



ANNUAL REPORT 2020

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WE ACKNOWLEDGE OUR PARTNERS' GENEROUS SUPPORT IN 2020



BRONZE



Kerry Warn
General Manager



Alison Quesnel
Government Affairs Director
(to Nov 2020)



Samantha Gray
Government Affairs Director
(from Dec 2020)



2020 ANNUAL REPORT FROM THE CHAIR OF NATURAL HEALTH PRODUCTS NZ

Dear Natural Health Products NZ Member,

2020 was a year that nobody saw coming, that presented enormous challenges, and with it some opportunities.

Despite these challenges Natural Health Products NZ continued to maintain a healthy membership base and grow positive relationships with our export partners. Natural Health Products NZ continued pressure on the Government to provide a relevant modern regulatory system for natural health products.



PROGRESS ON THE AIMS OF NATURAL HEALTH PRODUCTS NZ

Our constitution sets out the following objectives:

United Industry

To foster commitment, involvement, mutual respect, effective communication and joint collaboration between all participants in New Zealand's natural and complementary health products and services.

Membership in 2020 remained stable at 140 full and associate members, representing a slight decrease in membership revenue of 1%. Having a healthy membership base is core to the association's success and in turn our ability to provide value to members. We are fortunate to have the strong support of around 80% of the industry,

and new members often coming to us as a result of positive introductions from existing members.

Relationships with our partners have continued well and we value the generous support of our corporate partners: IMCD (Gold partners), New Wayz, Forbes Packaging and Scitex (formerly Scientific & Technical) Recruitment (Bronze). aibGROUP Insurance converted their partnership from Silver to Bronze during 2020. This provides an opportunity for new partners to be aligned with Natural Health Products NZ and the sector.

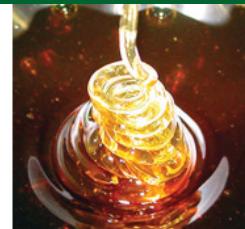
Summit 2020 was the first event to fall to lockdowns during 2020. After successfully negotiating with venues and contractors we were pleased to be able to return 85% refunds to all delegates. The association quickly pivoted (as the world did) to online events and in June hosted the Online Forum: Transforming Times. The Natural Health Products NZ Supreme Award was won by Anagenix, who also took the trophies for Marketing Award (sales \$2m and over) and The New Zealand FernMark Licence Programme Growth Award. Minesh Patel was recognised with the 2020 trophy for Outstanding Contribution to the Industry.

Suppliers' Day coincided with Auckland going into its second lockdown, 100% refunds were returned to participants.

Representation

To be the pre-eminent body representing the natural and complementary health products and services industry in New Zealand.

Our connections with industry associates at relevant organisations within New Zealand and elsewhere remains strong: BioTech NZ, Cosmetics NZ, Medical Technology Association of New Zealand (MTANZ), Consumer Healthcare Products (CHPNZ, formerly NZSMI), Complementary Medicines Australia (CMA),



International Alliance of Dietary/Food Supplements Associations (IADSA), China Chamber of Commerce for Import & Export of Medicines and Health Products (CCCMHPIE), Association of Southeast Asian Nations NZ Business Council (ASEAN NZBC) and New Zealand China Trade Association (NZCTA).

Our relationship with NZ Trade & Enterprise is excellent and they provide support both to the association and individual members. We have collaborated on a number of activities through the year.

Advocacy

To influence local and international regulatory outcomes to achieve industry growth, a positive product environment, and low compliance costs.

Alison Quesnel, our Government Affairs Director along with our government relations adviser Neale Jones continued to work strategically and diligently towards having the Government recognise the need for modern fit-for-purpose regulations.

At the announcement in March of the Level 4 lockdown we successfully lobbied MBIE and Ministers to have the natural health products sector recognised as an essential service in the supermarket and pharmacy supply chains.

Regulation

The Food (Continuation of Dietary Supplements Regulations) Amendment Bill was introduced to extend the expiry date of the Dietary Supplements Regulations 1985 by five years to 2026. The Ministry of Health intends to develop a new regulatory scheme for natural health products and to have the proposed system in place well before the new expiry date. We remain 101% committed to achieving meaningful progress on a modern regulatory system. We are moving closer to resolving a workable pathway with the Ministry on this.

Media

We continue to represent the industry and our members in the news media.

We are the go-to organisation for the industry and have provided comments and explanation where necessary. Our releases are generally picked up as responses to other commentary. Our policy is to always comment when asked and assist media wherever possible.

