



**ARTHRITIS
NEW ZEALAND**

KAIPONAPONA AOTEAROA

Our Vision: Improving the life of every person affected by arthritis

Ko tō mātou aronga: Kia whakapiki i te oranga o te hunga kua pāngia e te mate kaiponapona

Annual Financial Statements

Arthritis New Zealand
For the year ended 30 June 2018

Prepared by Grant Thornton New Zealand Limited

Contents

3	Audit Report
5	Statement of Comprehensive Revenue and Expense
6	Statement of Changes in Equity
7	Statement of Financial Position
8	Statement of Cashflows
9	Notes to the Financial Statements



Independent Auditor's Report

To the members of Arthritis Foundation of New Zealand Inc

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Arthritis Foundation of New Zealand Inc (the incorporated society) on pages 5 to 19:

- i. present fairly in all material respects the incorporated society's financial position as at 30 June 2018 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit).

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2018;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the incorporated society in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Our firm has also provided other services to the incorporated society in relation to advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the incorporated society on normal terms within the ordinary course of trading activities of the business of the incorporated society. These matters have not impaired our independence as auditor of the incorporated society. The firm has no other relationship with, or interest in, the incorporated society.



Emphasis of matter

We draw attention to Note 2 to the financial statements which describes that the going concern basis of preparing the financial statements has not been used because the incorporated society passed a resolution to establish a Charitable Trust and transfer all its assets and operations to the new Trust with effect from 1 July 2018. Our opinion is not modified in respect of this matter.



Use of this independent auditor's report

This independent auditor's report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the independent 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 members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Governing Body for the financial statements

The Governing Body, on behalf of the incorporated society, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit));
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.



KPMG
Wellington

18 September 2018

Statement of Comprehensive Revenue and Expense

Arthritis New Zealand For the year ended 30 June 2018

	NOTES	2018	2017
Revenue			
Contributions from the Community	13	2,234,288	1,897,705
Income from Services and Programmes	14	708,289	792,372
Member subscriptions		51,706	66,912
Depreciation Recovered	5	1,739	-
Total operating income		2,996,022	2,756,989
Expenditure			
Fundraising Costs	13	542,171	649,527
Expenditure on Services and Programmes	14	1,588,647	1,630,225
Administration Expenses	15	1,125,715	1,275,680
Governance costs		65,858	69,497
Research grants awarded		249,775	148,590
Depreciation and amortisation expenses	5	60,925	84,529
Loss/(Profit) on disposal of fixed assets		-	1,682
Total operating expenses		3,633,091	3,859,730
Finance Income			
Net finance income	16	319,545	461,851
Operating (deficit)/surplus after finance income		(317,524)	(640,890)
Impairment			
Impairment of investments	17	15,008	10,251
(Deficit)/Surplus for the year		(332,532)	(651,141)
Other Comprehensive Revenue and Expenses			
Net change in fair value of investments		342,736	74,222
Total Other Comprehensive Revenue and Expenses		342,736	74,222
Total Comprehensive Revenue and Expense for the year		10,204	(576,919)

Statement of Changes in Equity

Arthritis New Zealand

For the year ended 30 June 2018

	Research Funds	General Fund	Special Purpose Funds	Endowment Fund	Investment Revaluation Reserve	Total
Balance at 30 June 2016	2,545,388	907,871	1,684,725	1,240,351	1,764,432	8,142,767
Surplus/(Deficit) for the period	93,306	(844,361)	57,546	42,368		(651,141)
Unrealised gain on revaluation of investments					250,037	250,037
Cumulative gain on investments sold transferred to Statement of Comprehensive Revenue and Expense					(175,815)	(175,815)
Transfers between funds		52,968	(52,968)			-
Balance at 30 June 2017	2,638,694	116,478	1,689,303	1,282,719	1,838,654	7,565,848
Balance at 30 June 2017	2,638,694	116,478	1,689,303	1,282,719	1,838,654	7,565,848
Surplus/(Deficit) for the period	34,318	(469,779)	58,505	44,424		(332,532)
Unrealised gain on revaluation of investments					398,901	398,901
Cumulative gain on investments sold transferred to Statement of Comprehensive Revenue and Expense					(56,165)	(56,165)
Transfers between funds		414,400	(53,400)	(361,000)		-
Balance at 30 June 2018	2,673,012	61,099	1,694,408	966,143	2,181,390	7,576,052

Statement of Financial Position

Arthritis New Zealand As at 30 June 2018

	NOTES	30 JUN 2018	30 JUN 2017
Assets			
Property, Plant and Equipment	5	545,372	596,383
Investments	6	7,116,101	7,026,632
Trade and Other Receivables	7	163,154	98,787
Cash and Cash Equivalents	8	314,059	331,085
Total Assets		8,138,686	8,052,887
Equity			
General Funds	9	61,099	116,478
Research Funds	9	2,673,012	2,638,694
Other Special Purpose Funds	9	1,694,408	1,689,303
Endowment Fund	9	966,143	1,282,719
Investment Fair Value Reserve		2,181,390	1,838,654
Total Equity		7,576,052	7,565,848
Liabilities			
Employee Benefits	10	106,742	104,780
Trade and Other Payables	11	313,998	209,043
Revenue in Advance	12	141,894	173,216
Total Liabilities		562,634	487,039
Total Equity and Liabilities		8,138,686	8,052,887

Signed By:



Philip Kearney
Chief Executive

Date: 18 September 2018



Peter Larmer
President

Date: 18 September 2018

Statement of Cashflows

Arthritis New Zealand

For the year ended 30 June 2018

2018

2017

Cashflow

Cash flows from Operating Activities

Cash was provided from:

Contributions from the community	2,157,576	1,820,331
Income from services and programmes	708,289	795,957
Member subscriptions	32,728	82,478
Total Cash was provided from:	2,898,593	2,698,766

Cash was applied to:

Payments to suppliers	(1,089,209)	(1,460,424)
Payments to employees and volunteers	(2,126,264)	(2,173,042)
Research grants paid	(249,775)	(148,590)
Total Cash was applied to:	(3,465,248)	(3,782,056)

Net cash inflow/(outflow) from operating activities (566,655) (1,083,290)

Cash flows from Investing Activities

Cash was Provided from:

Sale of property, furniture and equipment	1,739	-
Interest and dividends received	255,807	257,089
Sale of investments	585,043	715,861
Total Cash was Provided from:	842,589	972,950

Cash was applied to:

Purchase of property, plant & equipment	(9,914)	-
Purchase of investments	(283,046)	-
Total Cash was applied to:	(292,960)	-

Net cash inflow/(outflow) from investing activities 549,629 972,950

Net increase/(decrease in cash and cash equivalents) (17,026) (110,340)

Cash and cash equivalents at 1 July

Cash and cash equivalents at 1 July	331,085	441,425
Total Cash and cash equivalents at 1 July	331,085	441,425

Cash and cash equivalents at 30 June 314,059 331,085

Notes to the Financial Statements

Arthritis New Zealand

For the year ended 30 June 2018

1. Reporting Entity

The Arthritis Foundation of New Zealand Inc (the Foundation) is an incorporated society registered under the Incorporated Society Act 1908 and the Charities Act 2005 and is domiciled in New Zealand. It operates under the name Arthritis New Zealand.

The principal activity of the Foundation is to raise awareness and provide advocacy, information, education and support services for people affected by arthritis.

The financial statements of the Foundation are for the year ended 30 June 2018. The financial statements were authorised for issue by the Governing Body on 18 September 2018.

2. Basis of Preparation

Statement of compliance and basis of preparation.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE Standards), as appropriate for Tier 2 not-for-profit public benefit entities. The Foundation is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and is not defined as large.

The going concern basis of preparing the financial statements has not been used. During the year, the Foundation passed a resolution to establish a charitable trust and transfer all its assets and operations to the new trust with effect from 1 July 2018. The new trust will have the same or nearly the same objectives as the Foundation and will trade under the same name, Arthritis New Zealand. In due course, the Foundation will be dissolved in accordance with section 28 of the Incorporated Societies Act 1908. In preparing the financial statements on a non-going concern basis, the Foundation has continued to apply the measurement, recognition and disclosure requirements of the PBE Standards.

