



New Zealand AIDS Foundation

Te Tūāpapa Mate Āraikore o Aotearoa

Audited Financial Statements

01 July 2012 – 30 June 2013

NEW ZEALAND AIDS FOUNDATION

FINANCIAL STATEMENTS

For the Year ended 30 June 2013

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NEW ZEALAND AIDS FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended 30 June 2013

	<i>Note</i>	2013	2012
		\$	\$
Income			
Ministry of Health Income		4,228,484	4,227,590
Grants – Special Projects		81,026	36,294
Secretariat of the Pacific Community		275,376	140,111
Fundraising NZAF Events		141,917	90,165
Donations/Bequests		51,906	74,530
Pharmac		39,003	54,277
Membership		913	457
Consultancy / Other Income		2,729	5,674
Interest		21,816	26,015
Total Income		4,843,170	4,655,113
Expenses			
Office Resourcing		402,505	533,270
Board Expenses		32,603	54,113
Communication, Fundraising & Events		287,483	135,174
Depreciation	3	71,918	98,009
HIV Prevention		998,948	914,980
International Programme - Health Promotion		143,653	33,237
Health Services		219,076	110,588
Research, Analysis & Information		18,077	21,145
Personnel		2,303,261	2,393,686
National Support Services		153,633	101,457
Travel		145,719	112,515
Total Expenses		4,776,876	4,508,174
Net surplus for the year		66,294	146,939

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

NEW ZEALAND AIDS FOUNDATION

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	<i>Note</i>	2013 \$	2012 \$
Total Funds at start of year		1,661,725	1,519,286
Net surplus / (deficit) for the year		66,294	146,939
Transferred (to) / from Research Reserve for the year	2	(50,000)	-
Transferred (to) / from Building Reserve for the year	2	(10,000)	(4,500)
Total recognised revenue and expense		6,294	142,439
Total Funds at end of year		1,668,019	1,661,725

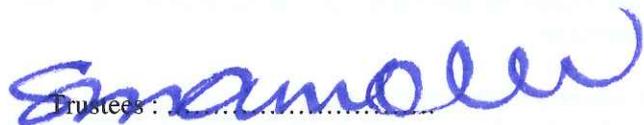
The accompanying notes form an integral part of this financial statement.

NEW ZEALAND AIDS FOUNDATION
STATEMENT OF FINANCIAL POSITION
As At 30 June 2013

	<i>Note</i>	2013 \$	2012 \$
FUNDS			
Accumulated Funds		1,668,019	1,661,725
Building Reserve	2	26,500	16,500
Research Reserve	2	111,600	61,600
TOTAL FUNDS		<u>1,806,119</u>	<u>1,739,825</u>
Represented By:			
CURRENT ASSETS			
Accounts Receivable		12,787	50,366
ANZ Bank Accounts		33,746	76,185
Other Assets		68,304	25,985
Tax Receivable		96,075	43,459
		<u>210,912</u>	<u>195,995</u>
LESS : CURRENT LIABILITIES			
Accounts Payable		393,631	181,286
Other Creditors and Accruals	6	317,619	325,781
ANZ Bank Loan	7	-	300,000
		<u>711,250</u>	<u>807,067</u>
WORKING CAPITAL		<u>(500,338)</u>	<u>(611,072)</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment	3	2,306,457	2,350,897
NET ASSETS		<u>1,806,119</u>	<u>1,739,825</u>

These financial statements have been approved for issue by the Board of Trustees on 13 September 2013.

Trustees : 

Trustees : 

Date : 12/9/13

13/9/2013

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 2013

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 2013

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:

Buildings	3 - 31.2% DV
Clinic Equipment	12 - 33% DV
Leasehold Alterations	3 - 48% DV
Office Equipment	10 - 60% DV
Office Furniture	11 - 60% DV

Operating Leases

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

Ministry of Health Income

Contract income is 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 30/06/12 \$	Receipts \$	Payments \$	Balance 30/06/13 \$
2.1 Research Reserve	61,600	50,000	-	111,600
2.2 Building Reserve	16,500	10,000	-	26,500

The Research Reserve represents a bequest of \$61,500 received specifically for AIDS research purposes and \$50,000 reserved for the new Auckland University Research Fellowship. 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 2013

3. PROPERTY, PLANT & EQUIPMENT

	Cost \$	Depreciation \$	Accum Deprec \$	Book Value \$
As at 30 June 2013				
Office Equipment	561,375	39,903	502,693	58,682
Clinic Equipment	4,761	-	4,761	-
Office Furniture	108,366	5,069	79,835	28,531
Land	1,525,327	-	-	1,525,327
Building	847,734	24,790	166,254	681,481
Leasehold Alterations	19,967	2,156	7,530	12,437
	<u>3,067,530</u>	<u>71,918</u>	<u>761,073</u>	<u>2,306,457</u>
As at 30 June 2012				
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>

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.

	2013 \$	2012 \$	2011 \$	2010 \$
Income				
Secretariat of the Pacific Community	275,376 *	140,111	165,108	120,784
Less : Expenses				
International Programme	(268,954)	(139,507)	(172,571)	(118,598)
Net Surplus / (Deficit)	<u>6,422</u>	<u>604</u>	<u>(7,463)</u>	<u>2,186</u>

* Excludes \$14,483 received not yet spent and included in Prepaid Income and \$39,700 already accrued as income in 2012.

NEW ZEALAND AIDS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

6. OTHER CREDITORS AND ACCRUALS

	2013	2012
	\$	\$
Holiday Pay Accrual	88,569	71,399
Other Accruals	82,686	67,382
Prepaid Income	146,364	187,000
	317,619	325,781

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 term loan balance was repaid during the Foundation's 2013 financial year. The current balance is \$nil (2012:\$300,000).

8. STATEMENT OF FINANCIAL PERFORMANCE INCLUDES THE FOLLOWING:

	2013	2012
	\$	\$
Depreciation Expense	71,918	98,009
Rental and Leasing Changes	86,303	84,773
Salaries	2,261,358	2,326,564

9. RELATED PARTIES

In November 2012, the Foundation's election was held. Simon Randall, David Friar and Massimo Giola were elected as new trustees. In February 2013, Andrew Sweet was re-elected as Chairman, Paul Bohmer was re-elected Deputy Chair, Vaughan Meneses was again co-opted as a non-voting member onto the Board and Virginia Cattell was re-appointed as non-voting Board Secretary, all for a 12-month term. Also in February 2013, Kathryn Leafe and Stephen Rainbow entered the second year of their two-year terms as appointed trustees.

There has been no other transactions between the Trustees and the Foundation other than an honorarium of \$1,000 (2012: \$1,000) paid to the chairman.

10. LEASE COMMITMENTS

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

	2013	2012
	\$	\$
Within one year	128,829	110,450
Between one and five years	139,819	212,786
	268,648	323,236

NEW ZEALAND AIDS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

11. AUDITOR'S REMUNERATION

Fees paid to the auditors:

	2013	2012
	\$	\$
Audit	7,977	6,717
Accounting Technical Advice	1,280	1,280
	9,257	7,997

12. GRANTS / BEQUEST RECEIVED

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

	2013	2012
	\$	\$
ANZ National Bank	2,500	5,000
ASB Community Trust	10,000	-
Auckland City Council	12,500	-
Betty Campbell Grant – Wellington City Council	5,000	5,000
Ernest Davis Hyam Estate	10,031	-
First Sovereign Trust Limited	2,784	-
Grassroots Trust Board of Trustees	2,000	-
Infinity Foundation Limited	-	4,000
Lion Foundation	5,000	-
Mangere – Otahuhu Local Board	-	5,557
Mangere East Family Service Centre	-	15,000
Mt. Albert / Mt. Eden Local Board - Auckland Council	-	2,500
Mt Wellington Foundation Limited	5,000	-
NZ Lottery Grants Board	31,521	14,737
Pelorus Trust	2,300	2,000
Pub Charity	5,000	-
Reckitt Benckiser (NZ) Limited	40,000	40,000
Sargood Bequest Trust	2,000	-
Sky City Auckland Community Trust	8,640	-
Studio 23	2,500	-
The John Mitchell McLachlan Trust	5,000	-
The Southern Trust	10,000	10,000
The Trust Community Foundation	5,000	-
Thomas George Macarthy Trust	6,700	-
Waitemata Local Board - Auckland Council	-	2,500
Secretariat of the Pacific Community	318,559	102,911
	492,035	209,205

NEW ZEALAND AIDS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

13. TAXATION

The Foundation is exempt from Income Tax as it was 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 2013 are \$nil. (2012: \$Nil)

15. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2012: Nil). The Foundation has not granted any securities in respect of liabilities payable by any other party whatsoever.

16. 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 10, which comprise the statement of financial position as at 30 June 2013, 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 10:

- 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 2013 and its financial performance for the year ended on that date.



RSM PRINCE
Chartered Accountants, Auckland
13 September 2013