



INVERCARGILL COMMUNITY RECREATION AND SPORTS TRUST

Ref: A1449339
ICC request

23 September 2015

Ian Lothian
Director
Audit New Zealand
PO Box 232
Dunedin 9054

Dear Ian

Letter of representation for the year ended 30 June 2015

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements of Invercargill Community Recreation and Sports Trust (the Trust) for the year ended 30 June 2015.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). We also understand that your examination was (to the extent that you deemed appropriate) for the objective of:

- 1 providing an independent opinion on whether the Trust's financial statements
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - - its financial performance and cash flows for the year then ended;
and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector); and
- 2 providing an independent opinion on whether the performance information of the Trust presents fairly, in all material respects, the Trust's achievements measured against the performance targets adopted for the year ended 30 June 2015; and

- 3 reporting on other matters relevant to the Trust's financial and other management systems that come to your attention and are material (for example, compliance with statutory obligations or probity).

General responsibilities

We acknowledge the following responsibilities, and to the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the Trust) to prevent and detect fraud.

Responsibilities for the financial statements

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements as required by the Local Government Act 2002;
- we consider the Trust's financial statements:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector);

- we consider the performance information of the Trust presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 30 June 2015;
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements;
- all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and have been accounted for and disclosed in accordance with generally accepted accounting practice;
- we have adjusted or disclosed all events subsequent to the date of the financial statements that require adjustment or disclosure;
- we are aware that you have not identified any misstatements to the financial statements during the course of your audit that have not been adjusted; and
- we are aware that you have not identified any disclosures that have been omitted from the financial statements during the course of your audit that have not been adjusted.

Responsibilities to provide information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and
 - unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Trust and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;

- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Going concern

We confirm that, to the best of our knowledge and belief, the Trust has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Board continues to adopt the going concern assumption in preparing the financial statements for the year ended 30 June 2015. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Trust during the period of one year from 20 September 2015, and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the Trust.

Throughout the year, the company has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

Publication of the financial statements and related audit report on a website

The Board accepts that it is responsible for the electronic presentation of the audited financial statements.

The electronic version of the audited financial statements and the related audit report presented on the website are the same as the final signed version of the audited financial statements and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over the audited financial statements and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements is provided on a website, the financial statements are also provided in full.

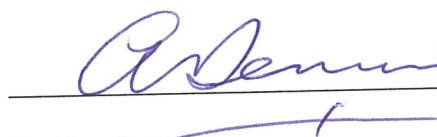
Sign-off on these representations

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the Trust and to confirm information given to you orally.

Yours sincerely

A handwritten signature in black ink, appearing to be 'D Ludlow', written over a horizontal line.

Cr Darren Ludlow
Trustee

A handwritten signature in blue ink, appearing to be 'A Dennis', written over a horizontal line.

Cr Alan Dennis
Trustee

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

**Annual Report
For the year ended 30 June, 2015**

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST
TABLE OF CONTENTS

	Page No.
Entity information	3
Statement of Financial Performance - Physical activity sections	4
Statement of Financial Performance - Creative section	4
Combined Statements of Financial Performance	5
Statement of Changes in Equity	6
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 9
Statement of Accounting Policies	10 - 11
Auditor's Report	

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

ENTITY INFORMATION

For the year ended 30 June, 2015

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 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 six Trustees 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.

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, 2015

	2015 \$	2014 \$
Revenue		
Council funding	3,656	4,096
Finance income	41,660	42,008
Total revenue	45,316	46,104
Expenditure		
Audit fees	3,656	4,096
Bank charges	40	41
General expenses	396	-
Legal expenses	92	92
Grants paid	35,166	111,838
Licences and fees	44	50
Total expenditure	39,394	116,117
Net surplus/(deficit)	5,922	(70,013)

STATEMENT OF FINANCIAL PERFORMANCE - CREATIVE SECTION
For the year ended 30 June, 2015

	2015 \$	2014 \$
Revenue		
Subsidies and grants	42,187	38,720
Finance income	2,245	1,838
Total revenue	44,432	40,558
Expenditure		
Bank charges	47	43
Grants paid	47,081	28,520
Marketing and advertising	2,894	2,904
Total expenditure	50,022	31,467
Net surplus/(deficit)	(5,590)	9,091

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

COMBINED STATEMENTS OF FINANCIAL PERFORMANCE

For the year ended 30 June, 2015

	2015	2014
	\$	\$
Revenue		
Council funding	3,656	4,096
Subsidies and grants	42,187	38,720
Finance income	43,905	43,846
Total revenue	<u>89,748</u>	<u>86,662</u>
Expenditure		
Audit fees	3,656	3,620
Bank charges	87	84
General expenses	396	476
Legal expenses	92	92
Grants paid	82,247	140,358
Marketing and advertising	2,894	2,904
Licences and fees	44	50
Total expenditure	<u>89,416</u>	<u>147,584</u>
Net surplus/(deficit)	<u><u>332</u></u>	<u><u>(60,922)</u></u>

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

STATEMENT OF CHANGES IN EQUITY


For the year ended 30 June, 2015

	<u>2015</u> \$	<u>2014</u> \$
Balance at 1 July	1,000,549	1,061,471
Net surplus/(deficit) for the year	332	(60,922)
Balance at 30 June	<u>1,000,881</u>	<u>1,000,549</u>


STATEMENT OF FINANCIAL POSITION

As at 30 June, 2015

	Note	<u>2015</u> \$	<u>2014</u> \$
Assets			
Cash and cash equivalents	1	998,953	983,493
Debtors		8,252	4,949
Goods and services tax		226	15,727
Total assets		<u>1,007,431</u>	<u>1,004,169</u>
Liabilities			
Accrued expenditure		6,550	3,620
Total liabilities		<u>6,550</u>	<u>3,620</u>
Equity			
Retained earnings		1,000,881	1,000,549
Total equity		<u>1,000,881</u>	<u>1,000,549</u>
Total liabilities and equity		<u>1,007,431</u>	<u>1,004,169</u>



