



**Muscular Dystrophy Association
of New Zealand Incorporated**

**Annual Report
for the Year Ended
31 December 2009**

Report

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Approval of annual report

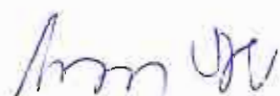
The councillors are pleased to present the annual report of the Muscular Dystrophy Association of New Zealand Incorporated, including the financial statements contained therein, for the year ended 31 December 2009.

For and on behalf of the National Council:



Chairperson

Date: 29 March 2010



Vice-Chairperson

Date: 20 March 2010

Business

directory

as at 31 December 2008

Entity	Charitable service provider for clients affected by Neuromuscular Conditions
National Office	7A Taylors Road Morningside Auckland
Councillors	Helen Melrose - Chairperson Lindsay McGregor - Vice-Chairperson President - Mary Burn Secretary - Heather Browning Treasurer - John Eban (elected 18.04.09) Elected Members: Roger Loveless Huhanah Hickey Regional Representatives: Claire Siddens - Northern Branch Liz Mills - Wellington Branch Sue Robinson - Canterbury Branch Raewyn Hodgson - Southern Branch Youth Representative: Benjamin Robertson
Acting Manager	Raema Inglis (from 19.06.08 to 05.04.09)
Managing Director	Chris Higgins (from 06.04.09)
Auditors	Hayes Knight Audit
Solicitors	Russell McVeagh Chapman Tripp Wackrow Williams and Davies
Bankers	Bank of New Zealand ASB Bank Limited

AUDIT REPORT

TO THE MEMBERS OF MUSCULAR DYSTROPHY ASSOCIATION OF NEW ZEALAND INCORPORATED

We have audited the financial statements on pages 6 to 15. The financial statements provide information about the past financial performance of Muscular Dystrophy Association of New Zealand Incorporated and its financial position as at 31 December 2009. This information is stated in accordance with the accounting policies set out on pages 9 to 11.

Council Responsibilities

The council is responsible for the preparation of financial statements which fairly reflect the financial position of Muscular Dystrophy Association of New Zealand Incorporated and of the results of its operations for the year ended 31 December 2009.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the council and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the council in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Hayes Knight Audit
CHARTERED ACCOUNTANTS

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Other than in our capacity as auditors we have no relationship with, or interests in, Muscular Dystrophy Association of New Zealand Incorporated.

Qualified Opinion - Limitation of Scope – Control Over Cash Prior To Recording

The association's recorded revenue includes income received from fundraising performed by third parties totalling \$195,119. Controls over this revenue prior to it being recorded by the association are limited and there are no practical audit procedures to determine the effect of this limited control.

In our opinion, except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning third party fundraising mentioned above, the financial statements on pages 6 to 15 fairly reflect the financial position of Muscular Dystrophy Association of New Zealand Incorporated as at 31 December 2009 and the results of its operations for the year ended on that date.

Our audit was completed on 29 March 2010 and our qualified opinion is expressed as at that date.

Hayes Knight Audit

HAYES KNIGHT AUDIT

AUCKLAND, NEW ZEALAND



Statement of Financial performance

for the year ended 31 December 2009

	Note	2009	2008
			\$
Total Operating income		1,403,977	1,433,052
Net Surplus		27,380	338,202
Calculated After Charging:			
Audit Fees		8,500	7,500
Depreciation			
Buildings		13,266	13,791
Plant & Equipment		11,184	6,670
Office Equipment		6,843	10,070
Furniture & Fittings		3,255	4,326
Leased Assets		1,501	3,165
Motor Vehicle		1,293	1,879
Database - Raiser's Edge		564	1,085
Distribution to Branches - Donation	7	150,000	40,000
Interest Expense		1,569	1,533
Loss on Impairment of Fixed Assets		4,589	-
Net Surplus		27,380	338,202



This statement is to be read in conjunction with the statement of accounting policies, notes to the financial statements and the auditor's report.

Statement of Movements in equity

for the year ended 31 December 2009

	2009	2008
Equity brought forward	1,991,654	1,653,452
Net Surplus	27,380	338,202
Total Recognised Revenues and Expenses for the year	27,380	338,202
Equity carried forward	2,019,034	1,991,654



This statement is to be read in conjunction with the statement of accounting policies, notes to the financial statements and the auditors' report.

