

TOASTMASTERS INTERNATIONAL
DISTRICT 72 - NEW ZEALAND

DRAFT FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

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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 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 nine senior officers. These officers guide the activities and support functions of the District. The District Director, two Program Quality Directors, and two Club Growth Directors 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 five elected officers, who may also be referred to as the "Quintet". 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 covers the whole of New Zealand. There are nine Divisions in the District, and the Divisions are broken into 60 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 Account" for each District at its Headquarters in California. Districts submit a budget each year and may requisition funds from their District 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 SIX MONTHS ENDED 31 DECEMBER 2017

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.

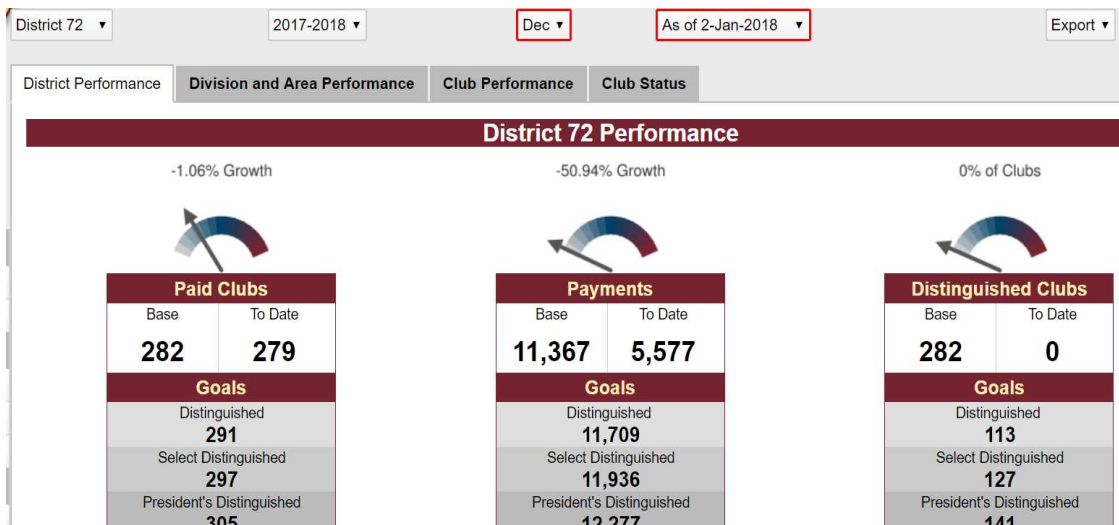
Outputs

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 2017 is detailed below.



TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Actual	Budget	Variance	30-Jun-17 (12 months)	31-Dec-16 (6 months)
	\$	\$	\$	\$	\$
District Revenue					
Membership Revenue	81,507	77,547	3,960	164,615	78,353
District Conference Revenue	30,218	31,043	-825	85,786	29,776
District Store Revenue	12,816	14,000	-1,184	26,739	13,609
Division Conference Revenue	1,904	2,000	-96	4,155	2,379
Other Revenue	16,820	21,060	-4,240	25,857	18,846
Total District Revenue	143,265	145,650	-2,385	307,152	142,963
District Expenditure					
District Conference Expenses	27,443	27,985	-542	79,600	25,498
District Store Expenses	10,359	9,000	1,359	31,498	18,007
Marketing					
Building New Clubs	2,255	2,905	-650	10,704	1,685
Membership Growth	15,943	26,125	-10,182	13,688	10,223
Recognition	543	360	183	1,328	210
Other Expenses	183	390	-207	1,275	497
	18,924	29,780	-10,856	26,995	12,615
Communications & Public Relations					
District Website	2,417	2,326	91	5,575	3,093
Other Expenses	0	0	0	0	0
	2,417	2,326	91	5,575	3,093
Education & Training					
Distinguished Clubs	785	900	-115	0	0
Training Club Officers	7,018	5,360	1,658	10,242	6,188
Training Division & Area Directors	4,159	4,760	-601	5,894	2,970
Other Expenses	3,440	2,380	1,060	2,051	998
	15,402	13,400	2,002	18,187	10,156
Speech Contests					
Awards & Certificates	1,758	2,820	-1,062	2,463	1,264
Other Expenses	7,868	9,955	-2,087	11,386	6,144
	9,626	12,775	-3,149	13,849	7,408
Administration					
Printing, Stationery and Photocopying	599	480	119	1,479	831
Telephone	267	300	-33	0	0
Postage	551	650	-99	1,321	813
Bank Charges	903	990	-87	1,473	814
Other Expenses	822	1,120	-298	302	166
	3,142	3,540	-398	4,575	2,624
Travel					
Senior District Officers	26,359	25,575	784	25,081	15,375
Division Directors	6,246	7,500	-1,254	11,632	5,969
Area Director	20,515	21,900	-1,385	38,482	23,277
Other District Officers	8,473	6,000	2,473	3,621	4,746
	61,593	60,975	618	78,816	49,367
Other Expenses					
Foreign Exchange Adjustment	-2,125	0	-2,125	8,594	-4,257
Miscellaneous Expenses	381	300	81	743	138
	-1,744	300	-2,044	9,337	-4,119
Total District Expenses	147,162	160,081	-12,919	268,432	124,649
Net Surplus / (Deficit) for the period	-3,897	-14,431	10,534	38,720	18,314

