

Annual Report

YMCA of Auckland Incorporated
For the year ended 30 June 2011

We build strong kids, strong families, strong communities



Annual Report

YMCA of Auckland Incorporated

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The accompanying notes form part of these financial statements

Board Report for the Year Ended 30 June 2011

Your Board have pleasure in submitting their 2011 report and accounts.

		<u>2011</u>	<u>2010</u>
<u>Results</u>	Profit for the Year	\$000	\$000
		<u>\$104</u>	<u>\$258</u>

The Board acknowledge and thank the support of the following organisations:

Ministry of Education
Auckland City Council
Ministry of Social Development
Hamilton City Council
The Lion Foundation
New Zealand Lottery Grants Board
The Trusts Charitable Foundation
Waitakere City Council
Sport Waitakere
Debit Success
North Shore City Council
Angela Paykel
Sport Auckland
Joyce Fisher Trust
Rodney District Council
Other Donations

Their support has contributed to the profit of \$104,000 reported for the year.

The accompanying notes form part of these financial statements

State of Affairs

The state of the Society's affairs as at 30 June 2011 was:

	<u>2011</u> \$'000	<u>2010</u> \$'000
Total Assets	20,342	18,990
These were financed by:		
Equity of	14,322	14,231
Liabilities of	6,020	4,759
	<u>20,342</u>	<u>18,990</u>

General

The primary objective of the Society is to provide services in the fields of Health and Fitness, Recreation, Camping, Early Childhood, and Accommodation.

The nature of the Society's business has not changed during the year.

Board Members' Interests

The Society engaged the services of Jones Young for legal advice in relation to the lease of premises located at 23-29 Albert Street, Auckland, 250 West Tamaki Road, Glendowie, and Akoranga Drive, North Shore. David Jones is a partner of Jones Young and a Board Member

Use of Society Information

The Board received no notices during the year from Board Members requesting to use Society information received in their capacity as Board Members which would not have been otherwise available to them.

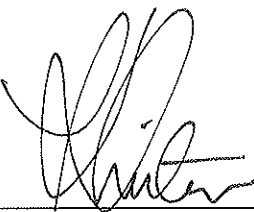
Remuneration and Other Benefits

No fees or other benefits were paid to any Board Member during the year.

Indemnity and Insurance

The Society has indemnity insurance to protect the Board Members and staff from any claims arising in the course of their duties.

For and on behalf of the Board



President

30/08/11

Date

The accompanying notes form part of these financial statements

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
YMCA OF AUCKLAND INCORPORATED**

Report on the Financial Statements

We have audited the financial statements of YMCA of Auckland Incorporated ("the Society") on pages 7 to 33, which comprise the statement of financial position of the Society as at 30 June 2011 and the statement of changes in equity and statement of comprehensive income for the year then ended and a summary of significant accounting policies and other explanatory information.

This report is made solely to the members, as a body, in accordance with paragraph 20 of the Rules and Regulations of the Society. Our audit has been undertaken so that we might state to the Society's members 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 Society and the Society's members as a body, for our audit work, for this report, or for the opinion we have formed.

Board's Responsibilities

The Board is responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

In addition to audit services, our firm provides other services in the areas of business advisory services to the Society. We have no other relationship with, or interests in, the Society. These matters have not impaired our independence as auditors of the Society.

Opinion

In our opinion, the financial statements on pages 7 to 33 present fairly, in all material respects, the financial position of YMCA of Auckland Incorporated at 30 June 2011 and their financial performance and cashflows for the year then ended in accordance with generally accepted accounting practice in New Zealand.



31 August 2011
BDO Auckland
Auckland

Statement of Comprehensive Income
For the year ended 30 June 2011

	Notes	2011 \$000	2010 \$000
Revenue	2	18,536	19,123
Finance Income	3	107	168
Total Income		<u>18,643</u>	<u>19,291</u>
Employee Expenses	4	10,521	11,085
Marketing and Promotion expenses		393	405
Administration expenses	4	3,838	3,693
Depreciation and amortisation expenses	4	1,413	1,419
Building Expenses	4	1,777	1,896
Finance expenses	4	129	87
Changes in inventories of finished goods		468	448
Total Expenses		<u>18,539</u>	<u>19,033</u>
Profit for the year attributable to the members of the Society		<u>104</u>	<u>258</u>
Other Comprehensive Income for the year attributable to the members of the Society		<u>-</u>	<u>-</u>
Total Comprehensive Income for the year attributable to the members of the Society		<u>104</u>	<u>258</u>