Statement of Financial position

as at 31 December 2009

	Note	2009	2008
Equity			
Capital Reserve	9	65,191	65,191
Reserve for Income Fluctuations	9	500,000	500,000
Retained Earnings	9 and 11	1,453,843	1,426,463
Total Equity		2,019,034	1,991,654
Current assets			
Cash on Hand		300	300
Cash at Bank	14	114,388	202,073
Term Deposits	14	1,073,092	1,244,329
Accounts Receivable		100,740	76,786
Prepayments		18,337	34,221
Inventory		22,330	-
Goods and Services Tax		23,859	22,739
		1,353,045	1,580,448
Current liabilities			
Accounts Payable		71,728	126,356
Grants in Advance		23,367	5,649
Lease Liability	8	3,593	5,379
		98,688	137,383
Working capital		1,254,357	1,443,064
Non-current assets			
Property, plant and equipment	10	590,289	552,068
Investment Portfolio	15	188,000	-
		778,289	552,068
Non-current liabilities			
Lease Liability	8	13,612	3,478
Net assets		2,019,034	1,991,654



This statement is to be read in conjunction with the statement of accounting policies, notes to the financial statements and the auditors' report.

Notes to the financial statements

1. STATEMENT OF ACCOUNTING POLICIES

General Accounting Policies

The Muscular Dystrophy Association is an Incorporated Society under the Incorporated Societies Act 1908.

The financial statements of the Muscular Dystrophy Association have been prepared in accordance with generally accepted accounting practices as defined by Financial Reporting Standards and relevant Statements of Standard Accounting Practice.

Measurement Base

The general accounting policies as recommended by the New Zealand Institute of Chartered Accountants for the measurement and reporting of results and financial position under the historical cost method have been adopted in the preparation of these financial statements.

2. PARTICULAR ACCOUNTING POLICIES

2 (a) Differential Reporting

The Association is a qualifying entity for differential reporting as it is not publicly accountable and by virtue of its size.

The Association has taken advantage of all differential reporting concessions available.

2 (b) Revenue

Revenue received from sponsorships, grants, donations and fundraising is accounted for on a cash basis because the general nature of this income is not certain until it is received. Where revenue is related to specific activities, income is matched to the related expense when the obligation of the grants are met. Unrecognised income is recorded in the statement of financial position as a current liability.

2 (c) Accounts Receivable

Accounts receivable are valued at expected net realisable value.

Notes to the financial statements

2 (d) Fixed Assets and Depreciation

Fixed assets are recorded initially at cost. Depreciation is provided on the diminishing balance method at rates calculated to allocate the cost less estimated residual value over the estimated economic lives of the assets (excluding land). The current rates of depreciation are as follows:

Asset Class	Rate	Method
Buildings	4.0% - 11.4%	DV
Plant & Equipment	12.5% - 30.0%	DV
Office Equipment	11.4% - 60.0%	DV
Furniture and Fittings	9.0% - 39.6%	DV
Other Assets	26.4% - 48.0%	DV

2 (e) Income Taxation

The Muscular Dystrophy Association is exempt from income tax on non-business income provided that such income is applied for charitable purposes. The organisation is also exempt from income tax on business income derived for charitable purposes. The organisation is registered with the Charities Commission, registration number CC31123.

2 (f) Treatment of Grants

All grants are shown as income when received, where the grants are unconditional or for specific projects.

2 (g) Leases

Lease payments under operating leases are charged as expenses in the periods in which they are incurred.

Interest is charged as an expense in the period in which it is incurred.

Notes to the financial statements

2 (n) Goods & Services Tax

These financial statements have been prepared exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

2 (o) Inventories

Inventories are recognised at the lower of costs, determined on a first-in first-out basis, and net realisable value.

2 (j) Investments

Any securities are held to maturity. They are initially recorded at fair value plus transaction costs, and subsequently at amortised cost using the effective interest method less any impairment losses. The amortisation is recorded in the income statement as interest earned.

3. CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies during the year.

4. BUSINESS

The principal activity is that of Charitable Services Provider.

5. CAPITAL COMMITMENTS

The Association has no commitments of future capital expenditure (2008: \$nil).

6. CONTINGENT LIABILITIES

The Association has no known contingent liabilities (2008: \$nil).

7. RELATED PARTY TRANSACTIONS

The Association has links via the National Council to regional branches who provide support for those who are affected by all neuromuscular conditions. Distributions totalling \$150,000 (2008 \$40,000) have been made to the four MDA branches, being Northern, Wellington, Canterbury and Southern Branches.

