

TOASTMASTERS INTERNATIONAL DISTRICT 72

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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Compiled by: Philip Smith
District Finance Manager
January 2021

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 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 may carry out other fundraising events to supplement subscriptions and 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.

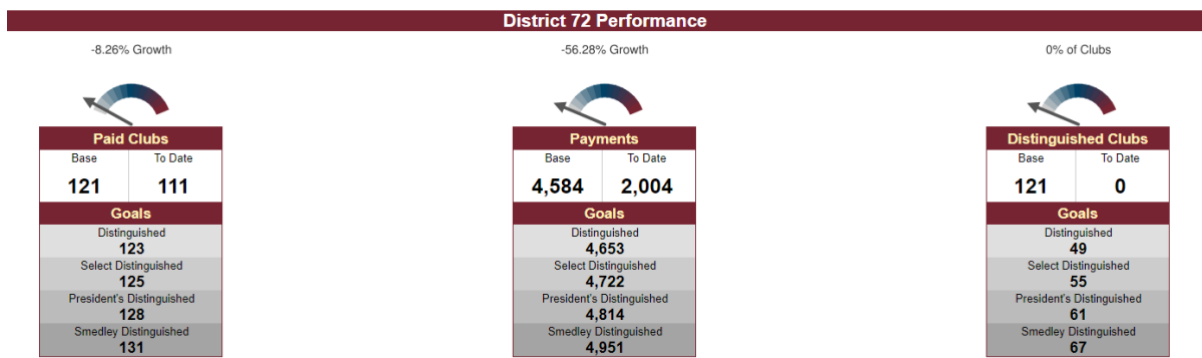
1. 'Paid Clubs' is existing clubs which have paid dues for at least 8 members and newly chartered clubs.
2. 'Payments' consists of subscriptions received from continuing existing members and new members.
3. 'Distinguished Clubs' measures the "health" of clubs by allocating points for members completing 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 2020 is detailed below:



TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

| | Actual | Budget | Variance | 30-Jun-20 (12 months) | 31-Dec-19 (6 months) |
|---|---------------|---------------|----------------|--------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| District Revenue | | | | | |
| Membership Revenue | 32,057 | 30,951 | 1,106 | 76,638 | 40,610 |
| District Conference Revenue | 883 | - | 883 | - | - |
| District Store Revenue | 156 | - | 156 | 5,388 | 2,627 |
| Speech Contest Revenue | - | - | - | - | - |
| Other Revenue | 1,010 | - | 1,010 | 1,825 | 8,432 |
| Total District Revenue | <u>34,106</u> | <u>30,951</u> | <u>3,155</u> | <u>83,851</u> | <u>51,669</u> |
| District Expenditure | | | | | |
| District Conference Expenses | 870 | - | 870 | 2,948 | 52 |
| District Store Expenses | 56 | - | 56 | 9,297 | 1,889 |
| Recognition, Club Growth and Marketing | | | | | |
| Recognition | (209) | 620 | (829) | 650 | 441 |
| Club Growth | 1,291 | 1,500 | (209) | 2,569 | 972 |
| Marketing Outside Toastmasters | 1,504 | 2,800 | (1,296) | 39,507 | 11,258 |
| | <u>2,586</u> | <u>4,920</u> | <u>(2,334)</u> | <u>42,726</u> | <u>12,671</u> |
| Public Relations | | | | | |
| District Website | 1,618 | 4,600 | (2,982) | 4,472 | 2,211 |
| | <u>1,618</u> | <u>4,600</u> | <u>(2,982)</u> | <u>4,472</u> | <u>2,211</u> |
| Education & Training | | | | | |
| Distinguished Clubs | - | - | - | 200 | 200 |
| Training Club Officers | - | 150 | (150) | 5,776 | 3,704 |
| Training Division & Area Directors | 1,301 | 1,450 | (149) | 6,829 | 2,751 |
| Other Expenses | - | 1,320 | (1,320) | 527 | 527 |
| | <u>1,301</u> | <u>2,920</u> | <u>(1,619)</u> | <u>13,332</u> | <u>7,182</u> |
| Speech Contests | | | | | |
| Awards & Certificates | (924) | 1,170 | (2,094) | 4,672 | 323 |
| Other Expenses | 162 | - | 162 | 7,255 | 1,528 |
| | <u>(762)</u> | <u>1,170</u> | <u>(1,932)</u> | <u>11,927</u> | <u>1,851</u> |
| Administration | | | | | |
| Printing, Stationery and Photocopying | - | 200 | (200) | 183 | 183 |
| Telephone | 543 | 530 | 13 | 2,209 | 599 |
| Postage | (150) | - | (150) | 552 | 189 |
| Bank Charges | 315 | 80 | 235 | 1,018 | 508 |
| Other Expenses | 1,989 | 1,922 | 67 | 6,846 | 1,950 |
| | <u>2,696</u> | <u>2,732</u> | <u>(35)</u> | <u>10,808</u> | <u>3,429</u> |
| Food | 1,109 | 1,980 | (871) | - | - |
| Lodging | 1,043 | 1,200 | (157) | - | - |
| Travel | | | | | |
| Senior District Officers | 2,460 | 2,397 | 63 | 20,923 | 14,890 |
| Division Directors | 2,519 | 2,822 | (303) | 4,423 | 2,314 |
| Area Director | 2,859 | 3,982 | (1,123) | 6,831 | 4,825 |
| Other District Officers | 257 | 400 | (143) | 1,903 | 153 |
| | <u>8,095</u> | <u>9,601</u> | <u>(1,506)</u> | <u>34,080</u> | <u>22,182</u> |
| Other Expenses | | | | | |
| Foreign Exchange Adjustment | 9,107 | - | 9,107 | (3,597) | 1,998 |
| Miscellaneous Expenses | (2,274) | - | (2,274) | 424 | - |
| | <u>6,833</u> | <u>-</u> | <u>6,833</u> | <u>(3,173)</u> | <u>1,998</u> |
| Total District Expenses | <u>25,446</u> | <u>29,123</u> | <u>(3,676)</u> | <u>126,417</u> | <u>53,465</u> |
| Net Surplus / (Deficit) for the period | <u>8,660</u> | <u>1,828</u> | <u>6,831</u> | <u>(42,565)</u> | <u>(1,797)</u> |

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

| | 31-Dec-20 | 30-Jun-20 | 31-Dec-19 |
|---------------------------------|---------------|---------------|----------------|
| | \$ | \$ | \$ |
| Equity | | | |
| Members Funds | <u>89,638</u> | <u>80,978</u> | <u>121,747</u> |
| | | | |
| Represented by | | | |
| | | | |
| Current Assets | | | |
| BNZ Cheque Account | 5,415 | 23,943 | 8,185 |
| BNZ Convention Bank Accounts | 368 | 353 | 6,260 |
| BNZ US Dollar Account | 18,801 | 21,106 | 37,283 |
| District Reserve Account | 64,000 | 41,986 | 64,491 |
| Total of Bank Accounts | <u>88,584</u> | <u>87,388</u> | <u>116,220</u> |
| | | | |
| Sundry Debtors | 199 | 69 | 1,371 |
| Prepayments | 2,133 | 870 | 5,748 |
| Goods & Services Taxation (GST) | 2,421 | 7,933 | 1,842 |
| Stock on Hand | - | - | 5,513 |
| | <u>93,337</u> | <u>96,260</u> | <u>130,695</u> |
| | | | |
| Fixed Assets | | | |
| As per Schedule | - | 156 | 313 |
| | | | |
| Total Assets | <u>93,337</u> | <u>96,416</u> | <u>131,007</u> |
| | | | |
| Less Liabilities | | | |
| | | | |
| Current Liabilities | | | |
| Accounts Payable | 2,537 | 4,312 | - |
| Accruals | 1,162 | 11,125 | 662 |
| Income in Advance | - | - | 8,598 |
| | | | |
| Total Liabilities | <u>3,699</u> | <u>15,437</u> | <u>9,260</u> |
| | | | |
| Net Assets | <u>89,638</u> | <u>80,978</u> | <u>121,747</u> |

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF MOVEMENT IN EQUITY

AS AT 31 DECEMBER 2020

| | 31-Dec-20 \$ | 30-Jun-20 \$ | 31-Dec-19 \$ |
|--|----------------------|----------------------|-----------------------|
| <u>Equity</u> | | | |
| Members Funds as at 1st July | 80,978 | 123,543 | 123,543 |
| Net Surplus / (Deficit) for the period | 8,660 | (42,565) | (1,797) |
| Member Funds as at 31 December | <u>89,638</u> | <u>80,978</u> | <u>121,747</u> |
| Equity as at 31 December | <u>89,638</u> | <u>80,978</u> | <u>121,747</u> |

TOASTMASTERS INTERNATIONAL DISTRICT 72
STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

| | 31-Dec-20 \$ | 31-Dec-19 \$ |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Cash receipts from members & activities | 38,956 | 16,394 |
| Cash payments to suppliers | <u>(29,185)</u> | <u>(65,217)</u> |
| Cash generated from operating activities | 9,771 | (48,823) |
| Interest received | <u>532</u> | <u>40</u> |
| Net cash from operating activities | <u>10,304</u> | <u>(48,783)</u> |
| Cash flows from financing activities | | |
| Capital payments on reformation | <u>0</u> | <u>0</u> |
| Net cash from financing activities | <u>0</u> | <u>0</u> |
| Net increase/(decrease) in cash and cash equivalents | 10,304 | (48,783) |
| Cash and cash equivalents at 1 July | 87,388 | 87,388 |
| Effect of exchange rate fluctuations on cash held | (9,107) | (1,998) |
| Cash and cash equivalents at 31 December | <u><u>88,584</u></u> | <u><u>36,607</u></u> |

RECONCILIATION TO NET SURPLUS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

| | 31-Dec-20 \$ | 31-Dec-19 \$ |
|---|----------------------|------------------------|
| Surplus for the six months | 8,660 | (53,465) |
| Adjustments for: | | |
| Depreciation | 156 | 156 |
| Exchange rate fluctuations | <u>9,107</u> | <u>1,998</u> |
| | 17,923 | (51,311) |
| Change in debtors and prepayments | (1,393) | 939 |
| Change in GST receivable | 5,512 | 7,933 |
| Change in inventories | 0 | 0 |
| Change in accounts payable and accruals | (11,739) | (14,775) |
| Change in income in advance | <u>0</u> | <u>0</u> |
| Cash generated from operating activities | 10,304 | (57,215) |
| Net cash from operating activities | <u><u>10,304</u></u> | <u><u>(57,215)</u></u> |

TOASTMASTERS INTERNATIONAL DISTRICT 72
FIXED ASSET SCHEDULE AS AT 31 DECEMBER 2020

| | | Depn Rate | Cost | Accum Depn | NBV | Cost | Additions/ (Disposals) | Depn Expense | Accum Depn | NBV |
|-----------------------------------|--------------|--------------|--------------|---------------|------------|--------------|---------------------------|-----------------|---------------|----------|
| | | p.a. | 01.07.20 | 01.07.20 | 01.07.20 | 31.12.20 | 31.12.20 | 31.12.20 | 31.12.20 | 31.12.20 |
| 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 | 782 | 156 | 938 | - | 156 | 938 | - |
| | | | 3,868 | 3,712 | 156 | 3,868 | - | 156 | 3,868 | - |

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS **FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

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 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.