The accompanying notes form part of these financial statements

**Statement of Changes in Accumulated Funds
for the year ended 30 June 2011**

	Accumulated Funds \$000	Special project Reserves \$000	Total \$000
Balance at 1 July 2009	<u>13,953</u>	<u>20</u>	<u>13,973</u>
Profit for the year	258		258
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Income for the year	<u>14,211</u>	<u>20</u>	<u>14,231</u>
<i>Transactions in Equity</i>			
Transfer from Accumulated Funds to special project reserve	(15)	15	-
Transfer from Special Project reserve to Accumulated Funds	10	-	10
Utilisation of reserves		(10)	(10)
	<u>(5)</u>	<u>5</u>	<u>-</u>
Balance at 30 June 2010	<u>14,206</u>	<u>25</u>	<u>14,231</u>
Balance at 1 July 2010	<u>14,206</u>	<u>25</u>	<u>14,231</u>
Profit for the year	104	-	104
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the year	<u>14,310</u>	<u>25</u>	<u>14,335</u>
<i>Transactions in Equity</i>			
Transfer from Accumulated Funds to special project reserve	(38)	38	-
Transfer from Special Project reserve to Accumulated Funds	11	(11)	-
Utilisation of reserves	5	(13)	(13)
Total transactions in Equity	<u>(27)</u>	<u>14</u>	<u>(13)</u>
Balance at 30 June 2011	<u>14,283</u>	<u>39</u>	<u>14,322</u>

The accompanying notes form part of these financial statements

Statement of Financial Position
As at 30 June 2011

	Notes	2011 \$000	2010 \$000
Assets			
Current			
Cash and cash equivalents	6	1,000	1,201
Investments	7	1,126	2,025
Trade and other receivables	8	1,134	659
Inventories	9	37	24
Total Current Assets		<u>3,297</u>	<u>3,909</u>
Non-Current			
Property, plant and equipment	10	16,261	14,511
Intangible assets	11	784	570
Total Non-Current Assets		<u>17,045</u>	<u>15,081</u>
Total Assets		<u>20,342</u>	<u>18,990</u>
Liabilities			
Current			
Trade and other payables	12a	890	950
Cyclical maintenance provision	12b	156	99
Subscriptions and hirings in advance	13	1,208	958
Employee Benefits	14	764	875
BNZ Loan	15	137	75
Total Current Liabilities		<u>3,155</u>	<u>2,957</u>
Non-Current			
BNZ Loan	15	2,865	1,802
Total Non-Current Liabilities		<u>2,865</u>	<u>1,802</u>
Total Liabilities		<u>6,020</u>	<u>4,759</u>
Net Assets		<u>14,322</u>	<u>14,231</u>
Accumulated Funds			
		14,283	14,206
Special Project Reserves	5	39	25
Total Accumulated Funds		<u>14,322</u>	<u>14,231</u>

Signed on behalf of the Board



 President

 Date

30/8/11



 Board Member

 Date

30/8/11

The accompanying notes form part of these financial statements

Statement of Cashflows
For the year ended 30 June 2011

	Notes	2011	2010
		\$000	\$000
Cash Flow from Operating Activities			
Receipts from customers		18,399	19,387
Payments to suppliers and employees		(17,040)	(17,935)
Interest received		117	192
Interest paid		(127)	(102)
Net cash provided by operating activities	16	<u>1,349</u>	<u>1,542</u>
Cash Flow from Investing Activities			
Proceeds from maturity of Investments		899	1,010
Proceeds from sale of property, plant and equipment		10	12
Payment for property, plant and equipment to expand operations		0	(2)
Payment for property, plant and equipment to maintain operations		(3,427)	(1,799)
Payment for intangible assets		(157)	(304)
Net cash used in investing activities		<u>(2,675)</u>	<u>(1,083)</u>
Cash Flow from Financing Activities			
Proceeds from borrowings		1,493	400
Repayment of borrowings		(368)	(1,123)
Net cash used in financing activities		<u>1,125</u>	<u>(723)</u>
Net decrease in cash and cash equivalents held		(201)	(264)
Cash and cash equivalents at beginning of year		1,201	1,465
Cash and cash equivalents at end of year	6	<u>1,000</u>	<u>1,201</u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements

for the year ended 30 June 2011

1. Statement of accounting policies

Reporting Entity

The Young Men's Christian Association (YMCA) Auckland Inc. ("the Society") is an Incorporated Society incorporated in New Zealand under the Incorporated Societies Act 1908 and registered under the Charities Act 2005 and is domiciled in Auckland, New Zealand. The primary objective of the Society is that of providing services in the fields of Health and Fitness, Recreation, Camping, Early Childhood Education, and Accommodation.

Young Mens Christian Association of Auckland Incorporated
Private Bag 92150
Victoria Street West,
Auckland 1142

Statement of Compliance and Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for public benefit entities.

