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## Financial Report: 30 June 2017

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Author:	Jordan Carter, Chief Executive
Purpose of Paper:	To provide a monthly update on the financial performance of InternetNZ.

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### Commentary to the accounts

For the quarter ending June 2017, the accounts report a deficit result of \$765,001, against a budgeted deficit of \$933,715 reflecting a variance underspend of \$168,714.

As previously reported we are expecting to report underspends over the next couple of months, due to the hold on projects during the Organisation Review process.

Detailed commentary on the variances follows.

There follow a number of attachments with further information for Council:

- A - The profit and loss statement
- B - A chart showing net income, actual against budget
- C - The balance sheet
- D - Information about the spread of assets across institutions
- E - Managed Invested Funds, balance per month and chart
- F - A chart showing cash in bank, actual against forecast
- G - The cash flow forecast to March 2017.

### Income and Expenditure variances

#### Income:

Income actual was \$139,071 versus a budget of \$142,346 reporting an under budget of \$3k, this is attributable to NetHui sponsorship.

#### Expenditure:

Areas of difference are:

- **Remuneration** in total was under budget by \$83,989, all areas were under and are attributable to the hold on hiring during the Organisational Review process.
- **Internet Issues** is reporting an underspend of \$33,457 the delay in recruitment contributed towards the underspend by \$17k, the balance of \$16k is attributable to the lack of resources available and the budget phasing of the projects.

- **Community Funding** is reporting an underspend of \$9,849 of this \$3,224 is due to the grants impact assessment work being put on hold, the remaining is due to budget phasing.
- **Community Engagement** is reporting an underspend of \$80,671, the recruitment freeze contributes towards \$48,971 of the underspend, another \$22,331 is attributable to projects being delayed e.g. NZIRF initiatives, Member Engagement and Member meetings, the balance of \$9,370 is due to budget phasing.
- **International Engagement** is also reporting an underspend of \$3,665
- **Communications/Outreach** is reporting an underspend of \$16,524 compared to budget this is attributable to budget phasing.
- **Operational costs** are underspent by \$28,399. Within that:
  - remuneration is under by \$8,893 due to outstanding salary reviews
  - operating expenses are all under due to budget phasing by \$10,115
  - overheads under by \$1,916
  - depreciation is under by \$7,475, due to the hold on capex
- **Governance and Members** expenditure is over budget by \$4,143, within this the organisational review costs are over by \$30,600, all other areas are underspent by \$26,000 due to a combination of membership projects being delayed and the budget phasing.

We will be presenting a budget restatement paper at the August Council meeting, along with the newly formatted quarterly group consolidated reports from Deloitte.

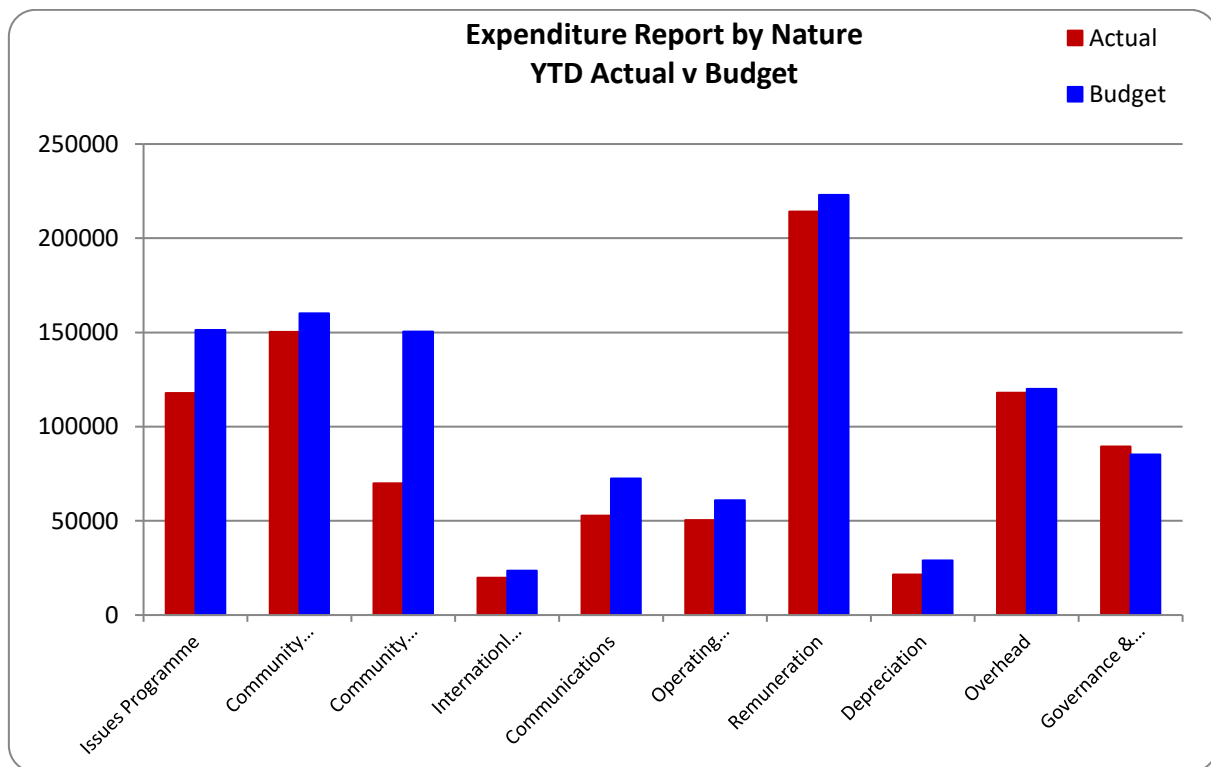
## Other Expected Major Budget Variances

Other than those already noted, there are no other major budget variances to report.

## Condensed Income and Expenditure Report

Actual v Budget by Nature  
As at 30 June 2017

	YTD Actual \$	YTD Budget \$	Variance \$
<b>Income – total</b>	<b>139,071</b>	<b>142,346</b>	<b>-3,275</b>
<b>Expenditure</b>			
Issues Programme	117,811	151,268	-33,457
Community Funding	150,274	160,123	-9,849
Community Engagement	69,860	150,531	-80,671
International Engagement	19,835	23,500	-3,665
Communications	52,820	72,457	-19,637
Operating Expenses	50,376	60,945	-10,569
Remuneration	214,077	222,970	-8,893
Depreciation	21,525	29,000	-7,475
Overhead	118,078	119,994	-1,916
Council & Members	89,415	85,273	4,143
<b>Expenditure – total</b>	<b>904,072</b>	<b>1,076,061</b>	<b>-171,989</b>
<b>Net Income</b>	<b>-765,001</b>	<b>-933,715</b>	<b>168,714</b>



As always, I welcome any questions or comments in response to this report.