(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 Continued **FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

(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 2020, and for the six months ended 31 December 2019. 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 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. 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 2020**

Membership Revenue

The District 72 membership revenue figure is currently \$1,106 ahead of budget for the 6 month period.

Conference Net Income

Conference revenue is the refund of the deposit for the May 2021 Silverstream Conference venue, showing in Conference expenses. All Registrations were refunded. Conference revenue and expenses for the May 2022 Conference, to be held in Christchurch, are held on the balance sheet as Deferred Revenue and Prepaid Expenses until the event occurs in May next year.

Other Revenue

Other revenue is mainly made up of the recovery of the 0800 freephone costs from District 112 plus interest income and other miscellaneous adjustments. Interest income is above budget by \$532 despite continued low interest rates due to a favourable bank adjustment relating to prior years. The District Service Charge (\$8 per member as at 1 July) was not levied to clubs this year.

Marketing

Recognition, Club Growth and Marketing expenditure is currently below budget by \$2,334. While Facebook advertising has continued other planned marketing has been delayed. This is now scheduled for the second half of the year.

Public Relations

Public Relations expense is \$2,982 under budget mainly due to delays in commissioning development of the new website and purchase of professional promotional photographs.

Education and Training

Education and Training expenditure is \$1,619 under budget. This is largely due to Area and Division in-person workshops not being held as budgeted. Club Officer Training (COT) was held on-line, as will the second round of CLT incomplete at this stage.

Speech Contests

No speech contest revenue was budgeted for during the quarter. Speech contest expenditure is currently under budget by \$1,932 due to the timing of Area contests and reversal of prior year accruals for awards. With all contests on-line this year more Area contests are to be held in the second half of the year.

Travel

Food, Travel and Lodging expenses are below budget by \$2,534. Food costs were lower due to no in-person workshops or COT events being held. Travel costs were reduced and below budget through reduced volume (in-person gatherings) and cost (creative and central locations). Lodging costs were slightly below budget.

Administration

Administration costs are under budget by \$35 with spending in most categories being lower than budgeted. Spending of \$173 on the 0800 freephone number was on-charged to D112. Creditcard facility fees took longer to cease than budgeted, following closure of the District Store facility. These higher costs were offset by lower general printing and stationery costs and postage costs for couriering audit files that will be spent next year. Zoom accounts have been reduced as the need has diminished. The translation of the monthly TI allocation to NZD was slightly lower than budgeted. The provision for miscellaneous expenses has not been spent.

Other Expenses

Other expenses is the remaining provision for District Service Charge refunds awaiting bank accounts.

TOASTMASTERS INTERNATIONAL DISTRICT 72

NOTES TO THE FINANCIAL STATEMENTS Continued FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

District Supplies

District Store was closed as at 30 June 2020. Revenue represents late sales of exited stock and also of name badges on behalf of members. Members will now order these items directly from Toastmasters International or the relevant supplier. District Store expenses relate to badge costs (excluding freight). District 72 absorbs the cost of shipping and postage for members.

| | 31-Dec-20 | | | 31-Dec-19 |
|---------------------------------------|-------------------|-----------------|-------------------|-------------------|
| | Actual | Budget | Variance | Actual |
| | \$ | \$ | \$ | \$ |
| <i>Income Received</i> | | | | |
| District Store Sales | 156 | - | 156 | 2,627 |
| <i>Cost of Sales</i> | | | | |
| Opening Stock | - | - | 0 | 5,536 |
| Plus District Store Purchases | 56 | - | 56 | 1,845 |
| | <u>56</u> | <u>-</u> | <u>56</u> | <u>7,381</u> |
| Less Closing Stock | - | - | 0 | 5,513 |
| <i>Total Cost of Sales</i> | <u>56</u> | <u>-</u> | <u>56</u> | <u>1,868</u> |
| Net Gain / (Loss) from Trading | <u>100</u> | <u>-</u> | <u>100</u> | <u>759</u> |