The Society is a public benefit entity. The Society is required by its rules to prepare general purpose financial statements.

The accounting policies set out below have been consistently applied to all years presented in these financial statements.

Reporting Basis and Conventions

The financial statements have been prepared on a historical costs basis.

The financial statements are presented in New Zealand Dollars, rounded to the nearest thousand. The functional currency of the Society is New Zealand dollars.

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

Notes to the Financial Statements

for the year ended 30 June 2011

1. Statement of accounting policies (continued)

Use of Estimates and Judgements

In preparing these financial statements the Society has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is noted below:

- Management have judged that the Society is a public benefit entity. The primary objective of the entity is to provide services in the fields of Fitness, Recreation, Camping, Early Childhood Education, and Accommodation.

Any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

- Revenue from bequests and legacies: Where there is life interest associated with the bequest or legacy or the bequest or the legacy is being contested, the revenue from the bequest and legacy is not recognised until the revenue is measurable and probable.

Income tax

The Society was granted charitable tax status by Charities Commission. As such no taxation expense has been provided for.

Inventories

Inventories are generally measured at the lower of cost or net realisable value. Inventory held for distribution at no or nominal consideration is measured at the lower of cost and current replacement cost.

When inventories are written down from cost to current replacement cost or net realisable value, the write down is recognised in profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2011

1. Statement of accounting policies (continued)

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Donated assets are initially valued at the fair value of the asset recorded with the resulting gain being recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets (Work in Process) includes the cost of materials and direct labour based on normal operating capacity, any other costs directly attributable to bring the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition, construction or production of qualifying assets are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Society and the costs of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

Depreciation

The depreciable amount of all property, plant and equipment, including buildings, is depreciated on a straight line basis over their estimated useful lives to the Society commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The depreciation rates used for each class of assets for the current period and the prior year currently are:

Buildings	15-40 years
Furniture and Fittings	5-10 years
Motor Vehicles	5-10 years
Plant & Equipment	2-10 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Financial Statements

for the year ended 30 June 2011

1. Statement of accounting policies (continued)

Leases

Leases of assets where substantially all the risks and rewards incidental to the ownership of the asset, but not the legal ownership are transferred to the Society are classified as finance leases.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term and are treated in the same manner as owned items of property, plant and equipment as detailed above.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged recognised in profit or loss on a straight line basis over the life of the lease.

Lease incentives under operating leases are recognised as an integral part of the total lease expense over the term of the lease.

Intangibles

Software

Software is measured at cost, less amortisation and impairment losses.

Software is considered to have a finite life, and is amortised on a systematic basis over its useful life. The useful life of software on hand is from 3-5 years for the current and prior periods.

The work in progress of software involves the technical feasibility of identifying the software to be purchased. The work in progress is capitalised only if the cost can be measured reliably, the product or the process is technically and commercially feasible, future economic benefits are probable, and the Society intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use based on normal operating capacity. Borrowing costs related to the development of qualifying assets are recognised in profit or loss as incurred. Other development expenditure is recognised in profit or loss as incurred.

Amortisation methods, useful lives and current residual values are reassessed annually.

Other intangible assets that are acquired by the Society, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Notes to the Financial Statements

for the year ended 30 June 2011

1. Statement of accounting policies (continued)

Intangibles (continued)

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Swim School database 3 years
- Software 3-5 years

Non-Derivative Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, investments, trade other payables and BNZ loans.

Recognition

Financial instruments are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

A financial instrument is recognised if the Society becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Society's contractual rights to the cash flows from the financial assets expire or if the Society transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Society's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown under current liabilities in the Statement of Financial Position. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Loans and Other Receivables

Loans and receivables (including trade and other receivables and investments) are stated at amortised cost, using the effect of interest method, less impairment losses.

Notes to the Financial Statements

for the year ended 30 June 2011

1. Statement of accounting policies (continued)

Non-Derivative Financial Instruments (continued)

Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Society which have not been paid at the end of the financial year. These amounts are usually settled in 30 days. Given their short term nature, the carrying values of trade and other payables are considered a reasonable approximation of their fair values. Trade and other payables are measured at amortised cost using the effective interest method.

BNZ Loan

The BNZ Loan is recognised at amortised cost with any difference between the cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Finance costs

Interest payable on borrowings is recognised on an accrual basis and calculated using the effective interest rate method. All interest costs are recognised in profit or loss.

Impairment

Financial assets

At each reporting date, the Society assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Impairment loss reversals are recognised in profit or loss.

Non-Financial Assets

At each reporting date, the Society reviews the carrying values of its tangible and intangible assets, other than inventories, to determine whether there is any indication that those assets have been impaired.

Notes to the Financial Statements

for the year ended 30 June 2011

1. Statement of accounting policies (continued)

Impairment (continued)

If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use (depreciated replacement cost), is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In respect of the assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Employee benefits

Accrual is made for the Society's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled on an undiscounted basis.

Defined Contribution Pension Plans

Contributions are made by the Society to an employee superannuation fund and are charged as expenses in profit or loss when incurred.

Provisions

Provisions are recognised when the Society has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Sponsorship, donations and grants

Sponsorship, grant and donation income is recognised as income when it becomes receivable unless the Society has a liability to repay the sponsorship, donations and grants if the requirements/conditions of the specific revenue received are not fulfilled. A liability is recognised to the extent that such conditions are unfulfilled at the end of the reporting period.

Bequests and Legacies

Bequests are recognised in profit or loss when probate of the will has been granted, receipt of the bequest is probable and the amount of the bequest can be measured reliably. Probate is determined when the undisputed right to receive the revenue is established. Revenue from specifically designated bequests where the designated expenditure during the year has not occurred or is incomplete, and where there is an obligation to repay the funds will be transferred to deferred income and will be brought to account in future years as the funds are expended.

Donated Assets

Where a physical asset is donated or vested in the Society for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Society are recognised as revenue when control through ownership over the asset is obtained.

Notes to the Financial Statements

for the year ended 30 June 2011

1. Statement of significant accounting policies (continued)

Revenue (continued)

Volunteer Service

Voluntary service with a value that can be reliably estimated are treated as revenue and expenses. Other volunteer services are not recognised in the financial statements.

Health and Fitness Operations, Hostel, Camp and Lodge operations and Early Childhood Income

Revenue from the health and fitness operations, hostel, camp and lodge operations and early childhood is recognised when the service is rendered, using the stage of completion method.

Revenue received but not able to be recognised under the above policy is recorded in the Statement of Financial Position as deferred income.

Retail Sales

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Finance Income

Interest revenue is recognised in profit or loss as it accrues, using the effective interest method.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Inland Revenue Department. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Financial Statements

for the year ended 30 June 2011

2. Revenue

	2011 \$000	2010 \$000
Revenue:		
Sponsorship, donations, and grants	815	951
Bequests	-	45
Recreation and Fitness Operations	11,289	11,608
Hostel, Camp and Lodge operations	4,513	4,371
Early Childhood income	1,424	1,458
Retail Sales	313	326
Other	182	364
Total revenue	<u>18,536</u>	<u>19,123</u>

\$2.1m (2010: \$1.6m) of Government Grants were included in the revenue categories Sponsorship, Donations and Grants, Health and Fitness operations, and Early Childhood income.

The following funding was received from the Ministry of Education:

Ministry of Education extract from Revenue	2011 \$000	2010 \$000
Early Childhood Education Bulk Funding		
MOE Funding recognised in Early Childhood Income	1,029	1,078
Parent fees	190	190
WINZ subsidies	205	190
	<u>1,424</u>	<u>1,458</u>
Less: Direct Costs (Wages and Equipment)	<u>(1,043)</u>	<u>(1,008)</u>
Income before Indirect Expenses	<u>381</u>	<u>473</u>
Support Grants		
MOE Funding recognised in Profit and Loss	22	20
Expenses (Training, Equipment & Resources)	<u>(22)</u>	<u>(20)</u>
	<u>-</u>	<u>-</u>

Notes to the Financial Statements

for the year ended 30 June 2011

3	Finance Income	2011	2010
		\$000	\$000
	<i>Interest Income on Loans and Receivables</i>		
	Interest on Investments	107	168
		<u>107</u>	<u>168</u>

4	Expenses		
	<i>Employee Benefit Expenses</i>		
		2011	2010
		\$000	\$000
	Wages and Salaries	10,423	10,977
	Defined Contributions	98	107
		<u>10,521</u>	<u>11,084</u>

Volunteer time has not been included as the values are immaterial

	<i>Administration expenses</i>	2011	2010
		\$000	\$000
	General Facility	1,826	1,781
	Contractors	331	240
	Other staff expenses	415	403
	Other General administration	1,230	1,234
	Audit Fees for audit services	36	35
		<u>3,838</u>	<u>3,693</u>

	<i>Depreciation and Amortisation Expense</i>	2011	2010
		\$000	\$000
	<i>Depreciation</i>		
	Buildings	653	514
	Plant and Equipment	464	552
	Furniture Fittings and Equipment	155	208
	Motor Vehicles	63	67
		<u>1,335</u>	<u>1,341</u>