We thank Anna Radford of Radford Communications and our PR Sub-Committee for their assistance.

Business Support

To provide and communicate information (including market research) to members (by way of publications, forums, commissioning research, etc.) that will support members in their businesses domestically and/or internationally.

The Online Forum: Transforming Times gave us the opportunity to connect with members and provide several resources that were to be launched at the Summit, including an update from IRI on sales trends in the sector.

Survey 2019 was formally launched, reporting that the industry had grown 64% in 5 years to a \$2.3billion contribution to the economy.

Over the second half of 2020 we ran a series of one-hour lunchtime webinars: Funding, Compliance, Regulations. These were well attended and received by members and non-members.

Our newsletter goes to a database of nearly 390 subscribers. Engagement remains very high, with 54% often opening or clicking on our emails.



Export Development

To be New Zealand's key Natural Product export promotion body and to engage in activities that grow the New Zealand Natural Product export sector.

Natural Health Products NZ worked with NZ Story to create the NZ Natural Health Products Sector Story. This toolkit of assets provides companies with video, images, key messages and presentation resources for use within their own communications with customers and prospects. The Story was launched during the Online Forum in June.

Our General Manager, Kerry Warn, presented an overview of the NZ natural health product sector virtually to the 7th Nutraceutical Industry Development Conference in Shanghai. CCCMHPIE advised the webinar attracted 1,943 people on-line that day and a further 47,653 visits to the recording.

Financial Results

With the significant loss of event revenue following the cancellations of Summit and Suppliers' Day, we have recorded a deficit of \$10,387. We acknowledge the good financial management of our General Manager in minimising the impact and deficit. In April we appointed David Grant of All About Books as Accountant. David has quickly become familiar with the Association's activities and made a positive impact. We would like to thank Kelly Morgan, our previous accountant for her diligent work over four years.

The financial statements have been independently audited by Crowe and received a positive clean audit report.

Personnel

2020 has seen some changes in personnel.

At the end of October we bid farewell to Alison in her GAD role. This occasion was marked by Board members, current and past, who noted her magnificent contribution to the industry over many years, and in several roles. Natural Health Products NZ is very grateful to have had Alison's expertise and experience and acknowledges the extraordinary effort she made in advancing work on the new regulations. I would like to acknowledge Alison's fine work in Government Relations which has ensured we are recognised as the credible voice of the sector.

Samantha Gray was appointed as Government Affairs Director in December and has quickly taken up the reins.

I would also like to acknowledge the outstanding contribution that Kerry Warn has given to the industry in her position of General Manager through such a challenging year. Kerry's strong organisation and management have been of the highest calibre. Her professionalism has resulted in seamless change management, decisions and execution of events for the industry during this difficult year.

Sheryl Edmonds as Executive Assistant has provided valuable organisational skills and support for the Board, General Manager and members. As our events pivoted online Sheryl quickly adapted and upskilled to manage them seamlessly.



Natural Health Products NZ Board Members

The elected Board of 2020 was:

Chair: Lorraine Moser, Vitaco Health (NZ) Ltd
 Rod Claycomb, Quantec Ltd (elected 2020 AGM)
 Samantha Gray, BioEquitas Ltd
 Jackie Herbert, NZ Health Manufacturing Ltd
 Chris Johnson, Anagenix Ltd
 Peter Lehrke, PharmaNZ Ltd (re-elected 2020 AGM)
 Aviette Musin, BioBalance/HealthPost
 Claire Quin, Alaron Products Ltd
 Phil Rasmussen, Phytomed Medicinal Herbs Ltd (re-elected 2020 AGM)

We thank the board for their support.

We would like to thank the significant efforts and talent of Leigh Kite in her eight years' service on the Board. Leigh was intrinsic in creating the NZ Natural Health Products Sector Story.

Late in 2020, Aviette Musin stepped down from the board with her departure from BioBalance/Health Post. I would like to thank Aviette for her contribution to the board and the industry. This position will be replaced in the course of the annual election of board members.

In Closing...

The year saw many opportunities and challenges for our industry. The depth and breadth of knowledge of our Board this year together with Kerry's management was a tremendous support and provided invaluable contribution to the association and the industry.

Natural Health Products NZ exists to represent the vision and to further the objectives of the natural health products sector in New Zealand. We are an open,

consultative group funded primarily by the membership fees, contributions of our members and corporate sponsors, and events. The Board thanks the members for their support, constructive feedback, input and suggestions provided in the last year.

