

TOASTMASTERS INTERNATIONAL DISTRICT 72

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

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	District Finance Manager
	April 2020

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 covers the South Island and the Wellington region (previously covering the whole of NZ) There are six Divisions in the District, and the Divisions are broken into 29 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

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

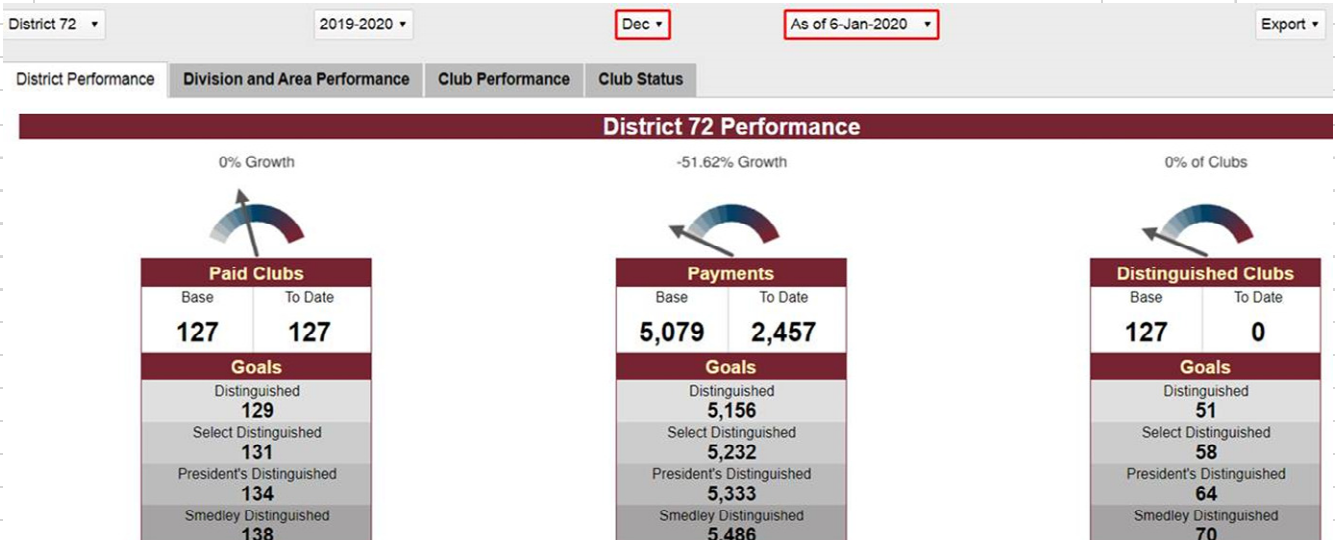
There are three key measurements that Toastmasters International uses to track the progress of Districts.

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 2019 is detailed below.



TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Actual	Budget	Variance	30-Jun-19 (12 months)	31-Dec-18 (6 months)
	\$	\$	\$	\$	\$
District Revenue					
Membership Revenue	40,610	38,626	1,984	78,893	40,084
District Conference Revenue	-	-	0	21,694	0
District Store Revenue	2,627	7,250	(4,623)	13,824	4,594
Speech Contest Revenue	-	-	0	2,291	0
Other Revenue	8,432	14,205	(5,773)	10,256	6,312
Total District Revenue	51,669	60,081	(8,412)	126,959	50,990
District Expenditure					
District Conference Expenses	52	-	52	21,078	0
District Store Expenses	1,889	5,980	-4,091	16,138	8,027
Marketing					
Building New Clubs	972	5,050	(4,078)	1,452	1,187
Membership Growth	11,257	14,740	(3,483)	10,691	3,325
Recognition	441	400	41	878	0
Other Expenses	1	300	(299)	173	86
	12,671	20,490	(7,819)	13,195	4,598
Communications & Public Relations					
District Website	2,211	2,500	(289)	3,543	1,564
	2,211	2,500	(289)	3,543	1,564
Education & Training					
Distinguished Clubs	200	300	(100)	-	138
Training Club Officers	3,704	7,380	(3,676)	6,524	3,642
Training Division & Area Directors	2,751	4,580	(1,829)	6,315	4,398
Other Expenses	527	5,670	(5,143)	4,708	193
	7,183	17,930	(10,747)	17,548	8,372
Speech Contests					
Awards & Certificates	323	760	(437)	1,187	356
Other Expenses	1,528	1,890	(362)	6,545	1,424
	1,850	2,650	(800)	7,733	1,780
Administration					
Printing, Stationery and Photocopying	183	755	(572)	601	371
Telephone	599	830	(231)	913	776
Postage	189	470	(281)	663	222
Bank Charges	508	1,040	(532)	1,018	476
Other Expenses	(98)	200	(298)	8,488	2,048
	1,382	3,295	(1,913)	11,682	3,892
Travel					
Senior District Officers	14,890	14,870	20	16,143	12,079
Division Directors	2,314	2,160	154	4,122	2,097
Area Director	4,825	4,640	185	10,614	4,464
Other District Officers	153	250	(97)	1,517	272
	22,182	21,920	262	32,396	18,911
Other Expenses					
Foreign Exchange Adjustment	1,998	-	1,998	1,207	(403)
Miscellaneous Expenses	2,048	2,868	(820)	3,953	1,983
	4,045	2,868	1,177	5,160	1,580
Total District Expenses	53,465	77,633	(24,167)	128,473	48,724
Net Surplus / (Deficit) for the period	(1,797)	(17,552)	15,755	(1,514)	2,267