	<i>Amortisation</i>		
	Intangible Assets	78	79
		<u>78</u>	<u>79</u>

	Total Depreciation and Amortisation expense	1,413	1,420
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	<i>Building Expenses</i>	2011	2010
		\$000	\$000
	Repairs and Maintenance-General	618	725
	Utilities	880	1,024
	Lease expenses	279	147
		<u>1,777</u>	<u>1,896</u>

	<i>Finance Expenses</i>	2011	2010
		\$000	\$000
	<i>Interest expense on Financial liabilities measured at amortised cost</i>		
	Interest on Term Loan	129	87

Notes to the Financial Statements

for the year ended 30 June 2011

5 Reserves

The purpose of the special project reserve held within equity is used to recognise the amount of proceeds held for a specified purpose as defined by the terms of a bequest or as determined by Management.

6	Cash and Cash Equivalents	2011	2010
		\$000	\$000
	Cash at Bank and on hand	90	99
	BNZ General Account	125	199
	Call Account	785	903
		<u>1,000</u>	<u>1,201</u>

7 Investments

	Term Deposits greater than 3 months less than 12 months	<u>1,126</u>	<u>2,025</u>
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The carrying amounts of the Investments with maturity dates of 90 days or more approximate their fair value. The effective interest rate on term deposits in 2011 was 5.05% (2010: 5.30%)

8	Accounts Receivable	2011	2010
		\$000	\$000
	Trade Receivables	669	311
	Sundry Receivables	303	222
	Less allowances of impairment losses (note 18)	(4)	(5)
	Prepayments	166	131
		<u>1,134</u>	<u>659</u>

Trade Receivables are subject to normal trade terms and are interest free.

The carrying value of accounts receivables approximates their fair value.

9	Inventories	2011	2010
		\$000	\$000
	Finished Goods	<u>37</u>	<u>24</u>

No inventories are specifically and separately pledged as securities for liabilities in the Society. There are no impairment losses on the inventory in the Society. (2010: \$nil)

Notes to the Financial Statements

for the year ended 30 June 2011

10 Property, Plant and Equipment

	Land \$000	Buildings \$000	Furniture, fittings & Equipment \$000	Motor Vehicles \$000	Plant & Equipment \$000	Work In Progress \$000	Total \$000
Cost							
Balance at 1 July 2009	3,349	11,598	1,769	380	4,984	426	22,506
Acquisitions	-	1,312	189	16	129	1,758	3,404
Reclassifications	-	41	(263)	11	211	-	-
Disposals	-	0	(2)	(33)	(172)	(1,646)	(1,853)
Balance at 30 June 2010	3,349	12,951	1,693	374	5,152	538	24,057
Balance at 1 July 2010	3,349	12,951	1,693	374	5,152	538	24,057
Acquisitions	-	2,007	478	15	476	3,089	6,065
Reclassifications	-	(3)	(101)	(1)	105	-	-
Disposals/Transfers of WIP	-	(155)	(101)	(24)	(68)	(2,976)	(3,324)
Balance at 30 June 2011	3,349	14,800	1,969	364	5,665	651	26,798
Accumulated Depreciation							
Balance at 1 July 2009	-	3,783	1,133	172	3,305	-	8,393
Depreciation for the year	-	514	208	67	552	-	1,341
Reclassifications	-	9	102	10	83	-	-
Release on disposal	-	0	(2)	(18)	(168)	-	(188)
Balance at 30 June 2010	-	4,306	1,237	231	3,772	-	9,546
Balance at 1 July 2010	-	4,306	1,237	231	3,772	-	9,546
Depreciation for the year	-	653	155	63	464	-	1,335
Reclassifications	-	-	(1)	(2)	3	-	-
Release on disposal	-	(155)	(100)	(22)	(67)	-	(344)
Balance at 30 June 2011	-	4,804	1,291	270	4,172	-	10,537
Carrying Amounts							
At 1 July 2009	3,349	7,815	636	208	1,679	426	14,113
At 30 June 2010	3,349	8,645	456	143	1,380	538	14,511
At 1 July 2010	3,349	8,645	456	143	1,380	538	14,511
At 30 June 2011	3,349	9,996	678	94	1,493	651	16,261

\$2.1m of land and \$4.7m of buildings located at 150 Vincent Street, Auckland is the security for the loan detailed in Note 15. Transfers represent projects being completed during the year shown as additions to the relevant asset categories.

