



The Leprosy  
Mission  
New Zealand

# Financial Statements 2019

# *Statement on Corporate Governance*

The Board is responsible for preparing financial statements that give a true and fair view of the financial position of The Leprosy Mission New Zealand at the end of a financial year and the operating results for that year. The external auditor is responsible for expressing an opinion on the financial report, based on a review and assessment of the conclusions drawn from evidence obtained in the course of the audit.

The general purpose financial statements set out in this report have been prepared by management in accordance with generally accepted accounting practice under the Financial Reporting Act 2013. The Leprosy Mission New Zealand has taken early adoption of the NZ International Public Sector Accounting Standards [NZ IPSAS] tier 2. They are based on appropriate accounting policies which have been consistently applied and supported by reasonable judgements and estimates.

## **The Board**

The Board retains full and effective control over the society, monitors executive management and ensures that decisions on material matters are in the hands of the Board.

## **Audit Committee**

The audit committee is composed of members of the Resources committee. The external auditor has access to this committee and has met with the committee following completion of the audit for the 12 months ended 31 December 2019. Matters considered included a review of the financial statements and accounting policies, the effectiveness of management information and other systems of internal control and the auditor's findings. The auditor is appointed each year based on recommendations of the audit committee.

## **Internal Control**

To fulfil its responsibilities, management maintains adequate accounting records and a system of internal controls which is monitored periodically. No breakdowns were identified in the systems of internal control for the 12 months ended 31 December 2018. After reviewing internal financial reports and budgets, the Board believe that The Leprosy Mission New Zealand Incorporated will continue to be a going concern in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

# The Leprosy Mission New Zealand Incorporated



## STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2019

Income Resources	Notes	2019 \$	2018 \$
<b>Revenue From Non-Exchange Transaction</b>			
Donations	4f(i),8	2,311,842	2,162,099
Trusts/Corporates/Major Gifts	4f(i)	171,012	138,093
Bequests	4f(ii)	298,392	613,006
NZ Government Grants from MFAT <sup>1</sup>	4f(iii),9	2,256,748	1,222,367
		<b>5,037,994</b>	<b>4,135,625</b>
<b>Revenue From Exchange Transactions</b>			
Interest and Other revenues	4g(i),(ii)	159,386	93,745
<b>TOTAL Incoming Resources</b>		<b>5,197,380</b>	<b>4,229,370</b>
<b>Resources Expended</b>			
Overseas Ministry	9	3,465,932	2,607,013
Education		239,347	190,409
Fundraising and Promotion		852,568	893,508
Administration		117,007	119,520
Depreciation	4b	32,679	24,303
<b>TOTAL Resources Expended</b>		<b>4,707,533</b>	<b>3,834,753</b>
<b>Surplus/(Deficit) for the year</b>		<b>489,847</b>	<b>394,617</b>
<b>Transfer to Reserves</b>	<b>18d, 18e</b>		
<b>General Funds carried forward</b>		<b>489,847</b>	<b>394,617</b>

<sup>1</sup>Ministry of Foreign Affairs and Trade

The accompanying notes form an integral part of these financial statements

# The Leprosy Mission New Zealand Incorporated



## STATEMENT OF CHANGES IN EQUITY/ NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
<b>Balance at beginning of year</b>		3,228,229	2,833,612
General Fund	17a	(4,681)	
Lend n Mend Fund	17b		
<b>Restricted Capital Fund</b>	17c		
Bequest Reserves	17d		
Project Reserves	17e		
Working Capital Reserves	17f		
Holiday pay Reserve	17g		
Surplus/(Deficit) for the year		489,847	394,617
<b>Balance at end of year</b>		<b>3,713,396</b>	<b>3,228,229</b>

