

SURF LIFE SAVING NEW ZEALAND INCORPORATED
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE
FOR THE YEAR ENDED 30 JUNE 2018

| | <i>Note</i> | 2018 | 2017 |
|---|-------------|------------------------------|------------------------------|
| | | \$ | \$ |
| <i>INCOME</i> | | | |
| Revenue from Non-Exchange Transactions | | | |
| Principal funder - NZ Lottery Grants Board | | 2,814,099 | 2,200,000 |
| NZSAR | 12 | 200,000 | 200,000 |
| Sport New Zealand | | 244,632 | 112,471 |
| Other Community Grants | | 640,943 | 1,551,839 |
| Fundraising | 13 | 594,614 | 482,076 |
| Revenue from Exchange Transactions | | | |
| Water Safety NZ Inc | | 165,000 | 168,120 |
| Programmes & Services – Rescue & Education | | 1,885,939 | 1,818,300 |
| Programmes & Services – Sport | | 693,770 | 631,296 |
| Sponsorship | 14 | 2,455,318 | 1,743,300 |
| Licensing | | 18,489 | 68,286 |
| Sale of Merchandise | | 456,265 | 438,752 |
| Sundry Income | | 182,945 | 127,350 |
| TOTAL INCOME | | <u>10,352,014</u> | <u>9,541,790</u> |
| <i>EXPENDITURE</i> | | | |
| Club Support | | 3,599,947 | 3,414,793 |
| Sport | | 1,274,250 | 1,200,732 |
| Life Saving | | 2,404,006 | 2,361,342 |
| Income Generation | | 1,686,820 | 1,456,595 |
| National Office | | 597,073 | 619,005 |
| Audit Fees | | 21,844 | 20,000 |
| Depreciation | | 348,841 | 340,988 |
| Legal Fees | | 8,656 | 8,400 |
| Loss on Disposal | | 0 | 4,325 |
| Finance Expense | | 13,581 | 11,640 |
| TOTAL EXPENDITURE | | <u>9,955,018</u> | <u>9,437,820</u> |
| Net Operating Surplus | | <u><u>396,996</u></u> | <u><u>103,970</u></u> |

SURF LIFE SAVING NEW ZEALAND INCORPORATED
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 \$ | 2017 \$ |
|-----------------------|-------------------------|-------------------------|
| Opening Equity | 1,556,839 | 1,452,869 |
| Net Operating Surplus | 396,996 | 103,970 |
| Closing Equity | <u>1,953,835</u> | <u>1,556,839</u> |

The accompanying notes to the financial statements and the audit report form part of these financial statements.

SURF LIFE SAVING NEW ZEALAND INCORPORATED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|----------------------------------|------|------------------|------------------|
| Represented by | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | | 995,909 | 394,506 |
| Exchange Receivable & Accruals | 5 | 444,312 | 411,918 |
| Non-Exchange Receivables | 5 | 0 | 32,300 |
| Inventories | 6 | 175,366 | 196,076 |
| Goods & Services Tax Refund | | 94,205 | 61,161 |
| Prepayments | | 129,507 | 155,877 |
| Total Current Assets | | <u>1,839,299</u> | <u>1,251,838</u> |
| NON CURRENT ASSETS | | | |
| Property, Plant & Equipment | 7 | 820,950 | 547,655 |
| Intangible Asset | 8 | 65,034 | 178,883 |
| Work In Progress | 9 | 22,500 | 292,884 |
| Total Non Current Assets | | <u>908,484</u> | <u>1,019,422</u> |
| TOTAL ASSETS | | <u>2,747,783</u> | <u>2,271,260</u> |
| CURRENT LIABILITIES | | | |
| Accounts Payable & Accruals | 10 | 577,662 | 459,818 |
| Funds Received in Advance | 11 | 216,286 | 254,603 |
| Total Current Liabilities | | <u>793,948</u> | <u>714,421</u> |
| Net Assets | | 1,953,835 | 1,556,839 |
| EQUITY | | | |
| Accumulated Funds | | 1,556,839 | 1,452,869 |
| Net Operating Surplus | | 396,996 | 103,970 |
| TOTAL EQUITY | | <u>1,953,835</u> | <u>1,556,839</u> |

For and on behalf of the Board of Surf Life Saving New Zealand Incorporated,
which authorised the issue of the financial report on the 24th of August 2018



Chairman



Chairman of
Finance & Audit
Committee

SURF LIFE SAVING NEW ZEALAND INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|--|-------------------|------------------|
| | \$ | \$ |
| <u>OPERATING ACTIVITIES</u> | | |
| Cash Receipts | | |
| Cash from Exchange Transactions | 5,791,587 | 4,901,626 |
| Cash from Non-Exchange Transactions | 4,488,271 | 4,645,514 |
| Interest Income | 33,745 | 20,326 |
| Total Cash Receipts | 10,313,603 | 9,567,466 |
| Less Cash Payments | | |
| Payments to Clubs, Suppliers & Employees | 9,441,253 | 9,303,963 |
| Net GST Movement | 33,044 | 156,387 |
| Total Cash Payments | 9,474,297 | 9,460,350 |
| Net Cash Flow from Operating Activities | 839,306 | 107,116 |
| <u>INVESTING ACTIVITIES</u> | | |
| Less Cash Payments | | |
| Asset Purchases | 237,903 | 499,802 |
| Net Cash Flow from Investing Activities | - 237,903 | - 499,802 |
| Net Cash Flow from Activities | 601,403 | - 392,686 |
| Represented by | | |
| Cash at Beginning of Year | 394,506 | 787,192 |
| Cash at End of Year | 995,909 | 394,506 |
| Net Movement | 601,403 | -392,686 |

The accompanying notes to the financial statements and the audit report form part of these financial statements.

SURF LIFE SAVING NEW ZEALAND

Notes to the Consolidated Financial Statements

For the year ended 30 June, 2018

1. Reporting Entity

Surf Life Saving New Zealand Incorporated (SLSNZ) is a New Zealand Incorporated Society formed under the Incorporated Societies Act 1908. SLSNZ is a charity registered under the Charities Act 2005.

These consolidated financial statements comprise SLSNZ and the Surf Life Saving New Zealand Foundation.

Surf Life Saving New Zealand Foundation is a registered Charitable Trust.

SLSNZ's principal activity is "To lead and support surf lifesaving in New Zealand". This remains unchanged during the period reported.

The financial statements are for the year ended 30 June 2018. The financial statements were authorised for issue by the Board on 24th August 2018.

2. Basis of Preparation

Basis of measurement

The financial statements have been prepared on a historical cost basis except for assets and liabilities that have been measured at fair value.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Statement of compliance

The financial statements have been prepared in accordance with NZ GAAP as required under the Charities Act 2005.

SLSNZ is a public benefit not-for-profit entity and is eligible to apply Tier 2 not-for-profit PBE IPSAS on the basis that it does not have public accountability and is not defined as large.

SLSNZ is deemed to be a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

The board has elected to report in accordance with Tier 2 not-for-profit PBE accounting standards and in doing so has taken advantage of all applicable Reduced Disclosure (RDR) disclosure concessions.

Changes in Accounting Policy

All accounting policies have been applied on a consistent basis with the prior year.

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements, set out below, have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

a) Foreign Currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction.

At balance date foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these are included in the Income Statement.

b) Cash and Cash Equivalents

Cash and the short-term deposits in the balance sheet comprise cash on hand, cash at bank and short-term deposits with time to maturity of six months or less.

c) Financial Instruments

Financial instruments and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instruments.

Financial assets

The Entity's financial assets include: cash and cash equivalents, receivables from non-exchange transactions and receivables from exchange transactions.

The Entity derecognises a financial asset or, where applicable, a part of an asset or part of an Entity of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a party; and either:

- * the Entity has transferred substantially all the risks and rewards of the asset; or
- * the Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or Entity of financial assets is impaired.