Jordan Carter  
Chief Executive

Mary Tovey  
Finance Manager

21 July 2017

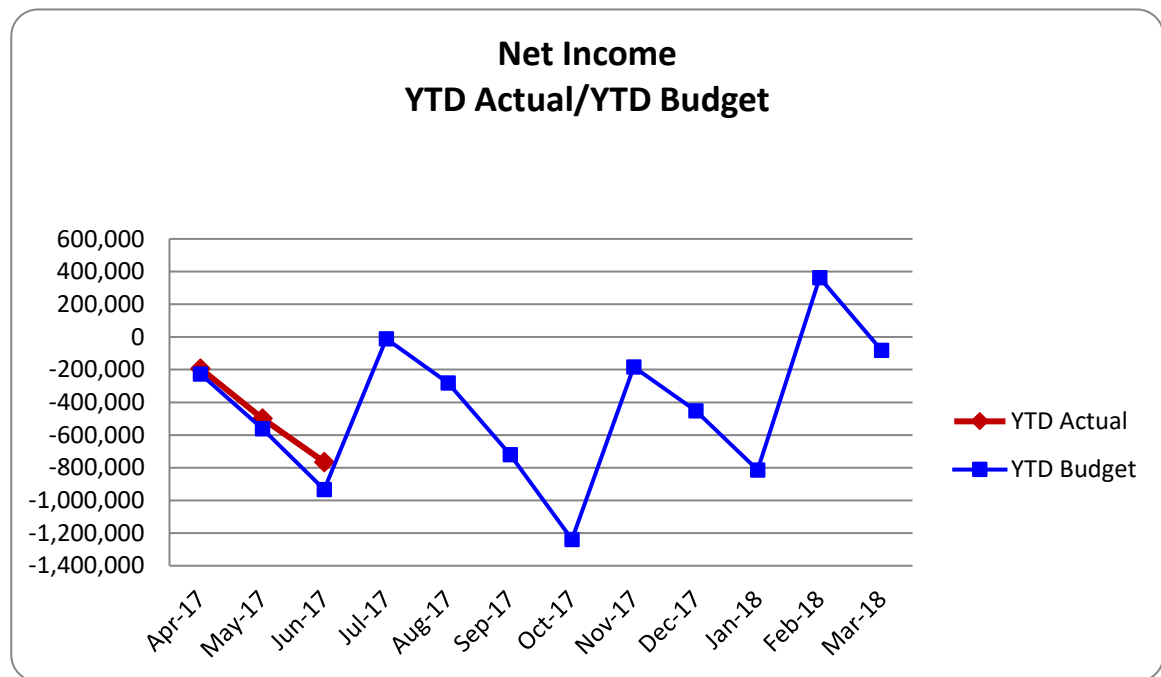
## Attachment A: Profit and Loss Statement

InternetNZ  
Profit and Loss Statement  
As at 30 June 2017

InternetNZ YTD	Apr - Jun 17	Budget	\$ Over Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
500 - Operating Income			
530 - Shared Group Services	96,491.27	96,750.00	-258.73
535 - Group Staff Activity Recharge	2,900.73	3,096.00	-195.27
542 - Membership - Corporate	800.00	1,300.00	-500.00
546 - Membership - Individual	1,824.30	1,700.00	124.30
<b>Total 500 - Operating Income</b>	<b>102,016.30</b>	<b>102,846.00</b>	<b>-829.70</b>
570 - Sundry Income			
570-02 - NetHui Sponsorship	28,608.70	31,500.00	-2,891.30
<b>Total 570 - Sundry Income</b>	<b>28,608.70</b>	<b>31,500.00</b>	<b>-2,891.30</b>
580 - Investment Income			
586 - Interest	8,445.74	8,000.00	445.74
<b>Total 580 - Investment Income</b>	<b>8,445.74</b>	<b>8,000.00</b>	<b>445.74</b>
<b>Total Income</b>	<b>139,070.74</b>	<b>142,346.00</b>	<b>-3,275.26</b>
<b>Expense</b>			
600 - Remuneration			
625 - Miscellaneous Staff Costs	3,435.23	8,275.90	-4,840.67
630 - Recruitment	340.26	47,000.00	-46,659.74
635 - Staff Training	7,177.09	15,056.00	-7,878.91
637 - Staff Training Internal	1,314.99	6,366.00	-5,051.01
651 - Wages & Salaries			
651-01 - Kiwi Saver - Employer Cont	12,373.11	14,540.17	-2,167.06
651 - Wages & Salaries - Other	347,988.62	364,780.00	-16,791.38
<b>Total 651 - Wages &amp; Salaries</b>	<b>360,361.73</b>	<b>379,320.17</b>	<b>-18,958.44</b>
654 - Wages - Contractors	2,400.00	3,000.00	-600.00
<b>Total 600 - Remuneration</b>	<b>375,029.30</b>	<b>459,018.07</b>	<b>-83,988.77</b>
800 - Operating Expenses			
805 - Advertising & Marketing	250.00	5,010.00	-4,760.00
808 - Audit Fees	414.00	450.00	-36.00
811 - Conferences	763.48	3,505.00	-2,741.52
813 - Consultants	23,837.87	37,775.00	-13,937.13
816 - Depreciation	21,525.16	29,000.00	-7,474.84
818 - Group Staff Activities	1,832.46	3,750.00	-1,917.54
820 - General Office Expenses	8,394.05	9,621.00	-1,226.95
824 - Honoraria	16,537.80	16,537.80	0.00
826 - Legal Fees	14,665.50	21,490.00	-6,824.50
829 - Meeting Costs	6,195.53	11,751.00	-5,555.47
851 - Repairs and Maintenance	1,159.74	990.00	169.74
853 - R & M - Software	566.74	1,500.00	-933.26

