



Consolidated General Purpose Financial Report

Cancer Society of New Zealand Incorporated

For the year ended 31 March 2023

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Directory

Cancer Society of New Zealand Incorporated
For the year ended 31 March 2023

Nature of Business

Improving community well-being by reducing the incidence and impact of cancer.

Address

Level 6
Ranchhod Tower
39 The Terrace
Wellington 6011

IRD Number

019-351-769

NZ Business Number

9429042855873

Charities Number

CC30617

Charity Registration Date

30 June 2008

Auditors

BDO Wellington Audit Limited

Bankers

ANZ Bank Ltd

Solicitors

Dentons Kensington Swan

Statement of Service Performance

Cancer Society of New Zealand Incorporated

For the year ended 31 March 2023

Cancer Society of New Zealand is a federation which includes the following independent charities:

	Charity Number
Cancer Society of New Zealand Incorporated and its subsidiary Daffodil Enterprises Limited (this group)	CC60559
Cancer Society of New Zealand Auckland Northland Division Incorporated	CC22556
Waikato/ Bay Of Plenty Division Cancer Society Of New Zealand (Incorporated)	CC24649
<u>Cancer Society Central Districts Division - comprising:</u>	
Cancer Society Of New Zealand Central Districts Division Inc	CC11380
Cancer Society Of New Zealand Hawke's Bay Centre Incorporated	CC21870
Cancer Society Of New Zealand Manawatu Centre Incorporated	CC21846
Cancer Society Of New Zealand Taranaki Centre Incorporated	CC24484
Cancer Society Of New Zealand Wanganui - Rangitikei - Waimarino Centre Incorporated	CC24027
Cancer Society of New Zealand, Gisborne East Coast Centre Trust	CC23023
<u>Cancer Society Wellington Division - comprising:</u>	
Cancer Society of New Zealand Marlborough Centre Incorporated	CC28545
Cancer Society of New Zealand Nelson Centre of Wellington Division Incorporated	CC33976
Cancer Society of New Zealand Wairarapa Centre Incorporated	CC23905
Cancer Society of New Zealand Wellington Division Incorporated	CC10067
Cancer Society Of New Zealand Canterbury-West Coast Division Incorporated	CC10981
Cancer Society of New Zealand, Otago and Southland Division Incorporated	CC23699

Cancer Society of New Zealand Strategic Goals

Our Mission | Tāhuhu: Reducing the incidence and impact of cancer in Aotearoa New Zealand

Our Promise | Ngā Pou: Every person every cancer

Our Foundation | Tūāpapa: We are Te Tiriti o Waitangi led and equity focused

This reporting entity (Cancer Society of New Zealand Incorporated) runs the federation's National Office and the measures reported here relate to the National Office only, not to the whole federation. The National Office exists and operates to support the federation's strategic goals to:

- Be a respected voice on cancer prevention, care and survivorship.
- Be a valued partner within the health sector locally, nationally and internationally.
- Use our resources efficiently to deliver equitable cancer outcomes for people, whānau and populations.
- Ensure we are anchored in our communities in the high value services we deliver.

The Federation seeks to achieve all these goals in accordance with our Equity Charter.

Cancer Society of New Zealand performance measures

The Service Performance measures below reflect National Office's deliveries and achievements in Support of the Divisions and in supporting the nationally managed advocacy, messaging, research, projects and systems for the Federation members.

The measures also include information about the commercial and support activities undertaken by our subsidiary company Daffodil Enterprises Limited.

The notes to the consolidated financial statements form part of and should be read in conjunction with the consolidated financial statements.