*The accompanying notes form an integral part of these financial statements*

# The Leprosy Mission New Zealand Incorporated



## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
<b>Current Assets</b>			
Bank Accounts, Cash and Deposits	10	3,568,632	3,101,683
Accounts Receivable & Prepayments	4d	161,916	101,880
Inventory		2,507	3,207
		<b>3,733,055</b>	<b>3,206,770</b>
<b>Current Liabilities</b>			
<b>Less Current Liabilities - Accounts Payable</b>	4e	145,629	131,098
Less Funds committed for future remittances	11	413,966	382,806
<b>WORKING CAPITAL</b>		<b>3,173,460</b>	<b>2,692,866</b>
<b>Non Current Assets</b>			
Equipment, Furniture & Fixtures, Motor Vehicles	15	48,881	48,708
Advances (Share of Partnership)	16	481,437	477,037
Investments	4c	9,618	9,618
<b>TOTAL NON CURRENT ASSETS</b>		<b>539,936</b>	<b>535,363</b>
<b>TOTAL ASSETS</b>		<b>3,713,396</b>	<b>3,228,229</b>
<b>Equity</b>			
General Funds	17a	777,716	792,549
Lend n Mend Fund (Restricted)}	17b	36,345	36,345
Restricted Capital Fund	17c	314,335	314,335
Project Reserve	17e	2,000,000	1,500,000
Working Capital Reserve	17f	485,000	485,000
Holiday Pay Reserve	17g	100,000	100,000
<b>TOTAL EQUITY</b>		<b>3,713,396</b>	<b>3,228,229</b>

The accompanying notes form an integral part of these financial statements

# The Leprosy Mission New Zealand Incorporated



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 \$	2018 \$
<b>Cash flows from operating activities</b>		
Donations and bequests	2,721,211	3,066,568
Government Grants	2,256,748	1,222,367
<b>Payments</b>		
Remittances made to overseas ministries	(3,434,772)	(2,926,440)
Payment to suppliers & employees	(1,193,691)	(1,195,991)
<b>Net cash from operating activities</b>	<b>349,496</b>	<b>166,504</b>
<b>Cash flows from investing activities</b>		
<b>Net cash from investing activities</b>	<b>117,453</b>	<b>69,889</b>
Net increase/(decrease) in cash and cash equivalents	466,949	236,393
Cash and cash equivalents at beginning of period	3,101,683	2,865,290
<b>Cash and cash equivalents at end of period</b>	<b>3,568,632</b>	<b>3,101,683</b>
<b>Reconciliation with reported operating surplus</b>		
Reported surplus/(loss)	389,847	394,617
Depreciation	32,679	24,303
Less (Increase)/Decrease in Inventory	700	944
Interest and Other Income	(159,386)	(93,745)
(Increase)/Decrease in Accounts Receivables and Prepayments	(60,035)	153,310
Increase/(Decrease) in Accounts Payable	14,531	6,502
Increase/(Decrease) in funds committed to remittances	31,160	(319,427)
<b>Net cash inflow from operating activities</b>	<b>349,496</b>	<b>166,504</b>

The accompanying notes form an integral part of these financial statements



# Notes to the Financial Statements

For the year ended 31 December 2019

## 1. Reporting Entity

The Leprosy Mission New Zealand Incorporated is a charitable organisation, based in Auckland, incorporated under the Charitable Trusts Act 1957 and registered under the Charities Act 2005 as Charities Registration No. CC37638. It provides essential services and support to people experiencing the causes and consequences of leprosy. The Leprosy Mission New Zealand is represented on the Leprosy Mission International Board based in Brentford, UK.

Physical address: The Leprosy Mission New Zealand Incorporated  
591, Dominion Road,  
Balmoral,  
AUCKLAND 1041.

## 2. Date of Authorisation

The current financial statements of the Leprosy Mission New Zealand are for the year ended 31 December 2019. These statements will be authorised for issue after the Board meeting on 25<sup>th</sup> May 2020.

