



New Zealand AIDS Foundation
Te Tūāpapa Mate Āraikore o Aotearoa

Audited Financial Statements

for the year ended 30 June 2015

NEW ZEALAND AIDS FOUNDATION

FINANCIAL STATEMENTS

For the Year ended 30 June 2015

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NEW ZEALAND AIDS FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended 30 June 2015

	<i>Note</i>	2015 \$	2014 \$
Income			
Ministry of Health Income		4,215,436	4,208,484
Grants – Special Projects		90,143	39,601
Secretariat of the Pacific Community		-	14,483
Fundraising NZAF Events		185,699	137,305
Donations/Bequests		34,944	17,014
Pharmac		45,614	45,401
Membership		-	500
Consultancy / Other Income		17,045	9,750
Interest		19,316	21,605
Total Income		4,608,197	4,494,143
Expenses			
Office Resourcing		434,190	339,896
Board Expenses		37,936	40,110
Communication, Fundraising & Events		363,692	254,486
Depreciation	4	70,377	63,737
HIV Prevention		1,001,089	1,006,330
Health Services		231,731	138,638
Research, Analysis & Information		64,484	69,779
Personnel		2,348,449	2,237,437
National Support Services		79,195	56,385
Travel		148,952	138,558
Total Expenses		4,780,095	4,345,356
Net surplus for the year		(171,898)	148,787

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 2015

	<i>Note</i>	2015 \$	2014 \$
Accumulated Funds			
Total Accumulated Funds at start of year		1,704,806	1,668,019
Net surplus / (deficit) for the year		(171,898)	148,787
Transferred (to) / from Research Reserve for the year	2	49,680	(12,000)
Transferred (to) / from Building Reserve for the year	2	126,500	(100,000)
Total recognised revenue and expense		4,282	36,787
Total Accumulated Funds at end of year		1,709,088	1,704,806
Building Reserve			
Total Building Reserve at start of year		126,500	26,500
Transferred from Accumulated Funds for the year		-	100,000
Payments for the year		(126,500)	-
Total Building Reserve at end of year	2	-	126,500
Research Reserve			
Total Research Reserve at start of year		123,600	111,600
Transferred from Accumulated Funds for the year		320	50,000
Payments for the year		(50,000)	(38,000)
Total Research Reserve at end of year	2	73,920	123,600
Total Funds at end of year		1,783,008	1,954,906

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

NEW ZEALAND AIDS FOUNDATION
STATEMENT OF FINANCIAL POSITION

As At 30 June 2015

	<i>Note</i>	2015 \$	2014 \$
FUNDS			
Accumulated Funds		1,709,088	1,704,806
Building Reserve	2	-	126,500
Research Reserve	2	73,920	123,600
TOTAL FUNDS		<u>1,783,008</u>	<u>1,954,906</u>
Represented By:			
CURRENT ASSETS			
ANZ Bank Accounts		28,616	50,582
Other Assets		48,635	76,446
Tax Receivable		54,751	52,802
		<u>132,002</u>	<u>179,830</u>
LESS : CURRENT LIABILITIES			
Accounts Payable		202,584	183,388
Other Creditors and Accruals	6	241,776	233,813
ANZ Bank Loan	7	350,000	100,000
		<u>794,360</u>	<u>517,201</u>
WORKING CAPITAL		<u>(662,358)</u>	<u>(337,371)</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment	4	2,445,366	2,292,277
NET ASSETS		<u>1,783,008</u>	<u>1,954,906</u>

These financial statements have been approved by the board finance committee and will be approved for issue by the Board of Trustees on 26 September 2015.

Trustee : David Turner

Trustee : [Signature]

Date : 18 September 2015

Date : 18 September 2015

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 2015

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. Particular Accounting Policies

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

Accounts Receivable

Receivables are stated at expected realisable value.

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.

Cash and Cash Equivalents

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

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.

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.

Operating Leases

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

NEW ZEALAND AIDS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

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

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.

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 30/06/14	Receipts	Payments	Balance 30/06/15
	\$	\$	\$	\$
2.1 Research Reserve	123,600	320	(50,000)	73,920
2.2 Building Reserve	126,500	-	(126,500)	-

The opening balance in the Research Reserve represents \$100,000 from the NZAF for the Auckland University Research Fellowship ("Fellowship") and the balance of \$23,600 of a bequest, received specifically for AIDS research purposes. Funding of \$50,000 for the second year of the Fellowship came from the bequest (\$23,600) and the NZAF research reserve (\$26,400). During the 2015 year the NZAF received \$320 as final receipt of the bequest.

The Building Reserve has been used to partially fund the building renovations completed during the year.

3. 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.

NEW ZEALAND AIDS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2015

4. PROPERTY, PLANT & EQUIPMENT

	Cost \$	Depreciation \$	Accum Deprec \$	Book Value \$
As at 30 June 2015				
Office Equipment	422,709	34,179	376,248	46,461
Clinic Equipment	4,761	-	4,761	-
Office Furniture	109,104	6,418	66,536	42,568
Land	1,525,327	-	-	1,525,327
Building	1,024,585	29,031	196,567	828,018
Leasehold Alterations	11,103	749	8,111	2,992
	<u>3,097,589</u>	<u>70,377</u>	<u>652,223</u>	<u>2,445,366</u>
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>

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.

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.

