Cancer Society
Te Kāhui Matepukupuku o Aotearoa

Consolidated Financial Statements

Cancer Society of New Zealand Incorporated

For the year ended 31 March 2021

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Directory

Cancer Society of New Zealand Incorporated
For the year ended 31 March 2021

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 Comprehensive Revenue and Expense

Cancer Society of New Zealand Incorporated

For the year ended 31 March 2021

	Notes	2021	2020
		$	$
National Office operational performance			
Revenue			
Divisional levies - supporting operations		2,147,073	1,921,970
Royalties Income		284,587	739,028
Investment income		132,673	15,480
Income from sales of products, resources and services		106,457	63,779
Grants		40,000	66,046
Covid-19 Wage and Salary Subsidy		123,703	-
Secondment cost recoveries		71,965	-
Other revenue		72,978	14,203
Total revenue from operations	14	**2,979,437**	**2,820,506**
Expenditure			
Personnel costs		1,516,563	1,483,599
Kiwisaver costs		49,468	50,468
Depreciation	7	16,096	30,642
Amortisation	6	2,402	3,518
Cost of product and resources sold		42,832	55,212
Operating expenses		800,209	1,384,368
Total expenditure for operations		**2,427,569**	**3,007,808**
Net operating surplus / (deficit)	**15**	**551,868**	**(187,302)**

	Notes	2021	2020
Scientific grants and scholarships programme			
Revenue			
Divisional Levies - Research		899,988	972,063
Bequests and other Donations for Research		141,404	151,404
Investment income		272,920	42,696
Total revenue for grants programme	14	**1,314,312**	**1,166,163**
Expenditure			
Research Grants		1,281,164	1,820,816
Support for the International Cancer Benchmarking Programme		-	12,102
Investment portfolio fees		13,598	13,452
Total expenditure for grants programme		**1,294,761**	**1,846,370**
Net surplus / (deficit) from grant programme		**19,550**	**(680,207)**

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 2021

	Notes	2021	2020
		$	$
Funding received and distributed to divisions			
Revenue			
Bequests to National Office		132,461	476,341
Daffodil Day income		1,519,957	1,307,104
Donations		93,749	125,551
Contracts for Service (delivered by Divisions)		749,000	-
Sponsorships (excluding Daffodil Day)		29,375	19,375
Total revenue received on behalf of divisions	14	**2,524,541**	**1,928,371**
Expenditure			
Daffodil Day expenditure		384,976	360,443
Other costs		20	240
Total expenditure related to collecting donations		**384,996**	**360,683**
Net income		**2,139,545**	**1,567,688**
Income distributed to divisions		(2,139,545)	(1,567,688)
Net result from funds received and distributed		**-**	**-**

Summary of results			
Net operating surplus / (deficit)	15	551,868	(187,302)
Net surplus / (deficit) from grant programme		19,550	(680,207)
Total comprehensive revenue and expense		**571,418**	**(867,509)**

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 2021

	2021	2020
	$	$
Capital Reserve		
Opening balance	674,146	861,448
Comprehensive revenue and expenses	571,418	(867,509)
Transfer from / (to) research capital reserve	(19,550)	680,207
Closing capital reserve	**1,226,014**	**674,146**
Research Capital Reserve		
Opening balance	1,402,719	2,082,926
Transfer from / (to) capital reserve	19,550	(680,207)
Closing research capital reserve	**1,422,269**	**1,402,719**
Net assets	**2,648,283**	**2,076,865**

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 2021

	Notes	2021	2020
		$	$
Assets			
Current assets			
Cash and cash equivalents		1,244,636	543,850
ANZ PB investment portfolio	5	3,777,393	3,393,186
Receivables from exchange transactions		63,137	127,726
Inventories		16,773	17,546
Prepayments		20,030	26,971
Total current assets		**5,121,969**	**4,109,279**
Non-current assets			
Property, plant and equipment	7	26,369	35,548
Intangibles	6	251,154	5,201
Total non-current assets		**277,523**	**40,749**
Total assets		**5,399,492**	**4,150,028**
Liabilities			
Current liabilities			
Trade and other payables		546,229	407,830
Employee entitlements		92,441	49,157
GST payable		25,117	11,708
Payable to Divisions		48,682	9,831
Research funds advanced by Central Districts Division		243,946	-
Scientific research grants committed		992,620	1,536,815
Total current liabilities		**1,949,035**	**2,015,341**
Non-current liabilities			
Long term portion of research funds advanced by Central Districts Division		567,907	-
Scientific research grants committed		234,267	57,822
Total non-current liabilities		**802,174**	**57,822**
Total liabilities		**2,751,209**	**2,073,162**
Net assets		**2,648,283**	**2,076,865**