## 3. Basis of Preparation

### *Statement of Compliance*

The general purpose financial statements have been prepared in accordance with the requirements of the rules of the Society as stated in Section 12 and these comply with the Public Benefit Entity Accounting Standards Framework (Not-For-profit Entities).

The financial statements of the Leprosy Mission New Zealand have been prepared in accordance with Generally Accepted Accounting Practices. [NZ GAAP] They comply with the Public Benefit Entity NZ International Public Sector Accounting Standards [NZ IPSAS], with application of Reduced Disclosure Requirements (RDR), as authorised by the External Reporting Board under the Financial Reporting Act 2013.

Under this framework, the Leprosy Mission New Zealand is classified as a Tier 2 reporting entity. Leprosy Mission New Zealand is a public benefit entity that raises funds together with the NZ Government grants for leprosy related work done overseas.

The stated accounting framework and accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in New Zealand Dollars (NZD) rounded to the nearest dollar.

The financial statements are prepared on the historical cost basis.

#### **4. Accounting Policies**

##### **(a) Owned Assets**

Assets comprise furniture and fixtures, office equipment and vehicles in addition to an interest in the Missions Centre Partnership of which the Leprosy Mission New Zealand owns a 50% share at 591 Dominion Road. Except for interest in the Missions Centre Partnership, all assets have been recorded at cost less accumulated depreciation.

##### **(b) Depreciation**

Depreciation is calculated so as to write off the cost of furniture and fixtures, office equipment and vehicles, on a straight-line basis over the expected useful economic lives of the assets concerned.

The estimated useful lives of assets are as follows:

- Computers and software - 3 years
- Furniture and Fixtures 5 years
- Motor vehicles 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

##### **(c) Investments**

- (i) The policy of the Leprosy Mission New Zealand is to make available all possible funds for immediate leprosy work. Specific funds are invested so as to only utilise the interest when received.



- (ii) Investments are shown in the Statement of Financial Position at the lower of cost or market value.
- (iii) The Leprosy Mission New Zealand's investments comprise cash together with 300 shares in Pacific Gas & Electric Company which were bequeathed to the Leprosy Mission New Zealand by a supporter. The fair value of quoted securities is determined based on bid prices at the balance sheet date. The book value of this investment remains unchanged from 2003. However as at 31 December 2019 the last sale listed on the Nasdaq Exchange was USO 10.87 per share. There were no dividends received in 2019.
- (iv) The Leprosy Mission New Zealand has a third share of a 5 share interest in freehold land in the Maori Freehold Land known as Anakiwi No. 10 Block. We received dividends of NZ\$105 in 2019.

#### (d) Receivables

Receivables are recognised at the original invoice amount less impairment losses. This balance is made up of a current account balance with the Leprosy Mission International, prepayments and GST.

#### (e) Payables

Trade and other payables represent liabilities for goods and services provided to the Leprosy Mission New Zealand and which have not been paid at the end of the financial year. Given their short term nature, the carrying values of trade and other payables are considered a reasonable approximation of their fair values.

An accrual for Holiday Pay reflects the balances owing to staff at balance date and is measured at the amounts expected to be paid when the liabilities are settled. Sick leave requests greater than any annual entitlement are considered insignificant and have not been accrued into employee end of year entitlements.

#### (f) Revenue NON-EXCHANGE TRANSACTIONS

##### (i) *Grants and Donations*

Grant and donation income is recognised as income when it becomes receivable unless the Leprosy Mission New Zealand has a liability to repay the grant if the requirement of the grant or donation is not fulfilled. A liability is recognised to the extent that such conditions are unfulfilled at the end of the reporting period.

##### (ii) *Bequests*

Bequests are recognised in the statement of Comprehensive Revenue when received.

##### (iii) *Government Grants*

Contracts with the Ministry of Foreign Affairs and Trade [MFAT] are based on 3 to 5 year terms with a schedule of annual payment dates. The contracts have

performance reporting dates along with a financial accountability reporting inclusive of any unspent balance. Formal negotiations take place with the MFAT on any unspent project funds as to repayment, or an application to apply the unspent funds to an extension of the project(s). On this basis, the revenue recognition policy is to treat government contracts as a current liability until the funds are expended on the authorised project, and the administration of the project.

