

TABLED AT  
30 MAY 2022  
MEETING

INVERCARGILL COMMUNITY RECREATION & SPORTS  
TRUST

# Financial Report

For the year ended 30 June 2021

**INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST**

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## **INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST**

### **ENTITY INFORMATION**

**For the year ended 30 June 2021**

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#### **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.

#### **Charities Services registration number**

CC37511

#### **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 four 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 Invercargill City Council. Day-to-day operations of the Trust and reporting to the Board is administered by staff provided by Invercargill City Council.

#### **Trustees**

Cr Lesley Soper - Co Chairperson

Cr Graham Lewis - Co Chairperson

Cr Peter Kett

Cr Alex Crackett

Cr Rebecca Amundsen *(Appointed August 2021)*

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

The primary source of funding for physical activities is interest earned on investments. Creative New Zealand provides the Trust a grant annually (in two installments) to fund the creative activities.

#### **Outputs**

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

#### **Registered office**

C/- Invercargill City Council  
101 Esk Street  
Invercargill

#### **Postal address**

Private Bag 90-104  
Invercargill  
Phone (03) 2111 777  
Fax (03) 2111 692

#### **Bankers**

Bank of New Zealand  
84 Esk Street, Invercargill

#### **Solicitors**

Preston Russell Law  
45 Yarrow Street, Invercargill

#### **Auditor**

Audit New Zealand  
on behalf of the Auditor - General

## INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

### STATEMENT OF FINANCIAL PERFORMANCE - PHYSICAL ACTIVITIES

For the year ended 30 June 2021

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		2021	2020
	<i>Note</i>	\$	\$
<b>Revenue</b>			
Council funding		5,131	5,505
Interest income		18,766	32,129
<b>TOTAL REVENUE</b>		<b>23,897</b>	<b>37,634</b>
<b>Expenses</b>			
Audit fees	3	5,131	4,798
Grants		39,735	15,146
Advertising & marketing expenses		144	-
Other expenses		44	866
<b>TOTAL EXPENSES</b>		<b>45,055</b>	<b>20,810</b>
<b>TOTAL SURPLUS / (DEFICIT)</b>		<b>(21,158)</b>	<b>16,824</b>

### STATEMENT OF FINANCIAL PERFORMANCE - CREATIVE ACTIVITIES

For the year ended 30 June 2021

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		2021	2020
		\$	\$
<b>Revenue</b>			
Subsidies and grants	1	59,108	48,120
Interest income		228	340
<b>TOTAL REVENUE</b>		<b>59,336</b>	<b>48,460</b>
<b>Expenses</b>			
Grants		29,614	47,853
Advertising and marketing expenses		144	3,368
<b>TOTAL EXPENSES</b>		<b>29,758</b>	<b>51,221</b>
<b>TOTAL SURPLUS / (DEFICIT)</b>		<b>29,578</b>	<b>(2,761)</b>

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with these financial statements.

**INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST**

**STATEMENT OF FINANCIAL PERFORMANCE  
PHYSICAL ACTIVITIES & CREATIVE ACTIVITIES COMBINED  
For the year ended 30 June 2021**

	<i>Note</i>	<b>2021</b> <b>\$</b>	<b>2020</b> <b>\$</b>
<b>Revenue</b>			
Council funding		5,131	5,505
Grants	1	59,108	48,120
Interest income	2	18,994	32,470
<b>TOTAL REVENUE</b>		<b>83,233</b>	<b>86,095</b>
<b>Expenses</b>			
Advertising and marketing expenses		288	3,368
Audit fees	3	5,131	4,798
Grants		69,349	62,999
Other expenses		44	866
<b>TOTAL EXPENSES</b>		<b>74,812</b>	<b>72,031</b>
<b>TOTAL SURPLUS / (DEFICIT)</b>		<b>8,421</b>	<b>14,064</b>

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with these financial statements.

**INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

	<i>Note</i>	<b>2021</b> \$	<b>2020</b> \$
<b>Assets</b>			
<b>Current assets</b>			
Bank accounts and cash	4	138,156	80,043
SBS term investments	5	943,160	974,694
Accrued revenue	6	5,439	33,039
GST Receivable		3,593	-
<b>TOTAL CURRENT ASSETS</b>		<b>1,090,347</b>	<b>1,087,776</b>
<b>TOTAL NON-CURRENT ASSETS</b>		-	-
<b>TOTAL ASSETS</b>		<b>1,090,347</b>	<b>1,087,776</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accrued Expenses	7	6,161	11,201
GST payable		-	810
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,161</b>	<b>12,011</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>6,161</b>	<b>12,011</b>
<b>TOTAL ASSETS less TOTAL LIABILITIES</b>		<b>1,084,186</b>	<b>1,075,765</b>
<b>Equity</b>			
Retained earnings	8	1,084,186	1,075,765
<b>TOTAL EQUITY</b>		<b>1,084,186</b>	<b>1,075,765</b>

TRUSTEE

TRUSTEE

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with these financial statements.

**INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST**

**STATEMENT OF CASH FLOW**

For the year ended 30 June 2021

	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b><i>Cash flows from operating activities</i></b>			
Receipts of council funding		4,798	5,039
Receipts of subsidies, grants and donations		83,168	24,060
Interest receipts		18,758	32,626
Payments to suppliers		(78,412)	(68,196)
GST (net)		(1,733)	(3,184)
<b>Net cash flow from / to operating activities</b>		<b>26,579</b>	<b>(9,655)</b>
<b><i>Cash flows from investing and financing activities</i></b>			
Sale of investments		50,000	68,259
Purchase of investments		(18,465)	(32,218)
<b>Net cash flow from / to investing and financing activities</b>		<b>31,535</b>	<b>36,041</b>
Net increase/ (decrease) in cash		58,114	26,386
Opening cash balance		80,042	53,657
<b>CLOSING CASH BALANCE</b>		<b>138,156</b>	<b>80,043</b>

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with these financial statements.

## **INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST**

### **STATEMENT OF ACCOUNTING POLICIES For the year ended 30 June 2021**

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#### **ACCOUNTING POLICIES APPLIED**

##### ***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 2021.

##### ***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.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial accounts have been prepared on a disestablishment basis. A resolution was passed in August 2021 that the Active Fund would be transferred, in its entirety, to Active Southland. The Creative Fund will be transferred to, and administered by Invercargill City Council. The Trust will be wound up by 30 June 2022.

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

The Board of Trustees do not have the power to amend the financial statements once they have been issued.

#### **SIGNIFICANT ACCOUNTING POLICES**

##### ***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 REVENUE***

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

##### ***EXPENDITURE***

All expenditure is recognised in the period in which it is incurred.



## **INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST**

### **STATEMENT OF ACCOUNTING POLICIES**

**For the year ended 30 June 2021**

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#### **GRANTS PAID**

Grants paid by the Trust are discretionary. Discretionary grants without conditions are recognised as expense on approval and communication to recipient. Discretionary grants with conditions and paid in advance are recognised as expense (for each instalment) at earlier of payment date or when relevant conditions satisfied.

Sport grants were paid when the organisation provides the Trust with documentation that the expenditure approved in the grant application has occurred. Sports grants are now paid when an applicant is advised of their successful application and provide an invoice.

Art grants are paid when an applicant is advised of their successful application and provide an invoice. 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.

#### **BANK ACCOUNTS AND CASH**

Bank accounts and cash comprise cash on hand, cheque or savings accounts, deposits held at call with banks, and other short-term highly liquid investments with original maturities of less than three months.

#### **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.

#### **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.

#### **TAXATION**

The Trust is a charitable organisation registered with Charities Services and is therefore exempt from taxation.

#### **CHANGES IN ACCOUNTING POLICIES**

The Trust has changed the payment of Sports grants to when the applicant is advised of their successful application and provide an invoice to the Trust, instead of after expenditure has occurred by the entities. This change was implemented to improve the administration of the fund.

#### **TIER 2 PBE ACCOUNTING STANDARDS APPLIED**

The Trust has not applied any Tier 2 accounting standards in preparing its financial statements.

## INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

	2021	2020
	\$	\$
<b>1 Grants</b>		
Creative New Zealand	59,108	48,120
<b>Total grants</b>	<b>59,108</b>	<b>48,120</b>
<b>2 Interest received</b>		
SBS term deposits	18,700	32,061
BNZ bank accounts	293	409
<b>Total interest received</b>	<b>18,994</b>	<b>32,470</b>
<b>3 Audit fees</b>		
Audit fees	5,131	4,798
<b>Total audit fees</b>	<b>5,131</b>	<b>4,798</b>
Audit fees accrued for the 2021 year are \$5,131 (2020: \$4,798).		
Audit fees are recovered from the Invercargill City Council, and recognised as receivable at balance date.		
<b>4 Bank accounts and cash</b>		
BNZ Sport '00 bank account	38,818	11,518
BNZ Creative '02 bank account	96,895	46,126
BNZ Call '023 bank account	2,443	22,399
<b>Total bank accounts and cash</b>	<b>138,156</b>	<b>80,043</b>
<b>5 SBS term investments</b>		
SBS 16-9-414072	824,231	857,389
SBS 18-7-414072	118,929	117,305
<b>Total SBS term investments</b>	<b>943,160</b>	<b>974,694</b>

## INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

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	2021	2020
	\$	\$
<b>6 Accrued revenue</b>		
Audit fee recovery	5,131	5,298
Creative NZ grant	-	27,669
SBS Interest	308	72
<b>Total accrued revenue</b>	<b>5,439</b>	<b>33,039</b>
<b>7 Accrued expenses</b>	\$	\$
Audit fee	5,131	4,798
Disbursements	-	500
Advertising reimbursement to ICC	-	5,903
Grants committed	1,030	-
<b>Total accrued expenses</b>	<b>6,161</b>	<b>11,201</b>
<b>8 Equity</b>	\$	\$
<b>Accumulated funds</b>		
Opening Balance 1 July	1,075,765	1,061,701
Surplus/(deficit) for the year	8,421	14,064
<b>Balance at 30 June</b>	<b>1,084,186</b>	<b>1,075,765</b>

### 9 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 incurrance of audit fees.

The Trust reimburses Invercargill City Council for marketing and advertising costs. There is nil balance owing at 30 June, 2021 (2020: \$5,903).

## **INVERCARGILL COMMUNITY RECREATION & SPORTS TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2021**

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#### **10 Contingencies**

There are no known contingent liabilities (or assets) at 30 June 2021 (2020: Nil).

#### **11 Commitments**

The Trust has outstanding commitments of grants approved but not paid as at 30 June 2021 of \$28,646 (2020: \$6,964).

#### **12 Statement of Intent**

A resolution was passed by the Invercargill City Council on 5 June 2018 that the Invercargill Community Recreation and Sports Trust be exempt from being a Council Controlled Organisation pursuant to Sections 7(3) and 7(5) of the Local Government Act 2002. This exemption is valid for three years, through till June 2021.

Therefore there is no requirement to prepare a Statement of Intent.

#### **13 Events after balance sheet date**

Rebecca Amundsen was appointed as a Trustee in August 2021.

A resolution was passed in August 2021 that the Active Fund would be transferred, in its entirety, to Active Southland. The fund, consisting of \$985,421 (term deposits & bank funds combined) will be transferred as the term deposits mature to Active Southland and the administration be taken over in October 2021. The final transfer of funds will occur 29 June 2022. The Creative Fund will be transferred to, and administered by Invercargill City Council. The Trust will be wound up by 30 June 2022.

On the 23rd of January 2020 New Zealand transitioned into the Red setting and on the 13th April 2022 New Zealand transitioned into the Orange setting under the Covid-19 Protection Framework ("Traffic Light System"). The Trust has determined the impact on the Creative Communities Grants Scheme has been that we are seeing less funding applications across the board, however with the ability for recipients to extend dates of their projects and events for up to 12 months from allocation, we have only seen minimal grants returned.

Additionally, in the time stated (January to April 2022) the Active Communities Fund was under its review period and so, therefore had no applications coming through.

#### **14 Breach of Trust Deed**

The Invercargill Community and Recreational Trust was required under section 8.3 of the Trust Deed to complete its audited financial statements by 30 September 2021. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

## Independent Auditor's Report

### To the readers of Invercargill Community Recreation and Sports Trust's financial statements for the year ended 30 June 2021

The Auditor-General is the auditor of Invercargill Community Recreation and Sports Trust (the Trust). The Auditor-General has appointed me, Chris Genet, 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 12, that comprise the entity information, the statement of financial position as at 30 June 2021, the statement of financial performance, statement of cash flows and statement of accounting policies for the year ended on that date, and the notes to the financial statements that include other explanatory information.

In our opinion, the financial statements of the Trust on pages 3 to 12, which have been prepared on a disestablishment basis:

- present fairly, in all material respects:
  - its financial position as at 30 June 2021; 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 late*

Our audit was completed on 30 May 2022. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 8.3 of the Trust deed. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

The basis for our opinion is explained below and we draw attention to the financial statements being prepared on a disestablishment basis. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.



## **Emphasis of matter - The financial statements are prepared on a disestablishment basis**

Without modifying our opinion, we draw attention to the basis of preparation section of the statement of accounting policies on page 8 and note 13, which outline that the financial statements have been prepared on a disestablishment basis. This is because it has been resolved that the Trust transfer the Active Fund to Active Southland and the Creative Fund to Invercargill City Council. The Trust is expected to be wound up by 30 June 2022.

## **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 the preparation of 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. If the Trustees conclude that the going concern basis of accounting is inappropriate, the Trustees are responsible for preparing financial statements on a disestablishment basis and making appropriate disclosures.

The Trustees' responsibilities arise from Charities Act 2005 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 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.
- 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 disestablishment basis of accounting by the Trustees.
- 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.

## **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: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



Chris Genet  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