As an industry we have reached and exceeded \$2 billion in revenues, and the rate of R&D in the natural products sector is 4x higher than the NZ average. We need to continue to think globally, and act locally to meet changing global standards. Exports remain the greatest opportunity for Brand New Zealand and we all must do everything we can to support, protect and preserve this – this is up to every one of us who participate in the sector.

On behalf of the Management and Board of Natural Health Products NZ:

With best regards,



Lorraine Moser

CHAIR – NATURAL HEALTH PRODUCTS
NEW ZEALAND INC

NATURAL HEALTH PRODUCTS NEW ZEALAND INC

FINANCIAL STATEMENTS

For the year ended 31 December 2020

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Statement of Financial Performance

Natural Health Products NZ Inc
For the year ended 31 December 2020

	NOTES	2020	2019
Revenue			
Membership Fees		246,874	249,263
Projects/Events		51,107	295,302
Interest Income		4,077	5,587
COVID 19 Wages Subsidy		23,432	-
Total Revenue		325,490	550,152
Gross Profit		325,490	550,152
Expenses			
Personnel		146,935	132,417
Marketing & Projects/Events		40,769	237,185
Professional Services		119,315	148,571
Travel and Accommodation		940	3,876
Rent, Rates & Charges		19,130	21,304
Communications		4,862	3,708
Miscellaneous Expenses		2,992	3,563
Depreciation on Fixed Assets		934	527
Total Expenses		335,877	551,151
Net Surplus (Deficit) Before Tax for the Year		(10,387)	(999)
Net Surplus (Deficit) After Tax for the Year		(10,387)	(999)

Statement of Movements in Members Funds

Natural Health Products NZ Inc
For the year ended 31 December 2020

	2020	2019
MEMBERS FUNDS		
Opening Balance	132,832	133,831
Net Surplus (Deficit) for the year	(10,387)	(999)
MEMBERS FUNDS AT END OF YEAR	122,444	132,832

This statement is to be read in conjunction with the Notes to the Financial Statements and the accompanying Auditors Report.

Statement of Financial Position

Natural Health Products NZ Inc As at 31 December 2020

	NOTES	31 DEC 2020	31 DEC 2019
Assets			
Current Assets			
ASB Cheque & Savings Accounts		74,380	86,338
Trade receivables		4,324	2,115
Sundry Debtors		2,370	-
Prepaid Expenses		17,713	14,386
GST Receivable		9,895	16,753
ASB Term Deposit		76,678	80,000
Total Current Assets		185,360	199,592
Total Assets		185,360	199,592
Liabilities			
Current Liabilities			
Accounts Payable		15,199	21,175
Sundry Creditors		1,426	2,015
Income in Advance		26,672	19,966
Accrued Expenses		7,667	16,500
Provision for Holiday Pay		12,812	8,749
Income Tax Payable		-	215
Total Current Liabilities		63,777	68,620
Total Liabilities		63,777	68,620
Net Working Capital		121,583	130,972
NON - CURRENT ASSETS			
Plant and Equipment	6	862	1,860
Total NON - CURRENT ASSETS		862	1,860
Net Assets		122,444	132,832
MEMBERS FUNDS			
Balance Brought Forward		132,832	133,831
Current year earnings		(10,387)	(999)
Total MEMBERS FUNDS		122,444	132,832

For and on behalf of the Members:

Chairperson John Johnson
Date 31 March 2021

Director Chris Johnson

This statement is to be read in conjunction with the Notes to the Financial Statements and the accompanying Auditors Report.



Depreciation Schedule

Natural Health Products NZ Inc
For the year ended 31 December 2020

NAME	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING VALUE
Computer Equipment						
HP Probook 430 G2 - Education Notebook - 13.3" Intel	685	64	-	64	-	-
HP Probook 430 G5	1,133	355	-	-	177	177
PB Tech Laptop	1,428	1,369	-	-	684	684
Total Computer Equipment	3,246	1,787	-	64	862	862
Total	3,246	1,787	-	64	862	862

Statement of Accounting Policies

Natural Health Products NZ Inc For the year ended 31 December 2020

REPORTING ENTITY

Natural Health Products New Zealand Inc is a society incorporated under the Incorporated Societies Act 1908.

The objectives of the society are to foster commitment, involvement, mutual respect, effective communication and joint collaboration between all participants in New Zealand's natural and complementary health products and services industry.