Notes to the financial statements

8. OBLIGATIONS UNDER LEASES

a. Finance Leases

The Association has commitments under finance leases for Equipment as follows:

	2009 \$	2008 \$
Current	3,593	5,379
Non Current	13,612	3,478
	17,205	8,857
Repayable within 1 year	6,240	6,252
Repayable after 1 year	17,160	3,647
	23,400	9,899
Less Deferred Interest	6,195	1,042
	17,205	8,857

The Finance Lease is secured over the Leased Asset as disclosed in Note 10.

8. RESERVES

Capital Reserve

	2009	2008
Capital Reserve at Beginning of Year	65,191	65,191
Total Capital Reserves at End of Year	65,191	65,191

Reserve for Income Fluctuation

	2009	2008
Reserve at Beginning of Year	500,000	500,000
Transfer from retained earnings	-	-
Total Reserve for Income Fluctuation at End of Year	500,000	500,000

Retained Earnings

	2009	2008
Retained Earnings at Beginning of Year	1,426,463	1,088,261
Net Surplus/(deficit)	27,380	338,202
Retained Earnings at End of Year	1,453,843	1,426,463
Total Equity	2,019,034	1,991,654

Like many other not-for-profit organisations Muscular Dystrophy is reliant on continued fundraising, grants and donations in order to provide the level of services it currently provides. While the National Council is confident of retaining similar levels of public support the nature of this fundraising means it is not guaranteed. Accordingly the National Council considered it prudent to nominally tag an amount of \$500,000 in December 2007 from Equity as a Reserve for Income Fluctuation. This is for the provision of running costs of the organisation should there be a downturn in future income.

Notes to the financial statements

10. FIXED ASSETS

2009

	Cost	Accum Depn	Book Value
	\$	\$	\$
Land	168,287	-	168,287
Buildings	482,091	(182,895)	299,196
Plant & Equipment	103,154	(32,190)	70,964
Office Equipment	110,985	(94,148)	16,837
Furniture & Fittings	54,606	(39,577)	15,029
Leased Asset Photocopier	18,014	(1,501)	16,513
Motor Vehicle	15,556	(12,705)	2,851
Database - Raiser's Edge	12,297	(11,685)	612
	964,989	(374,701)	590,289

2008

	Cost	Accum Depn	Book Value
	\$	\$	\$
Land	168,287	-	168,287
Buildings	481,791	(169,629)	312,162
Plant & Equipment	43,359	(24,393)	18,966
Office Equipment	110,586	(90,006)	20,580
Furniture & Fittings	53,582	(36,322)	17,260
Leased Asset Photocopier	19,289	(9,796)	9,493
Motor Vehicle	15,556	(11,412)	4,144
Database - Raiser's Edge	12,297	(11,121)	1,176
	904,747	(352,679)	552,068

Notes to the financial statements

11 RESTRICTED EQUITY

Retained Earnings includes the unspent amounts of grants/donations received for restricted activities as follows:

Project	Grantor	Received	2009 \$	2008 \$
Cough Assist Machine	Cambridge Christmas Festival Society Inc	April 2008	-	6,000
			-	6,000

12 LEGAL EXPENSES

Chapman Tripp are acknowledged as providing pro bono legal services.

13 BNZ VISA CARDS

The organisation utilises two BNZ Visa cards for the purposes of purchasing approved on-line travel for governance and staff and some day to day expenditure. Each card has a credit limit of \$5000.

14 CASH

Cash on Hand and Term Deposits represent funds held with registered banks. This is in line with the Governance's treasury management policy as regards prudent management of cash funds.

15 INVESTMENT PORTFOLIO

The value of investments reflected is in line with governance intention to hold those funds long term to their maturity dates. The investment portfolio reflects funds invested in higher yield yet relatively low risk portfolios via Craigs Investment Partners. The investment portfolio comprises a range of fixed interest investments with Standard and Poor's bond ratings of A+ or better. The investment strategy to be reviewed after no later than twelve months (from 05.08.09). A Conservative limit of 50% of the Associations current assets as at 05.08.09 was to be invested Approval of any investments meeting this criteria is delegated to the Finance Committee with any other investments subject to the approval of the full Council on a case by case basis.

Fonterra Co-operative Group Limited	Fixed Rate Bonds	Face Value \$62,000
	Maturity 10 March 2015	7.75% Coupon Rate
ASB Bank Limited	Sub-ordinated Notes	Face Value \$64,000
	Maturity 15 December 2017	8.771% Coupon Rate
ANZ National Bank Limited	Perpetual Callable Subordinated Bonds	Face Value \$62,000
	Call Date 18 April 2013	9.66% Coupon Rate