The main work in progress item at reporting date is a sewerage upgrade for Camp Adair to be completed in 2012,

Notes to the Financial Statements

for the year ended 30 June 2011

11 Intangible Assets

	Software \$000	Swim School Database \$000	Work In Progress \$000	Total \$000
Cost				
Balance at 1 July 2009	128	125	173	426
Acquisitions	4	-	308	312
Disposals	-	-	(69)	(69)
Balance at 30 June 2010	132	125	413	670
Balance at 1 July 2010	132	125	413	670
Acquisitions	18	-	336	354
Disposals/transfers of WIP	-	-	(62)	(62)
Balance at 30 June 2011	150	125	687	962
Amortisation and impairment losses				
Balance at 1 July 2009	19	3	-	22
Amortisation for the year	35	43	-	78
Balance at 30 June 2010	54	46	-	100
Balance at 1 July 2010	54	46	-	100
Amortisation for the year	35	43	-	78
Balance at 30 June 2011	89	89	-	178
Carrying Amounts				
At 1 July 2009	109	122	173	404
At 30 June 2010	78	79	413	570
At 1 July 2010	78	79	413	570
At 30 June 2011	61	36	687	784

No amortisation was recognised on the work in progress intangible asset as it was not available for use during the year. Amortisation will commence when the asset is available for use. The Work in Progress amount relates to a Customer Relationship Management system to be implemented in 2012. The Board has considered the impairment of work in process at reporting date and concluded that there be no impairment write down.

Intangible Asset on the Swim School Database relates to the excess of purchase price over the assets acquired for the Eastern Bays Swim School on 30 April 2009.

The Database is amortised over 3 years, the period of the lease agreement with the Sacred Heart College.

Notes to the Financial Statements

for the year ended 30 June 2011

12a	Trade and Other Payables	2011 \$000	2010 \$000
	Trade Creditors	446	481
	Sundry Creditors and Accruals	402	439
	GST Payable	42	30
		<u>890</u>	<u>950</u>

Trade payables are on normal trade terms and interest free
The carrying value of accounts payables approximates their fair value.

12b	Cyclical Maintenance Provision	2011 \$000	2010 \$000
	Balance as at beginning of year	99	105
	Additions during the year	101	69
	Expense recognised during the year	(44)	(75)
	Balance at end of year	<u>156</u>	<u>99</u>

The cyclical maintenance provision is assessed for all centres including managed sites to reflect future maintenance obligations in accordance with the timing specified within those contracts.

13	Subscriptions and Hirings in advance	2011 \$000	2010 \$000
	Sponsorship, Donations and Grants	204	44
	Health and Fitness Operations	578	722
	Hostel, Camp and Lodge operations	372	137
	Early Childhood Income	19	9
	Other	35	46
		<u>1,208</u>	<u>958</u>

14	Employee Benefits	2011 \$000	2010 \$000
	Accrued Wages	162	225
	Annual Leave	602	650
		<u>764</u>	<u>875</u>

Notes to the Financial Statements

for the year ended 30 June 2011

15 BNZ Loan

The Society has a floating rate interest debt of \$3.0m (2010: \$1.9m) with the Bank of New Zealand. The loan is divided into two facilities. \$1.2m is at the interest rate of 5.37% maturing on 20 July 2014, (the loan period is 4 years). \$1.8m is at the interest rate of 5.17%, maturing on 28 July 2015 (the loan period is 3 years). The facilities are secured against the land and buildings located at 150 Vincent Street, Auckland. An interest rate covenant of 2.0 times interest cover has been waived for 2011.

	2011	2010
	\$000	\$000
Current	137	75
Non Current	2,865	1,802
	<u>3,002</u>	<u>1,877</u>

Bank Facility

The Society currently has in place with the Bank of New Zealand an overdraft facility with a limit of \$150,000, current balance 2011: nil (2010: nil). The facility is unsecured. A floating interest rate applies.

16 Reconciliation of Profit or Loss with Net Cash Inflow from Operating Activities

	2011	2010
	\$000	\$000
Profit for the year	104	258
Non Cash Items:		
Depreciation and amortisation	1,413	1,419
Loss on Sales of Assets	3	15
Other non cash items- increase in provisions, intergroup transactions	181	95
Movements in other working capital items:		
Decrease (Increase) in Accounts Receivable	(475)	455
Increase (Decrease) in Accounts Payable	(114)	(593)
Decrease (Increase) in Inventories	(13)	8
(Decrease) Increase in Subscriptions and Hirings in Advance	250	(115)
Net Cash Inflow from Operating Activities	<u>1,349</u>	<u>1,542</u>

Notes to the Financial Statements

for the year ended 30 June 2011

17 Objectives for Managing Capital

The Society seeks to maintain sufficient equity to enable it to be able to manage its on-going operations and obligations. Surplus funds are invested having regard to the cash flow profile of future commitments.

No requirements on the level or use of the Society's capital have been externally imposed.

The Society's capital is its equity, which comprises of accumulated funds and special project reserves. These are restricted to funding specific project as per donor instruction. Equity is represented by net assets.

