

NEW ZEALAND FAMILY PLANNING ASSOCIATION (INC.)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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Statement of Comprehensive Revenue and Expenses

For the year ended 30 June 2022

	Note	2022	2021
Revenue from non-exchange transactions			
Government contracts	6	13,914,493	13,842,804
Clinical fees		1,467,645	2,026,191
Grants revenue	7	929,297	652,444
Donations		40,035	25,657
Other non-exchange revenue	8	412,365	256,776
Revenue from exchange transactions			
Training fees		324,702	271,125
Rental revenue		22,425	40,319
Finance revenue	9	77,943	114,819
Other exchange revenue	10	23,020	26,949
Total Revenue		17,211,924	17,257,084
Expenses			
Employee costs	11	12,001,907	12,070,246
Rent		1,194,327	1,190,268
IT and communications		988,108	1,046,505
Rates and utilities		658,355	590,730
Clinical supplies		340,094	412,781
Consultants & contractors		367,447	280,960
Grant disbursements		600,637	355,599
Office expenses		261,285	267,434
Travel expenses		120,519	193,833
Medical inventory		13,113	78,715
Insurance		60,946	63,923
Audit fees		43,500	44,675
Other operating expenses	12	404,276	341,259
Bad & doubtful debts		(18,762)	55,268
Depreciation	17	305,208	281,428
Amortisation	18	33,131	38,224
Total Expenses		17,374,091	17,311,848
Net Comprehensive Revenue and Expenses		(162,167)	(54,762)

Please note, prior year transactions have been reclassified to ensure the results shown are comparable year on year.

The accompanying notes form part of, and should be read in conjunction with, these financial statements

Statement of Financial Position

As at 30 June 2022

	Note	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	13	2,076,986	3,416,225
Term deposits	14	7,100,877	6,072,980
Accounts receivable	15	4,577,250	3,934,501
Accrued interest revenue		30,834	19,779
Prepayments		177,139	77,024
Inventories	16	20,853	29,568
		13,983,939	13,550,077
Non-current assets			
Plant and equipment	17	927,315	706,620
Intangible assets	18	108,048	48,480
		1,035,363	755,100
TOTAL ASSETS		15,019,302	14,305,177
LIABILITIES			
Current liabilities			
Accounts payable	19	407,658	691,279
Income in advance	20	5,079,444	4,222,808
Employee entitlements	21	1,084,065	780,579
GST payable		432,804	422,355
		7,003,972	6,117,022
Non-current liabilities			
Long service leave	21	52,805	63,463
		52,805	63,463
TOTAL LIABILITIES		7,056,777	6,180,485
NET ASSETS		7,962,525	8,124,692
EQUITY			
Accumulated comprehensive revenue and expense		7,962,525	8,124,692
TOTAL EQUITY		7,962,525	8,124,692

The accompanying notes form part of, and should be read in conjunction with, these financial statements

Statement of Changes in Net Assets/Equity

For the year ended 30 June 2022

	Note	2022	2021
Opening balance as at 1 July		8,124,692	8,179,454
Net comprehensive revenue and expenses for the year		(162,167)	(54,762)
Total net assets as at 30 June		<u>7,962,525</u>	<u>8,124,692</u>

These Financial Statements were approved for issue by the Family Planning Council on 29 September 2022.



Dr Jacquelyn Percy

President



Jacqueline Curtis

Council Member

The accompanying notes form part of, and should be read in conjunction with, these financial statements

Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022	2021
Cash flows from operating activities			
Membership subscriptions		8,331	3,177
Fundraising, donations and bequests		40,035	25,032
Government contracts		14,200,485	13,842,804
Receipts from grants and subsidies		926,836	650,444
Receipts from other goods and services provided to customers - non-exchange transactions		2,444,782	1,685,948
Receipts from other goods and services provided to customers - exchange transactions		370,148	599,412
Interest received		66,889	86,425
Payments to suppliers		(5,035,603)	(4,380,842)
Payments to employees		(12,012,565)	(12,226,467)
Grants, contributions and sponsorships paid		(600,637)	(355,599)
Net cash flows from operating activities		408,701	(69,666)
Cash flows from investing activities			
Purchase of plant and equipment	17	(627,343)	(454,813)
Purchase of intangible assets	18	(92,700)	-
(Deposits)/receipts of funds into term deposits		(1,027,896)	2,000,000
Net cash flows from investing activities		(1,747,940)	1,545,187
Net increase/(decrease) in cash and cash equivalents		(1,339,239)	1,475,521
Cash and cash equivalents at beginning of year		3,416,225	1,940,704
Cash and cash equivalents at end of year	13	2,076,986	3,416,225

The accompanying notes form part of, and should be read in conjunction with, these financial statements

Notes to the Financial Statements

For the year ended 30 June 2022

1. Reporting Entity

The financial statements presented are those of NZ Family Planning Association (Inc.) ("Family Planning") for the year ended 30 June 2022.