855 · Printing & Stationery	3,616.97	3,972.00	-355.03
860 · Subscriptions	7,946.72	15,755.00	-7,808.28
870 · Telecommunications	14,371.23	17,152.00	-2,780.77
873 · Travel & Accom - National	17,569.83	17,485.00	84.83
875 · Web Site Updates & Hosting	582.00	750.00	-168.00
Total 876-60 · Internet Governance Portfolio	19,834.57	23,500.00	-3,665.43
Total 876 · Issues Programme	52,235.56	67,555.00	-15,319.44
Total 878 · Community Funding	103,471.73	111,000.00	-7,528.27
Total 880 · Community Engagement	26,593.35	59,000.00	-32,406.65
Total 882 · Communications/Outreach	13,500.00	15,000.00	-1,500.00
Total 885 · Organisational Review	55,100.00	24,500.00	30,600.00
Total 800 · Operating Expenses	410,964.29	497,048.80	-86,084.51
900 · Overheads			
915 · Cleaning Costs	12,234.61	13,075.00	-840.39
933 · Electricity	4,297.03	4,774.00	-476.97
950 · Insurance	2,692.38	2,749.00	-56.62
975 · Rent Paid	98,606.93	98,646.00	-39.07
980 · Security	247.12	750.00	-502.88
Total 900 · Overheads	118,078.07	119,994.00	-1,915.93
Total Expense	904,071.66	1,076,060.87	-171,989.21
Net Ordinary Income	-765,000.92	-933,714.87	168,713.95
Other Income/Expense			
Other Income			
1000 · Special Dividends			
1030 · Investment Income	48,412.42	0.00	48,412.42
Total 1000 · Special Dividends	48,412.42	0.00	48,412.42
Total Other Income	48,412.42	0.00	48,412.42
Other Expense			
1900 · Special Dividend Exp-Overhead			
1950 · Investment Funds Management Fee	2,383.59	0.00	2,383.59
Total 1900 · Special Dividend Exp-Overhead	2,383.59	0.00	2,383.59
Total Other Expense	2,383.59	0.00	2,383.59
Net Other Income	46,028.83	0.00	46,028.83
Net Income	-718,972.09	-933,714.87	214,742.78

Attachment B: Net Income actual against budget



InternetNZ  
Balance Sheet  
As at 30 June 2017

	<u>June 30, 17</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Cheque/Savings/Op Term Deposits</b>	
Total Cheque/Savings/	1,348,888.77
Term Deposits	
Total - Term Deposits	1,089,869.09
Petty Cash	400.00
<b>Total Cash</b>	2,439,157.86
<b>Investment Funds</b>	
GMI Investment	1,296,163.07
Milford Asset	1,404,880.47
<b>Total Investment</b>	2,701,043.54
<b>Other Current Assets</b>	86,839.17
<b>Total Other Current Assets</b>	86,839.17
<b>Total Current Assets</b>	5,227,040.57
<b>Fixed Assets</b>	
<b>Total Fixed Assets</b>	312,029.03
<b>Other Assets</b>	
Ordinary Share Capital	30,000.00
Shares in DNCL	580,000.00
<b>Total Other Assets</b>	610,000.00
<b>TOTAL ASSETS</b>	<b>6,149,069.60</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Total Accounts Payable	217,015.40
Other Current Liabilities	
Accruals	220,375.01
Payroll Liabilities	44,544.30
<b>Total Other Current Liabilities</b>	264,919.31
<b>Total Current Liabilities</b>	481,934.71
<b>Total Liabilities</b>	481,934.71
<b>Equity</b>	
Retained Earnings	6,386,106.98
Net Income	-718,972.09
<b>Total Equity</b>	5,667,134.89
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>6,149,069.60</b>

## Attachment D: Spread of assets across institutions

### Investment Information

#### Term Deposits

Date	Bank	Term	Amount
28/2/2016	BNZ	12 months	95,655
01/12/2016	Kiwibank	12 months	309,020
07/03/2017	ASB	90 days	300,000
07/03/2017	ASB	6 months	300,000
28/04/2017	ANZ	30 days	80,034
Total \$			<b>1,084,709</b>

#### Managed Investment Funds Information

Date	Managers	Amount
20/06/2013	GMI	1,296,163
20/06/2013	Milford	1,404,881
Total \$		<b>2,701,044</b>

Managed Investment funds recorded at market value on 30 June 2017.

Investment information is recorded separately from the InternetNZ operating reserves as a distinct balance sheet line item, as per the InternetNZ Funds Investment Management Policy Principle 1.