The members require the Board to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The Society's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings

18 Financial Instruments

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rates on borrowings is 5.37%p.a and 5.17%pa (2010: 5.34%pa), as per note 15.

The Society manages interest rate risk through fixed rate instruments and continually monitoring its' expense.

At reporting date the interest rate profile of the Society's interest-bearing financial instrument was:

	2011	2010
	\$000	\$000
Fixed rate instruments		
Financial liabilities	3,002	1,877
<u>Financial assets</u>		
Bank balances	215	298
Call Account	785	903
Investments	1,126	2,025
	2,126	3,226

Investments are made for varying periods of up to, and including 12 months depending on the immediate cash requirements of the Society, and earn interest at the respective short term deposit rates.

The effective interest rate on call deposits in 2011 was 5.05% (2010: 5.30%). The deposits had an average maturity of 176 days (2010: 178 days).

Notes to the Financial Statements

for the year ended 30 June 2011

18 Financial Instruments (continued)

Cash flow Sensitivity

A change of 100 basis points in interest rates for investments at the reporting date would have increased/ (decreased) Equity and profit or loss by the amounts as shown below:

	2011	2010
	\$000	\$000
+ 100 Basis points Profit or loss	11	19
- 100 Basis points Profit or loss	(11)	(19)

A 1% movement sensitivity was chosen given the historic stability of investment rates

A change of 100 basis points in interest rates for bank loan at the reporting date would have increased/ (decreased) Equity and profit or loss by the amounts as shown below:

	2011	2010
	\$000	\$000
+ 100 Basis points Profit or loss	(30)	(19)
- 100 Basis points Profit or loss	30	19

A 1% movement sensitivity was chosen given the historic stability of the lending rates.

(ii) Credit risk

In the normal course of operations the Society incurs credit risk from transactions. The Society has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis. The Society does not require any collateral or security to support financial instruments. The Board considers there are no significant concentrations of credit risk, beyond the Society's exposure to accounts receivable.

Maximum exposures to credit risk at reporting date are the carrying amounts of financial assets:

	2011	2010
	\$000	\$000
Bank balances	1,000	1,201
Investments	1,126	2,025
Accounts receivable -excluding prepayments	972	533

The above maximum exposures are net of any recognised impairment losses on these financial instruments.

The Society's most significant debtor accounts for \$429,954 (2010 \$40,104) of the trade receivables.

Notes to the Financial Statements

for the year ended 30 June 2011

18 Financial Instruments (continued)

Concentrations of credit risk

The Society's largest customer accounts for 3.1% (2010: 3.3%) of total revenue and 64% (2010: 2%) of trade receivables at reporting date. 100% (2010: 100%) of the Society's reporting date cash was with one bank which has a Standard and Poor's credit rating of AA. The Society does not have any other significant concentrations of credit risk.

(iii) Currency risk

(iv)

At 30 June 2011, the Society had no exposure to foreign currency risk.

(v) Liquidity risk

Liquidity risk represents the Society's ability to meet its financial obligations on time. For the most part the Society generates sufficient cash flows from its operations to make timely payments. The Society pays trade and other payables when they fall due. It does however maintain committed credit lines to cover any shortfalls, by way of a bank overdraft facility. The Society has total credit facilities including current and term loans of \$3.8m (2010: \$2.0m). Of this \$3.0m (2010: \$1.9m) has been borrowed by the Society.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

30 June 2011

	Carrying amount	Contractual cash flows	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years
Secured bank loans	3,002	3,492	125	152	337	2,879
Payables	890	890	890	-	-	-
	3,892	4,382	1,015	152	337	2,879

30 June 2010

	Carrying amount	Contractual cash flows	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years
Secured bank loans	1,877	2,109	67	65	127	1,850
Payables	1,049	1,049	1,049	-	-	-
	2,926	3,158	1,116	65	127	1,850

Notes to the Financial Statements

for the year ended 30 June 2011

18 Financial Instruments (continued)

(vi) Impairment losses

The ageing of receivables at reporting date was:

	Gross \$000	Impairment \$000
0 – 60 days	623	-
Past due 61 – 90 days	27	-
Greater than 90 days	19	(4)
	<u>669</u>	<u>(4)</u>

The movement during the year in the allowance for impairment in respect of receivables was:

	2011 \$000	2010 \$000
Balance as at beginning of year	(5)	-
Impairment loss recognised	1	(5)
Balance at end of year	<u>(4)</u>	<u>(5)</u>

Based on historical default rates the Society believes that no impairment allowance is necessary in respect of receivables not past due greater than 90 days.

(vii) Fair values

All financial instruments recognised in the Statement of Financial Position are stated at carrying amounts that are also a reasonable approximation of their fair values.

