

TOASTMASTERS INTERNATIONAL DISTRICT 72
NEW ZEALAND

DRAFT FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Contents	Page
Non Financial Information	
Entity Information	1
Statement of Service Performance	2
Financial Information	
Statement of Financial Performance	3
Statement of Financial Position	4
Statement of Movements in Equity	5
Statement of Cash Flows	6
Schedule of Fixed Assets	7
Accounting Policies	8 - 9
Notes to the Financial Statements	10 - 11
Audit Report	12

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TOASTMASTERS INTERNATIONAL DISTRICT 72

ENTITY INFORMATION

Reporting Entity

The reporting entity is Toastmasters International District 72 ("District 72").

Entity Mission

The mission of District 72 is to build new Clubs and support all Clubs in achieving excellence.

The District aims to enhance the performance and extend the network of Clubs, thereby offering greater numbers of people the opportunity to benefit from the Toastmasters educational programme by:

1. Focusing on the critical success factors as specified by the District educational and membership goals
2. Ensuring that each Club effectively fulfils its responsibilities to its members
3. Providing effective training and leadership development opportunities for Club and District Officers.

Entity Structure

District 72 is currently led by seven senior officers. These officers guide the activities and support functions of the District. The District Director, Program Quality Director and Club Growth Director are elected each May at the Annual Business Meeting.

The Immediate Past District Director (IPDD) is an automatic position. The IPDD acts as an advisor to the current three elected officers, who may also be referred to as the "Trio". The three remaining senior officers - who are appointed by the District Director - are the District Administration Manager, the District Finance Manager, and the District Public Relations Manager. The senior officers are also supported by a District Parliamentarian, appointed by the District Director.

District 72 previously covered the whole of New Zealand, but from 1 July 2018 District 72 now covers the South Island and the Wellington region. There are six Divisions in the District, and the Divisions are broken into 30 Areas. A Division Director heads each of the Divisions and the Division Directors are elected at the Annual Business Meeting.

Each Area consists of between 3 to 6 Toastmasters Clubs and is headed by an Area Director who reports to the Division Director heading the Division in which the Area resides. Area Directors are elected by their Area Councils (consisting of Club representatives) before the May Business Meeting. Area Directors not elected before the May Meeting may be appointed by the incoming District 72 Director

Sources of Cash & Resources

Club Members pay subscriptions to their clubs, part of which are paid direct to Toastmasters International in the United States. Toastmasters International supports its network of Toastmaster Districts throughout the world by holding a "District Reserve Account" for each District at its Headquarters in Colorado. Districts submit a budget each year and may requisition funds from their District Reserve Account in order to operate within the confines of the agreed budget. Toastmaster subscriptions paid to Clubs also include a portion which is a local payment to the District (referred to as the District Service Charge) which covers members entry fees to District events such as Area and Division Workshops and Contests.

Fundraising

The District does not carry out any other fundraising other than the District Service Charge as described above.

Volunteer Services

The District is fully reliant on volunteers as it does not employ any staff to carry out the District Officer roles. The District does not receive any donated goods of any material value.

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

Outcomes

The outcomes that District 72 seek are reflected in the Mission below.

Toastmasters International also sets goals for each District to achieve, which are outcomes that the District is currently working towards. The outcomes are achieved by members achieving education and leadership awards, attending club leadership training and attracting new members to clubs. Ensuring that administrative duties such as the payment of subscriptions and logging of club leadership and membership information is also part of the required outcomes.

Mission

The Mission of Toastmasters International:

We empower individuals to become more effective communicators and leaders.

The Mission of the District:

We build new Clubs and support all Clubs in achieving excellence.

The Mission of a Toastmasters Club:

We provide a supportive and positive learning experience in which members are empowered to develop communication and leadership skills, resulting in greater self-confidence and personal growth.

Outputs

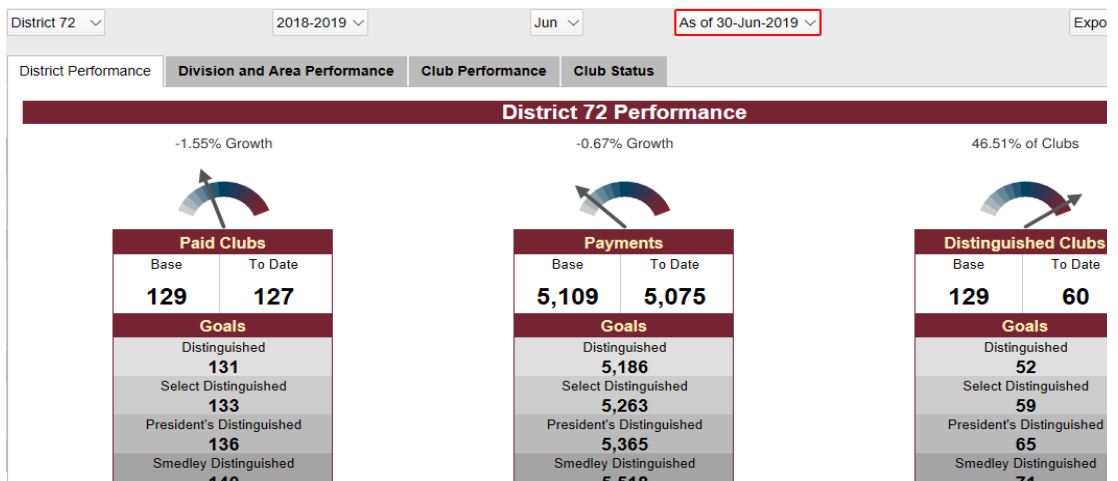
There are three key measurements that Toastmasters International uses to track the progress of Districts.

1. Paid Clubs consists of existing clubs which have paid dues for at least 8 members and newly chartered clubs.
2. Membership payments consists of subscriptions received from continuing existing members and new members.
3. Distinguished clubs measures the "health" of clubs by allocating points for members completing education and leadership awards, attending club leadership training and attracting new members to clubs.

To be considered for District recognition by Toastmasters International, the District must meet two qualifying requirements:

1. Must submit the Division and Area Directors Training Report to World Headquarters by September 30 showing that 85 percent of division and area directors were trained.
2. Must submit the District Success Plan to World Headquarters by September 30.

Each year the District is given a base to start from in order to achieve the goals set by Toastmasters International. There are three levels of goals, from lowest to highest: Distinguished, Select Distinguished and Presidents Distinguished. District 72's status as at 30 June 2019 is detailed below.



TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

	Actual	Budget	Variance	30-Jun-18
	\$	\$	\$	\$
<u>District Revenue</u>				
Membership Revenue	78,893	76,640	2,253	168,338
District Conference Revenue	21,694	16,565	5,129	84,717
District Store Revenue	13,824	11,700	2,124	20,643
Speech Contest Revenue	2,291	1,500	791	4,967
District Service Charge	10,178	8,890	1,288	18,758
Interest Revenue	78	120	(42)	49
Total District Revenue	126,959	115,415	11,544	297,472
<u>District Expenditure</u>				
District Conference Expenses	21,078	16,580	4,498	78,394
District Store Expenses	16,138	9,855	6,283	25,082
Marketing				
Building New Clubs	1,452	11,400	(9,948)	3,759
Membership Growth	10,691	16,000	(5,309)	52,600
Recognition	878	300	578	965
Other Expenses	173	780	(607)	520
	13,195	28,480	(15,285)	57,844
Communications & Public Relations				
District Website	3,543	6,086	(2,543)	5,083
	3,543	6,086	(2,543)	5,083
Education & Training				
Training Club Officers	6,524	3,340	3,184	10,596
Training Division & Area Directors	6,315	3,890	2,425	11,196
Other Expenses	4,708	3,050	1,658	6,270
	17,548	10,280	7,268	28,062
Speech Contests				
Awards & Certificates	1,187	3,000	(1,813)	2,715
Other Expenses	6,545	10,950	(4,405)	16,642
	7,733	13,950	(6,217)	19,357
Administration				
Printing, Stationery & Photocopying	601	1,485	(884)	1,552
Telephone	913	800	113	483
Postage	663	1,300	(637)	1,059
Bank Charges	1,018	1,980	(962)	1,585
Other Expenses	8,488	10,200	(1,712)	2,214
	11,682	15,765	(4,083)	6,893
Travel				
Senior District Officers	16,143	19,695	(3,552)	35,765
Division Directors	4,122	5,260	(1,138)	9,590
Area Directors	10,614	18,260	(7,646)	34,769
Other District Officers	1,517	1,930	(413)	11,412
	32,396	45,145	(12,749)	91,536
Other Expenses				
Foreign Exchange Adjustment	1,207	-	1,207	(16,412)
Miscellaneous Expenses	3,953	5,620	(1,667)	1,458
	5,160	5,620	(460)	(14,954)
Total District Expenditure	128,473	151,760	(23,287)	297,298
Net Surplus / (Deficit) for the year	(1,514)	(36,345)	34,831	174
Net Surplus to Equity	(1,514)			174

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Jun-19	Jun-18
	\$	\$
Equity		
Members Funds	<u>123,543</u>	<u>266,226</u>
Represented by		
Current Assets		
Bank Accounts		
BNZ Cheque Account	23,203	20,674
BNZ Conference Bank Accounts	1,639	7,401
BNZ US Dollar Account	15,427	36,855
District Reserve Account	<u>75,964</u>	<u>201,353</u>
Total Bank Accounts	116,234	266,283
Sundry Debtors	2,881	2,500
Prepayments	1,018	8,242
Goods & Services Taxation (GST)	2,967	12,047
Stock on Hand	<u>5,536</u>	<u>3,648</u>
	128,635	292,720
Fixed Assets		
As per Schedule	469	782
Total Assets	<u>129,104</u>	<u>293,502</u>
Less Liabilities		
Current Liabilities		
Accounts Payable	3,809	21,441
Accruals	1,752	5,170
Income in Advance	-	665
Total Liabilities	<u>5,561</u>	<u>27,276</u>
Net Assets	<u>123,543</u>	<u>266,226</u>

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Jun-19	Jun-18
	\$	\$
<u>Equity</u>		
Members Funds as at 1 July 2018	266,226	266,052
Reformation Distribution to District 112	(141,169)	-
Net Surplus/(Deficit) for the period	(1,514)	174
Member Funds as at 30 June 2019	<u>123,543</u>	<u>266,226</u>
Equity as at 30 June 2019	<u><u>123,543</u></u>	<u><u>266,226</u></u>

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	30-Jun-19 \$	30-Jun-18 \$
Cash flows from operating activities		
Cash receipts from members & activities	135,297	279,540
Cash payments to suppliers	<u>(143,048)</u>	<u>(299,878)</u>
Cash generated from operating activities	(7,751)	(20,338)
Interest received	78	49
Net cash from operating activities	<u>(7,673)</u>	<u>(20,289)</u>
Cash flows from investing activities		
Purchase of fixed asset	<u>-</u>	<u>(938)</u>
Net cash from investing activities	<u>-</u>	<u>(938)</u>
Cash flows from financing activities		
Capital payments on reformation	<u>(141,169)</u>	<u>-</u>
Net cash from financing activities	<u>(141,169)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(148,841)	(21,227)
Cash & cash equivalents at 1 July 2018	266,283	271,098
Effect of exchange rate fluctuations on cash held	(1,207)	16,412
Cash & cash equivalents at 30 June 2019	<u><u>116,234</u></u>	<u><u>266,283</u></u>

RECONCILIATION TO NET SURPLUS

FOR THE YEAR ENDED 30 JUNE 2019

	30-Jun-19 \$	30-Jun-18 \$
Surplus for the year	(1,514)	174
Adjustments for:		
Depreciation	313	157
Exchange rate fluctuations	<u>1,207</u>	<u>(16,412)</u>
	6	(16,081)
		-
Change in debtors & prepayments	6,843	(5,335)
Change in GST receivable	9,081	(8,799)
Change in inventories	(1,888)	5,895
Change in accounts payable & accruals	(21,050)	13,116
Change in income in advance	<u>(665)</u>	<u>(9,085)</u>
Cash generated from operating activities	(7,673)	(20,289)
Net cash from operating activities	<u><u>(7,673)</u></u>	<u><u>(20,289)</u></u>

TOASTMASTERS INTERNATIONAL DISTRICT 72
FIXED ASSET SCHEDULE AS AT 30 JUNE 2019

	Location	Depn Rate p.a.	Cost 01.07.18	Accum Depn 01.07.18	NBV 01.07.18	Cost 30.06.19	Additions 30.06.19	Depn Expense 30.06.19	Accum Depn 30.06.19	NBV 30.06.19
Jolyon Firth Cup -International	Awarded	10%	150	150	-	150	-	-	150	-
Maurice Hayes Cup - Entertainment	Awarded	10%	200	200	-	200	-	-	200	-
Ray Morse Cup - Humorous	Awarded	10%	180	180	-	180	-	-	180	-
Rob Henry Cup - Evaluation	Awarded	10%	200	200	-	200	-	-	200	-
Don Harden Memorial Trophy	Awarded	10%	150	150	-	150	-	-	150	-
Jack Duffy Memorial Award	Awarded	10%	150	150	-	150	-	-	150	-
Toastmaster of the year Cup	Awarded	10%	200	200	-	200	-	-	200	-
Dan Coomey Shield	Awarded	10%	150	150	-	150	-	-	150	-
Bulletin Award Cup	Awarded	10%	150	150	-	150	-	-	150	-
IPDG Trophy	Awarded	10%	200	200	-	200	-	-	200	-
District Banner	DD	10%	100	100	-	100	-	-	100	-
Convention Banner	Christchurch	10%	100	100	-	100	-	-	100	-
DG Gavel & Stand	DD	10%	100	100	-	100	-	-	100	-
Convention Stand & Gavel	Christchurch	10%	600	600	-	600	-	-	600	-
Timing Lights	DD	10%	150	150	-	150	-	-	150	-
Computer Server (July 2013)	Wellington	33.3%	2,179	2,179	-	-	-	-	-	-
Surface Pro (January 2019)	PRM	33.3%	938	157	782	938	-	312	469	469
			5,897	5,116	782	3,718	0	312	3,249	469

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2019**

1. Statement of Accounting Policies

The reporting entity is Toastmasters International District 72, (the District). The financial statements are prepared in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-for-Profit) as promulgated by the XRB. This is applicable as Toastmasters International District 72 does not have public accountability and has total expenses of less than \$2 million per annum.

With the application of the new XRB Accounting Framework, the Financial Report Act 2013 and the amendment to the Charities Act 2005, Toastmasters International District 72 is required to report as a Not for Profit Entity under Public Benefit Entity Accounting Standards. Toastmasters International District 72 meets the requirements to elect to report under Tier Three as it does not have public accountability as per the definition contained in XRB A1, and has total expenses less than or equal to \$2 million. Accordingly, these financial statements are prepared in compliance with Tier Three of the PBE Standards for Not for Profit entities.

Basis of Preparation

The measurement system adopted is that of historical cost. All transactions are reported using the accrual basis of accounting. The District is a going concern.

(a) Changes in Accounting Policies

Accounting Policies were updated as of 1 July 2014 to reflect the transition from Old New Zealand GAAP being FRSs and SSAPs to the Public Benefit Entity Simple Format Reporting - Accrual (Not-for-Profit) Accounting Standard, being the appropriate standard to apply when accounting under Tier 3 of the NfP PBE Standards contained within the XRB Accounting Framework. This was an early adoption of the new framework. The updating did not have a significant impact on the policies. All policies have been applied consistently since then.

(b) Revenue Recognition

Revenue is recorded on the occurrence of a recognition event. Such an event occurs when District 72 has a legal right to receive cash either now or in the future. All revenue received must be used in line with the requirements of Toastmasters International and with District 72 procedures. Revenue received from Toastmasters International is not required to be returned if it is not fully utilised in the current accounting period, but will be returned for use in the succeeding periods.

(c) Expense Recognition

Expenses are recorded on the occurrence of a recognition event. This is where District 72 has a legal obligation to pay cash either now or in the future. All expenditure must be in line with the requirements of Toastmasters International and with District 72 procedures.

(d) Goods & Services Taxation

The District is registered for GST. The Statement of Financial Performance has been prepared on a GST exclusive basis.

(e) Debtors

Debtors are recorded at face value being the amount owed.

(f) Prepayments

Prepayments are recorded at the amount relating to the future goods or services to be received.

(g) Valuation of Inventories

Inventories are valued at the lower of cost and net realisable value.

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

- (h) **Fixed Assets & Depreciation**
Fixed Assets are included at their depreciated historic cost. Most Fixed Assets are depreciated at 10% of cost, with the exception of the Surface Pro which is depreciated at 33.3% of cost.
- (i) **Creditors and Accrued Expenses**
Creditors and Accrued Expenses are recorded at the amount owing.
- (j) **Income in Advance**
Income in Advance is recorded at face value, being the amount to be refunded if the event it relates to does not eventuate.
- (k) **Taxation**
No Income Tax Provision has been provided as Toastmasters International District 72 is a Registered Charity and therefore exempt from income tax.
- (l) **Foreign Exchange**
Toastmasters International requires District 72 to record all transactions entered into during the accounting period into a Cloud Based Accounting Package (Intacct). This is translated from NZD to USD for Toastmasters International's reporting purposes. As the District Reserve (which is 59% of Total assets as at 30 June 2019) is held in USD, the translation back to NZD results in forex difference. The impact is taken to the District Reserve Account and the other side to the Statement of Financial Performance.
- (m) **Comparatives**
Comparatives have been shown for the full twelve month period ended 30 June 2018.
- (n) **Audit**
Under the amendments to the Charities Act 2005, Toastmasters International District 72 does not require an audit or a review due to total expenses being under the \$500,000 threshold, however an audit has been carried out at the request of the District Director. WHQ Audit Committee Guidelines have been fully complied with for all periods shown.

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Membership Revenue

The District 72 membership revenue figure is 2.9% ahead of budget for the year.

Expenditure

Membership & Club Extension / Marketing

Marketing expenditure is below budget by \$15,285. The main marketing events were the production of promotional billboards, Facebook advertising, printing of updated club visitor books and the production of a Toastmasters promotional video. Funds were set aside in the budget for club and area promotional funding but few requests were received during the year. In addition, requests for Facebook advertising were lower than expected. Other marketing expenditure relates to banners for new clubs and the Toastmasters 0800 phone service.

Communications

Communications and Public Relations expenses relate to the District 72 website and are under budget by \$2,543. This is due to spending on the new landing page costing less than was budgeted. In addition, we continued to share our website with District 112 for the first six months of the Toastmaster year so have been reimbursed for half the cost of running the website over that period. District 112 also continued to make use of our email redirect system, so we have been reimbursed for half of this cost. These reimbursements were not included in our budget.

Education & Training

Education and Training expenditure is above budget by \$7,268. Expenditure for club officer training was above budget by \$3,184 as Divisions held more sessions than anticipated which ensured more club officers could be trained. In addition, spending on the venue hire for District Officer trainings is over budget by \$3,310, predominantly because the September District Officer Training room rental was higher than expected. Spending was also over budget relating to educational awards and contest trophies which were presented at the District conference. These variances above budget were partially offset by spending below budget in the Distinguished Club category as fewer Division workshops were run than anticipated.

Speech Contest and Awards

All Area contests were completed by the end of February and all Division contests were completed by the end of March. Speech contest expenditure is under budget by \$6,217 due to good cost control by Division teams. Many Area contests were held at club venues with food provided by members, which helped to keep room rental and food costs down. No revenue was budgeted for but the three Wellington-based Divisions elected to levy a door charge for their contests which resulted in revenue of \$2,291.

Administration

Administration costs are under budget by \$4,082 with spending in most categories being lower than budgeted. Spending was above budget in awards and badges, due to the costs associated with re-engraving trophies for reformed Divisions, as well as various District awards that were presented at the May District conference. Expenditure was under budget for the videoing of the District International speech contest, and also under budget for hosting the International President in May. Minimal spending has occurred to date on printing and postage and bank charges are also well under budget. No telephone expenditure has been incurred as Zoom conference calls have been used instead. There was also minimal spending on area council meetings during the year.

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Travel

Travel expenses are \$12,749 below budget for the year. This is a good result, due to District Officers booking early and obtaining good prices for flights. Some District Officers also car pooled to the May conference, helping to keep costs low. Further, the budget was based on 100% of officers attending all training, and there have been a number who have not attended training sessions held in September, March and May. Travel costs for the trio attending international training in January were below budget due to room-sharing and ride-sharing arrangements.

Other

District Conference

Conference revenue was above budget by \$5,129 as attendance was higher than expected. The budget for the May 2019 conference held in Mosgiel was based on 110 registrations, whereas 153 registrations were actually received. Conference expenditure was above budget by \$4,498 due to the increased variable costs associated with hosting more attendees. The overall result was net income of \$616.

District Supplies

District Store revenue was above budget by \$2,124, however included in our revenue figure is a reimbursement from District 112 of \$2,074 for their share of the District Store loss. District Store expenses are above budget by \$8,172. The District Store loss is partially due to the impact of the exchange rate but also due to the District absorbing the cost of shipping and postage. In addition, the District had stock on hand at the end of the Toastmasters year. Stock on hand per the Statement of Financial Position consists of the following:

Stock purchased from Toastmasters International held for resale: \$5,536 (2018: \$3,648)

	30/06/2019			30/06/2018
	Actual	Budget	Variance	Actual
	\$	\$	\$	\$
<i>Income Received</i>				
District Store Sales	11,750	11,700	50	20,643
Plus reimbursement from District 112	2,074	-	2,074	
<i>Cost of Sales</i>				
Opening Stock	3,648	3,648	-	7,396
Plus District Store Purchases	18,026	9,855	8,171	21,334
	<u>21,674</u>	<u>13,503</u>	<u>8,171</u>	<u>28,730</u>
Less Closing Stock	5,536	3,648	(1,888)	3,648
<i>Total Cost of Sales</i>	<u>16,138</u>	<u>9,855</u>	<u>6,283</u>	<u>25,082</u>
Net Loss from Trading	<u>(2,314)</u>	<u>1,845</u>	<u>(6,233)</u>	<u>(4,439)</u>

Related Parties

Toastmasters International is a related party of District 72. During the year the District received membership revenue of \$78,893 from Toastmasters International. There is no balance due or owing by the District to Toastmasters International at year end, other than the District Reserve Account, which comprises fund belonging to District 72, but held at Toastmasters International World Headquarters.

Audit

The District Audit Committee completed an audit on the Financial Statements for the six months ended 31 December 2018. A similar audit is currently in progress on the Financial Statements for the year ended 30 June 2019