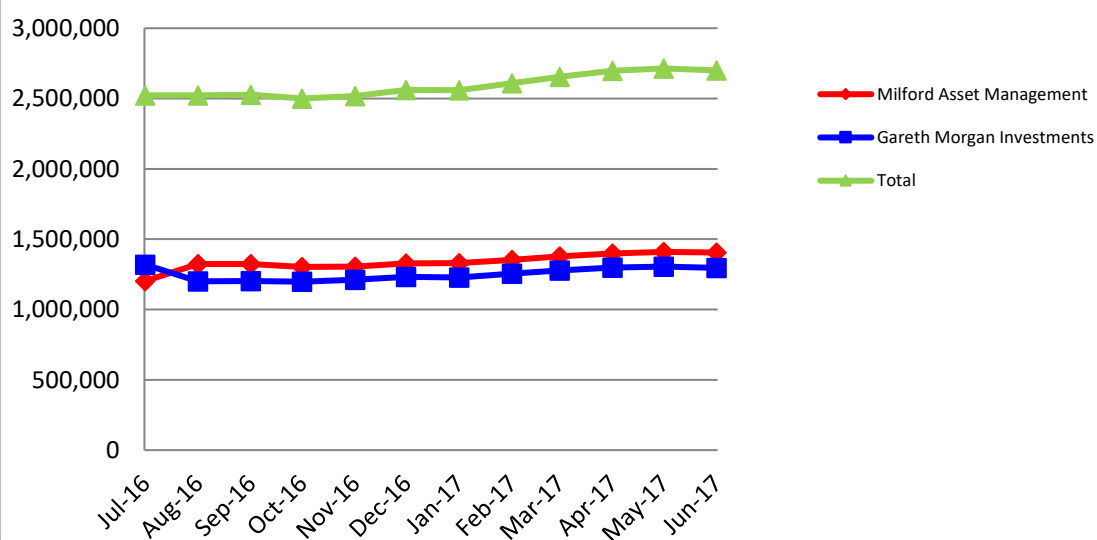


## Attachment E: Managed Invested Funds

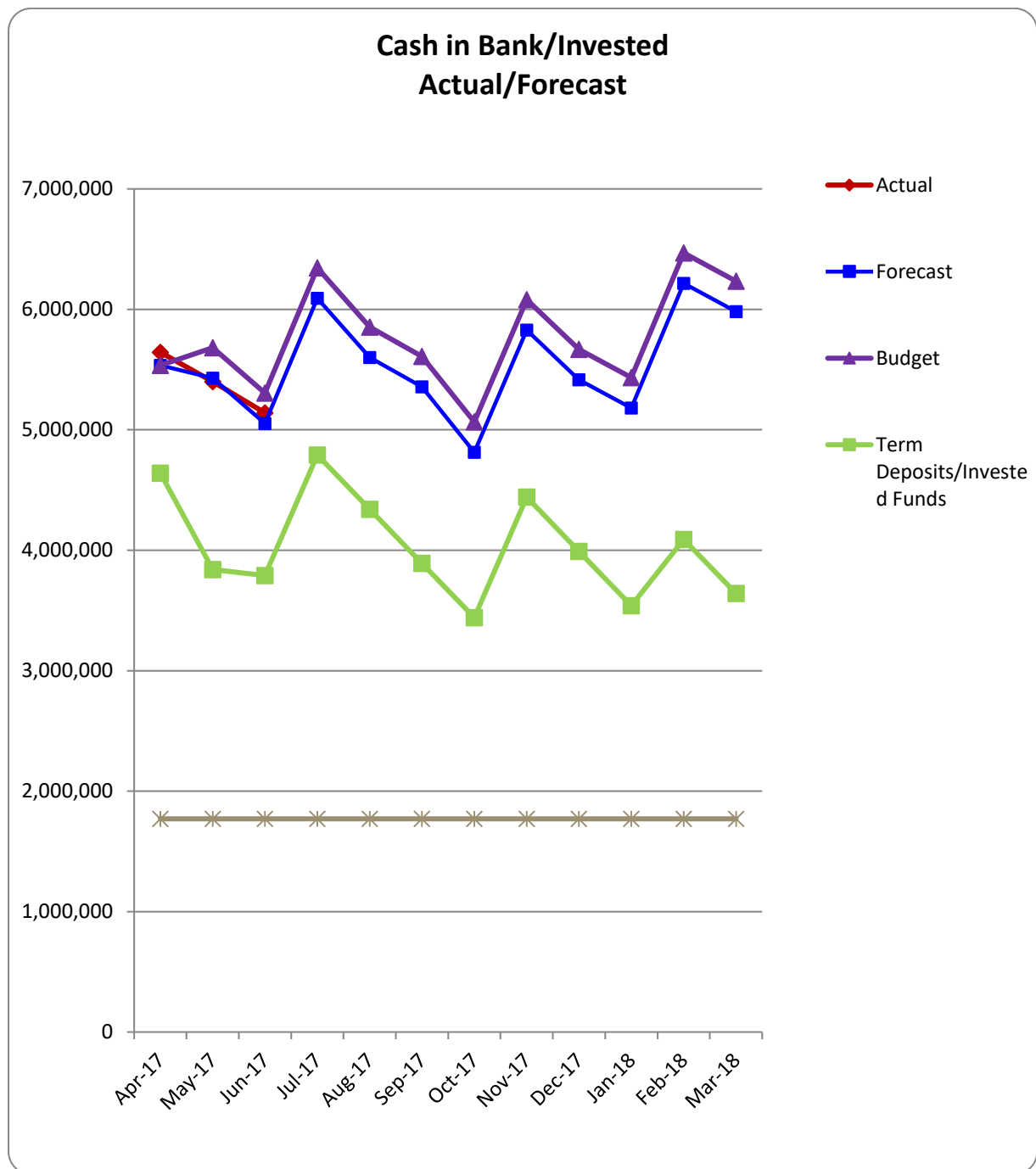
### Investment Funds Monitoring report

	Milford Asset Management	Gareth Morgan Investments	Total
Jul-16	1,203,161	1,318,803	2,521,965
Aug-16	1,322,224	1,200,142	2,522,366
Sep-16	1,323,934	1,203,311	2,527,245
Oct-16	1,302,842	1,197,548	2,500,390
Nov-16	1,306,120	1,211,188	2,517,308
Dec-16	1,328,850	1,232,706	2,561,556
Jan-17	1,331,059	1,227,368	2,558,427
Feb-17	1,353,861	1,254,333	2,608,195
Mar-17	1,377,946	1,277,255	2,655,201
Apr-17	1,398,610	1,299,227	2,697,837
May-17	1,409,655	1,304,298	2,713,952
Jun-17	1,404,880	1,296,163	2,701,044