Family Planning is incorporated as a Registered Charity registered under the Charities Act 2005, and is therefore exempt from income taxation.

The overall goal of Family Planning is to provide a range of services including sexual and reproductive health information, clinical services, education and training, and research.

The financial statements were authorised for issue by the Council on 29 September 2022.

2. 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 IPSAS), and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted. Family Planning is deemed a public benefit entity for financial reporting purposes and has been established to achieve its overall goal rather than a financial return.

Family Planning qualifies as a Tier 2 reporting entity due to having between \$2m and \$30m operating expenditure in the two previous reporting periods

These financial statements have been prepared on a historical cost basis, with the exception of financial instruments which are measured at fair value. All dollar values are presented in New Zealand dollars, and are rounded to the nearest dollar.

3. Summary of significant accounting policies

a) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, and other financial liabilities.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

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

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if Family Planning transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by Family Planning in the years reported have been designated into "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

Subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through surplus or deficit, that are subsequently measured at fair value with gains or losses recognised in the surplus or deficit.

b) Income tax and other taxes

Income tax

Due to its charitable status, Family Planning is exempt from income tax.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- In the case of receivables and payables, which are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

c) Foreign currency translation

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of Family Planning that have a significant effect on the financial statements:

Useful lives, residual values and impairment

Useful lives, residual values and impairment of assets are assessed annually based on the following:

- The condition of the asset based on the assessment of experts employed by Family Planning;
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- The nature of the processes in which the asset is deployed;
- Availability of funding to replace the asset; and

- Changes in the market in relation to the asset.

Adjustments to useful lives are made when considered necessary.

Provisions

Provisions are raised and management determine an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

5. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to Family Planning and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue from non-exchange transactions

Government grants and funding

Revenues from non-exchange transactions with the Government and government agencies is recognised when Family Planning obtains control of the transferred asset (cash, goods, services, or property), and:

- it is probable that the economic benefits or service potential related to the asset will flow to Family Planning and can be measured reliably; and
- the transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services, or property) transferred over to Family Planning at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once Family Planning has satisfied these conditions.

Rendering of services - subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by Family Planning is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Family Planning to fully recover the cost of providing the service (such as client consultations), and where the shortfall is subsidised by

income from other activities, such as government contracts. Generally there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when Family Planning issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that Family Planning has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from Family Planning for the service) if the service is not completed satisfactorily.

Revenue from exchange transactions

Rendering of other services – full cost recovery

Revenue from the rendering of services (such as some clinical services) are recognised by reference to the stage of completion of the service. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Sale of goods

Revenue from the sale of goods (such as educational resources and personal products) are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Family Planning.

Rental revenue

Rental revenue arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive revenue and expenses due to its operating nature.

Other gains and losses

Other gains and losses includes fair value gains and losses on financial instruments at fair value through surplus or deficit, unrealised fair value gains and losses on the revaluation of investment properties, share of surplus or deficit of associates and joint venture, and realised gains and losses on the sale of fixed assets held at cost.

6. Government contract revenue

	2022	2021
Ministry of Health – Personal Health	11,007,004	10,854,833
Ministry of Health – Public Health	2,619,005	2,619,005
Ministry of Health – National Contraception Training	58,770	368,966
Ministry of Health – National Abortion Telehealth Services	229,714	-
Total Government contract revenue	13,914,493	13,842,804

In 2022 79% (2021 78%) of total revenue was received from two contracts from the Ministry of Health. The Personal Health contract funds Family Planning to provide clinical sexual and reproductive services at our clinics and school-linked clinics and outreach centres throughout New Zealand. It also provides some funding towards clinical training and development.

The Public Health contract concentrates on health promotion work, which provides programmes and courses on all aspects of sexual health and relationships.

7. Grants revenue

	2022	2021
Ministry of Foreign Affairs and Trade grant for Healthy Families projects in Kiribati	551,338	407,369
Ministry of Foreign Affairs and Trade grant for 'Planem gud family blong yumi' project in Vanuatu	289,020	195,486
Ministry of Foreign Affairs and Trade grant for supporting IPPF's Niu Vaka strategy in the Pacific	34,755	-
UNFPA New York 2020 grant for NZPPD Secretariat	-	36,807
UNFPA New York 2021 grant for NZPPD Secretariat	41,483	157
UNFPA New York 2022 grant for NZPPD Secretariat	10,201	-
IPPF – SHRIE Pacific	-	10,625
Lakes District Council	2,500	2,000
Total Grants revenue	929,297	652,444

Ministry of Foreign Affairs and Trade (MFAT) grants:

Family Planning have three projects underway in conjunction with MFAT this year. The first is for providing the Healthy Families programme to reduce unplanned pregnancies and STIs in South Tarawa and six outer islands in Kiribati. Phase 3 of this project commenced from 1 July 2020.

The second project is to reduce unplanned pregnancies and sexually transmissible infections (STIs) among underserved rural communities in Vanuatu.

The third project is supporting the International Planned Parenthood Federation (IPPF) to implement quality of care and advocacy activities under their Niu Vaka Strategy.

United Nations Population Fund New York grants for New Zealand Parliamentarians' Group on Population and Development Secretariat:

This grant is used to fund Family Planning's work as Secretariat for the New Zealand Parliamentarians' Group on Population and Development. \$46,356 was received in 2022 (2021 \$41,640).

International Planned Parenthood Fund grant for Sexual and Reproductive Health Emergencies in the Pacific:

The programme aims to improve access to life-saving sexual and reproductive health services in emergencies in Kiribati, the Cook Islands and Tuvalu. Deferred Revenue at 30 June 2022 was \$669 (2021 \$669).

Lakes District Council grant:

This grant provides rent relief for the Health Promotion office located in Rotorua.

8. Other non-exchange revenue

	2022	2021
Other contracts revenue	362,566	222,192
Contributions and bequests	28,848	15,890
Membership fees	8,331	3,953
Retail Sales	12,619	14,741
Total Other contracts revenue	412,365	256,776

9. Finance revenue

	2022	2021
Interest income	77,943	114,016
Total Finance revenue	77,943	114,016

Finance income comprises interest income on financial assets, foreign exchange gains and losses and fair value gains on financial assets at fair value through surplus or deficit. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

10. Other exchange revenue

	2022	2021
Resource sales	23,020	26,949
Total Other exchange revenue	23,020	26,949

11. Employee costs

	2022	2021
Wages and salaries	11,463,295	11,724,221
KiwiSaver employer contributions	316,450	306,618
Other employee benefits	222,162	39,406
Total Employee costs	12,001,907	12,070,246

12. Other operating expenses

	2022	2021
Bank fees	35,906	15,007
Course expenses	25,348	18,453
Equipment leases	16,347	15,149
Family Planning Conference expenses	43,674	-
General expenses	29,456	68,889
Health & safety expenses	39,144	21,598
Legal fees	56,412	58,736
Minor asset purchases	22,722	18,847
Promotion & marketing	25,594	29,705
Quality expenses	18,900	18,900
Recruitment costs	25,777	16,822
Repairs and maintenance	56,786	31,897
Total other operating expenses	404,276	341,259

13. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand with an original maturity of less than 90 days that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2022	2021
Cash on hand	2,022	2,447
Cash at bank	2,074,964	3,413,778
Total cash and cash equivalents	<u>2,076,986</u>	<u>3,416,225</u>

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Revenue & Expenses. The following are the definitions of the terms used in the cash flow statement:

- i. Operating Activities
Operating activities include all transactions and other events that are not investing or financing activities.
- ii. Investing Activities
Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- iii. Cash and Cash Equivalents
Cash includes coins and notes both local currency, demand deposits and other highly liquid investments readily convertible into cash and includes all call investments as used by Family Planning as part of their day-to-day cash management.

The carrying value of cash and cash equivalents approximate their fair value.

14. Investments

For the purposes of the Statement of Cash Flows, funds invested longer than 90 days are classed as term investments and are held to maturity.

	2022	2021
Term deposits	7,100,877	6,072,980
Total investments	<u>7,100,877</u>	<u>6,072,980</u>

15. Accounts receivable

	2022	2021
Receivables from non-exchange transactions		
Ministry of Health contracts	4,405,875	3,829,857
Other non-exchange receivables	-	-
Receivables from exchange transactions		
Trade receivables	201,705	155,931
Other exchange receivables	-	-
Less Provision for impairment	(30,329)	(51,287)
Total Accounts receivable	4,577,250	3,934,501

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate. Bad debts are written off in the period in which they are identified.

