



NEW ZEALAND AIDS FOUNDATION
Te Tūāpapa Mate Āraikore o Aotearoa

Audited Financial Statements
01 July 2007 – 30 June 2008



**AUDIT REPORT
TO THE TRUSTEES OF
NEW ZEALAND AIDS FOUNDATION**

We have audited the financial statements on pages 2 to 9. The financial statements provide information about the past financial performance of New Zealand Aids Foundation and its financial position as at 30 June 2008. This information is stated in accordance with the accounting policies set out on pages 5 to 6.

This report is provided solely for your exclusive use. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence.

Trustees' Responsibilities

The Trustees are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly reflect the financial position of New Zealand Aids Foundation as at 30 June 2008 and the results of operations for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Trustees.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the New Zealand Aids Foundation's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards except that our work was limited as explained below. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor and the provision of accounting advice, we have no relationship with or interests in New Zealand Aids Foundation.

Qualified Opinion

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.

In our opinion, except for adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning donations, the financial statements on pages 2 to 9 fairly reflect the results of operations for the year ended 30 June 2008.

In our opinion the financial statements on pages 2 to 9 fairly reflect the financial position of New Zealand Aids Foundation as at 30 June 2008.

Our audit was completed on 6 October 2008 and our qualified opinion is expressed as at that date.

Chartered Accountants
AUCKLAND, NEW ZEALAND

NEW ZEALAND AIDS FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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NEW ZEALAND AIDS FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$	2007 \$
Total Revenue	10	3,966,216 =====	4,159,484 =====
NET SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE		\$(633,695) =====	\$253,098 =====
After Charging:			
Audit Fee		10,950	6,750
Depreciation			
- Office Equipment		65,800	49,282
- Clinic Equipment		54	64
- Office Furniture		7,161	8,009
- Leasehold Alterations		10,557	11,501
Leasing Rental Charges		306,672	225,319
(Gain)/Loss on Disposal of Assets		36,012	-
After Crediting:			
Government Grants and Salary			
Refunds Received		3,685,866	3,764,115
Interest Received		84,331	124,901

The above should be read in conjunction with the accounting policies and notes to the financial statements on pages 5 - 9.

NEW ZEALAND AIDS FOUNDATION

STATEMENT OF MOVEMENTS IN TOTAL FUNDS

FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
Total Funds at start of year	2,263,895	2,010,797
Net surplus/(Deficit) for the year	(633,695)	253,098
Total recognised revenue and expense	(633,695)	253,098
Total Funds at end of year	\$1,630,200	\$2,263,895
	=====	=====

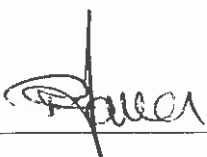
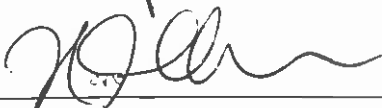
The above should be read in conjunction with the accounting policies and notes to the financial statements on pages 5 - 9.

NEW ZEALAND AIDS FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2008

	Notes	2008 \$	2007 \$
FUNDS			
Accumulated Funds		1,559,173	1,549,840
Special Funds	2	71,027	714,055
		-----	-----
TOTAL FUNDS		1,630,200	2,263,895
		=====	=====
 REPRESENTED BY:			
CURRENT ASSETS			
Accounts Receivable		388,259	422,464
National Office Bank Accounts		-	143,316
BNZ Auto Call Accounts		3,925	1,829,600
Kiwi Bank Accounts		461,195	-
		-----	-----
TOTAL CURRENT ASSETS		853,379	2,395,380
		-----	-----
LESS CURRENT LIABILITIES			
Accounts Payable & Accruals	6	328,412	299,272
Goods & Services Tax		28,240	35,896
Unearned Revenues		-	74,222
		-----	-----
TOTAL CURRENT LIABILITIES		356,652	409,390
		-----	-----
WORKING CAPITAL		496,727	1,985,990
		-----	-----
NON-CURRENT ASSETS			
Property, Plant & Equipment	3	1,133,473	277,905
		-----	-----
NET ASSETS		\$1,630,200	\$2,263,895
		=====	=====

	Trustee	<u>04-10-08</u>	Date
	Trustee	<u>04-10-08</u>	Date

The above should be read in conjunction with the accounting policies and notes to the financial statements on pages 5 - 9.

NEW ZEALAND AIDS FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. **STATEMENT OF ACCOUNTING POLICIES**

A. **GENERAL ACCOUNTING POLICIES**

The financial statements of New Zealand AIDS Foundation have been prepared in accordance with the Charitable Trusts Act 1957 and the Foundation's Trust Deed and Constitution of Members. The financial statements have been prepared on the historical cost basis. The reporting currency is New Zealand dollars.

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 2011. 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 balance sheet comprise cash at bank and in hand.

Accounts Receivable

Receivables are stated at expected realisable value.

Property, Plant & Equipment & Depreciation

Property, Plant & Equipment are 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 and donations received for specific purposes are transferred to special funds. These funds are reduced by the amount of any relevant expenditure.

NEW ZEALAND AIDS FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

(Continued)

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.

GST

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

Differential Reporting

The Foundation has elected to apply differential reporting exemptions. The Foundation is eligible on the basis that it is not publically accountable and it is not large due to total revenue being less than \$20M and total assets less than \$10M. On this basis the Foundation also qualifies for the exemption of adoption to NZ IFRS.

All available differential reporting exemptions have been applied except for:

FRS 19 Accounting for Goods and Service Tax

CHANGES IN ACCOUNTING POLICIES

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

NEW ZEALAND AIDS FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

(Continued)

2. **SPECIAL FUNDS**

Description	Balance 30/6/07	Transfers	Receipts	Payments	Balance 30/6/08
	\$	\$	\$	\$	\$
Capital Reserve	539,926	-	-	(539,926)	-
Research Fund & Salary	9,904	-	151,814	(160,845)	873
General Wellness Fund	164,225	-	-	(94,071)	70,154
	-----	-----	-----	-----	-----
	\$714,055	-	\$151,814	\$ (794,842)	\$71,027
	=====	=====	=====	=====	=====

Net Movement - Special Funds as above \$ 643,028 DR

The Special Funds represent reserves of money designated for special and local usage.

3. **PROPERTY, PLANT & EQUIPMENT**

	Cost	Accum Deprec	Book Value
	\$	\$	\$
As at 30 June 2008			
Office Equipment	553,724	410,627	143,097
Clinic Equipment	4,761	4,439	322
Office Furniture	97,638	49,210	48,428
Land & Building	745,641	-	745,641
Leasehold Alterations	230,549	34,564	195,985
	-----	-----	-----
	\$1,632,313	\$498,840	\$1,133,473
	=====	=====	=====
As at 30 June 2007			
Office Equipment	513,910	376,250	124,872
Clinic Equipment	4,761	4,384	377
Office Furniture	107,816	65,636	54,968
Leasehold Alterations	157,828	60,140	97,688
	-----	-----	-----
	\$784,315	\$506,410	\$277,905
	=====	=====	=====

NEW ZEALAND AIDS FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

(Continued)

4. **NATURE OF OPERATIONS**

The purpose of the NZ AIDS Foundation is to prevent the transmission of HIV and maximise the health of people with HIV/AIDS. The bulk of the funding is derived from Ministry of Health contracts with the remainder coming from donations, bequests and fund-raising activities.

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 with HIV and AIDS. All activities are carried on in New Zealand.

6. **ACCOUNTS PAYABLE AND ACCRUALS**

	2008	2007
	\$	\$
Sundry operating creditors	71,085	45,567
Holiday pay accrual	155,674	176,588
Other accruals	101,653	77,117
	-----	-----
	\$328,412	\$299,272
	=====	=====

7. **RELATED PARTIES**

As the outcome of the election on 24 November 2007 four new Trustees have been elected: Hamish Allardice, Peter Browne, Larry Jenkins and Peter Taylor. Moreover, the Trust Board elected Mark Henrikson as Chair and Paul Bohmer as Deputy Chair.

8. **LEASE COMMITMENTS**

The New Zealand AIDS Foundation has the following lease commitments for premises, motor vehicles, photocopiers, fax machine, telephones and computer systems:

	2008	2007
	\$	\$
Within one year	104,582	173,995
Between one and two years	82,723	115,805
Between two and five years	179,881	112,893
Greater than five years	118,752	-
	-----	-----
	\$485,938	\$402,693
	=====	=====

NEW ZEALAND AIDS FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

(Continued)

9. **CONTINGENT LIABILITY**

The New Zealand AIDS Foundation has a Letter of Credit in favour of BNZ credit cards of \$53,500 (2007: \$48,000) to cover their business Visa. They also have an overdraft limit of \$30,000 with Kiwibank.

There are no other contingent liabilities.

10. **TOTAL REVENUE**

	2008	2007
	\$	\$
Ministry of Health Contracts	3,685,866	3,764,115
Donations & Bequests	115,378	174,365
Interest Received	84,331	124,901
Other Revenue	80,641	96,103
	-----	-----
	\$3,966,216	\$4,159,484
	=====	=====

11. **SUBSEQUENT EVENTS**

The New Zealand AIDS Foundation has an undrawn loan facility with Kiwibank of \$1,360,000. The commercial loan has been drawn down on 1 July 2008 and was used to complete the purchase of the land and buildings of 31-35 Hargreaves Street, St Marys Bay, Auckland. The 15-year facility is secured through a first mortgage on the Hargreaves Street property.

The New Zealand AIDS Foundation has renewed a three year contract with the Ministry of Health, signed on 18 August 2008, which provides for funding from July 2008 to June 2011.

12. **CAPITAL COMMITMENTS**

The New Zealand AIDS Foundation entered into an agreement during the year to purchase the land and buildings of 31-35 Hargreaves Street, St Marys Bay, Auckland, from Heylen International Limited with a purchase price of \$2,100,000 on which a deposit of \$740,000 had been paid as at 30 June 2008. Therefore, there is a capital commitment of \$1,360,000 as at 30 June 2008 (2007: NIL).