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	31-Dec-17	30-Jun-17	31-Dec-16
	\$	\$	\$
Equity			
Members Funds	<u>262,155</u>	<u>266,052</u>	<u>245,646</u>
Represented by			
Current Assets			
BNZ Cheque Account	17,560	20,802	9,512
BNZ Convention Bank Accounts	25,370	17,474	15,144
BNZ US Dollar Account	28,674	27,372	28,800
District Reserve Account	195,815	205,450	183,966
Total of Bank Accounts	<u>267,419</u>	<u>271,098</u>	<u>237,422</u>
Sundry Debtors	0	0	0
Prepayments	2,054	5,407	4,688
Goods & Services Taxation (GST)	6,221	3,248	5,053
Stock on Hand	8,314	9,543	11,420
	<u>284,008</u>	<u>289,296</u>	<u>258,583</u>
Fixed Assets			
As per Schedule	0	0	0
Total Assets	<u>284,008</u>	<u>289,296</u>	<u>258,583</u>
Less Liabilities			
Current Liabilities			
Accounts Payable	3,711	10,599	3890
Accruals	662	2,895	662
Income in Advance	17,480	9,750	8,385
Total Liabilities	<u>21,853</u>	<u>23,244</u>	<u>12,937</u>
Net Assets	<u>262,155</u>	<u>266,052</u>	<u>245,646</u>

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF MOVEMENT IN EQUITY

AS AT 31 DECEMBER 2017

	31-Dec-17	30-Jun-17	31-Dec-16
	\$	\$	\$
<u>Equity</u>			
Members Funds as at 1st July 2017	266,052	227,332	227,332
Net Surplus / (Deficit) for the period	-3,897	38,720	18,314
Member Funds as at 31 December 2017	262,155	266,052	245,646
Equity as at 31 December 2017	262,155	266,052	245,646

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	31-Dec-17 \$	31-Dec-16 \$
Cash flows from operating activities		
Cash receipts from members & activities	147,989	141,703
Cash payments to suppliers	-153,826	-122,817
Cash generated from operating activities	-5,837	18,886
Interest received	33	32
Net cash from operating activities	<u>-5,804</u>	<u>18,918</u>
Net increase/(decrease) in cash and cash equivalents	-5,804	18,918
Cash and cash equivalents at 1 July 2017	271,098	214,247
Effect of exchange rate fluctuations on cash held	2,125	4,257
Cash and cash equivalents at 31 December 2017	<u><u>267,419</u></u>	<u><u>237,422</u></u>

RECONCILIATION TO NET SURPLUS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	31-Dec-17 \$	31-Dec-16 \$
Surplus for the six months	-3,897	18,314
Adjustments for:		
Depreciation	0	0
Exchange rate fluctuations	-2,125	-4,257
	-6,022	14,057
Change in debtors and prepayments	3,352	12,434
Change in GST receivable	-2,973	1,397
Change in inventories	1,229	-2,344
Change in accounts payable and accruals	-9,120	-4,002
Change in income in advance	7,730	-2,625
Cash generated from operating activities	-5,804	18,918
Net cash from operating activities	<u><u>-5,804</u></u>	<u><u>18,918</u></u>

