# INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

## Annual Report
## For the year ended 30 June, 2019

# INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

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# INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

## ENTITY INFORMATION
**For the year ended 30 June, 2019**

### Legal name

The Invercargill Community Recreation & Sports Trust.

### Type of entity and legal basis

The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The ultimate parent of the Trust is the Invercargill City Council which has exempted the Trust from being a council-controlled organisation as defined in section 6 (4) (i) of the Local Government Act 2002.

### The Trust's purpose or mission

The primary objective of the Trust is to fund both capital and income for the provision of assistance in developing local sport fitness and physical activities, as well as developing participation and interest in local arts and cultural activities of Invercargill groups and organisations.

### Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of fiveTrustees who oversee the governance of the Trust. Trustees are appointed and removed from time to time by the Mayor in consultation with the Councillors of the City of Invercargill. Day-to-day operations of the Trust and reporting to the Board is administered by staff provided by Invercargill City Council.

### Trustees

| | |
|---|---|
| Cr Karen Arnold - Co Chairperson | resigned March 2019 |
| Cr Lesley Soper - Co Chairperson | |
| Cr Darren Ludlow - Co Chairperson | appointed March 2019 |
| Cr Allan Arnold | |
| Cr Toni Biddle | |
| Cr Graham Lewis | |

### Main sources of the Trust's cash and resources

The primary source of funding to the Trust is from interest earned on the Trust's investments and from grants received from Creative New Zealand.

### Outputs

The main outputs of the Trust are grants paid to organisations within the City of Invercargill, New Zealand Territorial Authority District that meet the Trust's charitable purpose.

# INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

## STATEMENT OF FINANCIAL PERFORMANCE - PHYSICAL ACTIVITY SECTION
**For the year ended 30 June, 2019**

| | 2019 $ | 2018 $ |
|---|---|---|
| **Revenue** | | |
| Council funding | 5,358 | 5,043 |
| Finance income | 35,656 | 30,016 |
| Total revenue | 41,014 | 35,059 |
| **Expenditure** | | |
| Audit fees | 4,032 | 3,915 |
| Bank charges | (7) | 1 |
| General expenses | 2,306 | 1,128 |
| Grants | 18,690 | 25,426 |
| Licences and fees | 44 | 44 |
| Total expenditure | 25,684 | 30,514 |
| **Net surplus for the year** | **15,330** | **4,545** |

## STATEMENT OF FINANCIAL PERFORMANCE - CREATIVE SECTION
**For the year ended 30 June, 2019**

| | 2019 $ | 2018 $ |
|---|---|---|
| **Revenue** | | |
| Subsidies and grants | 42,188 | 42,188 |
| Finance income | 906 | 795 |
| Total revenue | 43,094 | 42,983 |
| **Expenditure** | | |
| Bad debts | 1,414 | - |
| Grants | 39,319 | 28,427 |
| Marketing and advertising | 1,915 | 1,289 |
| Total expenditure | 42,648 | 29,716 |
| **Net surplus for the year** | **446** | **13,267** |

# INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

## COMBINED STATEMENTS OF FINANCIAL PERFORMANCE
**For the year ended 30 June, 2019**

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| **Revenue** | | | |
| Council funding | | 5,358 | 5,043 |
| Subsidies and grants | | 42,188 | 42,188 |
| Finance income | | 36,562 | 30,811 |
| Total revenue | | 84,108 | 78,042 |
| **Expenditure** | | | |
| Audit fees | 4 | 4,032 | 3,915 |
| Bad debts | | 1,414 | - |
| Bank charges | | (7) | 1 |
| General expenses | | 2,306 | 1,128 |
| Grants | | 58,009 | 53,852 |
| Marketing and advertising | | 2,534 | 1,289 |
| Licences and fees | | 44 | 44 |
| Total expenditure | | 68,332 | 60,229 |
| **Net surplus for the year** | | **15,776** | **17,813** |

# INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

## STATEMENT OF FINANCIAL POSITION
**As at 30 June, 2019**

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Bank accounts and cash | 1 | 53,657 | 52,872 |
| Debtors | | 5,060 | 11,816 |
| SBS Bank term investment | | 1,010,736 | 984,812 |
| Total current assets | | 1,069,453 | 64,688 |
| **Total assets** | | **1,069,453** | **1,049,500** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accrued expenditure | | 7,366 | 6,004 |
| Goods and services tax | | 386 | (2,429) |
| Total current liabilities | | 7,752 | 3,575 |
| **Equity** | | | |
| Accumulated surpluses | 2 | 1,061,701 | 1,045,925 |
| Total equity | | 1,061,701 | 1,045,925 |
| **Total liabilities and equity** | | **1,069,453** | **1,051,929** |

**Trustee**
23 September 2019

**Trustee**

# INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

## STATEMENT OF CASH FLOWS
**For the year ended 30 June, 2019**

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from council funding | 10,170 | - |
| Receipts from subsidies and grants | 43,602 | 42,804 |
| Interest received | 37,092 | 30,688 |
| Payments to donees and suppliers | (66,970) | (65,356) |
| Goods and services tax (net) | 2,815 | (1,256) |
| Net cash flows from operating activities | 26,709 | 6,880 |
| **Cash flows from investing activities** | | |
| Sale of investments | 10,000 | - |
| Purchase of investments | (35,924) | (9,732) |
| Net cash flows from investing activities | (25,924) | (9,732) |
| **Net increase (decrease) in cash** | 785 | (2,852) |
| Add: Opening cash balance | 52,872 | 55,724 |
| **Closing cash balance** | **53,657** | **52,872** |

# INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

## NOTES TO THE FINANCIAL STATEMENTS
**For the year ended 30 June, 2019**

| 1 Bank accounts and cash | 2019 $ | 2018 $ |
|---|---|---|
| Cash at bank | 51,291 | 50,546 |
| BNZ Call account | 2,366 | 2,326 |
| Total bank accounts and cash | 53,657 | 52,872 |

| 2 Equity | 2019 $ | 2018 $ |
|---|---|---|
| **Accumulated funds** | | |
| Balance at 1 July | 1,045,925 | 1,028,112 |
| Net surplus (deficit) for the year | 15,776 | 17,813 |
| Total equity | 1,061,701 | 1,045,925 |

### 3 Taxation

Invercargill Community Recreation & Sports Trust is a charitable organisation registered with the Charities Commission and is exempt from taxation.

### 4 Audit fees

Audit fees accrued for the 2019 year are $4,032 (2018: $3,915).

Audit fees are paid for by the Invercargill City Council, and recognised as receivable at balance date.

### 5 Related parties

The Trust has transactions with the entities the Trustee's represent as detailed below. The Invercargill City Council provides services on a voluntary basis, for example preparation of Annual Accounts and incurrence of audit fees (refer note 4).

The Trust reimburses Invercargill City Council for marketing costs incurred by Invercargill City Council on behalf of the Trust $2,534 (2018: $1,289). There is a balance owing at 30 June, 2019 of $2,534 (2018: $1,289).

### 6 Post balance date events

There have been no significant events between year end and the signing of the Financial Statements.

### 7 Contingencies

There are no contingent assets at 30 June 2019 (2018: Nil).

The Trust has approved to lend up to $150,000 to the Southland Softball Association . At balance date the amount advanced to Southland Softball Association is $Nil.

The Southland Softball Association is required to give the Trust six months notice of their intention to uplift the loan. The interest rate, term of the loan and security will be determined then depending on the amount borrowed.

There were no contingent liabilities at 30 June, 2018.

### 8 Commitments

The Trust had outstanding commitments of grants approved but not paid as at 30 June, 2019 of $22,637 (2018: $10,752).

# INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

## STATEMENT OF ACCOUNTING POLICIES
**For the year ended 30 June, 2019**

### GENERAL INFORMATION

The financial statements presented here are for the Invercargill Community Recreation and Sports Trust ("the Trust"), which is a Trust incorporated and domiciled in New Zealand on 7 March 2001.

The financial statements of the Trust are for the year ended 30 June 2019. The financial statements were authorised for issue by the Board of Trustees on 23 September 2019. The Board of Trustees do not have the power to amend these financial statements once issued.

### BASIS OF PREPARATION

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than $2 million.

The financial statements are presented in New Zealand Dollars (NZD). All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### GRANTS REVENUE

Grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

### FINANCE INCOME

Finance income is recorded as it is earned during the year.

### EXPENDITURE

All expenditure is recognised in the Statement of Financial Performance in the period in which it is incurred.

### GRANTS

Grants paid by the Trust are discretionary and are recognised as expenditure when they are paid.

Sport grants are paid when the organisation provides the Trust with documentation that the expenditure approved in the grant application has occurred.

Art grants are paid when an applicant is advised of their successful application. If the application has yet to finalise some aspects of the project, the grant is paid out when the finalised details are confirmed. Normal substantive conditions are applied to recipients in that they must provide progress reports to the Trust for review. These conditions are not deemed strict enough to require the Trust to defer recognising the grants as expenditure until they are met.

### TAXATION

Invercargill Community Recreation & Sports Trust is a charitable organisation registered with the Charities Commission and is exempt from taxation. Accordingly no charge for income tax applies or has been provided for.

# INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

## STATEMENT OF ACCOUNTING POLICIES
**For the year ended 30 June, 2019**

### BANK ACCOUNTS

Bank accounts are deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

### DEBTORS

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

### INVESTMENTS

Investments comprise investments in term deposits. Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

### GOODS AND SERVICES TAX

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

### CREDITORS AND ACCRUED EXPENSES

Creditors and other payables are measured at the amount owed.

### TIER 2 PBE ACCOUNTING STANDARDS APPLIED

The Trust has not applied any Tier 2 Accounting Standards in preparing its financial statements.

# Independent Auditor's Report

## To the readers of Invercargill Community Recreation and Sport Trust's financial statements for the year ended 30 June 2019

The Auditor-General is the auditor of Invercargill Community Recreation and Sports Trust (the Trust). The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on his behalf.

## Opinion

We have audited the financial statements of the Trust on pages 3 to 10 that comprise the statement of financial position as at 30 June 2019, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Trust:

- present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.

Our audit was completed on 23 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, and we explain our independence.

## Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Trustees intend to wind up the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from the Local Government Act 2002 and clause 8.3 of the Trust Deed of the Trust.

## Responsibilities of the auditor 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk 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.

- We 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 Trust's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust'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 Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees 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.

Our responsibilities arise from the Public Audit Act 2001 and clause 8.3 of the Trust Deed of the Trust.

## Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Trust.

Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand