

Performance measure	2023	2022	Commentary
Number of research projects that the Group has substantially* contributed to.	3	1	Active involvement in contributing to research shows the Group's commitment to sharing knowledge insights and expertise.
Number of incorporated community groups with which the Group has specific partnerships through its community outreach work	48	31	Working with incorporated community groups allows the Group to leverage their existing influence to reach a wider audience and implement more effective health promotion. Government and funding agencies/organisations have been excluded from this measure.
Education and Training Qualification Completion rates**	67%	66%	Course completion rates of Oceania Care measures the Group's commitment to education and skill development, and sustainable change through education.
Number of seats held by the Executive Leadership Team on government boards and committees.	18	19	The Group's Executive Leadership Team sit on a combined total of 18 government boards/committees, NGOs and community funding organisations. This demonstrates the Group's participation and contribution to the creation of Government policies that directly impact Pasifika communities.
Number of community outreach health preventative care events.	1,221	1,196	The community outreach preventive care events include breast and bowel screening, health checks and preventative education. This demonstrates the Group's efforts in promoting effective health and wellbeing and bRoad community engagement.

* Means the research could not occur without The Fono providing access, resources, expertise and facilities

** In this period courses covered were related to building and construction (Certificate in Construction Trades Skills, Foundation Skills in Carpentry and Fabrication)

3. Become the preferred provider for funders and stakeholders.

The Group wants to embed a culture of innovation – steering nimble and dynamic operations. With delivery attracting and retaining users and funders for long term sustainability.

Performance measure	2023	2022	Commentary
Number of development projects which have been funded out of development funding.	21	7	<p>The Group is committed to innovation and considers that digital transformation will improve the patient experience. Digital transformation will provide access to personalised care, including online appointment booking, patient portals for accessing health records, telehealth and accessible patient pathways to the provision of FonoCare.</p> <p>The main development projects carried out in 2023 included the implementation of a new payroll system, the development of the online enrolment system, and an evaluation of operational services, documentation and financial controls.</p> <p>In 2022 the main development projects included: preliminary investigations into the risk assessment, governance health and safety briefing and training and Board and management professional development.</p>
Number of NZQA approved programmes and programme changes	5	2	Innovation comes from The Group having a unique stake in Pasifika tertiary education across the health and wellbeing sector and also in construction trades. We develop programmes that specifically aim at teaching in ways that reach through to Pacific youth.

4. People, people, people

Ensuring that our people are happy, passionate, high performing professionals committed to delivering the very best value in care knowledge and education to our communities.

Performance measure	2023	2022	Commentary
Funds applied to staff development and training	\$210,915	\$31,593	The number of staff participating in further education reflects the Group's and employee's commitment to growth and growth opportunities.
Number training or study programs equivalent to New Zealand Qualification Accreditation standards completed by staff	30	16	Funds applied to staff development and training form part of operating expenditure in the Statement of Comprehensive Revenue and Expense.
Percentage of staff that are happy in their role	68%	Not Applicable	<p>The Group is committed to ensuring that their employees are fulfilled in their role. Assessing the satisfaction of employees helps the Group further understand its employees, identify whether their expectations have been met and any areas requiring improvement.</p> <p>A total of 173 employees were sent the survey. There were 139 respondents, giving a response rate of 80%. The satisfaction rating is based on responses between 1 – 10 to the overall agreement with the following statement: 'I am happy in my role'. The group considers a response over 5 as satisfied.</p> <p>Due to Covid 19 pandemic priorities there was no survey conducted in the prior year.</p>



INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Fono Group Trust

Opinion

We have audited the consolidated financial statements of The Fono Group Trust and its subsidiaries (the Group) which comprise the consolidated entity information, the consolidated statement of service performance, the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the consolidated statement of service performance are suitable;
- b) the consolidated performance report presents fairly, in all material respects:
 - the entity information for the year ended 30 June 2023;
 - the consolidated service performance for the year then ended; and
 - the consolidated financial position of the Group as at 30 June 2023, and its consolidated financial performance, and cash flows for the year then ended in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated 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 entity information and consolidated statement of service performance in accordance with New Zealand Auditing Standard (NZ AS1) 'The Audit of Service Performance Information (NZ)'. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Performance Report section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 'International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, The Fono Group Trust or any of its subsidiaries.

Restriction on Responsibility

This report is made solely to the 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 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 the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibility for the Consolidated Financial Statements

The Trustees are responsible on behalf of the group for the preparation and fair presentation of the consolidated financial statements in accordance with Tier 1 PBE, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/.

Other Matter - Corresponding Figures in Service Performance Reporting

This is the first year that Service Performance Information has been reported in the financial statements of The Fono Group Trust. The Service Performance Information includes corresponding figures for the prior year. These corresponding figures are unaudited.

Forbes

Forbes Audit and Accounting Limited
Auckland
20 November 2023



OCEANIA
CAREER
ACADEMY

92

the fono

caring is our culture

