



NEW ZEALAND AIDS FOUNDATION  
Te Tūāpapa Mate Āraikore o Aotearoa

# Audited Financial Statements

## 01 July 2011 – 30 June 2012

# **NEW ZEALAND AIDS FOUNDATION**

## **FINANCIAL STATEMENTS**

**For the Year ended 30 June 2012**

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**NEW ZEALAND AIDS FOUNDATION**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**For the Year Ended 30 June 2012**

	<i>Note</i>	<b>2012</b> \$	<b>2011</b> \$
<b>Income</b>			
Ministry of Health Income		4,227,590	4,112,376
Grants		36,294	50,203
Secretariat of the Pacific Community		140,111	165,108
Fundraising		90,165	89,858
Donations/Bequests		74,530	179,108
Pharmac		54,277	36,860
Membership		457	788
Consultancy		5,674	7,745
Interest		26,015	17,643
<b>Total Income</b>		<b>4,655,113</b>	<b>4,659,689</b>
<b>Expenses</b>			
Office Resourcing		442,621	520,936
Board Expenses		54,113	48,889
Communication, Media & Events		123,490	119,821
Depreciation	3	98,009	145,605
Health Promotion		927,638	1,027,386
International Programme - Health Promotion		34,017	52,754
Health Services		114,335	205,944
Research, Analysis & Information		22,027	75,588
Personnel		2,393,686	2,564,846
National Support Services		185,723	101,025
Travel		112,515	134,565
<b>Total Expenses</b>		<b>4,508,174</b>	<b>4,997,359</b>
<b>Net surplus / (deficit) for the year</b>		<b>146,939</b>	<b>(337,670)</b>

The accompanying notes form an integral part of this financial statement.

**NEW ZEALAND AIDS FOUNDATION**  
**STATEMENT OF MOVEMENTS IN TOTAL FUNDS**  
**For the year ended 30 June 2012**

	<i>Note</i>	<b>2012</b> \$	2011 \$
Total Funds at start of year		<b>1,519,286</b>	1,930,556
Net surplus / (deficit) for the year		146,939	(337,670)
Transferred (to) / from Research Reserve for the year	2	-	(61,600)
Transferred (to) / from Building Reserve for the year	2	(4,500)	(12,000)
Total recognised revenue and expense		<b>142,439</b>	(411,270)
<b>Total Funds at end of year</b>		<b>1,661,725</b>	1,519,286

The accompanying notes form an integral part of this financial statement.

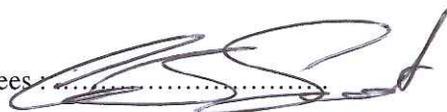
# NEW ZEALAND AIDS FOUNDATION

## STATEMENT OF FINANCIAL POSITION

As At 30 June 2012

	Note	2012 \$	2011 \$
<b>FUNDS</b>			
Accumulated Funds		1,661,725	1,519,286
Building Reserve	2	16,500	12,000
Research Reserve	2	61,600	61,600
<b>TOTAL FUNDS</b>		<b>1,739,825</b>	<b>1,592,886</b>
Represented By:			
<b>CURRENT ASSETS</b>			
Accounts Receivable		50,366	460,721
ANZ Bank Accounts		76,185	-
Kiwibank Bank Accounts		-	619,708
Other Assets		25,985	53,996
Tax Receivable		43,459	-
		<b>195,995</b>	<b>1,134,425</b>
<b>LESS : CURRENT LIABILITIES</b>			
Accounts Payable		181,286	301,981
Other Creditors and Accruals	6	325,781	430,881
ANZ Bank Loan	7	300,000	-
Kiwibank Term Loan - Current Portion	7	-	58,666
		<b>807,067</b>	<b>791,528</b>
<b>WORKING CAPITAL</b>		<b>(611,072)</b>	<b>342,897</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	3	2,350,897	2,407,339
<b>LESS : NON-CURRENT LIABILITIES</b>			
Kiwibank Term Loan - Non-current Portion	7	-	1,157,350
<b>NET ASSETS</b>		<b>1,739,825</b>	<b>1,592,886</b>

These financial statements have been approved for issue by the Board of Trustees on 21/09/2012.

Trustees: 

Trustees: 

Date: 21/9/2012

Date: 21/9/2012

The accompanying notes form an integral part of this financial statement.

**NEW ZEALAND AIDS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 June 2012**

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**1. STATEMENT OF ACCOUNTING POLICIES**

**A. General Accounting Policies**

The financial statements of New Zealand AIDS Foundation (“the Foundation”) have been prepared in accordance with the Charitable Trusts Act 1957, the Charities Act 2005, the Foundation's Trust Deed and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with approved Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs). The financial statements have been prepared on the historical cost basis. The reporting currency is New Zealand dollars.

**Differential Reporting**

The Foundation has elected to apply differential reporting exemptions allowed under the Framework of Differential Reporting. The Foundation is eligible on the basis that it is not publicly accountable and it is not large. All applicable available differential reporting exemptions have been applied, except for FRS 19 Accounting for Goods and Services Tax with which the Foundation has complied fully.