Notes to the Financial Statements

for the year ended 30 June 2011

18 Financial Instruments (continued)

(viii) Financial Assets and Financial Liabilities

Financial Assets and Financial Liabilities

	2011 \$000	2010 \$000
<i>Loans and Receivables</i>		
Cash at bank	1,000	1,201
Investments	1,126	2,025
Term Deposits with maturity under 3 months	-	-
Accounts Receivable	665	306
Sundry Receivables	303	222
 <i>Financial Liabilities Measured At Amortised Cost</i>		
Trade and other payables	890	950
BNZ Loan	2,858	1,802

19 Related Party Transactions

Fees paid to Jones Young Solicitors in respect of execution of lease for Y-Fitness Albert Street, Sacred Heart Aquatics Facility, and North Shore Recreation Centre \$6 thousand. David Jones is a partner of Jones Young and a Board Member. There is no outstanding balance at reporting date.

Amounts were billed under normal rates for such services and were due and payable under normal payment terms.

Key management personnel

The Board members and executive team are considered to be the key management personnel of the Society.

Board members of the Society receive no remuneration.

	2011 \$000	2010 \$000
Compensation to key management personnel:		
Short term employee benefits	895	978
Total compensation	<u>895</u>	<u>978</u>

Notes to the Financial Statements

for the year ended 30 June 2011

20 Capital Commitments

There were no capital commitments as at 30 June 2011 (2010: \$1.892m).

21 Lease Commitments

The society has the following lease commitments for rental of premises as at 30 June 2011

	2011	2010
	\$000	\$000
Not later than one year	256	156
Later than one year and not later than two years	256	101
Later than two years and not later than five years	763	167
Later than five years	1,900	29

The above lease commitments are calculated to the contracted final maturity dates.

22 Contingent Liabilities

The Society has no contingent liabilities as at 30 June 2011 (2010:Nil)

23 Trading Activities

The following management contracts with the Auckland City Council were renewed on 30 June 2011 for another 3 years: Jordan Recreation Centre, Lagoon Leisure and Fitness, Lagoon Stadium, and Mt Albert Community and Recreation Centre.

The Society currently owns and operates a swim school located at Sacred Heart College located at 250 West Tamaki Drive, Glendowie. In January 2011, the Society entered into a lease of premises to manage the pool and stadium facilities at the college.

The Society entered into a management contract for the Woodhill Equestrian Park, located in Woodhill Forest, Auckland in October 2010.

At reporting date the on going operation of Y Fitness Albert Street is undergoing review as a major renovation by AMP will affect operations, however it is unlikely it will have a negative financial impact.

24 Subsequent Events

There were no significant events after the reporting date.

Notes to the Financial Statements

for the year ended 30 June 2011

25 New Standards and Interpretations not yet adopted.

At the date of authorisation of the financial statements of the Society for the year ended 30 June 2011, the following Standards and Interpretations applicable to the business of the Society were in issue but not yet effective:

Standard/Interpretation		Effective date
Improvements to NZ IFRS (July 2010)	<i>Improvements to various Standards</i>	Mainly 1 January 2011, some 1 July 2010*
NZ IAS 24	<i>Amendment - Related Party Disclosures</i>	Annual periods commencing on or after 1 January 2011*
NZ IFRS 9	<i>Financial Instruments</i>	Annual periods commencing on or after 1 January 2013*
FRS44 and Harmonisation amendments	<i>New Zealand Additional Disclosures and Harmonisation Amendments</i>	1 July 2011

* All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

The Board is of the opinion that the impact of the application of the Standards and Interpretations will be as follows:

Improvements to NZ IFRS

Improvements to NZ IFRS are not expected to have a significant impact on the Society's accounting policies.

NZ IAS 24

The amendments to NZ IAS 24 will be adopted by Society for the first time for its financial reporting period ending 30 June 2012. The amendment to NZ IAS 24 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The amendment is not expected to have a significant impact on the Society's accounting policies.

FRS44 and Harmonisation Amendments

FRS44 and the Harmonisation Amendments will be adopted by the Society for its financial reporting period ending 30 June 2012. FRS44 and the Harmonisation Amendments relate to New Zealand specific disclosures and are not expected to have a significant impact on the Society's accounting policies.

Notes to the Financial Statements

for the year ended 30 June 2011

25 New Standards and Interpretations not yet adopted (continued)

NZ IFRS 9

NZ IFRS 9 will be adopted by Society for the first time for its financial reporting period ended 30 June 2014. The adoption of NZ IFRS 9 will result in certain financial assets currently being accounted for at amortised cost to have to be reclassified as at fair value through profit or loss.