Statement of Service Performance (continued)

Cancer Society of New Zealand Incorporated For the year ended 31 March 2023

	2023	2022
Be a respected voice on cancer prevention, care and survivorship		
Number of website page views in year	723,267	721,237
Social Media Followers at 31 March (Twitter, LinkedIn, Instagram, Facebook aggregated)	27,174	24,197
Number of national submissions to central government and other agencies in response to a formal consultation process (This measure does not include informal submissions and oral discussions which are a central part of our advocacy activities).	16	18
Number of advocacy and awareness campaigns active during the year	10	4
Be a valued partner within the health sector locally, nationally and internationally.		
Number of research grant applications approved for funding	5	3
Number of research grant applications received through a formal grant round process.	17	3
(Note in 2022 only applications under the Cancer Society of New Zealand Inc and Hei Āhuru Mōwai Māori Cancer Leadership research Memorandum of Understanding were accepted and funded. In 2023 an open grant application round was run)		
Value of Research grants awarded	\$1,219,952	\$480,000
New partnerships arrangements with National impact (Formalised relationships with key partners)	2	1
Ensure we are anchored in our communities in the high value services we deliver.		
Support Crew		
Number of Support Pages created in the year	213	199
Average number of supporters per page	10	12
Reach		
Total number of outlets (stores) stocking Cancer Society sunscreen or UV protection products	700	683
Equity Charter measures		
Proportion of board members, staff and volunteers who identify themselves as Māori	13%	20%
Proportion of National Research Grant Round funding granted to specific kaupapa Māori research projects.	20%	100%
(as noted above, in 2022 only applications under the Cancer Society of New Zealand Inc and Hei Āhuru Mōwai Māori Cancer Leadership research Memorandum of Understanding were funded. In 2023 an open grant application round was run)		
Proportion of National Grant Round Funding that is granted to research that is responsive to Māori	80%	100%

The notes to the consolidated financial statements form part of and should be read in conjunction with the consolidated financial statements.

Statement of Comprehensive Revenue and Expense

Cancer Society of New Zealand Incorporated

For the year ended 31 March 2023

	Notes	2023	2022
		\$	\$
National Office operational performance			
Revenue			
Divisional levies - supporting operations		2,550,086	2,409,808
Royalties Income		535,678	375,014
Investment income		(4,302)	12,557
Income from sales of products, resources and services		119,818	126,726
Grants		215,000	240,543
Secondment cost recoveries		-	11,964
Other revenue		79,283	2,830
Total revenue from operations	14	3,495,563	3,179,443
Expenditure			
Personnel costs		2,240,702	1,976,829
Depreciation	7	10,341	9,710
Amortisation	6	141,493	112,070
Cost of product and resources sold		50,407	138,668
Operating expenses		1,231,781	1,304,459
Total expenditure for operations		3,674,725	3,541,736
Net surplus / (deficit) from operations		(179,162)	(362,293)
Research grants and scholarships programme			
Revenue			
Divisional Levies - Research		1,100,000	1,165,052
Bequests and other Donations for Research		282,378	32,285
Investment income		(76,171)	9,867
Total revenue for grants programme	14	1,306,207	1,207,204
Expenditure			
Research Grants		1,021,767	812,147
Investment portfolio fees		6,775	8,518
Total expenditure for grants programme		1,028,542	820,664
Net surplus / (deficit) from research grant programme		277,665	386,540

The notes to the consolidated financial statements form part of and should be read in conjunction with the consolidated financial statements.

Statement of Comprehensive Revenue and Expense (continued)

Cancer Society of New Zealand Incorporated

For the year ended 31 March 2023

	Notes	2023	2022
		\$	\$
Net funds raised after distributions to Divisions			
Revenue			
Bequests to National Office		454,140	388,138
Daffodil Day income	15	1,002,537	1,952,734
Donations		498,486	413,973
Contracts for Service (delivered by Divisions)		-	250,000
Sponsorships (excluding Daffodil Day)		-	7,000
Total revenue received on behalf of divisions	14	1,955,163	3,011,845
Expenditure			
Daffodil Day expenditure		466,676	552,128
Other costs		189	1,105
Total expenditure related to collecting donations		466,865	553,233
Net income		1,488,298	2,458,611
Income distributed to divisions		(1,354,674)	(2,140,098)
Net surplus / (deficit) from funds raised after distribution to Divisions		133,624	318,513
Summary of results			
Net surplus / (deficit) from operations		(179,162)	(362,293)
Net surplus / (deficit) from research grant programme		277,665	386,540
Net surplus / (deficit) from funds raised after distribution to Divisions		133,624	318,513
Total comprehensive revenue and expense		232,127	342,760

The notes to the consolidated financial statements form part of and should be read in conjunction with the consolidated financial statements.