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	31-Dec-19	30-Jun-19	31-Dec-18
	\$	\$	\$
Equity			
Members Funds	121,747	123,543	155,794
Represented by			
Current Assets			
BNZ Cheque Account	8,185	23,203	38,487
BNZ Convention Bank Accounts	6,260	1,639	14,504
BNZ US Dollar Account	37,283	15,427	302
District Reserve Account	64,491	75,964	94,374
Total of Bank Accounts	116,220	116,234	147,667
Sundry Debtors	1,371	2,881	4,464
Prepayments	5,748	1,018	3,039
Goods & Services Taxation (GST)	1,842	2,967	3,771
Stock on Hand	5,513	5,536	4,735
	130,695	128,635	163,677
Fixed Assets			
As per Schedule	313	469	625
Total Assets	131,007	129,104	164,302
Less Liabilities			
Current Liabilities			
Accounts Payable	-	3,809	1,902
Accruals	662	1,752	662
Income in Advance	8,598	-	5,943
Total Liabilities	9,260	5,561	8,507
Net Assets	121,747	123,543	155,794

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF MOVEMENT IN EQUITY

AS AT 31 DECEMBER 2019

	31-Dec-19	30-Jun-19	31-Dec-18
	\$	\$	\$
<u>Equity</u>			
Members Funds as at 1st July	123,543	266,226	266,226
Reformation Distribution to District 112		(141,169)	(112,698)
Net Surplus / (Deficit) for the period	(1,797)	(1,514)	2,267
Member Funds as at 31 December	121,747	123,543	155,794
Equity as at 31 December	121,747	123,543	155,794

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	31-Dec-19	31-Dec-18
	\$	\$
Cash flows from operating activities		
Cash receipts from members & activities	62,862	64,494
Cash payments to suppliers	-60,918	(70,866)
Cash generated from operating activities	1,944	(6,373)
Interest received	40	51
Net cash from operating activities	1,984	(6,322)
Cash flows from financing activities		
Capital payments on reformation	0	(112,698)
Net cash from financing activities	0	(112,698)
Net increase/(decrease) in cash and cash equivalents	1,984	(119,020)
Cash and cash equivalents at 1 July	116,234	266,283
Effect of exchange rate fluctuations on cash held	(1,998)	403
Cash and cash equivalents at 31 December	116,220	147,667

RECONCILIATION TO NET SURPLUS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	31-Dec-19	31-Dec-18
	\$	\$
Surplus for the six months	(1,797)	2,267
Adjustments for:		
Depreciation	156	156
Exchange rate fluctuations	1,998	(403)
	357	2,019
Change in debtors and prepayments	(3,220)	3,239
Change in GST receivable	1,125	8,276
Change in inventories	23	(1,087)
Change in accounts payable and accruals	(4,899)	(24,047)
Change in income in advance	8,598	5,278
Cash generated from operating activities	1,984	(6,322)
Net cash from operating activities	1,984	(6,322)