### Investment Funds Monthly Closing Balances



Attachment F – Cash in Bank/Invested actual compared with forecast



## Attachment G: Cash flow actual to June 2017

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Total
<b>RECEIPTS</b>	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Actual
Invoiced Sales	61,395	36,722	63,779	38,421	50,924	44,829	76,857	85,655	81,974	45,635	40,654	38,275	665,120
Special Dividends													0
Investment Income	50,016	19,520	-13,862										55,674
Special Dividends Interest													0
Dividends				1,427,000				1,427,000			1,427,001		4,281,001
Interest													0
Interest Received													0
Special Dividend Term Deposits													0
Sundry Receivables													0
Prepayments													0
Interest Receivable													0
RWT Received													0
GST		60,335	47,033			75,413		74,568		89,781		57,573	404,703
	111,411	116,577	96,950	1,465,421	50,924	120,242	76,857	1,587,223	81,974	135,416	1,467,655	95,848	5,406,498
<b>PAYMENTS</b>													
Invoiced Costs	380,228	198,967	184,553	323,513	432,646	222,801	441,831	478,010	377,940	218,471	316,204	196,182	3,771,346
ACC Levies													0
Salary & Wages	59,220	161,411	127,358	105,050	76,064	89,276	117,284	77,456	77,126	78,779	77,456	85,963	1,132,443
Investment Funds													0
Sundry Payables													0
Prepayments													0
RWT													0
PAYE	42,859		44,544	54,117	46,650	42,587	53,205	50,160	39,517	39,857	40,242	42,093	495,831
GST	7,075												7,075
	489,382	360,378	356,455	482,680	555,360	354,664	612,320	605,626	494,583	337,107	433,902	324,238	5,406,695
<b>NET CASH FLOW</b>	-377,971	-243,801	-259,505	982,741	-504,436	-234,422	-535,463	981,597	-412,609	-201,691	1,033,753	-228,390	-197

<b>OPENING BANK</b>	6,021,469	5,643,498	5,399,697	5,140,192	6,122,933	5,618,497	5,384,075	4,848,612	5,830,209	5,417,600	5,215,909	6,249,662	6,021,469
<b>CLOSING BANK</b>	<b>5,643,498</b>	<b>5,399,697</b>	<b>5,140,192</b>	<b>6,122,933</b>	<b>5,618,497</b>	<b>5,384,075</b>	<b>4,848,612</b>	<b>5,830,209</b>	<b>5,417,600</b>	<b>5,215,909</b>	<b>6,249,662</b>	<b>6,021,272</b>	<b>6,021,272</b>

<b>Bank Account Balances as per BS</b>	<b>Apr-17</b>	<b>May-17</b>	<b>Jun-17</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>
ANZ Savings	624,229	724,435	424,600									
ANZ Current	41,091	80,942	586,081									
ANZ Term Deposit	80,000	80,034	80,067									
ASB Term Deposit	1,057,021	1,057,021	605,127									
ASB Working	1,848	1,848	1,808									
BNZ Working	3,718	3,719	3,720									
BNZ Term Deposit	495,655	95,655	95,655									
Kiwibank Term Deposit	309,029	309,020	309,020									
USD Bank Account	332,670	332,670	332,670									
Petty Cash	400	400	400									
Investment Funds	2,697,837	2,713,952	2,701,044									
	<b>5,643,498</b>	<b>5,399,697</b>	<b>5,140,192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