Statement of Changes in Net Assets

Cancer Society of New Zealand Incorporated

For the year ended 31 March 2023

	2023	2022
	\$	\$
Capital Reserve		
Opening balance	1,182,234	1,226,014
Comprehensive revenue and expenses	232,127	342,760
Transfer from / (to) research capital reserve	(277,665)	(386,540)
Closing capital reserve	1,136,696	1,182,234
Research Capital Reserve		
Opening balance	1,808,809	1,422,269
Transfer from / (to) capital reserve	277,665	386,540
Closing research capital reserve	2,086,474	1,808,809
Net assets	3,223,170	2,991,043

The notes to the consolidated financial statements form part of and should be read in conjunction with the consolidated financial statements

Statement of Financial Position

Cancer Society of New Zealand Incorporated
As at 31 March 2023

	Notes	2023	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		2,014,080	1,925,710
ANZ PB investment portfolio	5	2,892,088	3,025,926
Receivables from exchange transactions		17,235	43,194
Receivables from non-exchange transactions		29,641	72,400
Inventories		6,474	30,586
GST receivable		-	18,264
Prepayments		25,858	21,057
Total current assets		4,985,376	5,137,137
Non-current assets			
Property, plant and equipment	7	28,067	31,376
Intangibles	6	194,230	239,321
Total non-current assets		222,297	270,697
Total assets		5,207,673	5,407,834
Liabilities			
Current liabilities			
Trade and other payables		400,076	854,097
Employee entitlements		129,041	106,049
Income in advance		2,500	2,500
GST payable		43,373	-
Payable to Divisions		112,292	43,345
Research funds advanced by Central Districts Division		154,499	178,894
Scientific research grants committed		881,190	742,462
Total current liabilities		1,722,971	1,927,347
Non-current liabilities			
Long term portion of research funds advanced by Central Districts Division		234,514	389,013
Scientific research grants committed		27,018	100,431
Total non-current liabilities		261,532	489,444
Total liabilities		1,984,503	2,416,791
Net assets		3,223,170	2,991,043

The notes to the consolidated financial statements form part of and should be read in conjunction with the consolidated financial statements

Statement of Financial Position (continued)

Cancer Society of New Zealand Incorporated
As at 31 March 2023

	Notes	2023	2022
Net assets attributable to the owners of the controlling entity		\$	\$
Capital Reserve		1,136,696	1,182,234
Research Capital Reserve		2,086,474	1,808,809
Total Net assets attributable to the owners of the controlling entity		3,223,170	2,991,043

The notes to the consolidated financial statements form part of and should be read in conjunction with the consolidated financial statements

Statement of Cashflows

Cancer Society of New Zealand Incorporated
For the year ended 31 March 2023

	2023	2022
	\$	\$
Cashflow from Operating Activities		
Cash was provided from:		
Receipts from exchange and non-exchange transactions	6,796,176	7,076,830
Investments and interest	53,364	23,888
Total cash provided	6,849,540	7,100,718
Cash was applied to:		
Payments to suppliers and employees	(4,339,834)	(3,761,149)
Grants and scholarships paid	(963,227)	(1,153,443)
Payments to divisions for bequests, donations and sponsorships	(1,354,674)	(2,140,098)
Total cash applied	(6,657,735)	(7,054,690)
Net cashflow from operating activities	191,805	46,028
Cashflow from Investing Activities		
Cash was provided from:		
Sale of investments	-	750,000
Total cash provided	-	750,000
Cash was applied to:		
Purchase of property, plant & equipment	(7,032)	(14,717)
Purchase of intangible assets	(96,403)	(100,237)
Total cash applied	(103,435)	(114,954)
Net cashflow from investing activities	(103,435)	635,046
Net increase/(decrease) in cash held	88,370	681,074
Add opening cash brought forward	1,925,710	1,244,636
Ending cash to carry forward	2,014,080	1,925,710

The notes to the consolidated financial statements form part of and should be read in conjunction with the consolidated financial statements.

Approval of the Financial Statements

Approved By:



President
Alister Argyle



Chair Finance, Audit and Risk Advisory Committee
Nicholas Dangerfield

Date: 24 August 2023

The notes to the consolidated financial statements form part of and should be read in conjunction with the consolidated financial statements.

Notes to the Financial Statements

Cancer Society of New Zealand Incorporated For the year ended 31 March 2023

1. Reporting entity

The reporting entity is Cancer Society of New Zealand Incorporated (the Society). The Society is domiciled in New Zealand and is a charitable organisation registered under the Incorporated Societies Act 1908 and the Charities Act 2005.

The financial statements comprising of Cancer Society of New Zealand Incorporated and its controlled entity, Daffodil Enterprises Limited, together the ("Group"), are presented for the year ended 31 March 2023.

These Group financial statements and the accompanying notes summarise the financial results of activities carried out by Cancer Society of New Zealand Incorporated. The Group aims to improve community well-being by reducing the incidence and impact of cancer. All entities within the Group are charitable organisations registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

For clarity, the Group operates to provide support services for the federation of independent charities that are the Divisions of the Cancer Society throughout New Zealand. The Divisions are each made up of independent legal and financial entities. Their results and financial positions are not included in these consolidated financial statements.

2. Statement of compliance

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime ("PBE IPSAS RDR") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities.

For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and qualifies to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large. The Group qualifies as a Tier 2 reporting entity as, for the current and prior periods, it has had between \$2m and \$30m operating expenditure.

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 Regime ("RDR") disclosure concessions.

3. Summary of accounting policies

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

3.1 Basis of preparation

These consolidated financial statements have been prepared on the basis of historical cost, except for the ANZ Investment Portfolio, which is measured at fair value.

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

3.2 Functional and presentational currency

The consolidated financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency. The financial statements are rounded to the nearest dollar.

3.3 Basis of consolidation

The Society owns 100% of Daffodil Enterprises Ltd. and therefore controls Daffodil Enterprises Ltd. The consolidated figures represent Cancer Society of New Zealand Incorporated and Daffodil Enterprises Ltd. All inter entity transactions are eliminated on consolidation.

Notes to the Financial Statements (continued)

3.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

A non-exchange transaction is one in which the Group 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.

Donations

Donations are recognised as revenue upon receipt and include donations from the general public.

Grant revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses.

Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Legacies and bequests

Revenue from legacies and estates, that satisfies the definition of an asset, is recognised as revenue when it is probable that future economic benefits or service potential will flow to the entity, and the fair value can be measured reliably.

Revenue from exchange transactions

An exchange transaction is one in which the Group 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.

Divisional Levies

- Divisional operating levies are charged to the six Divisions of the Society to cover the operating and salary costs of the National Office.
- Divisional research levies are charged to the six Divisions of the Society to contribute to the research grants and scholarship programme administered by National Office.

Interest and dividend revenue

Interest revenue is recognised as it accrues, using the effective interest method. Dividend revenue is recognised when the dividend is declared.

3.5 Financial instruments

(a) Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that Group commits to purchase or sell the asset.

The Group derecognises a financial asset when the rights to receive cash flows from the asset have expired or are waived, or the Group 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 third party; and either:

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

Notes to the Financial Statements (continued)

(b) Classification and subsequent measurement

Financial assets

Financial assets within the scope of NFP PBE IPSAS 41 Financial Instruments. The classifications of the financial assets are determined at initial recognition. On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive revenue and expense (FVOCRE) - debt investment and equity investment; or fair value through surplus or deficit (FVTSD).

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group's financial assets are classified as either financial assets at fair value through surplus or deficit or amortised cost. Financial assets include: cash and cash equivalents, trade debtors and other receivables, and the ANZ PB Investment Portfolio

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date.