ACCOUNTING POLICIES

- Natural Health Products New Zealand Inc is not required to prepare financial statements that comply with generally accepted accounting practice and as a result has elected to prepare special purpose financial statements. These special purpose financial statements are intended for the Board of the Society to assist them to assess the financial position and results of operations of the Society. As a result the special purpose financial statements may not be suitable for another purpose.
- The measurement base adopted is historical cost.
- Accrual Accounting is used to match expenses and revenue.
- Going Concern. Reliance is placed on the assumption that the society will continue with its present operations.
- Periodic Reporting. These financial statements include transactions for the year ended 31st December 2020.
- Fixed Assets are recorded at original cost less accumulated depreciation. Depreciation is charged on a diminishing value basis at rates allowed by the Income Tax Act 2007. Depreciation rates used for office equipment are 50% DV.
- Goods & Services Tax. These financial statements are prepared exclusive of GST, except for accounts receivable and accounts payable which are recorded inclusive of GST.
- Income Tax. As a non-profit organisation Natural Health Products New Zealand Inc is only subject to income tax on income over \$1,000 derived from outside the circle of membership.
- Revenue is deferred and accounted for as income in advance until the entity has incurred the associated costs or discharged its contractual obligations.
- Operating Lease. Where the lessor effectively retains the risks and benefits of ownership of leased items, they are recognised in the Statement of Financial Performance on a straight-line basis.
- Sundry Debtors are recognised at estimated realisable value.
- There have been no changes in accounting policies during the year covered by these Financial Statements. All policies have been applied on bases consistent with the previous year.



Notes to the Financial Statements

Natural Health Products NZ Inc For the year ended 31 December 2020

1. TAXATION

Taxation is payable on income earned from outside the circle of membership as follows:

	2020	2019
Total Revenue	325,490	550,152
Less Membership Fees	(246,874)	(249,263)
Less 50% of COVID 19 Subsidy	(11,716)	-
Less Expenses attributable to income outside circle of membership	(101,244)	(290,889)
Net Taxable Income (Loss)	(34,344)	(5,345)

Accumulated Taxable Losses	2020	2019
Loss brought forwards	(31,555)	(25,810)
Current year profit (loss)	(34,344)	(5,345)
Loss to carry forwards	(65,499)	(31,155)

2. CAPITAL EXPENDITURE COMMITMENTS

Natural Health Products New Zealand Inc has no significant capital commitments (2019: nil).

3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities. Natural Health Products New Zealand Inc has not granted any securities in respect of liabilities payable by any other party whatsoever. (2019: nil)

4. EVENTS SINCE BALANCE DATE

There were no events since balance date (2019: USD\$13,650).

5. OPERATING LEASE COMMITMENTS

	2020	2019
Current	3,113	7,750
Non Current	-	-
Total	3,113	7,750

	2020	2019
6. PLANT & EQUIPMENT		
Office Equipment		
Office Equipment at Cost	2,561	3,246
Accumulated depreciation - Office Equipment	(1,700)	(1,589)
Total Office Equipment	862	1,657
Total PLANT & EQUIPMENT	862	1,657
7. RELATED PARTIES		
Board Member Samantha Gray		
Govt Affairs Retainer	1,667	-
Govt Affairs - unpaid Annual Leave	133	-
Total Board Member Samantha Gray	1,800	-

8. AUDIT FEES

Crowe New Zealand Audit Partnership completed the audit of the financial statements for Natural Health Products New Zealand Inc for the year ended 31st December 2020 for \$4,000 (2019: \$3,900).



Independent Auditor's Report**To the Members of Natural Health Products New Zealand Inc**

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Opinion

We have audited the financial statements of Natural Health Products New Zealand Inc ("the Society"), which comprise the statement of financial position as at 31 December 2020, statement of movements in members funds and the statement of financial performance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Natural Health Products New Zealand Inc for the year ended 31 December 2020 are prepared, in all material respects, in accordance with the basis of accounting as described on Page 5 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of Natural Health Products New Zealand Inc in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm has provided consulting services to the Society. The firm has no other relationship with, or interests in, the Society.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to page 5 of the financial statements, which describes the basis of accounting. The financial statements are intended for the Board of Natural Health Products New Zealand Inc to assist them to assess the financial position and results of operations of the Society. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Natural Health Products New Zealand Inc and should not be distributed to parties other than the Society and its members. Our opinion is not modified in respect of this matter.

