

SECTION 4 : FINANCIALS

NZ SOFTBALL ASSOCIATION INC For the Year Ended 31st May 2018

- Financial Statements
- Audit Report



New Zealand Softball Association Inc.

Performance Report

For the year ended 31 May 2018

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Entity Information

For the year ended 31 May 2018

Legal Name of Entity: New Zealand Softball Association Inc.

Type of Entity and Legal Basis (if any): New Zealand Softball Association Inc. is an Incorporated Society registered under the Incorporated Societies Act 1908.

Incorporated Society Registration Number with Companies Office: WN/215729

New Zealand Softball Association Inc.'s Purpose / Mission

Vision Statement

Softball is a champion sport on and off the diamond.

Mission Statement

To offer leadership, support and deliver an accessible sport that promotes enjoyment, success and lifelong participation.

Our Values

Leadership, courage, integrity, passion and respect.

The operations of New Zealand Softball Association Inc. are governed by its constitution that aligns with and supports the requirements in the Incorporated Societies Act 1908.

Entity Structure

New Zealand Softball Association Inc. ("the Society") is an incorporated society and is the national governing body of softball in New Zealand and is committed to leading the development of our game.

The Society is governed by a Board of Directors comprising seven members (currently the Board has five members and two to be added as appointed or elected at the next AGM) and a Chief Executive (Tony Giles).

The current members of the governing body are as follows:

- Lynda O'Cain (Chair)
- Nardus Oelofse
- Rhys Casley
- Sharon Kawe
- Claire Beard

The Board of Directors meet seven times a year.

In addition, the Society has an Audit and Risk committee that comprises of three members of the Board of Directors.



Entity Information

For the year ended 31 May 2018

The Society is structured in order to support its key strategic objectives as follows:

- Grow and develop participation
- Growing our business
- Connecting softball nationally
- Create champion athletes and coaches on the international stage

Main Sources of the Entity's Cash and Resources

New Zealand Softball Association Inc.'s primary source of funding is through receipt of grants.

Additional sources of funding include:

- Government funding
- Sponsorship
- Capitation fees



Statement of Service Performance

For the year ended 31 May 2018

Description of the Entity's Outcomes

Key strategic objectives and outcomes New Zealand Softball Association Inc. aims to achieve, influence and deliver include:

Grow and develop participation

- Develop baseline participation information
- Develop and package a variety of game and competition formats targeted at different audiences
- Target key sectors within our game and build successful development programmes and frameworks

Growing our business

- Re-package softball competitions and events programme
- Cultivate strategic and community partnerships
- Develop international relationships
- Build on national brands to increase our public profile and financial opportunities

Connecting Softball Nationally

- Provide resources to build sustainable clubs/associations
- Develop and implement a national facilities strategy
- Develop resources and opportunities to enhance and recognise our people

Create champion athletes and coaches on the international stage

- Create an optimal high performance environment
- Develop international exchange opportunities
- Build the relationship with High Performance Sport New Zealand (HPSNZ) and other potential partnerships



Statement of Service Performance

For the year ended 31 May 2018

Outcomes and measures of quality and objectives in respect to delivery	Actual This Year	Budget This Year	Actual Last Year
21% decrease in registered umpires	159	201	201
0% increase in registered scorers	124	130	124
12% increase in association participation at national age grade tournaments	91	89	81
20% increase in social media engagement (made up of five social media followers from YouTube, Facebook, Twitter, Instagram and Pintrest)	22,551	20,126	18,722
2% increase in association and club participation at national senior tournaments	51	50	50
41% increase in coach accreditations	604	493	429

Additional Output Measures

- More teams competed at Softball NZ national tournaments year on year
- Inaugural U23 Men's National Championship
- Bay of Islands Association new affiliation member
- National Facilities Plan
- National Scorers Pathway
- National Umpire Pathways Framework
- Workforce Planning Strategy
- Year 2 of Sport NZ community plan complete
- 6x week Rookie Sox Offensive and Defensive Programme
- Golden Homes Black Sox crowned world championships
- Celebration dinner for Golden Homes Black Sox
- Golden Homes Black Sox Team of the Year finalist at the Halberg Awards
- NZ Black Sox named WBSC Softball Team of the Year
- Nathan Nukunuku named WBSC Softball Male Player of the Year
- Mark Sorenson named WBSC Softball Coach of the Year
- Establishment of scholarship funding for the male game
- Voice of the Participant Club Experience Survey