Basis of measurement

The financial statements are prepared on the historical cost basis except for financial instruments that are classified as available-for-sale which are stated at their fair value.

Presentation currency

These financial statements are presented in New Zealand dollars (\$).

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation.

Revenue from non-exchange transactions

Grant funding

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 attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Bequests

Revenue from bequests is recognised when the bequest funds are received unless there is an attached condition. Where a bequest is given with specified restrictions, the funds received are placed in an appropriate reserve fund and applied to expenditure that meets the specified restriction.

Cash contributions from the community

Cash contributions from the community in the form of general donations and appeals are recognised in the Statement of Comprehensive Revenue and Expense at the point at which they are receipted into the Foundation's bank account.

Revenue from exchange transactions

Services provided

Revenue from services rendered is recognised in the Statement of Comprehensive Revenue and Expense as services are provided.

Member subscriptions

Member subscriptions are recognised in the membership period to which they relate.

Finance income

Finance income comprises dividend and interest income. Interest income is recognised as it accrues, using the effective interest method.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense over the lease term as an integral part of the total lease expense.

Income tax

The Foundation is registered as a Charitable Foundation and is exempt from Income Tax. The Foundation is not exempt from indirect tax legislation such as Goods and Services Tax, Fringe Benefit Tax, PAYE or ACC and accordingly it is required to comply with these regulations.

Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

Investments

Shares and managed bond funds

The Foundation's investments in shares and managed bond funds are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value which is based on the listed market information. The fair value of these investments is their quoted bid price at the end of the reporting period.

Changes in fair value, other than impairment losses, are recognised within reserves in equity. An equity investment is considered impaired when its fair value has decreased by more than 20% of its cost or its fair value has been below its cost for a prolonged period exceeding 9 months. Such loss is recorded in the Statement of Comprehensive Revenue and Expense. When an investment is sold, the cumulative gain or loss previously recognised in equity is transferred to The Statement of Comprehensive Revenue and Expense.

Term deposits

The Foundation's investments in term deposits are classified as held-to-maturity investments. They are measured at amortised cost and it is the Foundation's policy to hold these investments until maturity date.

Property, furniture and equipment

Items of property, furniture and equipment are stated at cost, less accumulated depreciation and impairment losses. Depreciation is charged to the Statement of Comprehensive Revenue and Expense using the straight line method. Depreciation is set at rates that will write off the cost or fair value of the assets, less their estimated residual values, over their useful lives. The residual value of assets is reassessed annually.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, foreign exchange call accounts and short-term deposits with a maturity of 3 months or less from acquisition date.

Impairment

The carrying amounts of the Foundation's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Revenue and Expense.

Estimated recoverable amount of other assets, e.g. property, furniture and equipment, is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and risks specific to the asset. The assets of the Foundation are used in providing the Foundation services and are therefore considered for impairment on the overall performance of the Foundation.

Provisions

A provision is recognised when the Foundation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected cash flows at a pre-tax discount rate that reflects current market rates and, where appropriate, the risks specific to the liability.

4. Financial Risk Management

The Foundation is subject to market risk (including currency and price risk), credit risk, cash flow interest rate risk and liquidity risk. The Foundation does not have any derivatives.

Market risk

The Foundation invests cash in bank accounts, fixed interest investments and equities. Investments are constantly monitored by the Foundation. There has been no change to the Foundation's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

The Foundation is exposed to currency risk on its Australian investments. The Governing Body does not consider this to be a significant financial risk for the Foundation and accordingly, no sensitivity analysis is provided. The Foundation has no other exposure to foreign currency risk.

Price risk

The Foundation has moderate exposure to price risk through its investments in New Zealand and Australian equities. The risk is managed by holding a diversified portfolio across a broad range of companies. The Foundation has no other exposure to price risk. A 10% change in price will increase/decrease the value of investments held at reporting date by \$345,522 (2017: \$364,090) with corresponding increase/decrease in the reserves.