The Foundation has only partially complied with SSAP23 Financial Reporting for Segments and is therefore deemed to have taken advantage of the differential reporting exemption for this standard since full compliance has not been met and is not required. Limited segment information is included to assist users with understanding the financial information.

**B. Going Concern**

The going concern assumption depends on the continuation of funding from Government sources. The Foundation has renewed a three year contract with the Ministry of Health, which provides for funding through to 30 June 2014. The funding is subject to the Foundation meeting certain conditions. Whilst the trustees are confident in the Foundation's ability to continue as a going concern, if the Government were to discontinue funding, there would be a significant uncertainty as to whether the Foundation would be able to continue as a going concern and therefore whether it would be able to pay its debts as and when they become due and payable. If the Foundation were unable to continue in operational existence, and pay debts as and when they become due and payable, adjustments may have to be made to reflect the situation that assets may need to be realised and liabilities extinguished, other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the Statement of Financial Position. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Foundation be unable to continue as a going concern.

**C. Particular Accounting Policies**

The following particular accounting policies have been adopted in the preparation of these financial statements:

**Cash and Cash Equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand.

**Accounts Receivable**

Receivables are stated at expected realisable value.

**NEW ZEALAND AIDS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 June 2012**

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**Property, Plant & Equipment & Depreciation**

Property, Plant & Equipment is recorded on the historical cost basis. Depreciation is charged on a diminishing value basis so as to write off the cost of the assets to their estimated residual value over their expected economic lives. The rates used are as follows:

Office Furniture	11 - 60% DV
Office Equipment	10 - 60% DV
Clinic Equipment	12 - 33% DV
Leasehold Alterations	3 - 48% DV

**Operating Leases**

Operating lease rentals are recognised evenly over the expected period of benefit to the Foundation.

**Ministry of Health**

Contract grants are recognised in the Statement of Financial Performance after the Foundation has complied with all primary conditions attached to them.

**Special Funds**

Grants, bequests and donations received for specific purposes are transferred to special funds. These funds are reduced by the amount of any relevant expenditure.

**Accounts Payable**

Trade payables and other payables represent liabilities for goods and services provided to the Foundation prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days.

**Deferred / Unearned Income**

Bequests, grants and donations are taken to income when received. Grants that are subject to conditions are recognized as revenue as the conditions are fulfilled. Surpluses at the end of a year are carried over into the funds account.

**Goods and Services Tax (GST)**

The Foundation is registered for GST and all items are shown exclusive of this tax with the exception of accounts receivable and payable.

**Changes in Accounting Policies**

There have been no changes in accounting policies during the year under review.

**2. SPECIAL FUNDS AND RESERVES**

Description	Balance 30/06/11 \$	Receipts \$	Payments \$	Balance 30/06/12 \$
2.1 Research Reserve	61,600	-	-	61,600
2.2 Building Reserve	12,000	16,500	12,000	16,500

The Research Reserve represents a bequest received specifically for AIDS research purposes. No research has been funded from the bequest during the year.

The Building Reserve represents reserves provided for future major building repairs and alterations expected.

**NEW ZEALAND AIDS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 June 2012**

**3. PROPERTY, PLANT & EQUIPMENT**

	<b>Cost</b>	<b>Depreciation</b>	<b>Accum Deprec</b>	<b>Book Value</b>
	\$	\$	\$	\$
<b>As at 30 June 2012</b>				
Office Equipment	547,063	65,801	466,953	80,110
Clinic Equipment	4,761	-	4,761	-
Office Furniture	106,603	5,107	74,766	31,837
Land	1,525,327	-	-	1,525,327
Building	841,129	25,532	141,462	699,667
Leasehold Alterations	19,331	1,569	5,375	13,956
	<u>3,044,214</u>	<u>98,009</u>	<u>693,317</u>	<u>2,350,897</u>
<b>As at 30 June 2011</b>				
Office Equipment	525,627	109,871	401,152	124,475
Clinic Equipment	4,761	239	4,761	-
Office Furniture	101,997	6,949	69,659	32,338
Land	1,525,327	-	-	1,525,327
Building	841,129	26,859	115,930	725,199
Leasehold Alterations	3,806	1,686	3,806	-
	<u>3,002,647</u>	<u>145,605</u>	<u>595,308</u>	<u>2,407,339</u>

The land and building at 31-35 Hargreaves Street, Ponsonby, Auckland is encumbered by a first ranking mortgage as security for a tailored loan facility from ANZ Bank in the amount of \$1,285,000 and a commercial credit card facility of \$40,000.

**4. NATURE OF OPERATIONS**

The purpose of the Foundation is to prevent the transmission of HIV and to support people affected by HIV and AIDS to maximise their health and wellbeing.

**5. SEGMENTAL REPORTING**

The Foundation operates in one segment and exists to work with individuals and communities to prevent the transmission of HIV, and to support and educate people affected by HIV and AIDS to maximise their health and wellbeing. The majority of the Foundation's activities are carried on in New Zealand; however the Foundation also operates through its International Development Programme in the Pacific region.