SURF LIFE SAVING NEW ZEALAND

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June, 2018

Financial Liabilities

The Entity's liabilities include Creditors and other payables (excluding GST and PAYE), employee benefits, and income in advance (in respect to grants whose conditions are yet to be complied with)

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value (through surplus or deficit)) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

Measurement of financial assets

*** Loans and Receivables**

Receivables are stated at their estimated realisable value less any provision for doubtful debts. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less any provision for impairment.

*** Cash and Cash Equivalents**

Cash and Cash equivalents are measured at their fair values.

Measurement of financial liabilities

*** Accounts Payables and other payables**

Account payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

d) Inventories

Inventories are stated at the lower of cost or net realisable value, determined on a first-in first-out basis. An allowance for obsolescence has been assessed where appropriate. Inventories include uniforms, resource manuals and other surf lifesaving equipment that is on sold to Clubs or used for promotional purposes from time to time.

e) Property, Plant and Equipment

All property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

• Depreciation

Depreciation is provided on all tangible assets on a straight line basis that will write off the cost of the assets over their estimated useful lives:

| | |
|------------------------------------|------------|
| Office Furniture and Equipment | 3-10 years |
| Computers and Electronic Equipment | 3 years |
| Event Equipment | 3-5 years |
| Vehicles | 5 years |
| Radio Network | 10 years |
| Buildings | 50 years |

f) Intangible Assets

SLSNZ have numerous registered trademarks which have benefit to SLSNZ and are stated at cost less amortisation in the financial statements.

In addition, SLSNZ have created a specialised Customer Relationship Management system, which is to be amortised over a useful life of 3 years on a straight line basis. The system went live on the 1st July 2015 with additions to the systems being made in 2015-2016. Amortisation commenced from date of becoming operational, with the additions being amortised from date of completion.

g) Work in Progress

Work in progress is valued on the basis of expenditure incurred during the financial year and is not depreciated. The total cost of the project is transferred to the relevant asset class on its completion and then it is depreciated.

h) Impairment

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Any impairment losses are recognised in the income statement.

i) Leases

Lease costs relating to operating leases are recognised on a straight-line basis over the life of the lease. Finance leases, which effectively transfer to SLSNZ substantially all the risks and benefits of ownership of the leased assets, are capitalised at the lower of the leased asset's fair value or the present value of the minimum lease payments at inception of the lease. The leased assets and corresponding liabilities are recognised and the leased assets are depreciated over their estimated useful lives.

SURF LIFE SAVING NEW ZEALAND

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June, 2018

j) Employee Entitlements

• Short term employee benefits

Employee benefits that are expected to be settled within 12 months of reporting date are accrued and measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

k) Provisions

A provision is recognised as a liability when the settlement amount or timing is uncertain; when there is a present legal or constructive obligation as a result of a past event; it is probable that expenditures will be required to settle the obligation; and a reliable estimate of the potential settlement can be made.

Provisions are not recognised for future operating losses.

l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured.

Revenue is measured at the fair value of consideration received.

Revenue is derived from two broad categories - revenue from exchange transactions and revenue from non-exchange transactions.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transactions, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

The following specific recognition criteria must be met before revenue is recognised:

Revenue from Exchange Transactions

*** Sale of Goods**

Revenue from sale of goods is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken delivery of the goods.

*** Sponsorship**

Sponsorship is recognised as revenue when received and all associated obligations have been met. Sponsorship received for which the requirements and services have not been met are treated as 'income in advance' under current liabilities.

Revenue from Non- Exchange Transactions

*** Donations and Grants**

Donations and Grants are recognised as revenue when received and all associated obligations have been met. Where grants have been given for a specific purpose, or with conditions attached, income is not recognised until agreed upon services and conditions have been satisfied. Revenue received for which the requirements and services have not been met are treated as "income in advance" under current liabilities.

m) Income Tax

SLSNZ has Charitable Status from Inland Revenue for income tax purposes. There is no requirement to provide for income tax.

n) Goods and Services Tax (GST)

All figures are stated exclusive of GST except receivables and payables which are stated inclusive of GST.

o) Basis of Consolidation

The Consolidation financial statements consolidate those of Surf Life Saving New Zealand and Surf Life Saving New Zealand Foundation. SLSNZ controls the Foundation as SLSNZ has the power to govern the financial and operating policies of the Foundation so as to obtain benefits from the Foundation activities.