Statement of Financial Performance

For the year ended 31 May 2018

	Notes	Actual This Year \$	Actual Last Year \$
Revenue			
Grants, donations, fundraising and other similar revenue	1	1,351,412	1,300,984
Fees, subscriptions and other revenue from members	1	557,411	731,454
Interest, dividends and other investment revenue		14,428	14,630
Other revenue		23,483	34,606
Total Revenue		1,946,734	2,081,674
Expenses	2		
Other expenses		2,019,221	2,008,310
Total Expenses		2,019,221	2,008,310
(Deficit)/Surplus for the period		(72,487)	73,364

This financial statement should be read in conjunction with the accompanying notes.



Statement of Financial Position

As at 31 May 2018

	Notes	Actual This Year \$	Actual Last Year \$
Assets			
Current Assets			
Bank and Cash	3	842,044	793,122
Debtors and Prepayments		163,558	162,493
Investments	3	381,579	369,291
Total Current Assets		1,387,181	1,324,906
Non-Current Assets			
Property, Plant and Equipment	4	14,553	12,607
Total Non-Current Assets		14,553	12,607
Total Assets		1,401,734	1,337,513
Current Liabilities			
Creditors and accruals	3	122,759	64,482
Employee entitlements	3	39,500	51,546
Unused donations and grants with conditions	3	674,060	569,306
Other current liabilities		1,559	15,836
Total Current Liabilities		837,878	701,170
Total Liabilities		837,878	701,170
Net Assets		563,856	636,343
Accumulated Funds	5		
Accumulated surplus		490,608	581,000
Reserves		73,248	55,343
Total Accumulated Funds		563,856	636,343

Tony Giles – Chief Executive

Sharon Kawe - Director

Dated 25 July 2018

This financial statement should be read in conjunction with the accompanying notes



Statement of Cash Flows

For the year ended 31 May 2018

	Actual This Year	Actual Last Year
	\$	\$
Cash Flows from Operating Activities		
Cash was received from:		
Grants, donations, fundraising and other similar receipts	1,400,444	1,365,973
Fees, subscriptions and other receipts from members	712,483	516,334
Interest, dividends and other investment receipts	14,428	14,630
Net GST	(14,276)	12,017
Cash was applied to:		
Payments to suppliers and employees	(2,040,756)	(1,992,763)
Net Cash Flows from Operating Activities	72,323	(83,809)
Cash Flows from Investing and Financing Activities		
Cash was applied to:		
Acquisition of property, plant and equipment	(11,113)	(8,325)
Net movement in investment balances	(12,288)	(11,363)
Net Cash Flows from Investing and Financing Activities	(23,401)	(19,688)
Net Increase / (Decrease) in Cash	48,922	(103,497)
Opening Cash	793,122	896,619
Closing Cash	842,044	793,122
This is represented by:		
Bank & Cash	842,044	793,122

This financial statement should be read in conjunction with the accompanying notes.



Statement of Accounting Policies

For the year ended 31 May 2018

Basis of Preparation

The Society has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has not exceeded total annual expenses of \$2,000,000 for the previous two reporting periods consecutively. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the Society will continue to operate as a going concern in the foreseeable future.

Financial Statements for the next year ended 31 May 2019 will be prepared under Tier 2 PBE IPSAS (NFP) RDR Public Benefit Entity International Public Sector Accounting Standards (Not-For-Profit) Reduced Disclosure Regime given total annual expenses for the preceding two annual reporting periods will then have exceeded \$2,000,000.

Revenue

Revenue is accounted for as follows:

Membership income

Capitation Fees are recorded as revenue when the cash is received. Capitation Fees are due in February based on team playing numbers for the season as per the Certificate of Playing Strength received.

Tour levies are initially recorded as income in advance and recognised in revenue when the tour occurs.

Fundraising and Grants

Fundraising and Grant income is accounted for depending on whether or not it has a "use or return" condition attached. Where no use or return conditions are attached, the revenue is recorded as income when the cash is received. Where income includes a use or return condition, it is initially recorded as a liability on receipt. The income is then subsequently recognised within the Statement of Financial Performance as the performance conditions are met.



Statement of Accounting Policies

For the year ended 31 May 2018

Event Income

Tournament entry fees are recorded as revenue when the event occurs.