16. Inventories

	2022	2021
Inventory held for sale or provision of services at commercial terms	20,853	29,568
Total Inventories	20,853	29,568

Inventories are measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is at fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Family Planning's finished goods inventory includes items held for resale via its clinics (medical products) and some personal products through its web shop. The Resource Unit also create products in the form of pamphlets, booklets, posters, books and other educational productions to sell to the public or make available at its clinics or health promotion sites. These resources come to Family Planning as finished products via various printing sources but the content is designed by Family Planning.

After initial recognition, inventories held for resale are valued at the lower of cost or net realisable value. However, inventory held for distribution or deployment at no charge or for a nominal charge is measured at cost, adjusted when applicable for any loss of service potential.

17. Plant and equipment

All items of plant and equipment are shown at cost less accumulated depreciation and any impairment losses to date. Cost includes the value of consideration exchanged, or fair value in the case of donated or subsidised assets, and the costs directly attributable to bringing the item to working condition for its intended use.

Subsequent expenditure relating to an item of plant and equipment is capitalised to the initial costs of the item when the expenditure increases the economic life of the item or where expenditure was necessarily incurred to enable future economic benefits to be obtained. All other subsequent expenditure is expensed in the period in which it is incurred.

Depreciation

Depreciation is calculated using the straight line method. The annual rates of depreciation applicable are based on the estimated useful lives as follows:

- Leasehold improvements Term of lease (mostly 3 years)
- Office equipment 5 years
- Furniture & fittings 5 years
- Computer equipment 3 years

There are no restrictions on title of Plant and Equipment, nor are there any contractual commitments for the acquisition for such assets.

	Leasehold Improvements	Furniture & Fittings	Clinic & Office Equipment	Computer Hardware	TOTAL
Cost or valuation					
As at 1 July 2021	704,516	238,583	295,149	597,298	1,835,546
Additions	478,289	11,966	59,525	77,564	627,343
Disposals	(91,914)	(1,170)	(8,357)	-	(101,441)
As at 30 June 2022	1,090,891	249,379	346,316	674,862	2,361,449
Accumulated depreciation					
As at 1 July 2021	433,358	68,048	168,122	459,399	1,128,926
Depreciation for year	99,689	42,811	51,301	111,407	305,208
Disposals	(1,373)	(137)	137	1,373	-
As at 30 June 2022	531,673	110,722	219,559	572,179	1,434,134
Net book value					
As at 1 July 2021	272,531	170,672	126,890	136,526	706,620
As at 30 June 2022	559,217	138,657	126,757	102,683	927,315

18. Intangible assets

Licenses and software are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 5 years. The estimated useful lives are reviewed at the end of each reporting period.

Amortisation is calculated using the straight line method. The annual rates of amortisation applicable are based on the estimated useful lives as follows:

- Computer software 5 years

There are no restrictions on title of Intangible Assets, nor are there any contractual commitments for the acquisition for such assets.

	Computer Software
Cost or valuation	
As at 1 July 2021	184,926
Additions	92,700
Disposals	-
As at 30 June 2022	<u>277,262</u>
Accumulated amortisation	
As at 1 July 2021	136,446
Amortisation for year	33,131
Disposals	-
As at 30 June 2022	<u>169,577</u>
Net book value	
As at 1 July 2021	<u>48,480</u>
As at 30 June 2022	<u>108,049</u>

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing Family Planning with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as

intangible software assets and amortised over the useful life of the software on a straight-line basis.

19. Accounts payable

Trade and other payables represent the liabilities for goods and services provided to Family Planning prior to the end of the financial year that are unpaid. These amounts are usually settled within 30 days, are non-interest bearing and are initially recognised at their fair value and subsequently at amortised cost.

	2022	2021
Trade payables	284,710	401,933
Other payables and accruals	122,948	289,346
Total Accounts payable	407,658	691,279

20. Income in advance

	2022	2021
Ministry of Health - Personal Health	3,306,416	2,606,963
Ministry of Health - Public Health	654,751	654,751
Ministry of Health - National Contraception Training	270,916	258,286
Ministry of Health - National Abortion Telehealth Services	76,039	-
Ministry of Foreign Affairs and Trade grant for Healthy Families projects in Kiribati	183,066	341,496
Ministry of Foreign Affairs and Trade grant for 'Planem gud family blong yumi' project in Vanuatu	182,543	194,508
Ministry of Foreign Affairs and Trade grant for supporting IPPF's Niu Vaka strategy in the Pacific	265,245	-
UNFPA New York 2021 grant for NZPPD Secretariat	-	41,483-
UNFPA New York 2022 grant for NZPPD Secretariat	36,155	-
IPPF – SHRIE Pacific	669	669
Professional Training Course Fees in advance	73,652	101,871
Bequests	28,858	22,780
Wellington City Council Green Business Grant	1,133	-
Total Income in Advance	5,079,444	4,222,808

21. Employee entitlements

All employee benefits of Family Planning that are expected to be settled within 12 months of balance date, with the exception of Long Service Leave, and are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, plus annual leave earned and accrued to, but not taken at balance date.

