

TOASTMASTERS INTERNATIONAL
DISTRICT 72 - NEW ZEALAND

AUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

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Compiled by: Nicola Green
District Finance Manager 2018-2019
February 2019

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 program 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

AUDITED FINANCIAL STATEMENTS

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

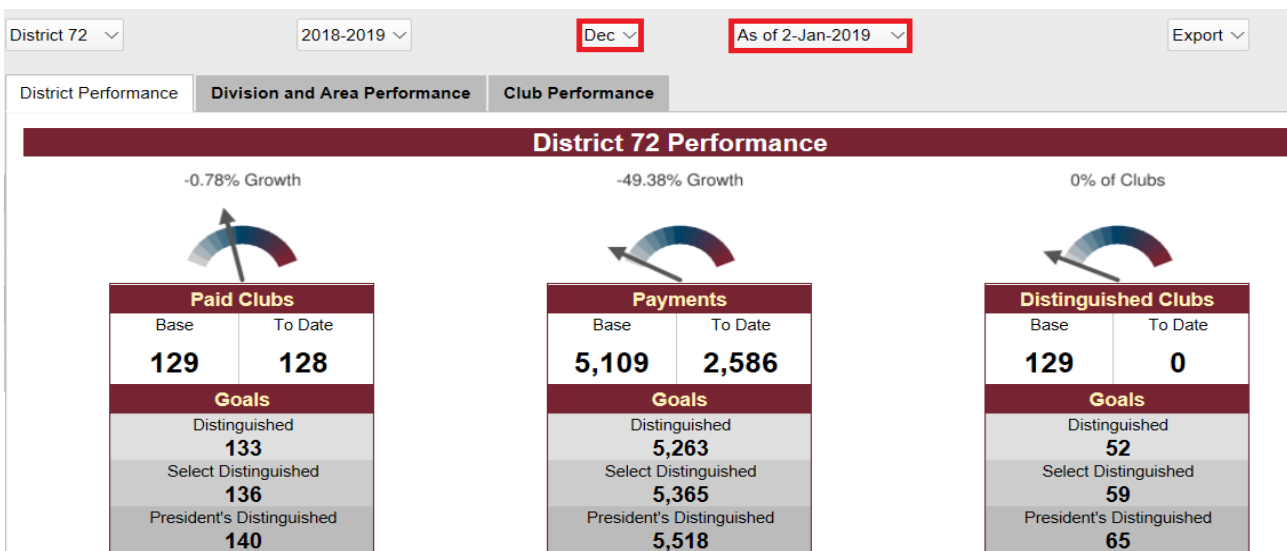
There are three key measurements that Toastmasters International uses to track the progress of Districts.

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 31 December 2018 is detailed below.



TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Actual	Budget	Variance	30-Jun-18 (12 months)	31-Dec-17 (6 months)
	\$	\$	\$	\$	\$
District Revenue					
Membership Revenue	40,084	37,178	2,906	168,338	81,507
District Conference Revenue	-	-	0	84,717	30,218
District Store Revenue	4,594	7,250	(2,656)	20,643	12,816
Division Conference Revenue	-	-	0	4,967	1,904
Other Revenue	6,312	6,710	(398)	18,807	16,820
Total District Revenue	50,990	51,138	(148)	297,472	143,265
District Expenditure					
District Conference Expenses	-	-	0	78,394	27,443
District Store Expenses	8,027	5,980	2,047	25,082	10,359
Marketing					
Building New Clubs	1,187	4,850	(3,663)	3,759	2,255
Membership Growth	3,325	7,000	(3,675)	52,600	15,943
Recognition	-	390	(390)	965	543
Other Expenses	86	-	86	520	183
	4,598	12,240	(7,642)	57,844	18,924
Communications & Public Relations					
District Website	1,564	3,170	(1,606)	5,083	2,417
Other Expenses	-	-	-	-	-
	1,564	3,170	(1,606)	5,083	2,417
Education & Training					
Distinguished Clubs	138	625	(487)	-	785
Training Club Officers	3,642	3,340	302	10,596	7,018
Training Division & Area Directors	4,398	2,080	2,318	11,196	4,159
Other Expenses	193	800	(607)	6,270	3,440
	8,372	6,845	1,527	28,062	15,402
Speech Contests					
Awards & Certificates	356	1,800	(1,444)	2,715	1,758
Other Expenses	1,424	6,000	(4,576)	16,642	7,868
	1,780	7,800	(6,020)	19,357	9,626
Administration					
Printing, Stationery and Photocopying	371	780	(409)	1,552	599
Telephone	776	950	(174)	483	267
Postage	222	650	(428)	1,059	551
Bank Charges	476	990	(514)	1,585	903
Other Expenses	2,048	4,300	(2,252)	2,214	822
	3,892	7,670	(3,778)	6,893	3,142
Travel					
Senior District Officers	12,079	12,105	(26)	35,765	26,359
Division Directors	2,097	2,020	77	9,590	6,246
Area Director	4,464	6,000	(1,536)	34,769	20,515
Other District Officers	272	530	(258)	11,412	8,473
	18,911	20,655	(1,744)	91,536	61,593
Other Expenses					
Foreign Exchange Adjustment	(403)	-	(403)	(16,412)	(2,125)
Miscellaneous Expenses	1,983	2,810	(827)	1,458	381
	1,580	2,810	(1,230)	(14,954)	(1,744)
Total District Expenses	48,724	67,169	(18,446)	297,298	147,162
Net Surplus / (Deficit) for the period	2,267	(16,031)	18,298	174	(3,897)

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	31-Dec-18	30-Jun-18	31-Dec-17
	\$	\$	\$
Equity			
Members Funds	<u>155,794</u>	<u>266,226</u>	<u>262,155</u>
Represented by			
Current Assets			
BNZ Cheque Account	38,487	20,674	17,560
BNZ Convention Bank Accounts	14,504	7,401	25,370
BNZ US Dollar Account	302	36,855	28,674
District Reserve Account	94,374	201,353	195,815
Total of Bank Accounts	<u>147,667</u>	<u>266,283</u>	<u>267,419</u>
Sundry Debtors	4,464	2,500	-
Prepayments	3,039	8,242	2,054
Goods & Services Taxation (GST)	3,771	12,047	6,221
Stock on Hand	4,735	3,648	8,314
	<u>163,677</u>	<u>292,720</u>	<u>284,008</u>
Fixed Assets			
As per Schedule	625	782	-
Total Assets	<u>164,301</u>	<u>293,502</u>	<u>284,008</u>
Less Liabilities			
Current Liabilities			
Accounts Payable	1,902	21,441	3,711
Accruals	662	5,170	662
Income in Advance	5,943	665	17,480
Total Liabilities	<u>8,507</u>	<u>27,276</u>	<u>21,853</u>
Net Assets	<u>155,794</u>	<u>266,226</u>	<u>262,155</u>

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF MOVEMENT IN EQUITY

AS AT 31 DECEMBER 2018

	31-Dec-18	30-Jun-18	31-Dec-17
	\$	\$	\$
<u>Equity</u>			
Members Funds as at 1st July 2018	266,226	266,052	266,052
Reformation Distribution to District 112	(112,698)	-	-
Net Surplus / (Deficit) for the period	2,267	174	(3,897)
Member Funds as at 31 December 2018	<u>155,794</u>	<u>266,226</u>	<u>262,155</u>
Equity as at 31 December 2018	<u>155,794</u>	<u>266,226</u>	<u>262,155</u>

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	31-Dec-18 \$	31-Dec-17 \$
Cash flows from operating activities		
Cash receipts from members & activities	64,494	147,989
Cash payments to suppliers	<u>(70,866)</u>	<u>(153,826)</u>
Cash generated from operating activities	(6,373)	(5,837)
Interest received	<u>51</u>	<u>33</u>
Net cash from operating activities	<u>(6,322)</u>	<u>(5,804)</u>
Cash flows from financing activities		
Capital payments on reformation	<u>(112,698)</u>	<u>-</u>
Net cash from financing activities	<u>(112,698)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(119,020)	(5,804)
Cash and cash equivalents at 1 July 2018	266,283	271,098
Effect of exchange rate fluctuations on cash held	403	2,125
Cash and cash equivalents at 31 December 2018	<u><u>147,667</u></u>	<u><u>267,419</u></u>

RECONCILIATION TO NET SURPLUS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	31-Dec-18 \$	31-Dec-17 \$
Surplus for the six months	2,267	(3,897)
Adjustments for:		
Depreciation	156	-
Exchange rate fluctuations	<u>(403)</u>	<u>(2,125)</u>
	2,020	(6,022)
Change in debtors and prepayments	3,239	3,352
Change in GST receivable	8,276	(2,973)
Change in inventories	(1,087)	1,229
Change in accounts payable and accruals	(24,047)	(9,120)
Change in income in advance	<u>5,278</u>	<u>7,730</u>
Cash generated from operating activities	(6,322)	(5,804)
Net cash from operating activities	<u><u>(6,322)</u></u>	<u><u>(5,804)</u></u>

TOASTMASTERS INTERNATIONAL DISTRICT 72
FIXED ASSET SCHEDULE AS AT 31 DECEMBER 2018

	Location	Depn Rate p.a.	Cost 01.07.18	Accum Depn 01.07.18	NBV 01.07.18	Cost 31.12.18	Additions/ (Disposals) 31.12.18	Depn Expense 31.12.18	Accum Depn 31.12.18	NBV 31.12.18
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	Dunedin	10%	100	100	-	100		-	100	-
DD Gavel & Stand	DD	10%	100	100	-	100		-	100	-
Convention Stand & Gavel	Dunedin	10%	600	600	-	600		-	600	-
Timing Lights	DD	10%	150	150	-	150		-	150	-
Computer Server (purchased 1 July 2013)	Wellington	33.3%	2,179	2,179	-	-	-	-	-	-
Surface Pro (January 2018)	PRM	33.3%	938	157	781	938		156	313	625
			6,047	5,266	781	3,868	-	156	3,243	625

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS **FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

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 \$2million 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 Entities 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.

(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.

(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 record 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.

(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.

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS **FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

- (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 enter 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 57% of Total assets as at 31/12/18) 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, and for the six months ended 31 December 2017. As the District reformed at 1 July 2018, these comparative figures relate to when the District covered the whole of New Zealand.
- (n) **Audit**
Under the amendments to the Chairities 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 SIX MONTHS ENDED 31 DECEMBER 2018**

Membership Revenue

The District 72 membership revenue figure is currently 7.8% ahead of budget for the 6 month period.

Conference Net Income

There is no conference income included as at 31 December as the income and expenses for the May 2019 conference to be held in Dunedin are held on the balance sheet as Deferred Revenue and Prepaid Expenses until the event occurs in May.

Other Revenue

Other revenue is made up of the District Service Charge levied on all clubs. District Service Charge income is below budget by \$389 which is due to the timing of clubs paying the District Service Charge. At the end of December 48% of clubs had paid the charge.

Marketing

Marketing expenditure is currently below budget by \$7,642. At this stage there have been few requests by clubs for promotional funding and there has been no spending on Facebook advertising. Current marketing expenditure relates to banners for new clubs, printing of club visitor books which have been updated for the reformed District, and the production of promotional billboards. Billboard spending was lower than expected as these were only for part of the District. We anticipate billboards for the remainder of the District will be produced in the coming months.

Communications & Public Relations

Communications and Public Relations expenses relate to the District 72 website and are under budget by \$1,606. This is due to spending on the new landing page costing less than was budgeted. In addition, we have continued to share our website with District 112 so have been reimbursed for half the cost of running the website over the past six months. This was not included in our budget and we expect District 112 to cease using our website from January 2019.

Education and Training

Education and Training expenditure is \$1,527 over budget. This is largely due to spending on the venue hire for the September District Officer Training being higher than expected. Spending on Division and Area workshops is currently under budget as fewer workshops have been held than anticipated.

Speech Contests

Speech contest expenditure is currently under budget by \$6,020 due to the timing of Areas holding their contests. The budget was based on Areas holding their contests in November and December but a number have elected to hold their contests in early 2019. In addition, slow presentation of expense claims by District Officers has contributed to costs being under budget for speech contests.

Travel

Travel costs are below budget by \$1,743. The budget was based on all District officers attending the September training, however a number did not attend. In addition, many club officers were able to book cheaper flights which helped to keep travel costs down.

Administration

Administration costs are under budget by \$3,778 with spending in most categories being lower than budgeted. This largest variance to budget is due to minimal spending on trophies and banners where \$2,000 was budgeted for. A number of trophies were donated and a number of Divisions and Areas are still to get their trophies engraved following realignment. The budget for area council meetings was also not spent during the period.

District Supplies

District Store revenue is below budget by \$2,656. The budget was set based on lower demand due to the introduction of Pathways but so far this impact has been greater than expected. Low stock held of legacy system items also resulted in members ordering directly from TI rather than from the District Store earlier in the Toastmasters year. District Store expenses are above budget by \$3,134 due to additional stock being purchased to replenish supplies with a number of WHQ orders being placed in the second quarter. The District store is running at a loss, which is partially due to the impact of the exchange rate but also due to the District absorbing the cost of shipping and postage.

	31/12/2018			31/12/2017
	Actual	Budget	Variance	Actual
	\$	\$	\$	\$
<i>Income Received</i>				
District Store Sales	4,594	7,250	-2,656	12,816
<i>Cost of Sales</i>				
Opening Stock	3,648	3,648	-	9,543
Plus District Store Purchases	9,114	5,980	3,134	12,478
	<u>12,762</u>	<u>9,628</u>	<u>3,134</u>	<u>22,021</u>
Less Closing Stock	4,735	3,648	(1,087)	8,314
<i>Total Cost of Sales</i>	<u>8,026</u>	<u>5,980</u>	<u>2,047</u>	<u>13,707</u>
Net Loss from Trading	<u>(3,432)</u>	<u>1,271</u>	<u>(4,703)</u>	<u>(891)</u>

Independent Auditor's Report

To the Members of Toastmasters International District 72 New Zealand

for the half year ended 31st December 2018

I have been appointed the auditor of Toastmasters International District 72 of New Zealand (The District). The District Director has appointed me, Erica Richardson, I have appointed the two fellow members of the audit committee, to carry out the audit of the financial statements of the District.

Opinion

I have audited the financial statements of the District on pages 3 to 11, that comprise the statement of financial position as at 31 December 2018, the statement of financial performance, and statement of cash flows for the six months ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In my opinion the financial statements of the District present fairly, in all material respects:

- its financial position as at 31 December 2018; and
- its financial performance and cash flows for the half year then ended;

and comply with generally accepted accounting practice in New Zealand.

Basis for opinion

The audit was carried out in accordance with the International the Professional and Ethical Standards and the International Standards on Auditing (New Zealand). My responsibilities under those standards are further described in the Responsibilities of the auditor section of this report.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my opinion. Although a member of Toastmasters International District 112 I am not a member of Toastmasters International District 72.

Responsibilities of the Executive for the financial statements

The Executive are responsible for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand and for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the auditor for the audit of the financial statements

My 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 my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements.



Erica Richardson CA
Auckland, NZ