All transactions between SLSNZ and the Foundation are eliminated on consolidation.

4. Income and Expenditure

The financial statements for the year ended 30 June 2018 have been reported on a function basis, with expenditure allocated on a factual or allocation basis where practical. This includes employment related expenditure, telephone and tolls, freight, postage and travel.

SURF LIFE SAVING NEW ZEALAND

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June, 2018

5. Receivables and Accruals

| | <u>2018 \$</u> | <u>2017 \$</u> |
|--|----------------|----------------|
| Accounts Receivable & Accruals from Exchange Transactions | 445,312 | 421,918 |
| Accounts Receivable & Accruals from non- Exchange Transactions | 0 | 32,300 |
| Less Provision for Bad Debts | (1,000) | (10,000) |
| Total | <u>444,312</u> | <u>444,218</u> |

6. Inventories

| | <u>2018 \$</u> | <u>2017 \$</u> |
|-----------------------------|----------------|----------------|
| Uniform Stock & Merchandise | 169,090 | 191,216 |
| Engine Parts | 6,276 | 4,860 |
| Impairment write-down | 0 | 0 |
| Total | <u>175,366</u> | <u>196,076</u> |

7. Property, Plant & Equipment

| 30 June 2018 | <u>Costs (\$)</u> | <u>Accumulated Impairment & Depreciation</u> | <u>Current Depreciation</u> | <u>Current Impairment</u> | <u>Book Value 2018 \$</u> |
|----------------------------|-------------------|--|---------------------------------|-------------------------------|-----------------------------------|
| Buildings | 31,122 | 12,995 | 1,000 | 0 | 18,127 |
| Computer Hardware/Software | 489,441 | 431,776 | 45,376 | 0 | 57,665 |
| Event Equipment | 688,512 | 572,846 | 66,859 | 0 | 115,666 |
| Event Safety Equipment | 59,677 | 58,546 | 616 | 0 | 1,131 |
| Office Equipment/Furniture | 91,497 | 43,260 | 10,720 | 0 | 48,237 |
| Radio Network | 593,360 | 109,121 | 44,932 | 0 | 484,239 |
| Vehicles | 386,820 | 289,935 | 33,990 | 0 | 95,885 |
| Total | <u>2,340,429</u> | <u>1,518,479</u> | <u>203,493</u> | <u>0</u> | <u>820,950</u> |

| 30 June 2017 | <u>Costs (\$)</u> | <u>Accumulated Impairment & Depreciation</u> | <u>Current Depreciation</u> | <u>Current Impairment</u> | <u>Book Value 2017 \$</u> |
|----------------------------|-------------------|--|---------------------------------|-------------------------------|-----------------------------------|
| Buildings | 23,030 | 11,995 | 461 | 0 | 11,035 |
| Computer Hardware/Software | 472,469 | 386,400 | 53,769 | 0 | 86,069 |
| Event Equipment | 632,656 | 505,989 | 60,397 | 0 | 126,667 |
| Event Safety Equipment | 59,677 | 57,930 | 103 | 0 | 1,747 |
| Office Equipment/Furniture | 69,655 | 32,540 | 12,435 | 0 | 37,115 |
| Radio Network | 247,384 | 63,914 | 24,738 | 0 | 183,470 |
| Vehicles | 357,492 | 255,940 | 44,399 | 0 | 101,552 |
| Total | <u>1,862,363</u> | <u>1,314,708</u> | <u>196,302</u> | <u>0</u> | <u>547,655</u> |