Responsibilities of the Board for the Financial Statements

The Board are responsible on behalf of the Society for the preparation of the financial statements in accordance with the basis of accounting as described on page 5 of the financial statements and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Crowe New Zealand Audit Partnership is a member of Crowe International, a Swiss verein. Each member of Crowe is a separate and independent legal entity.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

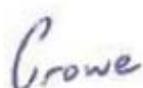
As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

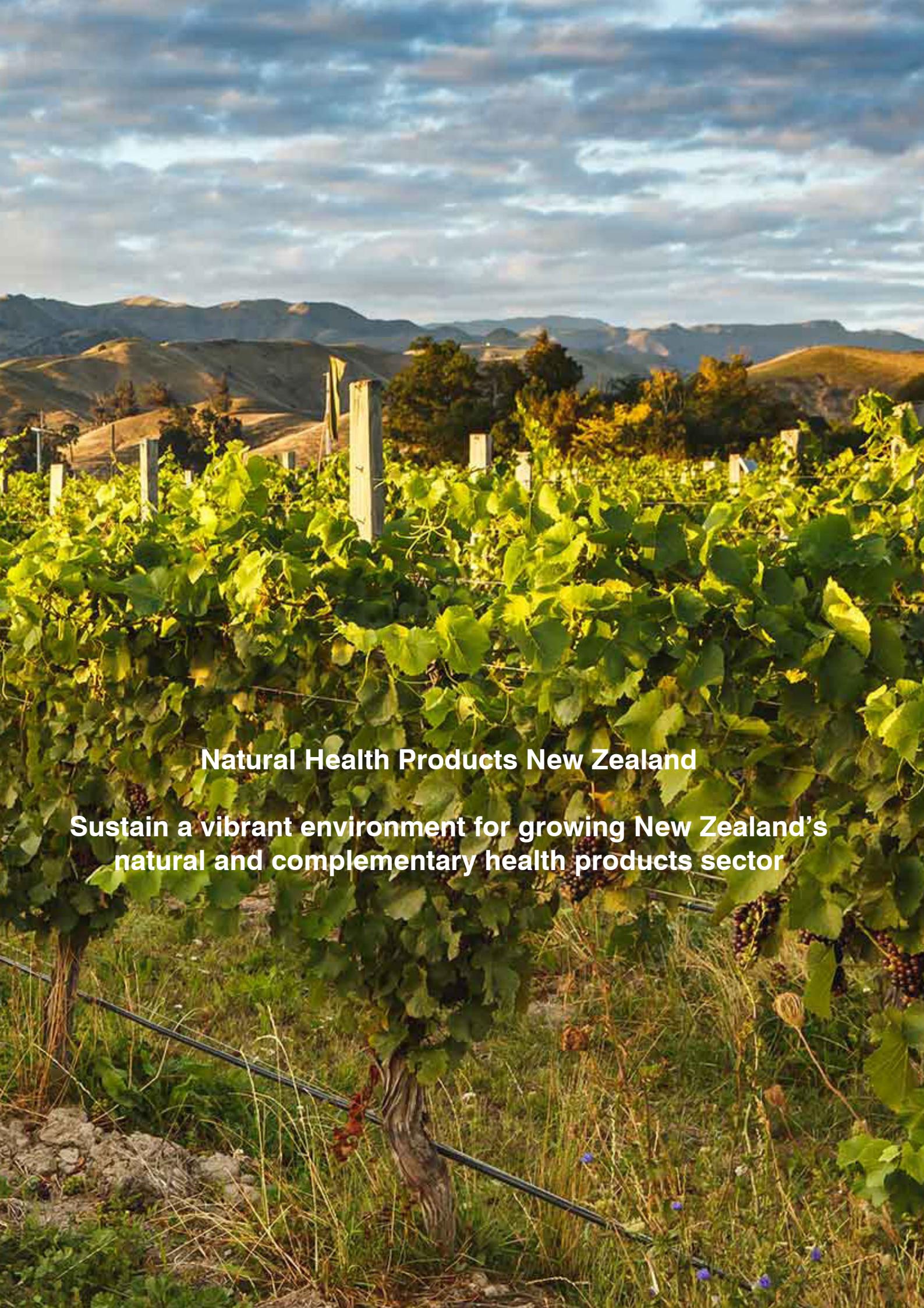
Restriction on Use

This report is made solely to the Society's members, as a body. Our audit has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Auckland this 31st day of March 2021

A scenic view of a vineyard in New Zealand. In the foreground, there are rows of green grapevines trained in a fan or cordone style, supported by a wire and post system. The vines are lush and leafy. In the background, there are rolling green hills and mountains under a sky filled with scattered clouds. The lighting suggests it might be late afternoon or early evening.

Natural Health Products New Zealand

**Sustain a vibrant environment for growing New Zealand's
natural and complementary health products sector**



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