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	\$	\$	\$
<b>Income</b>			
Secretariat of the Pacific Community	140,111	165,108	120,784
<b>Less : Expenses</b>			
International Programme	(139,507)	(172,571)	(118,598)
<b>Net Surplus / (Deficit)</b>	<u>604</u>	<u>(7,463)</u>	<u>2,186</u>

**NEW ZEALAND AIDS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 June 2012**

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**6. OTHER CREDITORS AND ACCRUALS**

	2012	2011
	\$	\$
GST Payable	-	52,717
Holiday Pay Accrual	71,399	106,100
Other Accruals	67,382	65,918
Prepaid Income	187,000	206,146
	<u>325,781</u>	<u>430,881</u>

**7. TAILORED LOAN FACILITY**

The tailored loan facility from ANZ Bank is secured by a first ranking mortgage executed by the Foundation over the property at 31-35 Hargreaves Street, Ponsonby, Auckland. The loan facility of \$1,285,000 terminates on 30 November 2016. The current balance of \$300,000 (2011:\$nil) attracts interest at a variable rate of 4.73% per year.

The term loan from Kiwibank was secured by a first ranking mortgage executed by the Foundation over the property at 31-35 Hargreaves Street, Ponsonby, Auckland. The term loan was repaid during the Foundation's 2012 financial year. The current portion payable is \$ nil (2011: \$58,666) and the non-current portion payable is nil (2011: \$1,157,350)

**8. STATEMENT OF FINANCIAL PERFORMANCE INCLUDES THE FOLLOWING:**

	2012	2011
	\$	\$
Depreciation Expense	98,009	145,605
Loss from Disposed Assets	-	-
Rental and Leasing Changes	84,773	79,427

**9. RELATED PARTIES**

In November 2011 the Foundation's election was held. Christian Ogbah was elected and Andrew Sweet was re-elected. In February 2012 Stephen Rainbow was appointed to the Board, Vaughan Meneses was co-opted as a non-voting member on to the Board for a year and Paul Bohmer was re-appointed Deputy Chair. Alastair Cameron resigned as Chairman in April 2012. In May 2012 Andrew Sweet was appointed as Chairman.

**10. LEASE COMMITMENTS**

The Foundation has the following lease commitments for premises, photocopiers and telephones:

	2012	2011
	\$	\$
Within one year	110,450	78,762
Between one and five years	212,786	219,366
	<u>323,236</u>	<u>298,128</u>

**NEW ZEALAND AIDS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 June 2012**

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**11. AUDITOR'S REMUNERATION**

Fees paid to the auditors:

	2012	2011
	\$	\$
Audit	6,717	6,532
Accounting Technical Advice	1,280	1,100
	7,997	7,632

**12. GRANTS / BEQUEST RECEIVED**

Grants / Bequest received during the year and included in the statement of Financial Performance or Statement of Financial Position.

	2012
	\$
Betty Campbell Grant – Wellington City Council	5,000
Infinity Foundation Limited	4,000
Mangere – Otahuhu Local Board	5,557
NZ Lottery Grants Board	14,737
Pelorus Trust	2,000
The Southern Trust	10,000
Secretariat of the Pacific Community	102,911
	144,205

**13. TAXATION**

The Foundation is exempt from Income Tax as it was a registered as a charitable entity under the Charities Act 2005 on 28 March 2008. The registration number is CC22230.

**14. CAPITAL COMMITMENT**

Capital commitments as at 30 June 2012 are \$nil. (2011: \$Nil)

**15. SUBSEQUENT EVENTS**

There have been no subsequent events that require adjustments to or disclosure in the financial statements.

**INDEPENDENT AUDITOR'S REPORT**  
**To the Trustees of New Zealand AIDS Foundation**

**Report on the Financial Statements**

We have audited the attached financial statements of New Zealand AIDS Foundation on pages 2 to 9, which comprise the statement of financial position as at 30 June 2012, and the statement of financial performance and statement of changes in trust funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the trustees, as a body, in accordance with the Trust Deed. Our audit 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' Responsibilities for the Financial Statements**

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Other than in our capacity as auditors and the provision of limited accounting advice, we have no relationship with or interest in New Zealand AIDS Foundation.

**Basis for Qualified Opinion on Financial Performance**

In common with other organisations of a similar nature, control over the revenues from bequests and donations prior to these being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. In this respect alone, we have not obtained all the information and explanations that we have required.

**Opinion**

In our opinion, except for the possible effects of the matter prescribed in the Basis for Qualified Opinion paragraph, the financial statements on pages 2 to 9:

- comply with New Zealand generally accepted accounting practice, and
- give a fair view of the financial position of New Zealand AIDS Foundation as at 30 June 2012 and its financial performance for the year ended on that date.



**RSM PRINCE**  
Chartered Accountants, Auckland  
21 September 2012

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