TOASTMASTERS INTERNATIONAL DISTRICT 72
FIXED ASSET SCHEDULE AS AT 31 DECEMBER 2017

	Location	Depn Rate p.a.	Cost 01.07.17	Accum Depn 01.07.17	NBV 01.07.17	Cost 31.12.17	Additions 31.12.17	Depn Expense 31.12.17	Accum Depn 31.12.17	NBV 31.12.17
Jolyon Firth Cup -International	Awarded	10%	150	150	0	150		0	150	0
Maurice Hayes Cup - Entertainment	Awarded	10%	200	200	0	200		0	200	0
John Fauvel Cup - Table Topics	Awarded	10%	150	150	0	150		0	150	0
Ray Morse Cup - Humorous	Awarded	10%	180	180	0	180		0	180	0
Rob Henry Cup - Evaluation	Awarded	10%	200	200	0	200		0	200	0
Don Harden Memorial Trophy	Awarded	10%	150	150	0	150		0	150	0
Jack Duffy Memorial Award	Awarded	10%	150	150	0	150		0	150	0
Toastmaster of the year Cup	Awarded	10%	200	200	0	200		0	200	0
Dan Coomey Shield	Awarded	10%	150	150	0	150		0	150	0
Bulletin Award Cup	Awarded	10%	150	150	0	150		0	150	0
IPDG Trophy	Awarded	10%	200	200	0	200		0	200	0
District Banner	DD	10%	100	100	0	100		0	100	0
Convention Banner	Wellington	10%	100	100	0	100		0	100	0
DD Gavel & Stand	DD	10%	100	100	0	100		0	100	0
Convention Stand & Gavel	Wellington	10%	600	600	0	600		0	600	0
Timing Lights	DD	10%	150	150	0	150		0	150	0
Computer Server (purchased 1 July 2013)	Wellington	33.3%	2,179	2,179	0	2,179		0	2,179	0
			5,109	5,109	0	5,109	0	0	5,109	0

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS **FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

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 has not had 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 computer server which is depreciated at 33.3% of cost. All assets are now fully depreciated.

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS **FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

- (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 69% of Total assets as at 31/12/17) 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 2017, and for the six months ended 31 December 2016.
- (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.

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Membership Revenue

The District 72 membership revenue figure is currently 5.1% ahead of budget for the 6 month period.

Conference Net Income

The November 2017 Conference was held in Gisborne, with a surplus of approx \$4k. This surplus will be distributed back to attendees who held a full registration. Conference expenses were well controlled by the conference committee, and the conference received a lot of positive feedback.

Other Revenue

Other Revenue is made up of District Service Charge invoiced to all clubs. This is behind budget as it was difficult to anticipate how many clubs would pay within the first 6 months. As a lot of clubs close down in New Zealand over December/January for the summer break, there are no committee meetings held to authorise payments. We are expecting payments to resume in the new year. Clubs are being reminded of payments required

Marketing

The main focus for marketing in the first half of the year has been a Neighbourly promotion, advertising in a careers exp magazine, printing updated visitors booklets & distributing copies to all clubs, facebook promotions (including boosting club open meeting event posts), and a video competition open to all clubs to produce promotional videos for use by the district. Marketing spend is currently under budget by \$10.8k, however there is a large promotion via "back of bus" advertising which has taken place in late January, early February. The District has received donated advertising from Google to the value of \$1700.

Communications & Public Relations

The Communications and PR spend meets the budget. This spend is upkeep of the district website, club finder, calendar, and anti-spam.

Education and Training

The Education and Training spend is over budget by \$2k. This is due to overspending in Club Leadership training - particularly in room rental and stationery.

Speech Contests

Round one of the speech contests being Table Topics and Humorous Speech for Areas and Divisions took place over September and October. Revenue from contests is tracking at current budgeted levels. Expenditure is below budget by \$3k due to good cost control by Area & Division Director in running their contests

Travel

Travel expense is tracking well - currently \$618 over budget, which is a good result given the large amount of travel that is necessary in this District. District Officers have been working hard to book flights early to get low prices, and also car-pooling to the November conference to help keep costs down.