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value presented as other expenses (negative net changes in fair value) or other revenue (positive net changes in fair value) in the statement of surplus or deficit.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCRE as described above are measured at FVTSD. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCRE as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

The Group's financial liabilities include trade and other creditors (excluding GST, PAYE and employee entitlements), community fund raising for Divisions and deferred revenue (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). They are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit in the Statement of Comprehensive Revenue and Expense. Financial liabilities are derecognised if Group's obligations specified in the contract expire or are discharged or cancelled.

(c) Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Groups assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due.

Notes to the Financial Statements (continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Trust expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.6 Short term investments

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

3.7 Inventories

Inventories held for consumption in the provision of services that are not sold on a commercial basis are measured at the lower of cost and net realisable value.

Inventory is valued at the lower of cost or net realisable value on an average cost basis, after making due allowances for damaged and obsolete stock. Inventory has been assessed for impairment as at 31 March 2018 and it was determined that the value of the resources should be not be impaired this year.

For inventory that was acquired through non-exchange transactions, the cost of the inventory is its fair value at the date of acquisition. For inventory held for distribution or consumption in providing goods and services to be distributed at no charge or for nominal charge, these are measured at cost adjusted for any loss of service potential.

3.8 Property, plant, equipment and depreciation

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

- Computer equipment 25% to 40%
- Furniture and Fittings 9.6% to 20%
- Office Equipment 9.6% to 48%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

3.9 Intangible assets including software

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

With the exception of trademark registration costs that have a fixed life, and of software and websites, the Group has assessed all other intangible assets to have indefinite lives as there is no foreseeable limit to the period which the asset is expected to generate cash inflows or provide service potential to the entity.

Software and websites acquired or developed internally are measured at cost less accumulated amortisation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or development of the software or website. Where the asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Notes to the Financial Statements (continued)

Amortisation on software and website costs and on trademark registration fees is charged on a straight-line basis over the useful life of the asset. Amortisation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

- Software and websites 20% to 40%
- Trademark registration costs 10%

3.10 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

3.11 Employee benefits

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits expected to be settled within twelve months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

3.12 Income tax

Due to its charitable status, the Group is exempt from income tax.

3.13 Goods and services tax (GST)

Revenues, expenses and assets are recognised exclusive of GST except for receivables and payables, which are stated with the amount of GST included. Cash flows are included in the statement of cash flows on a net basis.

3.14 Equity

Equity is measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Capital Reserve

The Capital Reserve is the Group's accumulated surplus or deficit since its formation, adjusted for transfers to/from the Research Capital Reserve.

Research Capital Reserve

This is a restricted equity reserve created by the Group for the purpose of financing scientific research. The increase/decrease in the reserve balance each year is calculated as the difference between research grant levies and the research grant expense.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments

The Group has entered into a number of leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the equipment, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Notes to the Financial Statements (continued)

4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- the condition of the asset
- the nature of the asset, its susceptibility and adaptability to changes in technology and processes
- the nature of the processes in which the asset is deployed
- availability of funding to replace the asset
- changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Group are listed in notes 3.8 and 3.9.

4.3 Changes in Accounting Policy

Changes due to the initial application of a new, revised, and amended PBE Standards

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments is effective from 1 January 2022 and was adopted on that date. PBE IPSAS 41 has not had a material impact on the Group's measurement and recognition of financial instruments.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 Service Performance Reporting is effective for periods from 1 January 2022 and was adopted by the Group on that date. PBE FRS 48 requires specific disclosures for the reporting of service performance information which have been provided in the statement of service performance.

5. ANZ PB Investment Portfolio

The ANZ PB Investment Portfolio is classified as a current asset on the basis that this investment is maintained to provide liquidity to meet significant cash demands as needed to meet research or operating commitments beyond the expected annual income of the Group.