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 2021

	Notes	2021	2020
		$	$
Net assets attributable to the owners of the controlling entity			
Capital Reserve		1,226,014	674,146
Research Capital Reserve		1,422,269	1,402,719
Total Net assets attributable to the owners of the controlling entity		**2,648,283**	**2,076,865**

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 2021

	2021	2020
	$	$
Cashflow from Operating Activities		
Cash was provided from:		
Receipts from exchange and non-exchange transactions	6,477,285	5,806,628
Investments and interest	21,387	12,263
Dividends	-	10,446
Total cash provided	**6,498,672**	**5,829,337**
Cash was applied to:		
Payments to suppliers and employees	(2,591,261)	(3,381,283)
Grants and scholarships paid	(1,623,660)	(1,366,955)
Payments to divisions for bequests, donations and sponsorships	(2,139,545)	(1,567,688)
Total cash applied	**(6,354,465)**	**(6,315,926)**
Net cashflow from operating activities	**144,206**	**(486,589)**
Cashflow from Investing Activities		
Cash was applied to:		
Purchase of investments	-	-
Purchase of property, plant & equipment	(6,943)	(11,568)
Purchase of intangible assets	(248,330)	-
Total cash applied	**(255,273)**	**(11,568)**
Net cashflow from investing activities	**(255,273)**	**(11,568)**
Cashflow from Financing Activities		
Cash was provided from:		
Research advance from Central Districts Division	811,853	-
Total cash provided	**811,853**	**-**
Net cashflow from financing activities	**811,853**	**-**
Net increase/(decrease) in cash held	**700,786**	**(498,157)**
Add opening cash brought forward	**543,850**	**1,042,007**
Ending cash to carry forward	**1,244,636**	**543,850**

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: 3 August 2021

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 2021

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 2021.

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

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets

The Group derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets, 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.

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

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 loans and receivables. The Group's financial assets include: cash and cash equivalents and the ANZ PB Investment Portfolio.

Notes to the Financial Statements (continued)

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 are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. The Group's investments with ANZ Private Banking fall into this category of financial instruments.

Receivables

Receivables are non-derivative 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 allowance for impairment.

The Group's cash and cash equivalents, short-term investments and receivables from exchange transactions fall into this category of financial instruments.

Impairment of financial assets

The Group assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cashflows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Group first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

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) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

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.

Notes to the Financial Statements (continued)

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. The Group has assessed its 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 is 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.

Amortisation 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%

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.

Notes to the Financial Statements (continued)

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
*T*his 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.

5. ANZ PB Investment Portfolio

This year the ANZ PB Investment Portfolio has been reclassified 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.

6. Intangibles

	2021	2020
Trademarks	1,908	1,907
Websites and software	249,246	3,294
Total Intangibles	**251,154**	**5,201**

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

	2021	2020
Trademarks		
Opening balance	1,907	1,907
Additions	1	
Impairment of trademarks	-	-
Amortisation	-	-
Disposals	-	-
Total trademarks	**1,908**	**1,907**
Websites and software		
Opening balance	3,294	6,811
Additions	248,355	-
Amortisation	(2,402)	(3,518)
Disposals	-	-
Total websites and software	**249,246**	**3,294**
Total intangibles	**251,154**	**5,201**

Notes to the Financial Statements (continued)

7. Property, plant and equipment

	Computer equipment	Furniture and fittings	Office equipment	Total
Cost or valuation				
Balance as at 1 April 2020	121,932	51,423	36,105	209,460
Additions	6,916	-	-	6,916
Disposals				-
Balance as at 31 March 2021	**128,848**	**51,423**	**36,105**	**216,376**
Depreciation				
Balance as at 1 April 2020	(106,261)	(39,161)	(28,489)	(173,912)
Depreciation	(11,859)	(1,925)	(2,312)	(16,096)
Disposals		-	-	-
Balance as at 31 March 2021	**(118,120)**	**(41,087)**	**(30,800)**	**(190,008)**
Net book value				
As at 31 March 2020	15,671	12,261	7,616	35,548
As at 31 March 2021	**10,728**	**10,336**	**5,305**	**26,369**

8. Operating Leases

	2021	2020
Not later than one year	153,276	273,335
Later than one year and not later than five years	213,815	404,824
Later than five years	-	-
Total Operating leases	**367,091**	**678,159**

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 $144,640 in rent (prior year $150,275).