	2015 \$	2014 \$	2013 \$	2012 \$
Income				
Secretariat of the Pacific Community	-	14,483*	275,376	140,111
Less : Expenses				
International Programme	-	(14,483)	(268,954)	(139,507)
Net Surplus / (Deficit)	<u>-</u>	<u>-</u>	<u>6,422</u>	<u>604</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 2015

6. OTHER CREDITORS AND ACCRUALS

	2015	2014
	\$	\$
Holiday Pay Accrual	84,960	76,189
Long Service Leave	2,421	5,598
Other Accruals	87,888	74,854
Prepaid Income	66,507	77,172
	<u>241,776</u>	<u>233,813</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, 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 \$ 350,000 (2014:\$ 100,000).

The Foundation did not meet the Interest Cover Ratio as at 30 June 2015 and the ANZ Bank agreed to waive their rights in respect to this breach. Furthermore the ANZ Bank also removed the Interest Cover covenant from the Facility Agreement on the 3rd September 2015.

8. STATEMENT OF FINANCIAL PERFORMANCE INCLUDES THE FOLLOWING:

	2015	2014
	\$	\$
Depreciation Expense	70,377	63,737
Rental and Leasing Charges	114,415	71,621
Salaries and other remuneration	2,314,647	2,170,866

9. RELATED PARTIES

The Foundation's election was held in conjunction with the AGM on 22 November 2014; David Friar and Massimo Giola were re-elected as Trustees, Michael Moore was elected as a Trustee for two years and Simon Randall retired. Immediately following the AGM, the Trust Board elected David Friar as Chair and re-elected Andrew Sweet as Deputy Chair. At the Trust Board meeting of 14 February 2015 Kathryn Leafe retired, David Ting was appointed as a general Trustee for a term of two years and Virginia Cattell was re-appointed as the non-voting Board Secretary. On 11 March 2015 Daniel Keys was appointed as a co-opted (non-voting) member of the Trust Board for 12 months effective from 18 April 2015.

There have been no other transactions between the Trustees and the Foundation. No honorarium has been paid to the Chairman. (2014: \$1,000)

10. LEASE COMMITMENTS

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

	2015	2014
	\$	\$
Within one year	161,776	160,928
Between one and five years	133,487	214,066
	<u>295,263</u>	<u>374,994</u>

NEW ZEALAND AIDS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2015

11. AUDITOR'S REMUNERATION

Fees paid to the auditors:	2015	2014
	\$	\$
Audit	7,726	7,579
Accounting Technical Advice	1,100	1,100
	<u>8,826</u>	<u>8,679</u>

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.

	2015	2014
	\$	\$
ASB Community Trust	10,000	-
Auckland Council - Regional	10,000	-
Auckland Council – Mt Albert/Mt Eden	5,000	-
Auckland Council Otara Papatoetoe Local Board	-	1,300
AUT	4,500	4,500
Best Beverage Co.	-	1,000
Betty Campbell Grant – Wellington City Council	5,000	5,000
Endeavour Community	1,950	-
First Sovereign Trust Limited	10,000	-
Four Winds Foundation	4,200	1,000
Grassroots Trust Board of Trustees	9,892	8,687
Health 2000	4,500	-
Infinity Foundation Limited	5,000	4,944
Lion Foundation	4,500	4,600
Mt Wellington Foundation Limited	5,000	-
North & South Trust	-	4,943
NZ Lottery Grant Board Community Facilities Fund	39,000	-
NZ Lottery Grant Board National Community	10,000	-
Pelorus Trust	4,000	-
Pub Charity	15,000	5,000
Reckitt Benckiser (NZ) Limited	45,000	40,000
The Canterbury Community Trust	-	2,500
The Pegasus Sports Foundation Limited	-	1,520
The Southern Trust	5,000	-
The Waikato Community Trust	3,000	-
US Embassy	-	1,500
Wireless Nation	-	3,000
	<u>200,542</u>	<u>89,494</u>

NEW ZEALAND AIDS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2015

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 2015 are \$nil. (2014: \$Nil)

15. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2014: 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.



RSM Hayes Audit

Audit • Assurance • Advisory

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF NEW ZEALAND AIDS FOUNDATION

Report on the Financial Statements

We have audited the accompanying financial statements of New Zealand AIDS Foundation (the Foundation) on pages 2 to 10, which comprise the financial position as at 30 June 2015 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 Foundation and the Foundation's members as a body, for our work, for this report, or for the opinions we have formed.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the Foundation's Trust Deed and Financial Reporting Standards and applicable Statements of Standard 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 Responsibility

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 judgment, 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 auditor we have no relationship with, or interests in, New Zealand AIDS Foundation.

Basis for Qualified Opinion on Prior Year Cash Donations

Our audit opinion over the 30 June 2014 financial statements was modified with regard to cash donations. Control over income from cash donations of \$32,425 prior to being recorded was limited and there were no practical audit procedures to determine the effect of this limited control in the prior year. Our opinion on the current year's financial statements is also modified because of the effect of this matter on the comparability of the current year's figures and the corresponding figures. No such qualification was issued in respect of cash donations for the year ended 30 June 2015.

Qualified Opinion

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion paragraph, the financial statements on pages 2 to 10 present fairly, in all material respects, the financial position of New Zealand AIDS Foundation as at 30 June 2015 and its financial performance for the year then ended in accordance with Financial Reporting Standards and applicable Statements of Standard Accounting Practice in New Zealand.

RSM Hayes Audit

RSM Hayes Audit

18 September 2015

Auckland