#### **(g) Revenue EXCHANGE TRANSACTIONS**

##### **(i) *Finance Income (interest and other Income)***

Interest is recognised in the statement of comprehensive revenue and expenses as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive revenue and expenses when the right to receive payments is established.

##### **(i) *Sale of books***

Revenue from the traded goods and services are recognised when the agreed goods & services have been delivered and the amount of revenue can be reliably measured. At this stage, the benefits of the service and products has been delivered to the respective client.

Currency gains (if any) is recognised as “Other Income” at the end of the financial period.

#### **5. Emergency Grants**

Grants made for emergency purposes are recognised as expenses when approved and the recipient has met all necessary conditions to be entitled to the payment.

#### **6. Income Tax**

The Leprosy Mission New Zealand is wholly exempt from New Zealand income tax and gift duty having fully complied with all statutory conditions for these exemptions.

#### **7. Goods and Services Tax**

The statement of comprehensive revenue and expenses has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which are stated inclusive of GST.

## 8. Donation Income

This income is made up of the following

	2019 \$	2018 \$
Appeal Donations	1,739,664	1,574,705
Partner's Programme	504,849	491,002
Money Boxes	49,821	54,843
General Donations	17,508	41,549
<b>TOTAL</b>	<b>2,311,842</b>	<b>2,162,099</b>

## 9. Overseas Ministry & Grants

	2018 \$	2017 \$
Grants <sup>1</sup>	2,236,748	1,197,367
Private Funds	1,229,184	1,409,646
<b>TOTAL</b>	<b>3,465,932</b>	<b>2,607,013</b>

<sup>1</sup> New Zealand Aid

It is Leprosy Mission New Zealand's policy to advise the international office of donations received for specified purposes.

## 10. Cash and Cash Balances

Cash comprises deposits with The Bank of New Zealand.

## 11. Funds Committed For Future Remittances

NZAID grants for 2019 received from MFAT (Ministry of Foreign Affairs and Trade) totalled \$413,966 and will be remitted after balance date.

## 12. Changes in Accounting Policies

There have been no material changes in accounting policies by the entity during the period covered by these financial statements. All policies have been applied on a basis consistent with those used in previous years.

## 13. Related Party Transactions

Leprosy Mission New Zealand conducts an internal audit every year for the Bougainville Healthy Communities Programme (BHCP) project. The internal audit comprises a desk-audit followed by a site visit to Bougainville to complete a full internal

audit which is required for reporting to MFAT. Grant Pollock CA, a member of The Leprosy Mission NZ Board conducts this audit and is paid a fee which is determined and agreed in the BHCP project budget with MFAT. All travel, accommodation and incidentals for the site visit are covered under the agreed budget.

#### 14. Accounting For Events After Balance Date

No significant events have occurred since balance date that would require a change to these Financial Statements.

#### 15. Equipment, Furniture and Motor Vehicles

	Cost	Current Period	Accumulated	Written Off	Carrying
		Depreciation		Amount	
<b>2019</b>					
Equipment	452,643	23,773	418,404		34,239
Furniture	83,939	3,864	78,960		4,979
Motor Vehicles	25,260	5,042	15,597		9,663
	<b>561,842</b>	<b>32,679</b>	<b>512,961</b>		<b>48,881</b>
<b>2018</b>					
Equipment	422,118	15,643	394,631		27,487
Furniture	83,939	3,618	77,422		6,517
Motor Vehicles	25,260	5,042	10,555		14,704
	<b>531,317</b>	<b>24,303</b>	<b>482,608</b>		<b>48,708</b>