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits), annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long Service Leave

Employees of Family Planning become eligible for long service leave after a certain number of years of employment, depending on their contract. The liability for long service leave is recognised and measured by:

- Adjusting current pay rates for inflation using NZ Government Treasury forecasts;
- Using discount factors to calculate the present value of future payments in respect of service provided by employees up to the reporting date using the projected unit credit method. NZ Government Treasury bond rates have been used for discount factors.
- Assessing the likelihood of the entitlement being consumed. Probability factors were calculated based on length of service data from Family Planning's payroll system.

	2022	2021
Current Liability		
Accrued salaries and wages	319,399	135,439
Annual leave	706,792	594,916
Long service leave	57,873	50,224
	<u>1,084,065</u>	<u>780,579</u>
Non-current Liability		
Long service leave	52,805	63,463
	<u>52,805</u>	<u>63,463</u>

Gains and losses on the long-term incentives are fully accounted for in the statement of comprehensive revenue and expenses.

22. Financial instruments

Family Planning holds a number of financial instruments in the course of its normal activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policies.

Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with Family Planning's accounting policies.

Liquidity Risk

Family Planning manages its liquidity risk by managing cash flows and ensuring that adequate liquid funds are available at all times.

Credit Risk

Financial instruments which potentially subject Family Planning to credit risk consist of bank balances, short term bank deposits and accounts receivable. Family Planning does not require collateral or security to support financial instruments. The organisation's bank and short-term deposit accounts are held with ANZ, BNZ and ASB. Accounts receivable predominately comprise invoiced fees for services provided to clients, and are considered fully recoverable.

Interest Rate Risk

Financial instruments which potentially subject Family Planning to interest rate risk consist of bank balances and short term bank deposits. Interest rate risk is limited by investing funds in term deposits for period where these funds are not required for liquidity purposes.

The table below shows the carrying amounts of Family Planning's financial assets and financial liabilities:

Carrying Amount

	Financial assets		Financial liabilities	Total as at 30 June 2022
	Fair value	Loans and receivables	Amortised cost	
Cash and cash equivalents	2,076,986	-	-	2,076,986
Term deposits	7,100,877	-	-	7,100,877
Receivables	-	4,577,250	-	4,577,250
Payables	-	-	(407,658)	(407,658)
	9,177,863	4,577,250	(407,658)	13,347,455

Carrying Amount

	Financial assets		Financial liabilities	Total as at 30 June 2021
	Fair value	Loans and receivables	Amortised cost	
Cash and cash equivalents	3,416,225	-	-	3,416,225
Term deposits	6,072,980	-	-	6,072,980
Receivables	-	3,934,501	-	3,934,501
Payables	-	-	(691,279)	(691,279)
	9,489,205	3,934,501	(691,279)	12,732,427

23. Operating lease commitments

Family Planning leases buildings across New Zealand for its clinics and National Office. Operating lease payments, where the lessors effectively retain all the risks and benefits of ownership of the leased items, are included in the Statement of Comprehensive Revenue & Expenses in equal instalments over the lease term. There are no assets acquired via finance leases.

Non-cancellable operating lease rentals are payable as follows:

	Premises 2022	Other 2022	Premises 2021	Other 2021
No later than one year	963,108	-	943,378	-
More than one year, but less than 2 years	465,904	-	619,708	-
More than 2 years	571,027	-	214,932	-
Total	2,000,039	-	1,778,018	-

Family Planning leases premises and equipment under operating leases. The premises leases are for up to 5 years. No leases contain contingent rental payments.

24. Related Party Transactions

Key Management Remuneration

Family Planning classifies its key management as the Senior Management Team, including the Chief Executive. Council members receive no remuneration.

	Remuneration 2022	No. of individuals 2022	Remuneration 2021	No. of individuals 2021
Senior Management	1,017,969	7	1,046,949	7

25. Contingencies

Family Planning has no contingent liabilities as at 30 June 2022 (2021: nil).

26. Subsequent events

There were no material subsequent events after the balance date.