Last year's commitments included $122,008 for a Nationwide Fuji Xerox agreement for the supply and use of printers. This agreement was signed in the name of the Cancer Society of New Zealand Incorporated but the commitment would be shared between the other Divisions of the Cancer Society, should the agreement need to be terminated. This lease agreement expired at 31 March 2021 so there is no commitment remaining at balance date.

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.

Notes to the Financial Statements (continued)

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
	2021		2020	
Board of trustees	30,000	9	22,500	9
Remuneration	296,503	1.43 FTE	290,802	1.33 FTE
Other benefits	3,640		26,443	
Total	330,143		339,745	

Remuneration includes salaries paid and Kiwisaver Employer contributions.

"No remuneration is paid to members of the Board of Trustees, apart from Dr Chris Jackson (Medical Director) who received a stipend of $30,000 (PY $22,500). With the disruption due to Covid-19, Dr Jackson kindly discounted this stipend and the discount is included in donation income. 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 September 2020 the Cancer Society was notified of a large donation to be used for cancer research from a benefactor in Hawkes Bay. Usual practice would have been for the donation to be paid to the Central Districts Division and it would then be paid into the Cancer Society's research programme as part of annual research levies over time. Due to the size of this donation it was agreed that the total funds ($811,853) would be held and invested by the Cancer Society and used to fund the Central Districts Research Levies or specific research projects as agreed from year to year until the funds were fully utilised. The advance is interest free. The amount in excess of that required to settle the Central Districts Research Levy in the 2021-22 year ($567,907) is disclosed as repayable after more than one year.

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:

	2021	2020
Financial assets at fair value through surplus or deficit		
ANZ PB investment portfolio	3,777,393	3,393,186
Total financial assets at fair value through surplus or deficit	**3,777,393**	**3,393,186**

Loans and receivables		
Trade receivables	63,137	127,726
Cash and cash equivalents	1,244,636	543,850
Total loans and receivables	**1,307,774**	**671,576**

Financial liabilities measured at amortised cost		
Trade and other payables	546,229	407,830
Total financial liabilities measured at amortised cost	**546,229**	**407,830**

12. Capital commitments

There are no capital commitments at balance date. (2020: none)

Notes to the Financial Statements (continued)

13. Contingent assets and liabilities

In addition to the research grant liability of $1,226,887 (2020: $1,594,636) recognised in the statement of financial position, the Board have approved a further $837,024 (2020: $1,120,845) of grants which are contingent on the recipients meeting certain conditions and therefore have not been recognised as a liability.

Research expenditure commitments include the Cancer Society Research Collaboration programme contracted with Otago University. This project is a five year contract with a total value of $2,000,000. The contract has an initial two year period for $800,000 that ends on 30 June 2021. The Cancer Society then has a three year right of renewal. At the reporting date this extension had not been confirmed and it is not included in either the research grant liabilities or in the contingent liabilities described above. Subsequent to the reporting date the three year extension with a value of $1,200,000 was confirmed with effect from I July 2021

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:

	2021	2020
Bequests	132,461	476,341
Donations	112,359	127,628
Grants	40,000	66,046
Daffodil Day Donations	1,139,290	982,828
Total Revenue from non-exchange transactions	**1,424,110**	**1,652,842**

The total Daffodil Day Revenue stated in the Statement of Comprehensive Revenue and Expense is $1,519,957 (2020 $1,307,104). This value 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 amount disclosed in this note relates to the non exchange part of this revenue item.

All other revenue is from exchange transactions.

15. Operating Surplus (deficit)

The operating surplus for the year $535,683 (2020 operating deficit $187,302) has been generated by two significant events:

- Divisions of the Cancer Society agreed late in the year to pay an additional levy towards future strategic project costs. This additional levy was $221,763. Most projects to which this related were in the early stages of delivery at 31 March 2021 and these funds will be expended as operating costs in the 2021-22 and future years.
- The largest single project cost in the year was the building of the Cancer Society's new web site ($243k). This project was completed soon after the end of the financial year and all costs paid during the year were capitalised. As the site did not go live until early April 2021 none of the expenditure was depreciated until the 2021-22 financial year.

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 (2020 none).

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CANCER SOCIETY OF NEW ZEALAND INCORPORATED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cancer Society of New Zealand Incorporated and its subsidiary (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended 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 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 Consolidated Financial Statements* 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.

Board's Responsibilities for the Consolidated Financial Statements

The Board is responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with PBE Standards RDR, and for such internal control as the Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board is responsible on behalf of the Group 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 the Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/.

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
17 August 2021