

**Waikato/Bay of Plenty Division**  
**Cancer Society of New Zealand Incorporated**

**FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED***  
***31 March 2020***

**Waikato/Bay of Plenty Division  
Cancer Society of New Zealand Incorporated**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Waikato/Bay of Plenty Division  
Cancer Society of New Zealand Incorporated**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**DIRECTORY**

**PRINCIPAL ACTIVITIES:** Provision of support services, health promotion, research, advocacy and information services for people affected by cancer.

**BOARD MEMBERS**

**CHAIRPERSON:** James Primrose

**VICE CHAIRPERSON:** Maurice Gianotti (National Board Representative)  
Sally Powdrell

**BOARD MEMBERS:** Karen Bennett (from 7 August 2019)  
Shelley Campbell  
Ellyn Dean  
Denise Irvine (to 7 August 2019)  
Kim Richards  
Ruth Ross  
Matthew White

**CHIEF EXECUTIVE:** Shelley Campbell

**INDEPENDENT AUDITOR:** PKF Hamilton Audit Limited  
1026 Victoria Street  
Hamilton

**PHYSICAL ADDRESS:** Corner Grey and Beale Streets  
Hamilton 3240

**WEBSITE:** [www.cancernz.org.nz](http://www.cancernz.org.nz)

**Waikato/Bay of Plenty Division - Cancer Society of New Zealand Incorporated**  
**Statement of Comprehensive Revenue and Expenses**  
**for the year ended 31 March 2020**


	Notes	2020 \$	2019 \$
<b>Revenue from non-exchange transactions</b>			
Donations		237,998	188,399
Grants	4	142,908	117,817
Fundraising Revenue		1,385,836	1,445,471
Legacies and Bequests		1,018,925	742,374
		<u>2,785,667</u>	<u>2,494,061</u>
<b>Revenue from exchange transactions</b>			
Income from Investments	5	236,612	262,768
Health Promotion Merchandise		4,315	5,778
Subscriptions		145	126
Lodge Revenue		1,091,634	969,438
Other Exchange Transactions		46,113	22,069
		<u>1,378,819</u>	<u>1,260,179</u>
Gain on sale of Property, Plant and Equipment	9	1,070,307	4,014
<b>Total Revenue</b>		<b><u>5,234,793</u></b>	<b><u>3,758,254</u></b>
<b>Expenditure</b>			
Administration		1,248,177	1,095,342
Cancer Society's Lions Lodge		782,286	750,432
Community Services		987,801	941,354
Depreciation		453,428	456,499
Fundraising		654,562	594,137
Grants		50,000	51,550
Health Promotion Activities		251,080	274,390
Loss on disposal of Property, Plant and Equipment		-	9,118
National Levy		510,658	508,004
<b>Total Expenditure</b>		<b><u>4,937,992</u></b>	<b><u>4,680,826</u></b>
<b>Surplus/(Deficit) for the Year</b>		<b><u>296,801</u></b>	<b><u>(922,572)</u></b>
<b>Other Comprehensive Revenue and Expenses</b>			
Fair Value (loss)/gain on investments		(403,490)	488,447
<b>Total Comprehensive Revenue and Expenses</b>		<b><u>(106,689)</u></b>	<b><u>(434,125)</u></b>

These financial statements should be read in conjunction with the notes to the financial statements

**Waikato/Bay of Plenty Division - Cancer Society of New Zealand Incorporated**  
**Statement of Changes in Net Assets/Equity**  
**for the year ended 31 March 2020**

	Accumulated Funds (Note 12)	Investment Fair Value Reserve	Research and Overseas Travel Reserve (Note 16)	Mona Lickfold Memorial Fund (Note 15)	Megan Patchell Education Fund (Note 14)	Lawrence Jones Research Fund (Note 13)	Total Equity
Opening balance 1 April 2019	16,037,929	1,483,267	268,420	53,164	37,870	852,544	18,733,194
Surplus for the year	296,801	-	-	-	-	-	296,801
Other Comprehensive Income		(403,490)	-	-	-	-	(403,490)
<b>Total Comprehensive Revenue and Expenses for the year</b>	<b>296,801</b>	<b>(403,490)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(106,689)</b>
<b>Net Equity Before Transfers to Reserves</b>	<b>16,334,730</b>	<b>1,079,777</b>	<b>268,420</b>	<b>53,164</b>	<b>37,870</b>	<b>852,544</b>	<b>18,626,505</b>
Transfers to/(from) Reserves	41,151	-	1,415	(4,212)	1,895	(40,249)	-
<b>Closing Equity 31 March 2020</b>	<b>16,375,881</b>	<b>1,079,777</b>	<b>269,835</b>	<b>48,952</b>	<b>39,765</b>	<b>812,295</b>	<b>18,626,505</b>

	Accumulated Funds (Note 12)	Investment Fair Value Reserve	Research and Overseas Travel Reserve (Note 16)	Mona Lickfold Memorial Fund (Note 15)	Megan Patchell Education Fund (Note 14)	Lawrence Jones Research Fund (Note 13)	Total Equity
Opening balance 1 April 2018	17,006,507	994,820	266,128	55,242	35,922	808,700	19,167,319
(Deficit) for the year	(922,572)	-	-	-	-	-	(922,572)
Other Comprehensive Income		488,447	-	-	-	-	488,447
<b>Total Comprehensive Revenue and Expenses for the year</b>	<b>(922,572)</b>	<b>488,447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(434,125)</b>
<b>Net Equity Before Transfers to Reserves</b>	<b>16,083,935</b>	<b>1,483,267</b>	<b>266,128</b>	<b>55,242</b>	<b>35,922</b>	<b>808,700</b>	<b>18,733,194</b>
Transfers to/(from) Reserves	(46,006)	-	2,292	(2,078)	1,948	43,844	-
<b>Closing Equity 31 March 2019</b>	<b>16,037,929</b>	<b>1,483,267</b>	<b>268,420</b>	<b>53,164</b>	<b>37,870</b>	<b>852,544</b>	<b>18,733,194</b>

  
James Primrose, Chair  
15 July 2020

  
Matthew White  
15 July 2020

**Waikato/Bay of Plenty Division - Cancer Society of New Zealand Incorporated**  
**Statement of Financial Position**  
**as at 31 March 2020**

	Notes	2020 \$	2019 \$
<b>Current Assets</b>			
Bank Accounts		887,709	439,612
Imprest Accounts		760	489
Mona Lickfold Memorial Fund Account		48,952	53,165
Megan Patchell Trust Account		39,765	37,870
Lawrence Jones Trust Account		812,295	852,544
GST Refund Due		18,967	10,833
Receivables from Exchange Transactions		137,242	95,453
Receivables from Non-Exchange Transactions		4,692	101,924
		1,950,382	1,591,890
<b>Non Current Assets</b>			
Investments	7	6,385,821	4,630,961
Property, Plant and Equipment	9	13,906,231	15,798,801
		20,292,052	20,429,762
<b>Total Assets</b>		<b>22,242,434</b>	<b>22,021,652</b>
<b>Current Liabilities</b>			
Accounts and Other Payables		98,497	138,476
Deferred Income	4	333,754	-
Employee Entitlements		183,678	149,982
Hold Estate Mortgage Advance	11	3,000,000	3,000,000
		3,615,929	3,288,458
<b>Net Assets</b>		<b>18,626,505</b>	<b>18,733,194</b>
<b>Represented by:</b>			
Accumulated Funds	12	16,375,881	16,037,929
Investment Fair Value Reserve		1,079,777	1,483,267
Lawrence Jones Research Fund	13	812,295	852,544
Megan Patchell Education Fund	14	39,765	37,870
Mona Lickfold Memorial Fund	15	48,952	53,164
Research and Overseas Travel Reserve	16	269,835	268,420
<b>Accumulated Funds and Reserves</b>		<b>18,626,505</b>	<b>18,733,194</b>

These financial statements should be read in conjunction with the notes to the financial statements

**Waikato/Bay of Plenty Division - Cancer Society of New Zealand Incorporated**  
**Statement of Cash Flows**  
**for the year ended 31 March 2020**

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Cash Flows from Operating Activities</b>		
<b><i>Cash was provided from</i></b>		
Grants, donations and bequests	1,776,698	1,235,722
Fundraising	1,385,836	1,273,645
Interest received	43,838	48,395
Goods and Services provided	1,147,305	917,859
	4,353,677	3,475,621
<b><i>Cash was applied to</i></b>		
Payments to suppliers	2,215,711	1,946,139
Payments to employees	2,269,797	2,223,675
Net GST paid	6,241	130
	4,491,749	4,169,944
<b>Net Cash Flows from Operating Activities</b>	(138,072)	(694,323)
 <b>Cash Flows from Investing Activities</b>		
<b><i>Cash was provided from</i></b>		
Proceeds from disposal of investments	200,000	569,958
Sale of Property, Plant and Equipment	2,575,000	34,915
Dividends received	134,424	143,544
	2,909,424	748,417
<b><i>Cash was applied to</i></b>		
Payments for purchase of investments	-	6,676
Payments for investment in First Mortgage Trust	2,300,000	-
Payments for purchase of Property, Plant and Equipment	65,551	205,262
	2,365,551	211,938
<b>Net Cash Flows from Investing Activities</b>	543,873	536,479
 Net increase/(decrease) in cash equivalents	405,801	(157,844)
Cash and cash equivalents 1 April	1,383,680	1,541,524
<b>Cash and cash equivalents 31 March</b>	<b>1,789,481</b>	<b>1,383,680</b>

These financial statements should be read in conjunction with the notes to the financial statements

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## For the year ended 31 March 2020

### 1. REPORTING ENTITY

The reporting entity is the Waikato/Bay of Plenty Division Cancer Society of New Zealand (Inc.), hereinafter referred to as the "Division". The Division is domiciled in the Waikato/Bay of Plenty region of New Zealand and is a not for profit charitable organisation registered under the Incorporated Societies Act 1908 and the Charities Act 2005.

These financial statements and the accompanying notes summarise the financial results of activities carried out by the Division for the year ended 31 March 2020.

These financial statements were authorised for issue by the Board on 15 July 2020.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

The Division's financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purpose of complying with NZ GAAP, the Division is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (RDR) disclosure concessions.

#### 2.2 Basis of Measurement

The financial statements have been prepared on the basis of historical cost, except for the revaluation of available for sale financial assets through Other Comprehensive Income, which are stated at their fair value:

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

#### 2.3 Functional and Presentation Currency

The financial statements are presented in New Zealand dollars, which is the Division's functional and presentation currency, rounded to the nearest dollar.

#### 2.4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with PBE IPSAS requires management to make certain critical accounting estimates, judgements and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements. Actual results may differ from these estimates.

The estimates and judgements are reviewed by management each year. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about judgements made by management in applying accounting policies that have a significant effect on the amount recognised in the financial statements relate to Current Liabilities: Hold Estate Mortgage Advance (Note 10).

#### 2.5 Changes in Accounting Policy

No changes in accounting policy have been made during the current financial year.

### 3. SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied.

#### 3.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Division and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## For the year ended 31 March 2020

### 3.1.1 Revenue from Exchange Transactions

Revenue from exchange transactions is recognised when the significant risks and rewards have been transferred to the buyer on delivery of goods or services and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Division. The Division's revenue from exchange transactions includes lodge contract revenue, investment income and income from other sundry exchange transactions.

### 3.1.2 Lodge Contract Revenue

The Division receives funding from the government for carrying out the services specified in the Cancer Society's Lions Lodge contract. Revenue is recognised in the period the services are provided.

### 3.1.3 Investment Revenue

Investment revenue is presented in the Statement of Comprehensive Revenue & Expenses and may include interest and dividend income on funds invested, gains and losses on the disposal of investments, changes in the fair value of investments and foreign currency gains and losses. Interest revenue is recognised as it accrues, using the effective interest method. Dividend income is recognised when the dividend is received.

### 3.1.4 Revenue from non-exchange transactions

Non-exchange transactions are those where the Division receives an inflow or transfer of resources but provides no (or minimal) direct consideration in return.

Assets and revenue arising from transfer transactions are recognised in the period in which the transfer arrangement becomes binding, except for some services-in-kind. The entity recognises only those services-in-kind that are received as part of an organised programme and for which it can determine a fair value by reference to market rates. Other services in-kind are not recognised.

Assets and revenue recognised as a consequence of a transfer are measured at the fair value of the assets recognised as at the date of recognition. Monetary assets are measured at their nominal value unless the time value of money is material, in which case present value is used, calculated using a discount rate that reflects the risk inherent in holding the asset. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession. Receivables are recognised when a binding transfer arrangement is in place, but cash or other assets have not been received.

The Division recognizes a liability where revenue from a non-exchange transaction is subject to conditions that, if unfulfilled, require the return of the transferred resources. The entity recognises a liability until the condition is fulfilled, if it is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

The Division's non-exchange transactions include donations, fundraising, grants and bequests received.

### 3.1.5 Donations

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programmes or services or donations in-kind.

### 3.1.6 Fundraising Revenue

Fundraising revenue is recognised as revenue when the right to receive has been established.

### 3.1.7 Grant revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

### 3.1.8 Legacies and Bequests

Revenue from legacies and estates that satisfies the definition of an asset is recognised when it is probable that future economic benefits or service potential will flow to the entity, and the fair value can be measured reliably. An exception applies to legacies received from the Hold Estate which has been recorded as a liability, until the period for application by other potential beneficiaries expires in December 2021.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## For the year ended 31 March 2020

### 3.2 Assets

#### 3.2.1 Financial Assets

Financial assets are recognised when the Division becomes a party to the contractual provisions of the financial instrument.

The Division classifies its financial assets in the following categories: financial assets at fair value through the profit or loss, loans and receivables, held to maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The Division's financial assets include: cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and investments.

#### 3.2.2 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The carrying value of cash at banks and on hand approximates their fair value.

#### 3.2.3 Loans and Receivables

Loans and receivables are non-derivative financial assets with determinable payments that are not quoted in an active market. They are included in current assets, except those with maturities greater than 12 months after the balance date. These are classified as non-current assets.

Loans and receivables are initially recognised at fair value plus transaction costs. After initial recognition these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Division's Receivables from Exchange Transactions fall into this category.

Collectability of receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Division will not be able to collect all amounts due according to the original terms of the receivables

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in the Statement of Comprehensive Revenue and Expenses.

#### 3.2.4 Available-for-sale financial assets

Available-for-sale financial assets are non- derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position. The Division's investments in listed securities are classified as available-for-sale financial assets.

Available-for-sale financial assets are subsequently measured at fair value with gain and losses recognised in other comprehensive revenue and expenses and presented in the available-for-sale fair value reserve within net assets/equity, less impairment (refer note 7).

#### 3.2.5 Financial Assets at Fair Value through Surplus or Deficit

These financial assets are designated by management at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses at inception. Subsequent to initial recognition, all financial assets at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses are measured at fair value.

Financial assets designated at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Division's documented investment strategy. Information is provided to management on that basis.

#### 3.2.6 Impairment of financial assets

All financial assets are reviewed for impairment at the end of reporting periods and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 31 March 2020

is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). The amount of impairment loss is recognised in surplus or deficit.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in net assets/equity to surplus or deficit. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

If in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in the other comprehensive revenue and expense.

#### 3.2.7 Property Plant and Equipment

Land is measured at cost price at acquisition.

All other fixed assets are measured at cost price less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, the cost is measured at its fair value as at the date of acquisition.

Residual values and useful lives are reviewed at each reporting date, and adjusted if necessary.

Depreciation has been charged using the straight line and diminishing value method for all assets except land which is not depreciated.

Specific rates used are:

Motor Vehicles	20%
Furniture & Equipment	2% - 33.33%
Property & Improvements	2%-8.3%
Technology	3%-40%

#### 3.2.8 Impairment of Property, Plant and Equipment

The carrying amounts of Property Plant and Equipment (PPE) are reviewed annually to determine whether there is any indication of impairment. In addition, PPE measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the Statement of Comprehensive Revenue & Expenses. The reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue & Expenses.

##### *Value in use for non-cash generating assets*

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return. The Division's PPE are non-cash generating assets.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## For the year ended 31 March 2020

### *Value in use for cash-generating assets*

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The Division has no cash-generating PPE.

### **3.3 Liabilities**

#### **3.3.1 Financial liabilities**

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities and are subsequently measured at amortised cost using the effective interest method.

The Division's financial liabilities as amortised cost include accounts payable and accruals.

#### **3.3.2 Accounts Payable and Accruals**

These amounts represent unsecured liabilities for goods and services provided to the Division prior to the end of the financial year which are unpaid. Accounts payable and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As accounts payable and accruals are usually paid within 30 days, they are carried at face value.

#### **3.3.3 Deferred Revenue**

The Division has an obligation to provide certain community goods and services using funds provided by philanthropic funders for a stated purpose. Deferred revenue arises when the Division accepts funding from funders prior to events occurring, towards which the funding should be applied. This gives rise to a liability for deferred revenue in respect of non-exchange transactions. The Division's deferred revenue relates to grants received during the period, tagged for projects and services to be delivered in following periods.

#### **3.3.4 Employee Entitlements**

Liabilities for wages and salaries and annual leave are recognised in surplus or deficit during the year in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

### **3.4 Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from or payable to Inland Revenue is included as part of receivables or payables. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to Inland Revenue is classified as operating cash flows.

### **3.5 Income Tax**

The Division has been granted Charitable Status and is exempt from income tax by the Inland Revenue Department, under Section CW52 of the Income Tax Act 2007.

### **3.6 Accumulated Funds and Reserves**

Accumulated Funds and Reserves are the community's interest in the Division, measured as the difference between total assets and total liabilities. Accumulated Funds and Reserves are made up of the following components:

#### **3.6.1 Accumulated Funds**

Accumulated funds is the Division's accumulated surplus or deficit since its formation, adjusted for transfers to or from specific reserves.

#### **3.6.2 Investment Fair Value Reserve**

This reserve holds the movement in value of available-for-sale assets that are measured at fair value after initial recognition.

#### **3.6.3 Special Purpose Reserves**

These are reserves created by the Division for the purpose of financing special projects such as research and education for the prevention and treatment of cancer. The use of these funds is restricted to the purpose of the specific projects.

**Waikato/Bay of Plenty Division - Cancer Society of New Zealand Incorporated**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2020**

	2020	2019
	\$	\$
<b>4 Grants</b>		
Grants were received to assist with service delivery and operational expenses.		
Department of Internal Affairs (COGs)	-	6,576
Dragon Community Trust	1,000	-
Dry July New Zealand Trust	10,000	-
East Taupo Lands Trust	100	-
Frances Skeet Charitable Trust	5,000	5,000
Glenice and John Gallagher Foundation	5,000	-
Grassroots Trust	31,458	-
Jumble Around, Cambridge	-	2,000
Lions Club of Reporoa	3,395	20,000
Lottery Grants Board	10,000	-
Ministry of Social Development COVID-19	313,414	-
NZ Community Trust	15,000	-
Guardian Trust	-	10,000
Perpetual Guardian	3,220	-
Rotorua Energy Charitable Trust	5,000	5,000
Southern Trust	10,000	25,500
Tauranga Energy Charitable Trust	35,000	27,741
The Lion Foundation	10,000	-
The Tidd Foundation Incorporated	7,000	7,000
Good in the Hood Z Energy	635	-
Trust Waikato	12,500	9,000
	477,722	117,817
Less Grants deferred to following year	(333,754)	-
Less Grants reimbursed	(1,060)	-
<b>Total Grants</b>	<b>142,908</b>	<b>117,817</b>

During the last weeks of March 2020, the New Zealand government granted \$313,414 to support continued employment of the workforce during the COVID-19 lockdown. At balance date there was uncertainty whether the conditions for retaining the funds would be met. Therefore a Deferred Income liability of \$287,296 has been recorded for this grant.

<b>5 Income from investments</b>		
Interest received	102,188	119,224
Dividends received	134,424	143,544
	236,612	262,768
<b>6 Employee Related Costs</b>		
Salaries and Wages	2,276,443	2,194,425
KiwiSaver	60,840	59,750
	2,337,283	2,254,175

The cost of employees are included in the expenses relating to the specific activities performed by the Division.

<b>7 Investments</b>		
On Call Deposits	3,173,288	1,014,938
Investments (Australasian equities at fair value)	3,212,533	3,616,023
	6,385,821	4,630,961

**8 Categories of Financial Assets and Liabilities**

The carrying amounts of financial instruments presented in the Statement of Financial Position relate to the following categories of Assets and Liabilities:

**Financial Assets**

**Available for Sale Financial Assets**

Investments in listed equities	3,212,533	3,616,023
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**Loans and Receivables**

Bank Accounts	887,709	439,612
Receivables from exchange transactions	137,242	95,453
Receivables from non-exchange transactions	4,692	101,924
On call term deposits	3,173,288	1,014,938
Imprest Accounts	760	489
Mona Lickfold Memorial Account	48,952	53,165
Megan Patchell Trust Fund	39,765	37,870
Lawrence Jones Trust Fund	812,295	852,544
	5,104,703	2,595,995

<b>Total Financial Assets</b>	<b>8,317,236</b>	<b>6,212,018</b>
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**Waikato/Bay of Plenty Division - Cancer Society of New Zealand Incorporated**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2020**

	2020	2019
	\$	\$
<b>Financial Liabilities</b>		
Accounts Payable	98,497	138,476
Payroll Liabilities	183,678	149,982
Deferred Income	333,754	-
Loans	3,000,000	3,000,000
	<b>3,615,929</b>	<b>3,288,458</b>

	Opening Book Value	Additions	Disposals	Depreciation	Closing Book Value
<b>9 Property, Plant and Equipment 2020</b>					
Land	2,877,591	-	(803,071)	-	2,074,520
Buildings	12,417,709	-	(701,622)	(320,288)	11,395,799
Furniture, Fittings, Equipment	21,318	1,084	-	(6,100)	16,302
Lodge Furniture and Fittings	212,931	25,128	-	(47,806)	190,253
Motor Vehicles	155,020	14,348	-	(43,695)	125,673
Technology Equipment	114,232	24,991	-	(35,539)	103,684
	<b>15,798,801</b>	<b>65,551</b>	<b>(1,504,693)</b>	<b>(453,428)</b>	<b>13,906,231</b>

A property at 111 Cameron Rd, Tauranga was sold in December 2019. There was a gain on disposal of \$1,070,307.

**10 Operating Lease Commitments**

Lease commitments exist for leased premises in Taupo and Tauranga under non-cancellable operating leases as follows:

**Operating Lease Liability**

Current	83,933	-
Non-Current	225,675	-
	<b>309,608</b>	<b>-</b>

**11 Borrowings**

Current	3,000,000	3,000,000
	<b>3,000,000</b>	<b>3,000,000</b>

In 2011, the late David Hold of Taupo left the residue of his Estate to the Waikato/Bay of Plenty Division of the Cancer Society of New Zealand (Inc). The Estate indicates that the total distribution to the Division will be in the vicinity of \$3.6M. The Trustee has taken legal advice regarding the distribution of the Estate which indicates that he should not distribute the whole of the Estate until late 2021. As at 31 March 2020 advances of \$3M have been made to the Division from the Estate to enable the Division to utilise the funds.

**12 Accumulated Funds**

Opening Balance	16,037,929	17,006,507
Surplus/(Deficit) for the year	296,801	(922,572)
Net Transfers from Reserves	41,151	(46,006)
	<b>16,375,881</b>	<b>16,037,929</b>

**13 Lawrence Jones Research Fund**

Opening Balance	852,544	808,700
Interest received	39,751	43,844
Research grants awarded	(80,000)	-
Closing Balance	<b>812,295</b>	<b>852,544</b>

The Lawrence Jones Research Fund was established in 2016 through a bequest from the Estate of Lawrence David Jones. The conditions of the bequest are that the Division invests the capital and uses the income arising from that capital to support research projects into the nature, control and prevention of cancer.

**14 Megan Patchell Education Fund**

Opening Balance	37,870	35,922
Interest received	1,895	1,948
Closing Balance	<b>39,765</b>	<b>37,870</b>

The Megan Patchell Education Fund was established in 2017 through a bequest from the Estate of Megan Patchell. The Division has agreed to invest the funds and use the income arising from the funds for research and educational purposes.

**Waikato/Bay of Plenty Division - Cancer Society of New Zealand Incorporated**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2020**

	2020	2019
	\$	\$
<b>15 Mona Lickfold Memorial Fund</b>		
Opening Balance	53,164	55,242
Interest received	1,688	1,022
Welfare Grants	<u>(5,900)</u>	<u>(3,100)</u>
Closing Balance	<u>48,952</u>	<u>53,164</u>

The Mona Lickfold Memorial Fund recognises the generosity of Mona Lickfold's bequest to the Cancer Society. The fund was established for the benefit of cancer patients and their families in the Whakatane district and is administered in accordance with the Rules for Prudent Trustees as endorsed by the Chartered Accountants of Australia and New Zealand.

<b>16 Research &amp; Overseas Travel Reserve Fund</b>		
Opening Balance	268,420	266,128
Research Donations	<u>1,415</u>	<u>2,292</u>
Closing Balance	<u>269,835</u>	<u>268,420</u>

This reserve has been set up for donations received that have specific conditions attached requiring the funds to be used for

**17 Related Parties Transactions**

The organisation entered into related party transactions during the year as detailed below:

Name	Relationship	Transaction Type	Transaction Amounts	
			2020	2019
S & C Consultants NZ Ltd	Common board member	Representation on national health boards	20,000	10,000

The Division received revenue for services the Chief Executive provided to the Health and Disability System Review. A portion of these funds were then paid to the Chief Executive.

At 31 March 2020 there were no related party balances receivable or payable (2019: nil).

**Key Management Personnel**

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board members, the Chief Executive Officer and management personnel of the Division. No remuneration is paid to Board members for their position during the current or prior year. Board members receive reimbursement of expenses.

**Transactions with key management personnel during the reporting period are as follows:**

Remuneration paid to key management personnel	376,920	399,092
Number of persons (EFT)	3.0	3.5

**18 Capital Commitments**

There were no capital commitments as at 31 March 2020 (2019: Nil)

**19 Contingent Assets and Liabilities**

There are no contingent liabilities as at 31 March 2020 (2019: Nil).

The Division has a contingent asset relating to \$600,000 of funds (together with accrued interest) held by the Trustee of the Hold Estate. Refer to Note 8 for further details. It is probable that these funds will be paid to the Division once the Estate has been fully settled in 2021.

**20 Events Subsequent to Balance Date**

There were no events that have occurred subsequent to balance date that would have a material impact on the Financial Statements (2019: Nil).

**INDEPENDENT AUDITOR'S REPORT  
TO THE BOARD OF  
WAIKATO/BAY OF PLENTY DIVISION CANCER SOCIETY OF NEW ZEALAND INC.**

**Opinion**

We have audited the financial statements of Waikato/Bay of Plenty Division Cancer Society of New Zealand Inc. ("the Division"), which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Division as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

**Basis for Qualified Opinion**

As is common with other organisations of a similar nature, a portion of income is derived from donations and other fundraising activities. Controls over income from the Daffodil day, Appeal donations and other fundraising activities, prior to being recorded is limited and there are no practical audit procedures to determine the effect of this limitation. Given the limited controls to confirm the completeness of this income, total donations and other fundraising income may be higher than stated. This would have increased the operating surplus, equity and cash receipts associated with donation and fundraising income.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Division in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Division.

**Board' Responsibilities for the Financial Statements**

The Board is responsible on behalf of the Division for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible on behalf of the Division for assessing the Division's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Division or to cease operations, or have no realistic alternative but to do so.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

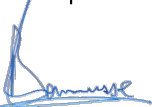
As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Division's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Division's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Division to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Who we Report to**

This report is made solely to the Division's Board as a body. Our audit work has been undertaken so that we might state those matters which 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 Division and the Division's Board, as a body, for our audit work, for this report or for the opinions we have formed.



Director  
PKF Hamilton Audit Limited  
Hamilton  
New Zealand  
15 July 2020