Reconciliation of Property, Plant & Equipment for the year ended 30 June 2018

| | <u>2018 \$</u> | <u>2017 \$</u> |
|--------------------------------------|----------------|----------------|
| Opening Balance as at 1 July | 547,655 | 488,805 |
| Plus Additions | 183,903 | 255,365 |
| Transferred from Work in Progress | 292,885 | 0 |
| Less Disposals | 0 | 0 |
| Less Depreciation | (203,493) | (196,515) |
| Closing Balance as at 30 June | <u>820,950</u> | <u>547,655</u> |

8. Intangible Assets

| 30 June 2018 | <u>Costs (\$)</u> | <u>Accumulated Impairment & Depreciation</u> | <u>Current Depreciation</u> | <u>Current Impairment</u> | <u>Book Value 2018 \$</u> |
|---------------------|-------------------|--|---------------------------------|-------------------------------|-----------------------------------|
| CRM -PAM | 434,865 | 400,355 | 144,473 | 0 | 34,409 |
| Trademark Licences | 31,500 | 875 | 875 | 0 | 30,625 |
| Total | <u>466,365</u> | <u>401,230</u> | <u>145,348</u> | <u>0</u> | <u>65,034</u> |

| 30 June 2017 | <u>Costs (\$)</u> | <u>Accumulated Impairment & Depreciation</u> | <u>Current Depreciation</u> | <u>Current Impairment</u> | <u>Book Value 2017 \$</u> |
|---------------------|-------------------|--|---------------------------------|-------------------------------|-----------------------------------|
| CRM -PAM | 434,765 | 255,882 | 144,473 | 0 | 178,883 |
| Total | <u>434,765</u> | <u>255,882</u> | <u>144,473</u> | <u>0</u> | <u>178,883</u> |

CRM is the Customer Relations Manager Software used by Surf life Saving New Zealand

SURF LIFE SAVING NEW ZEALAND

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June, 2018

9. Work in Progress

Radio Network

SLSNZ is building a regional radio network in various parts of the country to enhance the emergency communications capabilities of the movement.

| | <u>2018 \$</u> | <u>2017 \$</u> |
|---|----------------|----------------|
| Opening Balance as at 1 July | 292,884 | 52,772 |
| Plus Additions | 0 | 240,112 |
| Transfer to Property, Plant & Equipment | (292,884) | 0 |
| Closing Balance as at 30 June | 0 | 292,884 |

Development of Website & Online Tutoring Programme

SLSNZ is investing in Website redevelopment and an Online Tutoring programme

| | <u>2018 \$</u> | <u>2017 \$</u> |
|--------------------------------------|----------------|----------------|
| Opening Balance as at 1 July | 0 | 0 |
| Plus Additions | 22,500 | 0 |
| Closing Balance as at 30 June | 22,500 | 0 |

10. Accounts Payable and Accruals

| | <u>2018 \$</u> | <u>2017 \$</u> |
|--------------------------|----------------|----------------|
| Trade and other Payables | 426,273 | 327,227 |
| Employee Benefits | 151,389 | 132,591 |
| Total | 577,662 | 459,818 |

11. Funds Received in Advance

| | <u>2018 \$</u> | <u>2017 \$</u> |
|---|----------------|----------------|
| High Performance Sport New Zealand | 164,264 | 183,895 |
| Grants Received in Advance | 13,044 | 51,520 |
| Surf Life Saving Clubs Insurance Contribution Paid in Advance | 28,544 | 19,188 |
| Other | 10,434 | 0 |
| Total | 216,286 | 254,603 |

12. NZSAR Contribution towards Search & Rescue Costs

| | <u>2018 \$</u> | <u>2017 \$</u> |
|----------------------------|----------------|----------------|
| National SAR Training | 45,320 | 37,150 |
| SAR Management & Overheads | 154,120 | 156,616 |
| Critical Incident Support | 560 | 6,234 |
| Total | 200,000 | 200,000 |

13. Fundraising

Fundraising includes proceeds from appeals, direct mail and donations.

14. Sponsorship

Sponsorship contracts are determined by their terms as confidential. Actual amounts provided by individual sponsors have not been disclosed.