#### 16. Advances - Share of Partnership

	2019 \$	2018 \$
Balance as per Restricted Capital	477,037	473,037
<i>Add Other Advances:</i>		
Advance towards maintenance fund	4,400	4,000
<b>TOTAL Advances</b>	<b>481,437</b>	<b>477,037</b>

- A reinstatement valuation of the building was prepared by Seagars (Auckland) Ltd in October 2016 and the valuation was estimated to be \$ 2,300,000.
- A valuation from the Auckland City Council web site had the following values

Land Value	\$3,500,000
Value of Improvements	\$300,000
<b>Capital Value</b>	<b>\$3,800,000</b>

These advances are repayable in the event of the Leprosy Mission New Zealand withdrawing from the partnership.

## 17. Equity

The equity comprises of the following:

(a)

<b>General Funds</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Balance at beginning of year	792,549	1,047,932
Add: Surplus/(Deficit) for the year after transfers	489,847	394,617
Less: Prior period adjustment	(4,680)	
Add: Transfer from general funds	(500,000)	(650,000)
<b>Balance at end of year including funds committed to future remittances</b>	<b>777,716</b>	<b>792,549</b>

(b)

<b>Lend n Mend Fund</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Balance at beginning of year	36,345	36,345
Add: <i>(as per financials)</i>		
Less : <i>(as per financials)</i>		
<b>Balance at end of year</b>	<b>36,345</b>	<b>36,345</b>

(c)

<b>Restricted Capital Fund</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Balance at beginning of year	314,335	314,335
Add: <i>(as per financials)</i>		
Less : <i>(as per financials)</i>		
<b>Balance at end of year</b>	<b>314,335</b>	<b>314,335</b>

(d)

<b>Project and Other Reserves</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Balance at beginning of year	1,500,000	850,000
Add: Transferred from Bequest Reserve	500,000	650,000
Less:		
<b>Balance at end of year</b>	<b>2,000,000</b>	<b>1,500,000</b>

(e)	2019	2018
<b>Working Capital Reserve</b>	\$	\$
Balance at beginning of year	485,000	485,000
Add: <i>(as per financials)</i>		
Less: <i>(as per financials)</i>		
<b>Balance at end of year</b>	<b>485,000</b>	<b>485,000</b>

(f)	2019	2018
<b>Holiday Pay Reserve</b>	\$	\$
Balance at beginning of year	100,000	100,000
Add: <i>(as per financials)</i>		
Less: <i>(as per financials)</i>		
<b>Balance at end of year</b>	<b>100,000</b>	<b>100,000</b>



# Independent Auditor's Report

To the Board of The Leprosy Mission New Zealand (NZ) for the year ended 31st December 2019

## Opinion

We have audited the financial statements of The Leprosy Mission NZ, which comprises the statement of comprehensive income, the statement of changes in equity, the statement of financial position as at 31 December 2019, the statement of cash flows for the year then ended, and notes 1 to 12 to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Leprosy Mission NZ as at 31 December 2019 and its financial performance and its cash flows for the year then ended, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described below in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The Leprosy Mission 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 in our capacity as auditor we have no other relationship with, or interests in, The Leprosy Mission NZ.

## Restriction on Responsibility

This report is made solely to the Board, as a body, in accordance with section 42F of the Charities Act 2005, the Financial Reporting Act 2013, and their constitution. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditor's 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 as a body, for our audit work, for this report, or for the opinions we have formed.

## Other information

The Board is responsible for the other information in the annual report. The other information comprises the financial overview, Board chair report, and project achievements, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based, on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Board Responsibility for the Financial Statements**

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards NZ IPSAS with the Reduced Disclosure Regime, (as issued by the External Report Board (XRB) under the Financial Reporting Act 2013) and for such internal control as the Board determines 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 is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the entity or to cease operations, or has 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 economic 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://xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page8.aspx](https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx)



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Charity Integrity Audit  
17<sup>th</sup> April 2020



# Cure One Today

A world without  
leprosy tomorrow