Trustee
 23 September 2015



Trustee

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

STATEMENT OF CASH FLOWS For the year ended 30 June, 2015

	2015 \$	2014 \$
	<u> </u>	<u> </u>
Cash flows from operating activities		
Receipts from council funding	353	3,918
Receipts from subsidies and grants	42,187	38,720
Interest received	43,905	43,846
Payments to donees and suppliers	(86,868)	(149,151)
Goods and services tax (net)	15,883	(15,961)
	<u> </u>	<u> </u>
Net cash flows from operating activities	15,460	(78,628)
Cash flows from investing activities		
Purchase of investments	-	5,000
	<u> </u>	<u> </u>
Net cash flows from investing activities	-	5,000
Net increase (decrease) in cash, cash equivalents and bank overdrafts	15,460	(73,628)
Cash, cash equivalents and bank overdrafts at the beginning of the year	983,493	1,057,121
	<u> </u>	<u> </u>
Cash, cash equivalents and bank overdrafts at the end of the year	<u><u>998,953</u></u>	<u><u>983,493</u></u>

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June, 2015

	2015	2014
	\$	\$
1 Cash and cash equivalents		
Cash at bank	28,031	30,196
Physical Activity Section on call account	945,258	918,751
Creative Section on call account	25,664	34,546
Total cash and cash equivalents	<u>998,953</u>	<u>983,493</u>

2 Taxation

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

3 Audit fees

Audit fees accrued for the 2015 year are \$3,656 (2014 \$3,620).

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

4 Related parties

The Trust has transactions with the entities the Trustee's represent as detailed below. All transactions were undertaken on an arms length basis, however, the Invercargill City Council provides services on a voluntary basis, for example preparation of Annual Accounts and incurrence of audit fees (refer note 3).

2015

The Trust paid a grant of \$1,500 to Invercargill City Charitable Trust being a trust of the Invercargill City Council. This grant was for funding of the 2015 Southland Buskers Festival, an event produced by the Invercargill City Charitable Trust. (Balance owing as at 30 June 2015: Nil).

The Trust reimburses Invercargill City Council for marketing costs incurred by Invercargill City Council on behalf of the Trust-Creative Communities \$2,894 (2014: \$2,904). There is a balance owing at 30 June, 2015 of \$2,894 (2014: nil).

* Trustee Cr Peter Kett is a committee member of Venture Southland. Venture Southland was granted \$5,570 during the year (Balance owing as at 30 June 2015: Nil).

2014

The Trust reimbursed Invercargill City Council, marketing costs incurred by Invercargill City Council on behalf of the Trust-Creative Communities \$2,904 (2013: \$1,997)

The Trust paid a grant of \$1,222 via Invercargill City Council, Illuminate Youth Art project for a students art competition and exhibition. The community development department of Invercargill City Council are administering the use of this grant. (Balance owing as at 30 June 2014: Nil).

The Trust paid a grant of \$1,500 to Invercargill City Charitable Trust being a trust of the Invercargill City Council. This grant was for funding of the 2014 Southland Buskers Festival, an event produced by the Invercargill City Charitable Trust. (Balance owing as at 30 June 2014: Nil).

* Trustee Cr Peter Kett is a committee member of Venture Southland. Venture Southland was granted \$7,959 during the year (Balance owing as at 30 June 2014: Nil).

* Trustee Cr Alan Dennis is a committee member of the Southland Indoor Leisure Centre Charitable Trust who were granted \$100,000 during the year (Balance owing as at 30 June 2014: Nil).

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June, 2015

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 2015 (2014: Nil).

The Trust provides an allotted Guarantee Against Loss to some organisations as part of its funding allocations. The following occurred during the year:

2015

Nil

2014

Nil

8 Commitments

There are no commitments contracted for at 30 June 2015 (2014: Nil).

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June, 2015

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 2015. The financial statements were authorised for issue by the Board of Trustees on 23 September 2015. 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.

CHANGES IN ACCOUNTING POLICIES AND TRANSITION TO THE NEW PBE SFR-A (PS) STANDARD

This is the first set of financial statements prepared using the new PBE SFR-A (PS) standard. No restatement of comparative information for the year ended 30 June, 2014 has been necessary to comply with the new standard.

SUBSIDIES AND GRANTS REVENUE

Subsidies and 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 subsidy or grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

EXPENDITURE

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

GRANTS PAID

Grants paid are discretionary grants which are recognised as expenses when paid.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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.

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June, 2015

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.

NON CASH TRANSACTIONS

The Trust is a recipient of certain services from the Invercargill City Council which are effectively income and payments in kind. No recognition or monetary value is made in the financial statements for these non cash transactions/voluntary services.

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policy during the year.

Independent Auditor's Report

To the readers of Invercargill Community Recreation and Sports Trust's financial statements for the year ended 30 June 2016

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

Opinion on the financial statements

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 2016, the entity information, the statement of financial performance, statement of changes in equity 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 2016; 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 Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.

Our audit was completed on 30 September 2016. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also, we did not evaluate the security and controls over the electronic publication of the financial statements.

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

Responsibilities of the Trustees

The Trustees are responsible for the preparation and fair presentation of financial statements for the Trust that comply with generally accepted accounting practice in New Zealand and Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.

The Trustee's responsibilities arise from the Local Government Act 2002 and the Trust Deed of the Trust.

The Trustees are responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust.

A handwritten signature in black ink that reads "Ian Lothian". The signature is written in a cursive, flowing style.

Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand