

District 72, Toastmasters New Zealand

Financial Report for the nine months ended 31 March 2019

The Quarter Three Financial Report includes:

- Income Statement for the nine months ended 31 March 2019
- Notes to the Income Statement for the nine months ended 31 March 2019
- Available Funds as at 31 March 2019
- Balance Sheet as at 31 March 2019
- Notes to the Balance Sheet as at 31 March 2019

Income Statement for the nine months ended 31 March 2019

	Note	Nine Months Ended			Nine Months Ended
		31 Mar 2019			31 Mar 2018
		Actual	Budget	Variance	Actual
District Revenue					
Membership Revenue	1	71,505	66,672	4,833	143,710
Conference Revenue	2	0	0	0	28,379
District Store Revenue	3	7,152	8,750	(1,597)	14,893
Speech Contest Revenue	4	2,291	0	2,291	1,904
Other Revenue	5	8,747	8,980	(233)	18,017
Total District Revenue		89,696	84,402	(5,294)	206,903
District Expenses					
Conference Expenses	2	0	0	0	27,486
District Store Expenses	3	14,709	6,905	7,805	13,923
Marketing Expense	6	7,523	20,135	(12,612)	26,404
Communications & PR Expenses	7	3,038	4,333	(1,295)	3,606
Education & Training Expense	8	12,701	7,920	4,780	19,667
Speech Contest Expenses	4	4,916	13,950	(9,034)	11,415
Administration Expenses	9	5,216	9,555	(4,338)	4,497
Travel Expense	10	23,075	26,765	(3,690)	69,623
Other Expenses	11	2,952	4,215	(1,262)	384
Total District Expenses		74,131	93,778	(19,647)	177,005
Surplus for nine months ended 31 Mar 2019		15,565	(9,375)	24,941	29,898

Notes to the Income Statement for the nine months ended 31 March 2019

1. Membership revenue is currently \$4,833 ahead of budget despite the number of paid clubs in the District falling below the base level.
2. There is no conference revenue included as at 31 March as the revenue 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.

3. District Store revenue is below budget by \$1,597. The variance below budget has decreased over the last quarter. 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 \$7,805, this variance has increased over the last quarter with a number of orders being placed towards the end of the quarter ahead of the May 2019 conference. 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. We are continuing to service the whole country for District Supplies so some of this loss will be shared with District 112 at the end of the Toastmasters year.
4. All Area contests were completed by the end of February and all Division contests were completed by the end of March. No speech contest 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. Speech contest expenditure is currently under budget by \$9,034 which is partially due to slow presentation of expense claims by District Officers but also due to good cost control by Division teams.
5. Other revenue is made up of the District Service Charge levied on all clubs plus a small amount of interest income. Interest income is below budget by \$19 and the District Service Charge income is below budget by \$213. At the end of March 67% of clubs had paid the charge. The budget was based on 70% of clubs paying the charge and it is expected this will be achieved during the month of April.
6. Marketing expenditure is currently below budget by \$12,612. Promotional billboards have now been produced for the whole District. While there have been some requests by clubs and areas for promotional funding, so far these have been lower than expected. Spending on Facebook advertising has also been lower than anticipated. Other marketing expenditure relates to banners for new clubs and printing of club visitor books which have been updated for the reformed District. There is currently a marketing project underway involving the use of selfie videos but the completion of this is dependent on receiving sufficient videos from members.
7. Communications and Public Relations expenses relate to the District 72 website and are under budget by \$1,295. 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. This reimbursement was not included in our budget.
8. Education and Training expenditure is \$4,780 over budget, there are several reasons for this. Firstly, the provision for spending on club officer training in the District budget was insufficient. Expenditure related to club officer training is currently over budget by \$2,939. Divisions held more sessions to ensure more club officers could be trained. Secondly, spending on the venue hire for District Officer trainings is over budget by \$3,705, predominantly because the September District Officer Training room rental was higher than expected. These variances over budget are partially offset by spending on Division and Area workshops being under budget by \$1,046 as fewer workshops have been held than anticipated.

9. Administration costs are under budget by \$4,338 with spending in most categories being lower than budgeted. The 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 so the only cost incurred by the District was for the engraving of the donated trophies. 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. The budget for area council meetings was also not spent during the period.
10. Travel costs are below budget by \$3,690. The budget was based on all District officers attending the September training, however a number did not attend. Also, number of District officers did not attend the March administration meeting which has contributed to costs being under budget. In addition, many club officers were able to book cheaper flights which helped to keep travel costs down. Travel costs for the trio attending international training in January were below budget due to room-sharing and ride-sharing arrangements.
11. Other expenses, while \$1,262 below budget, are tracking as expected. The provision for miscellaneous expenses of \$900 has not been spent and the translation of the monthly TI allocation to NZD was slightly less than expected.

Available Funds as at 31 March 2019

Main District 72 Operating Account	29,764.39
USD Account	401.20
Convention A – not in use	0.75
Convention B - not in use (Waipuna May 2018)	7,369.22
Convention C - not in use (Hamilton May 2019)	798.24
Convention D – Dunedin May 2019	<u>17,279.09</u>
Total Cash	55,612.89
District Reserve	<u>78,130.77</u>
Total Cash & District Reserve	<u>133,743.66</u>
Minimum District Reserve Required at Year End	<u>(19,160.11)</u>
Total Available Funds	<u><u>114,583.55</u></u>

Balance Sheet as at 31 March 2019

	Note	As At <u>31 Mar 2019</u>	As At <u>31 Mar 2018</u>
Current Assets			
Cash and Cash Equivalents	1	133,744	324,607
Prepaid Expenses	2	6,628	6,062
Accounts Receivable	3	4,464	0
Other Current Assets	4	<u>(780)</u>	<u>528</u>
Total Current Assets		<u>144,056</u>	<u>331,197</u>
Fixed Assets			
Fixed Assets	5	938	2,179
Accumulated Depreciation	5	<u>391</u>	<u>2,179</u>
Net Fixed Assets		<u>547</u>	<u>0</u>
Total Assets		<u><u>144,603</u></u>	<u><u>331,197</u></u>
Current Liabilities			
Accounts Payable	6	1,817	4,680
Accrued Liabilities	7	662	662
Deferred Revenue	8	<u>15,559</u>	<u>38,559</u>
Total Current Liabilities		<u>18,038</u>	<u>43,901</u>
Total Liabilities		18,038	43,901
Members' Equity			
Cumulative Translation Adjustment	9	19,176	5,807
Equity	10	91,825	251,591
Quarter Three Surplus	11	<u>15,565</u>	<u>28,898</u>
Total Members' Equity		<u>126,566</u>	<u>287,297</u>
Total Liabilities and Equity		<u><u>144,603</u></u>	<u><u>331,197</u></u>

Notes to the Balance Sheet as at 31 March 2019

1. Cash comprises all the bank accounts held by District 72 and the District 72 Reserve which is held in the US by Toastmasters International. For detail please refer to the listing of Available Funds as at 31 March 2019 above. Please note we are still in discussions with WHQ regarding the calculation of the final split of funds to District 112 that occurred in January 2019.
2. Prepaid expenses comprise expenses that have been paid before the event has taken place. Such expenses are held on the Balance Sheet until the event occurs. Prepaid expenses as at 31 March 2019 are comprised of costs associated with the May 2019 Dunedin conference and the associated District Officer travel costs.
3. Accounts receivable comprises of funds owed to the District 72 by District 112 for Hamilton May 2019 conference costs incurred by District 72 prior to reformation. We are currently in discussions with District 112 and WHQ regarding collecting these funds.
4. Other Current Assets is the current balance of Goods and Services Tax (GST) which shows the District currently owes Inland Revenue \$780. We expect to be in a GST refund position once all the conference costs have been paid by the time the six-monthly GST Return is due.
5. The Fixed Asset is the Surface Pro tablet purchased in January 2018, which is being depreciated on a straight-line basis over 3 years. Accumulated Depreciation is the sum of monthly depreciation charges over the useful life of the asset.
6. The accounts payable balance comprises invoices that were entered into the accounting system during March but were paid during April.
7. The accrued liabilities balance relates to outstanding cheques that have not been cashed against the District bank accounts. As these are all historic in nature and it is unlikely we will be called upon to issue new cheques, we have asked WHQ to reverse this liability. WHQ had previously elected to retain the liability due to the requirement of Californian law, which states that cheques must be honoured whenever presented.
8. Deferred Revenue comprises the registration fees for the Dunedin May 2019 Conference. The Dunedin registrations are held on the balance sheet until the event occurs and will be released to the Income Statement in May 2019.
9. The Cumulative Translation Adjustment is the sum of foreign exchange gains and losses made on the translation of the District Reserve and USD Bank Account which are denominated in USD and translated to NZD for financial reporting purposes. This figure is built up over the years that District 72 has been preparing financial reports and fluctuates depending on exchange rate movements.

10. This figure represents the equity of District 72, being the value of the assets owned after deducting liabilities due and the other items of equity being the Cumulative Translation Adjustment and the year to date result, which are shown separately.
11. This figure represents the surplus for the period ended 31 March 2019 - refer to the Income Statement above.

Nicola Green

District 72 Finance Manager

2018-2019

Report drafted as at 3 May 2019