15. Sundry Income

Sundry Income consists predominantly of contributions from Surf Lifesaving Clubs towards their insurance premiums.

16. Related Party Transactions

There were no related party transactions during the year (2017: \$0)

| | <u>2018 \$</u> | <u>2017 \$</u> |
|--|----------------|----------------|
| Remuneration of Board members | 28,900 | 28,900 |
| Total number of Full Time Equivalent (8 Members) | 0.42 | 0.42 |
| Remuneration of other key management personnel | 1,130,045 | 1,055,964 |
| Total number of other key Management personnel | 9 | 9 |

During the reporting period, there was no remuneration and compensation provided by the entity to employees who are close family members of key management personnel (2017:\$11,527)

17. Subsequent Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

SURF LIFE SAVING NEW ZEALAND

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June, 2018

18. Commitments and Contingencies

Capital Commitments

There are no Capital Commitments as at 30 June 2018

Lease commitments

Future minimum rentals payable under non-cancellable leases as at 30 June 2018 are as follows:

| | <u>2018 \$</u> | <u>2017 \$</u> |
|---|----------------|----------------|
| Within one year | 186,607 | 181,033 |
| After one year but not more than five years | 143,004 | 321,413 |
| More than five years | 0 | 0 |
| | <u>329,611</u> | <u>502,446</u> |

Lease commitments include rental of premises as follows:

| <u>Lease of property</u> | <u>Expiry Date</u> | <u>Renewal Term Available</u> |
|---------------------------------|--------------------|---|
| Christchurch | January 2020 | 2 renewals of 1 year each to January 2022 |
| Mt Maunganui | December 2020 | |
| Gisborne | June 2019 | Renewed Annually |
| Wellington | August 2019 | |
| Auckland | December 2019 | 6 years to December 2026 |
| Photocopier - Wellington Office | March 2021 | |
| Motor Vehicles (10) | April/May 2020 | |

Other Commitments

SLSNZ has further committed expenditure over the next twelve months totalling \$102,975. This is in relation to the preordering and purchasing of uniforms (2017: \$183,000).

Contingent Liabilities

There were no contingent liabilities at balance date. (2017: Nil)

19. Financial Instruments

| <u>As at 30 June 2018</u> | <u>Cash & Cash equivalents</u> | <u>Loans & receivables</u> | <u>Liabilities at amortised cost</u> | <u>TOTAL</u> |
|---|------------------------------------|--------------------------------|--------------------------------------|-------------------------|
| <u>Classification of Financial Assets</u> | | | | |
| Cash & Cash Equivalents | 995,909 | | | 995,909 |
| Trade debtors & Other receivables | | 444,312 | | 444,312 |
| <u>Total Financial Assets</u> | | | | <u>1,440,221</u> |
| <u>Classification of Financial Liabilities</u> | | | | |
| Trade creditors and other payables | | | 577,662 | 577,662 |
| Funds in Advance | | | 216,286 | 216,286 |
| <u>Total Financial Liabilities</u> | <u>995,909</u> | <u>444,312</u> | <u>793,948</u> | <u>793,948</u> |
| | | | | |
| <u>As at 30 June 2017</u> | <u>Cash & Cash equivalents</u> | <u>Loans & receivables</u> | <u>Liabilities at amortised cost</u> | <u>TOTAL</u> |
| <u>Classification of Financial Assets</u> | | | | |
| Cash & Cash Equivalents | 394,506 | | | 394,506 |
| Trade debtors & Other receivables | | 444,218 | | 444,218 |
| <u>Total Financial Assets</u> | | | | <u>838,724</u> |
| <u>Classification of Financial Liabilities</u> | | | | |
| Trade creditors and other payables | | | 459,818 | 459,818 |
| Funds in Advance | | | 254,603 | 254,603 |
| <u>Total Financial Liabilities</u> | <u>394,506</u> | <u>444,218</u> | <u>714,421</u> | <u>771,421</u> |

SURF LIFE SAVING NEW ZEALAND**Notes to the Consolidated Financial Statements (continued)**

For the year ended 30 June, 2018

20. Reconciliation of Net Operating Surplus to Net Cash Flow from Operating Activities

| | <u>2018 \$</u> | <u>2017 \$</u> |
|--|-----------------------|-----------------------|
| Net Operating Surplus | 396,996 | 103,970 |
| <i>Add</i> | | |
| Depreciation | 348,841 | 340,988 |
| Loss on Disposal of Asset | 0 | 4,325 |
| <i>Add</i> | | |
| <u><i>Cash Positive Movement in Current Assets/Current Liabilities</i></u> | | |
| non-Exchange Receivables & Accruals | 32,300 | 0 |
| Prepayments | 26,370 | 0 |
| Inventories | 20,710 | 0 |
| Trade and other Payables | 117,844 | 0 |
| Funds Received in advance | 0 | 125,866 |
| | <u>943,061</u> | <u>575,149</u> |
| <i>Less</i> | | |
| <u><i>Cash Negative Movement in Current Assets/Current Liabilities</i></u> | | |
| Exchange Receivables & Accruals | 32,394 | 73,452 |
| Non-Exchange Receivables | 0 | 26,738 |
| Trade and other Payables | 0 | 70,777 |
| Fund Received in advance | 38,317 | 0 |
| Inventories | 0 | 117,198 |
| Goods & Services Tax Net Movement | 33,044 | 156,387 |
| Prepayments | 0 | 23,481 |
| | <u>103,755</u> | <u>468,033</u> |
| Net Cash Flow from Operating Activities | <u>839,306</u> | <u>107,116</u> |

Independent auditor's report

To the Members of Surf Life Saving New Zealand Incorporated

Qualified Opinion

We have audited the financial statements of Surf Life Saving New Zealand Incorporated Group on pages 1 to 11, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and the statement of accounting policies and notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report the accompanying financial statements present fairly, in all material respects, the financial position of Surf Life Saving New Zealand Incorporated as at 30 June 2018, and the financial performance and the cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

Basis for Qualified Opinion

In common with similar organisations, controls over cash prior to being recorded are limited and there are no practical audit procedures to determine the effect of these limited controls. Controls over the collection, processing and receipting of donations undertaken by a third party organisation were not independently verified and were outside the scope of the engagement.

The effect of these limitations meant we were unable to determine or verify by alternate means the completeness of donations recorded as \$204,295 and direct mail receipts recorded as \$254,891, in the fundraising classification in the consolidated statement of comprehensive revenue and expenses. As a result of this matter, the scope of our audit was limited and we were unable to determine whether any adjustment might have been found necessary in respect of the recorded or unrecorded donations and other receipts had we been able to obtain sufficient evidence these items.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of Surf Life Saving New Zealand Incorporated in accordance with Professional and Ethical Standard 1 (Revised) 'Code of ethics for assurance practitioners' issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than our capacity as auditor we have no relationship with, or interests in, Surf Life Saving New Zealand Incorporated.

Other Matter

In respect of the financial statements of the prior period we were unable to confirm or verify by alternative means the completeness of donations recorded as \$66,387 and direct mail receipts recorded as \$300,377, in the fundraising classification in the consolidated statement of comprehensive revenue and expenses. This was because controls over cash prior to being recorded were limited and there were no practical audit procedures to determine the effect of those limited controls. That audit report was issued on 25 August 2017.

The responsibility of the Board for the financial statements

The Board are responsible on behalf of Surf Life Saving New Zealand Incorporated for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR), and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible on behalf of Surf Life Saving New Zealand Incorporated for assessing Surf Life Saving New Zealand Incorporated's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate Surf Life Saving New Zealand Incorporated or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-3>.

This report is made solely to the Board of Surf Life Saving New Zealand Incorporated. Our audit has been undertaken so that we might state to the Board those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board, for our audit work, for this report, or for the opinions we have formed.



Moore Stephens Wellington Audit | Qualified Auditors, Wellington, New Zealand
24 August 2018