Notes to the Financial Statements (continued)

6. Intangibles

	2023	2022
Trademarks	14,741	1,908
Websites and software	179,489	237,413
Total Intangibles	194,230	239,321

Reconciliation of the carrying amount at the beginning and the end of the period:

	2023	2022
Trademarks		
Opening balance	1,908	1,908
Additions	14,000	-
Impairment of trademarks	-	-
Amortisation	(1,167)	-
Disposals	-	-
Total trademarks	14,741	1,908
Websites and software		
Opening balance	237,413	249,246
Additions	82,402	100,238
Amortisation	(140,327)	(112,070)
Disposals	-	-
Total websites and software	179,489	237,413
Total intangibles	194,230	239,321

7. Property, plant and equipment

	Computer equipment	Furniture and fittings	Office equipment	Total
Cost or valuation				
Balance as at 1 April 2022	139,307	55,073	35,482	229,862
Additions	6,459	-	573	7,032
Disposals	-	-	-	-
Balance as at 31 March 2023	145,766	55,073	36,055	236,894
Depreciation				
Balance as at 1 April 2022	(124,372)	(42,956)	(31,157)	(198,486)
Depreciation	(6,772)	(2,273)	(1,296)	(10,341)
Disposals	-	-	-	-
Balance as at 31 March 2023	(131,144)	(45,229)	(32,454)	(208,827)
Net book value				
As at 31 March 2022	14,935	12,117	4,325	31,376
As at 31 March 2023	14,622	9,844	3,601	28,067

8. Operating Leases

The Group has operating lease commitments that expire:

	2023	2022
Not later than one year	102,458	152,768
Later than one year and not later than five years	5,517	107,975
Later than five years	-	-
Total Operating leases	107,975	260,743

Notes to the Financial Statements (continued)

The Cancer Society entered into a seven year and seven month office lease beginning on 1 May 2016, with a six month rent holiday until 1 December 2016, rent is paid on a monthly basis. The current lease is due to expire on 30 November 2023. There are no exclusion clauses in the current lease. During the year, Cancer Society paid \$150,275 in rent (2022: \$150,275).

The Group's commitments include a 5 year agreement with Canon, that commenced on 1 April 2022 for the supply and use of printers.

9. Related parties

The Group transacts on a regular basis with the regional Cancer Society Divisions. Transactions include the payment of levies by the Divisions and the distribution of revenue from donations and Daffodil Day back to the Divisions by National Office.

The Group also awards grants for research conducted by individuals connected to various tertiary and research institutions. From time to time, due to the expertise required, members of these institutions may sit of the scientific committee responsible for awarding of such grants. The Group has safeguards in place to ensure the process of awarding grants remains independent and funding is not awarded specifically to those who sit on the committee.

Subsidiaries

Daffodil Enterprises Limited is 100% owned by the Cancer Society of New Zealand Incorporated.

Key management personnel

The key management personnel are considered to be the Board of Trustees, together with the Chief Executive and the Management team of Daffodil Enterprises Limited. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

Category	Remuneration	No of individuals	Remuneration	No of individuals
	2023		2022	
Board of trustees	68,654	10	52,500	10
Remuneration	455,790	2.2 FTE	435,803	2.2 FTE
Other benefits	-		3,640	
Total	<u>524,444</u>		<u>491,943</u>	

Remuneration includes salaries paid and Kiwisaver Employer contributions.

No remuneration is paid to members of the Board of Trustees, except for the following appointed positions:

- Dr George Laking (Joint Medical Director from 16 May 2022) received a stipend of \$17,308 (2022 \$nil)
- Dr Kate Gregory (Medical Director from 1 September 2021 and Joint Medical Director from 16 May 2022) received a stipend of \$21,346 (2022 \$17,500).
- Keri Milne-Ihimaera (Manu Taki) received a stipend of \$30,000 (2021 \$27,500).
- In the previous year (to 31 March 2022), Dr Chris Jackson (Medical Director to 31 August 2021) received a stipend of \$12,500.

No remuneration or loan advance is or has been paid to any close family members of key management personnel.

10. Research Funds Advanced by Central Districts Division

In March 2022 the Cancer Society Central Districts Division received a large donation to be used for cancer research. Usual practice would have been for the funds to be paid to the Group as part of the Research Levy paid each year by Central Districts Division until all the funds were spent. Due to the size of this donation it was agreed that the total funds (\$811,853) would be advanced to the Group and used as advance funding of the Central Districts Research Levies or for specific research projects as agreed from year to year until the funds were fully utilised. The advance is interest free.

In the 2022-23 year the Central Districts Research Levy of \$178,894 (2022 \$243,946) was paid from this balance leaving a balance of \$398,013 owing at 31 March 2023 (2022 \$67,907).

Notes to the Financial Statements (continued)

11. Categories of financial assets and liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2023	2022
Financial assets at fair value through surplus or deficit		
ANZ PB investment portfolio	2,892,090	3,025,928
Total financial assets at fair value through surplus or deficit	2,892,090	3,025,928
Financial Assets measured at amortised Cost		
Trade receivables	17,235	43,194
Donations receivable	29,641	72,400
Cash and cash equivalents	2,014,080	1,925,710
Total loans and receivables	2,060,956	2,041,303
Financial liabilities measured at amortised cost		
Trade and other payables	400,076	854,097
Total financial liabilities measured at amortised cost	400,076	854,097

12. Capital commitments

There are no capital commitments at balance date. (2022: none)

13. Contingent assets and liabilities

In addition to the research grant liability of \$908,287 (2022: \$894,108) recognised in the statement of financial position, the Board have approved a further \$1,812,348 (2022: \$1,481,147) of grants which are contingent on the recipients meeting certain conditions and therefore have not been recognised as a liability.

There are no other contingent assets or liabilities at balance date.

14. Revenue from non-exchange transactions

Revenue from non-exchange transactions includes the following items:

	2023	2022
Bequests	454,140	388,138
Donations	499,359	416,465
Grants	215,000	240,543
Daffodil Day Donations	667,537	1,616,397
Total Revenue from non-exchange transactions	1,836,036	2,661,543

All other revenue is from exchange transactions.

15. Daffodil Day Revenue

The Daffodil Day fundraising campaign raises funds nationally and in regions for all Cancer Society Divisions.

The total Daffodil Day Revenue stated in the Statement of Comprehensive Revenue and Expense is \$1,002,537 (2022 \$1,952,734). The Daffodil Day income reported in the Group is lower for the year ended 31 March 2023 because several online fundraising channels were setup to pay funds direct to Divisions and these funds were not received in the Group as they were in previous years. The change reported in the Group's Daffodil Day income is not caused by a less successful national campaign.

Total Daffodil Day Revenue is a combination of exchange transactions (where goods or services are received by the payer in exchange for the revenue) and non exchange transactions (donations with no value returned to the payer). The non exchange value of Daffodil Day Revenue is disclosed in note 14 above.

Notes to the Financial Statements (continued)

16. Events after the reporting date

The Board and management are not aware of any matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of Cancer Society of New Zealand Incorporated (2022 none).

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CANCER SOCIETY OF NEW ZEALAND INCORPORATED AND ITS
SUBSIDIARY**

Report on the Audit of the General Purpose Financial Report

Opinion

We have audited the general purpose financial report of Cancer Society of New Zealand Incorporated and its subsidiary (together, "the Group"), which comprise the consolidated financial statements on pages 6 to 22 and the consolidated service performance information on pages 4 to 5. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 31 March 2023, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying general purpose financial report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 31 March 2023, and (of) its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated service performance for the year ended 31 March 2023, in accordance with the Group's service performance criteria,

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the General Purpose Financial Report section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 relationship with, or interests in, the Group.

Directors' Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Group for:

- (a) the preparation and fair presentation of the consolidated financial statements and consolidated service performance information in accordance with Public Benefit Entity Standards RDR issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards RDR; and

(c) such internal control as those charged with governance determine is necessary to enable the preparation of the consolidated financial statements and consolidated service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report those charged with governance are responsible for assessing the Group'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 those charged with governance either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated service performance information 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) and NZ AS 1 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

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

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/>

This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Who we Report to

This report is made solely to the Group's members, as a body. Our audit work has been undertaken so that we might state those matters which 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 Group and the Group's members, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED

Wellington

New Zealand

15 September 2023