TOASTMASTERS INTERNATIONAL DISTRICT 72
FIXED ASSET SCHEDULE AS AT 31 DECEMBER 2019

		Depn Rate	Cost 01.07.19	Accum Depn 01.07.19	NBV 01.07.19	Cost 31.12.19	Additions/ (Disposals) 31.12.19	Depn Expense 31.12.19	Accum Depn 31.12.19	NBV 31.12.19
		p.a.								
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	-
DD 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	-
Surface Pro (January 2018)	PRM	33.3%	938	469	469	938		156	625	313
			3,868	3,399	469	3,868	-	156	3,555	313

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 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 \$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 2019

(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 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 2019, and for the six months ended 31 December 2018. The District reformed at 1 July 2018, prior to this 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. WHQ Audit Committee Guidelines have been fully complied with for all periods shown.

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS Continued

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Membership Revenue

The District 72 membership revenue figure is currently \$1,984 ahead of budget for the 6 month period.

Conference Net Income

There is no conference revenue included as at 31 December as the revenue and expenses for the May 2020 conference to be held in Christchurch 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, recovery of shared services costs from District 112 plus a small amount of interest income. Interest income is below budget by \$20 with continued low interest rates and reduced cash reserves. The District Service Charge was increased by \$2 to \$8 per member (including GST) this year. Delays in invoicing have delayed payment by clubs which is below budget by \$5,695. At the end of December 46% of clubs had paid the charge (similar to last year's rate). District 112 was invoiced \$1,192 for a share of the national Toastmasters NZ website and 0800 service costs.

Marketing

Marketing expenditure is currently below budget by \$7,819. While Facebook advertising has continued a planned continuation of the Billboard campaign was delayed. This is now scheduled for the second half of the year.

Communications & Public Relations

Communications and Public Relations expense is \$289 under budget and is for the New Zealand website which we continue to share with District 112, seeking reimbursement of half the cost.

Education and Training

Education and Training expenditure is \$10,747 under budget. This is largely due to fewer Area and Division workshops being held than budgeted. Club Leadership Training (CLT) venue and refreshment cost are also below budget for the first 6 months with the second round of CLT incomplete at this stage.

Speech Contests

Speech contest expenditure is currently under budget by \$800 due to the timing of contests in Areas and slow presentation of expense claims by District Officers over the Holidyay break.

Travel

Travel costs are above budget by \$262. The budget did not allow for flights associated with the Regional Advisor's visit but the budget this year was not based on all District Officers attending the September training. However many District Officers were able to book cheaper flights, helping to keep travel costs down.

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS Continued

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Administration

Administration costs are under budget by \$1,913 with spending in most categories being lower than budgeted. A cheaper than anticipated bill for videoing the International speech last year means we have a credit of \$800 this year. While creditcard fees and postage are lower with less District Stores sales. General printing and stationery costs are also below budget.

Other Expenses

Other expenses, while \$820 below budget, are tracking as expected. A provision for miscellaneous expenses has not been spent and the translation of the monthly TI allocation to NZD was slightly higher than budgeted.

District Supplies

District Store revenue is below budget by \$4,623. The budget was set based on last year's budget with expected lower demand due to the introduction of Pathways. But so far this impact has been greater than anticipated with D112 also declining to use this service. Low stock held of legacy system items also resulted in members ordering directly from TI rather than from the District Store. District Store expenses are also below budget by \$4,135 with volumes well below anticipated levels as discussed above. A net gain of \$759 has been achieved so far though as District 112 members electing to use our service are charged postage costs. District 72 absorbs the cost of shipping and postage for members.

	31-Dec-19			31-Dec-18
	Actual	Budget	Variance	Actual
	\$	\$	\$	\$
<i>Income Received</i>				
District Store Sales	2,627	7,250	(4,623)	4,594
<i>Cost of Sales</i>				
Opening Stock	5,536	3,648	1,888	3,648
Plus District Store Purchases	1,845	5,980	(4,135)	9,114
	7,381	9,628	-2,247	12,762
Less Closing Stock	5,513	3,648	(1,865)	4,735
<i>Total Cost of Sales</i>	1,868	5,980	(4,112)	8,026
Net Gain / (Loss) from Trading	759	1,271	(511)	(3,432)