



New Zealand AIDS Foundation
Te Tūāpapa Mate Āraikore o Aotearoa

Audited Financial Statements

for the year ended 30 June 2014

NEW ZEALAND AIDS FOUNDATION

FINANCIAL STATEMENTS

For the Year ended 30 June 2014

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NEW ZEALAND AIDS FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended 30 June 2014

	<i>Note</i>	2014 \$	2013 \$
Income			
Ministry of Health Income		4,208,484	4,228,484
Grants – Special Projects		39,601	81,026
Secretariat of the Pacific Community		14,483	275,376
Fundraising NZAF Events		137,305	141,917
Donations/Bequests		17,014	51,906
Pharmac		45,401	39,003
Membership		500	913
Consultancy / Other Income		9,750	2,729
Interest		21,605	21,816
Total Income		4,494,143	4,843,170
Expenses			
Office Resourcing		339,896	402,505
Board Expenses		40,110	32,603
Communication, Fundraising & Events		254,486	287,483
Depreciation	3	63,737	71,918
HIV Prevention		1,006,330	998,948
International Programme - Health Promotion		-	143,653
Health Services		138,638	219,076
Research, Analysis & Information		69,779	18,077
Personnel		2,237,437	2,303,261
National Support Services		56,385	153,633
Travel		138,558	145,719
Total Expenses		4,345,356	4,776,876
Net surplus for the year		148,787	66,294

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 2014

	<i>Note</i>	2014 \$	2013 \$
Accumulated Funds			
Total Accumulated Funds at start of year		1,668,019	1,661,725
Net surplus / (deficit) for the year		148,787	66,294
Transferred (to) / from Research Reserve for the year	2	(12,000)	(50,000)
Transferred (to) / from Building Reserve for the year	2	(100,000)	(10,000)
Total recognised revenue and expense		<u>36,787</u>	<u>6,294</u>
Total Accumulated Funds at end of year		<u>1,704,806</u>	<u>1,668,019</u>
Building Reserve			
Total Building Reserve at start of year		26,500	16,500
Transferred from Accumulated Funds for the year		100,000	10,000
Payments for the year		-	-
Total Building Reserve at end of year	2	<u>126,500</u>	<u>26,500</u>
Research Reserve			
Total Research Reserve at start of year		111,600	61,600
Transferred from Accumulated Funds for the year		50,000	50,000
Payments for the year		(38,000)	-
Total Research Reserve at end of year	2	<u>123,600</u>	<u>111,600</u>
Total Funds at end of year		<u>1,954,906</u>	<u>1,806,119</u>

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

NEW ZEALAND AIDS FOUNDATION

STATEMENT OF FINANCIAL POSITION

As At 30 June 2014

	Note	2014 \$	2013 \$
FUNDS			
Accumulated Funds		1,704,806	1,668,019
Building Reserve	2	126,500	26,500
Research Reserve	2	123,600	111,600
TOTAL FUNDS		1,954,906	1,806,119
 Represented By:			
CURRENT ASSETS			
Accounts Receivable		-	12,787
ANZ Bank Accounts		50,582	33,746
Other Assets		76,446	68,304
Tax Receivable		52,802	96,075
		179,830	210,912
 LESS : CURRENT LIABILITIES			
Accounts Payable		183,388	393,631
Other Creditors and Accruals	6	233,813	317,619
ANZ Bank Loan	7	100,000	-
		517,201	711,250
 WORKING CAPITAL		(337,371)	(500,338)
 NON-CURRENT ASSETS			
Property, Plant & Equipment	3	2,292,277	2,306,457
 NET ASSETS		1,954,906	1,806,119

These financial statements have been approved by the board finance committee and will be approved for issue by the Board of Trustees on 27 September 2014.

Trustee : 
Simon Randall
 Chairperson
 Date : 17/9/2014

Trustee : 
 Date : 17/9/2014

NEW ZEALAND AIDS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

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 2017. 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 2014

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 recognised separately within Trust funds.

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 recognised as revenue as the conditions are fulfilled. Surpluses at the end of a year are carried over into the reserve accounts.

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 30/06/13 \$	Receipts \$	Payments \$	Balance 30/06/14 \$
2.1 Research Reserve	111,600	50,000	(38,000)	123,600
2.2 Building Reserve	26,500	100,000	-	126,500

The opening balance in the Research Reserve represents \$50,000 from the NZAF for the Auckland University Research Fellowship ("Fellowship") and a bequest of \$61,600, received specifically for AIDS research purposes. Funding of \$38,000 for the first year of the Fellowship came from the bequest and during the 2014 year the NZAF transferred a further \$50,000 to the Research Reserve for the Fellowship.

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 2014

3. PROPERTY, PLANT & EQUIPMENT

	Cost \$	Depreciation \$	Accum Deprec \$	Book Value \$
As at 30 June 2014				
Office Equipment	398,507	30,659	344,828	53,679
Clinic Equipment	4,761	-	4,761	-
Office Furniture	110,354	4,461	84,296	26,058
Land	1,525,327	-	-	1,525,327
Building	869,646	26,797	193,050	676,596
Leasehold Alterations	19,967	1,820	9,350	10,617
	<u>2,928,562</u>	<u>63,737</u>	<u>636,285</u>	<u>2,292,277</u>
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>

The land and building at 31-35 Hargreaves Street, St Marys Bay, 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 previously also operated through its International Development Programme in the Pacific region.

