

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

**Annual Report
For the year ended 30 June, 2017**

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST
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INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

ENTITY INFORMATION

For the year ended 30 June, 2017

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 five 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.

Trustees

Cr Karen Arnold - Co Chairperson

Cr Lesley Soper - Co Chairperson

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, 2017

	2017 \$	2016 \$
Revenue		
Council funding	5,158	3,990
Finance income	31,309	40,389
Total revenue	<u>36,467</u>	<u>44,379</u>
Expenditure		
Audit fees	3,801	3,690
Bank charges	-	29
General expenses	1,357	300
Grants	36,883	13,383
Licences and fees	44	50
Total expenditure	<u>42,085</u>	<u>17,452</u>
Net surplus/(deficit) for the year	<u><u>(5,618)</u></u>	<u><u>26,927</u></u>

STATEMENT OF FINANCIAL PERFORMANCE - CREATIVE SECTION
For the year ended 30 June, 2017

	2017 \$	2016 \$
Revenue		
Subsidies and grants	42,188	42,187
Finance income	978	1,791
Total revenue	<u>43,166</u>	<u>43,978</u>
Expenditure		
Bank charges	-	47
Grants	39,624	40,582
Marketing and advertising	4,998	2,515
Total expenditure	<u>44,622</u>	<u>43,144</u>
Net surplus/(deficit) for the year	<u><u>(1,456)</u></u>	<u><u>834</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

COMBINED STATEMENTS OF FINANCIAL PERFORMANCE

For the year ended 30 June, 2017

	2017	2016
	<u>\$</u>	<u>\$</u>
Revenue		
Council funding	5,158	3,990
Subsidies and grants	42,188	42,187
Finance income	32,287	42,180
Total revenue	<u>79,633</u>	<u>88,357</u>
Expenditure		
Audit fees	3,801	3,690
Bank charges	-	76
General expenses	1,357	300
Grants	76,507	53,965
Marketing and advertising	4,998	2,515
Licences and fees	44	50
Total expenditure	<u>86,707</u>	<u>60,596</u>
Net surplus/(deficit) for the year	<u><u>(7,074)</u></u>	<u><u>27,761</u></u>

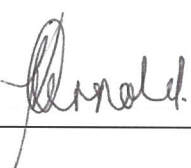
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INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST


STATEMENT OF FINANCIAL POSITION

As at 30 June, 2017

	Note	2017 \$	2015 \$
		<u> </u>	<u> </u>
Assets			
Bank accounts and cash	1	55,724	56,398
Debtors		7,266	4,780
Goods and services tax		1,942	1,630
SBS Bank term investment		975,080	973,889
Total assets		<u>1,040,012</u>	<u>1,036,697</u>
Liabilities			
Accrued expenditure		18,444	8,055
Total liabilities		<u>18,444</u>	<u>8,055</u>
Equity			
Accumulated surpluses		1,021,568	1,028,642
Total equity		<u>1,021,568</u>	<u>1,028,642</u>
Total liabilities and equity		<u>1,040,012</u>	<u>1,036,697</u>



Trustee
 29 September 2017



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, 2017

	2017	2016
	\$	\$
	<u> </u>	<u> </u>
Cash flows from operating activities		
Receipts from council funding	2,672	7,462
Receipts from subsidies and grants	42,188	42,187
Interest received	32,287	42,180
Payments to donees and suppliers	(79,126)	(59,287)
Goods and services tax (net)	2,496	(1,208)
	<u> </u>	<u> </u>
Net cash flows from operating activities	517	31,334
Cash flows from investing activities		
Purchase of investments	(1,191)	(40,279)
	<u> </u>	<u> </u>
Net cash flows from investing activities	(1,191)	(40,279)
Net (decrease) increase in cash	(674)	(8,945)
Add: Opening cash balance	56,398	65,343
	<u> </u>	<u> </u>
Closing cash balance	<u><u>55,724</u></u>	<u><u>56,398</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, 2017

	2017	2016
	\$	\$
1 Bank accounts and cash		
Cash at bank	53,438	35,303
BNZ Call account	2,286	21,095
Total bank accounts and cash	<u>55,724</u>	<u>56,398</u>

	2017	2016
	\$	\$
2 Equity		
Accumulated funds		
Balance at 1 July	1,028,642	1,000,881
Net surplus (deficit) for the year	(7,074)	27,761
Total equity	<u>1,021,568</u>	<u>1,028,642</u>

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 2017 year are \$3,801 (2016: \$3,690).

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-Creative Communities \$4,988 (2016: \$2,515). There is a balance owing at 30 June, 2017 of \$4,988 (2016: \$2,515).

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 or liabilities at 30 June 2017 (2016: Nil).

8 Commitments

The Trust had outstanding commitments of grants approved but not paid as at 30 June, 2017 of \$11,145 (2016: \$19,280).

INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June, 2017

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 2017. The financial statements were authorised for issue by the Board of Trustees on 29 September 2017. 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 or when an applicant has met the specified criteria for the grant, made at the time that the grant was approved.

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.

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, 2017

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.

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policy during the year.



29 September 2017

Ian Lothian
Director
Audit New Zealand
PO Box 232
DUNEDIN 9054

Dear Ian

Representation letter for the year ended 30 June 2017

This representation letter is provided in connection with the 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 2017 for the purpose of expressing an independent opinion about whether:

- the financial statements:
 - present fairly, in all material respects:
 - the financial position as at 30 June 2017; and
 - the 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.

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).

General representations

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.

Representations on the financial statements and the performance

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 inquiries 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 and, in particular, that:
 - the financial statements:
 - present fairly, in all material respects:
 - the financial position as at 30 June 2017; and
 - the 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.
- 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 the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements that require adjustment or disclosure;
- There are no uncorrected misstatements; and
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.

Representations about the provision of 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;
- we have provided you with all the other documents ("other information") which will accompany the financial statements which are consistent with one another, and the other information does not contain any material misstatements.
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware; and

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

- The Trustee's 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 audited financial information 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.

Going concern basis of accounting

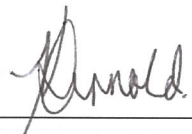
We confirm that, to the best of our knowledge and belief, the Trust has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Trustee's continues to adopt the going concern basis of accounting in preparing the financial statements for the year ended 30 June 2017. 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 date of signing the financial statements, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

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

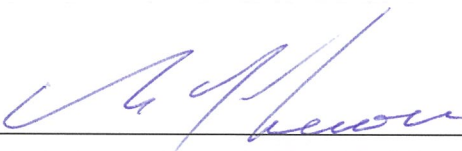
Throughout the year, the Trust has complied with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

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

Yours faithfully



Trustee



Trustee