Interest rate risk

The Foundation has minimal exposure to interest rate risk on financial liabilities as it does not have borrowings which are subject to interest charge. The sensitivity below has been determined based on the exposure to interest rates on the book value of interest-bearing financial instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease in interest rate is used. At reporting date, if the interest rate had been 50 basis points higher or lower and all other variables held constant, the surplus would increase/decrease by \$17,355 (2017: \$18,553).

Credit risk

Credit risk is the risk that the counter party to a transaction with the Foundation will fail to discharge its obligations, causing the Foundation to incur a financial loss.

Financial instruments, which potentially subject the Foundation to credit risk, consist principally of bank balances, trade and other receivables, and managed bond funds. The carrying amounts of these terms reflected in the Statement of Financial Position represent the Foundation's maximum exposure to credit risk for such loans and receivables. The Foundation does not have any guarantees. The Foundation continuously monitors its exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Foundation will have insufficient funds on hand to meet its commitments. The Foundation actively monitors its liquid position to ensure that sufficient funds are available to meet its liabilities as they arise.

The Foundation deems that exposure to liquidity risk is minimal due to minimal long term liabilities. Short term liquidity risk is managed through maintaining adequate reserves and cash to match financial liabilities. The Foundation continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and obligations.

	2018	2017
5. Property, furniture and equipment		
Land & Buildings		
Cost	650,000	650,000
Less: Accumulated Depreciation	(219,375)	(199,875)
Total Land & Buildings	430,625	450,125
Improvements to Leasehold Premises		
Cost	111,680	111,680
Less: Accumulated Depreciation	(38,785)	(20,168)
Total Improvements to Leasehold Premises	72,895	91,512
Furniture & Equipment		
Cost	540,514	546,780
Less: Accumulated Depreciation	(498,662)	(492,034)
Total Furniture & Equipment	41,852	54,746
Total Property, furniture and equipment	545,372	596,383
	2018	2017

Property, furniture & equipment reconciliation

Land & Buildings		
Opening balance	450,125	469,625
Depreciation	(19,500)	(19,500)
Total Land & Buildings	430,625	450,125
Improvements to Leasehold Premises		
Opening balance	91,512	110,129
Depreciation	(18,617)	(18,617)
Total Improvements to Leasehold Premises	72,895	91,512
Furniture & Equipment		
Opening balance	54,746	102,840
Additions	9,914	-
Disposals	(1,739)	(1,682)
Depreciation	(22,809)	(46,412)
Depreciation Recovered	1,739	-
Total Furniture & Equipment	41,852	54,746

The estimated useful lives of major classes of assets and resulting rates of depreciation are as follows:

- Office Furniture & Equipment: 10 - 30% SL
- Improvements to Leasehold Premises: 17% SL
- Buildings: 3% SL

	2018	2017
6. Investments		
General and special purpose funds		
Shares	1,631,209	1,573,742
Units in managed bond funds	1,515,457	1,798,869
Total General and special purpose funds	3,146,666	3,372,611
Research funds		
Shares	2,317,018	2,067,162
Units in managed bond funds	1,652,417	1,586,859
Total Research funds	3,969,435	3,654,021
Total Investments - non current	7,116,101	7,026,632

The Foundation holds investments in listed New Zealand and Australian companies and managed bond funds. These investments are held as available-for-sale investments which mean that they are recorded at fair value which is the market price at balance date. These investments are considered to be Level 1 in the fair value hierarchy, whereby market prices are readily available.

	2018	2017
7. Trade and Other Receivables		
Trade receivables	88,033	67,367
Prepayments	53,320	12,761
Sundry receivables	-	2,100
GST receivable	21,801	16,559
Total Trade and Other Receivables	163,154	98,787
	2018	2017

8. Cash and cash equivalents

General and special purpose funds		
Bank balances	215,566	274,505
Total General and special purpose funds	215,566	274,505
Research funds		
Bank balances	98,492	56,580
Total Research funds	98,492	56,580
Total Cash and cash equivalents	314,059	331,085

9. Equity

Research Fund

This fund comprises the National and Auckland General Research Funds and the Wellington osteoporosis Research Fund and is maintained to ensure a continuing source of financial contribution toward the cost of grants provided by the Foundation for quantitative and qualitative research studies in the field of arthritis. The fund receives contributions from specified bequests, donations and income earned on the capital sum invested. Grants from the fund are considered by the Governing Body each year following an advertising, review and recommendation process completed by the Research Grants Committee.

General Fund

This fund comprises the accumulated net surpluses of the Foundation that have not been restricted by donors or designated by the Governing Body for specified purposes. It provides:

- Working capital for the Foundation's operations
- A source of income to contribute to financing the work of the Foundation
- Assurance of the financial stability to complete major projects

Special Purpose Fund

- *Irwin Isdale Memorial Fund* - this fund commemorates the work of the late Dr Irwin Isdale in the field of rheumatology by providing support for rheumatology trainees to help them attend rheumatology conferences and meetings in Australia and New Zealand.
- *Whitwell Bequest Fund* - this fund originated in 1983 from a bequest from the estate of Mrs Whitwell and is held to support the Foundation's services in the Canterbury/Westland region.
- *Pierce Bequest Fund* - this fund was established from a bequest from the estate of Mr. A.G.Pierce and is held to support the Foundation's services in the Putaruru region.
- *Ham Bequest Fund* - this fund has been established from the estate of Ms H.B. Ham and is held to support the Foundation's services in the Northland region.
- *Taranaki Youth Scholarship Fund* - this fund was established by the previous Taranaki Division to assist young arthritis sufferers from the Taranaki region with their education.
- *Wellington Education Fund* - this fund was established by the previous Wellington Division to assist young arthritis sufferers from the Wellington region with their education.

Endowment Fund

This fund has been established by the Governing Body to provide a long-term facility to accumulate reserves and ensure financial stability for the Foundation.

	2018	2017
Appropriations (to)/from General Fund		
Appropriations to/(from) Special Purpose Funds:		
Share of investment returns for the year	58,505	57,546
Appropriation from Ham Bequest Fund	(44,119)	(43,514)
Appropriations from other funds	(9,281)	(9,454)
Net Appropriations to/(from) Special Purpose Funds	5,105	4,578
Appropriations to/(from) Endowment Funds:		
Appropriations to other funds	(361,000)	-
Share of investment returns for the year	44,424	42,368
Net Appropriations to/(from) Endowment Funds	(316,576)	42,368
Total Appropriations (to)/from General Fund	(311,471)	46,946

	2018	2017
10. Employee Benefits		
Current		
Payroll accruals	28,612	36,555
Liability for holiday pay	73,014	63,433
Total Current	101,626	99,988
Non-current		
Liability for long-service leave	5,116	4,792
Total Non-current	5,116	4,792
Total Employee Benefits	106,742	104,780
	2018	2017
11. Trade and Other Payables		
Trade payables	260,758	129,778
Non-trade payables and accrued expenses	53,240	79,265
Total Trade and Other Payables	313,998	209,043
	2018	2017
12. Revenue in Advance		
Grants from the community	37,800	24,231
Grants from New Zealand Lottery Grants Board	81,450	124,704
Grants from other government agencies	22,644	5,147
Membership subscriptions	-	19,134
Total Revenue in Advance	141,894	173,216

Revenue in advance includes grants awarded for specific purposes. Due to conditions of these grants being unfulfilled at 30 June 2018, in that the expenditure to which they relate is yet to be incurred, the amount is recorded as revenue in advance at 30 June 2018.

13. Contributions from the Community

Revenue		
Donations, appeals and fundraising	626,027	721,916
General purpose bequests	833,490	380,054
Special purpose bequests	248,027	45,104
Grants from community trusts	179,566	300,666
Grants from NZ Lottery Grants Board	243,254	307,746
Grants from Community Organisation Grants Schemes	36,600	63,712
Grants from other government agencies	7,991	19,624
Sponsorship Income	59,332	58,883
Total contributions from the community	2,234,288	1,897,705
Expenses		
Employee benefits	311,253	311,287
Advertising and direct marketing	216,874	323,291
Other fundraising costs	14,044	14,949
Total fundraising costs	542,171	649,527
Net contributions from the community	1,692,116	1,248,178

Contributions from the community to support the Foundation in pursuit of its mission are gratefully acknowledged. Gifts of money and property are included in the financial statements. Support is also given through the provision of services at special or discounted rates.