	2014 \$	2013 \$	2012 \$	2011 \$
Income				
Secretariat of the Pacific Community	14,483 *	275,376	140,111	165,108
Less : Expenses				
International Programme	(14,483)	(268,954)	(139,507)	(172,571)
Net Surplus / (Deficit)	<u>-</u>	<u>6,422</u>	<u>604</u>	<u>(7,463)</u>

* Consist of \$14,483 received in 2013 and only spent in 2014.

NEW ZEALAND AIDS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

6. OTHER CREDITORS AND ACCRUALS

	2014	2013
	\$	\$
Holiday Pay Accrual	76,189	88,569
Long Service Leave	5,598	-
Other Accruals	74,854	82,686
Prepaid Income	77,172	146,364
	233,813	317,619

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, St Marys Bay, Auckland. The loan facility of \$1,285,000 terminates on 30 November 2016. The Foundation draws down on the facility as required and repays it in full twice a year when it receives its' main funding. The current balance is \$ 100,000 (2013:\$ nil).

8. STATEMENT OF FINANCIAL PERFORMANCE INCLUDES THE FOLLOWING:

	2014	2013
	\$	\$
Depreciation Expense	63,737	71,918
Rental and Leasing Changes	71,621	86,303
Salaries and other remuneration	2,170,866	2,261,358

9. RELATED PARTIES

The Foundation's election was held on 23 November 2013 and Andrew Sweet was re-elected as a trustee and Paul Bohmer retired. On 8 February 2014, Simon Randall was elected as Chairman, Andrew Sweet was elected Deputy Chair, Vaughan Meneses was appointed as a trustee for two years, Kathryn Leafe was reappointed as a trustee for 12 months, Stephen Rainbow retired and Virginia Cattell was re-appointed as non-voting Board Secretary. On 28 March 2014, Tim Melville was appointed as a trustee for two years and Michael Moore was co-opted as a non-voting member of the Trust Board for 12 months.

There has been no other transactions between the Trustees and the Foundation other than an honorarium of \$1,000 (2013: \$1,000) paid to the chairman.

10. LEASE COMMITMENTS

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

	2014	2013
	\$	\$
Within one year	160,928	128,829
Between one and five years	214,066	139,819
	374,994	268,648

NEW ZEALAND AIDS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

11. AUDITOR'S REMUNERATION

Fees paid to the auditors:

	2014	2013
	\$	\$
Audit	7,579	7,977
Accounting Technical Advice	1,100	1,280
	8,679	9,257

12. GRANTS / BEQUEST / SPONSORSHIPS RECEIVED

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

	2014	2013
	\$	\$
ANZ National Bank	-	2,500
ASB Community Trust	-	10,000
Auckland City Council	-	12,500
Auckland City Council Otara Papatoetoe Local Board	1,300	-
AUT	4,500	-
Best Beverage Co.	1,000	-
Betty Campbell Grant – Wellington City Council	5,000	5,000
Ernest Davis Hyam Estate	-	10,031
First Sovereign Trust Limited	-	2,784
Four Winds Foundation	1,000	-
Grassroots Trust Board of Trustees	8,687	2,000
Infinity Foundation Limited	4,944	-
Lion Foundation	4,600	5,000
Mt Wellington Foundation Limited	-	5,000
North & South Trust	4,943	-
NZ Lottery Grants Board	-	31,521
Pub Charity	5,000	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 Canterbury Community Trust	2,500	-
The John Mitchell McLachlan Trust	-	5,000
The Pegasus Sports Foundation Limited	1,520	-
The Southern Trust	-	10,000
The Trust Community Foundation	-	5,000
Thomas George Macarthy Trust	-	6,700
Secretariat of the Pacific Community	-	318,559
US Embassy	1,500	-
Wireless Nation	3,000	-
	89,494	489,735

NEW ZEALAND AIDS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2014

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 2014 are \$nil. (2013: \$Nil)

15. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2013: 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 2014, and the statement of financial performance and statement of changes in equity 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 2014 and its financial performance for the year ended on that date.



RSM Prince
Chartered Accountants

Emphasis of Matter – Going Concern

The financial statements have been prepared on a going concern basis, which assume that the Foundation will continue in operational existence in the foreseeable future. The Foundation is dependent on the continuation of funding from government sources and although the Foundation has renewed a three year contract with the Ministry of Health, which provides funding through to 30 June 2017. This funding is subject to the Foundation meeting certain conditions. Failure to meet these conditions may result in the government discontinuing funding. The Trustees are confident in the Foundation's ability to meet its obligations under government contracts. On this basis, the Trustees consider it appropriate to prepare the financial statements on a going concern basis. Without secure funding and continued compliance with government contracts, the going concern assumption may be invalid. The financial statements do not include any adjustments that would result if the going concern basis of preparation became no longer appropriate.

RSM PRINCE

Chartered Accountants, Auckland
17 September 2014