The Foundation gratefully acknowledges a general purpose bequest of \$302,582 from the Estate of the late G.S. Wilkinson and special purpose bequests of \$136,955 from the Estate of the late J.C. Wilson and \$100,000 from the Estate of the late T.E. Graham.

The Foundation also relies on gifts of volunteer time and expertise to complete work in many essential roles such as national governance (Board and committees), regional liaison groups, promotion, fundraising, investments, administration, accounting, awards and grants. No attempt has been made to record the value of these contributions.

Sponsorship income is received as part of co-operative projects completed with other organisations.

	2018	2017
14. Services and Programmes		
Revenue		
National health contract income	379,665	376,839
Other contract income	247,220	301,073
Client Service charges	34,898	63,840
Other income	46,506	50,620
Total income from services and programmes	708,289	792,372
Expenses		
Employee benefits	1,139,456	1,021,864
Arthritis Information Resources	15,774	41,885
Volunteer coordination and development	48,849	31,687
Public awareness campaigns	28,932	32,816
General awareness and newsletters	112,602	68,633
Service delivery direct costs	165,449	268,009
Service delivery support	77,585	165,331
Total cost of services and programmes	1,588,647	1,630,225
Net cost of arthritis services and programmes	(880,358)	(837,853)

The Foundation is contracted nationally to the Ministry of Health through the Capital & Coast DHB to provide arthritis information services.

	2018	2017
15. Administration Expenses		
Audit fees	23,875	23,625
Advisory fees	13,855	32,624
Employee benefits	675,555	855,385
Legal expenses	1,173	6,558
Property and office expenses	288,282	238,840
Communications expenses	37,277	32,501
Travelling expenses	22,134	37,594
General administration expenses	63,564	48,553
Total Administration Expenses	1,125,715	1,275,680
	2018	2017

16. Net Finance Income

General funds		
Dividends	76,001	72,449
Interest	41,499	62,106
Profit on disposal of Investments	61,553	91,375
Total finance income from general funds	179,053	225,930
Research funds		
Dividends	89,899	83,134
Interest Income	48,408	46,632
Profit on disposal of Investments	2,185	106,155
Total finance income from research funds	140,492	235,921
Net finance income	319,545	461,851

	2018	2017
17. Impairment of Investments		
General Fund	11,415	9,125
Research Fund	3,593	1,126
Total Impairment of Investments	15,008	10,251
	2018	2017
18. Reconciliation of Surplus/(Deficit) to Net Cash Flows from Operating Activities		
Surplus/(Deficit) for the year	(332,532)	(651,141)
Adjustments		
Depreciation and amortisation expenses	60,925	84,529
Depreciation Recovery	(1,739)	-
Impairment of investments	15,008	10,251
Net finance income	(319,545)	(461,851)
Loss/(Profit) on disposal of fixed assets	-	1,682
Total Adjustments	(245,351)	(365,389)
Movements in working capital and liabilities		
(Increase)/Decrease in trade and other receivables	(64,367)	3,585
Increase/(Decrease) in liabilities	75,595	(70,344)
Total Movements in working capital and liabilities	11,228	(66,760)
Net cash inflow/(outflow) from operating activities	(566,655)	(1,083,290)
	2018	2017

19. Operating Leases**Non-cancellable property lease rentals are payable as follows:**

Later than one year	24,531	77,276
Later than one year and no later than five years	238,025	319,525
Later than five years	75,025	75,025

20. Contingencies

There are no material contingent liabilities at the end of the reporting period.

21. Subsequent Events

On 1st July 2018, the Foundation, trading as Arthritis New Zealand, transferred its operations to a charitable trust trading under the same name.