Interest and dividend income

Interest income is recognised on an accruals basis.

Other Income

All other income is accounted for on an accruals basis and accounted for in accordance with the substance of the transaction.

Income Tax

The Society is exempt from income tax as its purpose is to promote softball for the recreation or entertainment of the general public. This exemption is specifically provided by section CW46 of the Income Tax Act 2007.

Bank and Cash

Bank and Cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Goods and Services Tax (GST)

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Debtors

Debtors are carried at estimated realisable value after providing against debts where collection is doubtful.

Property, plant and equipment

Property, plant and equipment are shown at cost or valuation less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is provided on a diminishing value on all equipment, at rates that will write off the cost



Statement of Accounting Policies

For the year ended 31 May 2018

of the assets to their estimated residual values over their useful lives. The depreciation rates and useful lives associated with major classes of assets have been estimated as follows:

Training equipment	48%
Office equipment	48%
Computer hardware	48%

Employee Costs

Employee entitlements are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not taken at balance date.

Changes in Accounting Policies

There have been no changes in accounting policies during the annual reporting period.



Notes to the Performance Report

For the year ended 31 May 2018

Note 1 - Analysis of Revenue

	This Year	Last Year
	\$	\$
Grants, donations, fundraising and other similar revenue		
Funding – Sport development (Sport NZ)	260,000	325,194
Funding – Black Sox (coaching) (HPSNZ)	64,583	45,000
Funding – Black Sox (tours and camps) (HPSNZ)	262,892	196,543
Funding – White Sox (tours and camps) (HPSNZ)	103,406	18,700
Grants – administration and tournaments (NZCT)	204,869	311,760
Other Grants	204,550	199,342
Sponsorship	248,132	176,372
Funding – Kiwisport	-	17,580
Other Income	2,980	10,493
Total	1,351,412	1,300,984
Fees, subscriptions and other revenue from members		
Membership (Capitation) Fees	149,634	148,208
International Youth Levy	5,055	5,265
White Sox Programme Levy	19,850	20,900
Affiliation Fees	4,022	4,596
Tournaments	55,748	49,805
Coaching	-	687
National team tours and camps	323,102	501,994
Total	557,411	731,454



Notes to the Performance Report

For the year ended 31 May 2018

Note 2 – Analysis of Expenses

	This Year	Last Year
	\$	\$
Other Expenses		
AGM	11,393	13,995
Audit	9,419	10,818
Board	15,769	18,167
Coaching	172,495	198,374
Depreciation	9,167	10,597
Tours and camps	808,882	837,153
Office	57,096	57,629
Promotions	13,372	2,756
Salaries	523,980	536,333
Tournaments	147,422	102,712
Merchandise	10,625	12,952
Accommodation and meals	24,862	21,894
ACC	4,861	4,912
Bad Debts	(814)	(773)
Bank Fees	1,463	1,196
Motor vehicle other costs	11,015	1,707
Accounting	-	3,260
Training & Development	43	800
General expenses	4,545	3,871
Insurance	8,653	9,057
Research	3,900	-
Manual purchases	4,508	3,104
Motor vehicle lease costs	46,504	49,738
Player payments (Black Sox)	60,010	-
International Events (played in NZ)	-	43,405
Projects	10,000	-
FBT	10,470	11,151
Scorers	4,613	3,386
Travel	39,993	43,479
Sponsor servicing	2,394	5,694
Miscellaneous Expenses	2,581	942
Total	2,019,221	2,008,310



Notes to the Performance Report

For the year ended 31 May 2018

Note 3 – Analysis of Assets and Liabilities

Assets	This Year \$	Last Year \$
Cash & Deposits		
Current Account	624,651	576,935
Call Account	3,733	3,720
Saver Account	471	471
Cash Imprest	450	450
Term Deposits < 90 days	212,739	211,546
Total	842,044	793,122
Investments		
Term Deposits > 90 days	381,579	369,291
Total	381,579	369,291
Liabilities		
Creditors and accruals		
Trade Creditors	110,359	55,982
Accruals	12,400	8,500
Total	122,759	64,482
Employment Entitlements		
Accrued annual leave	39,500	36,671
Accrued salaries and wages	-	14,875
Total	39,500	51,546
Unused donations and grants with conditions		
High Performance Funding	411,077	381,958
Project Funding	17,000	-
Grants	75,873	57,233
Scholarship Funding	2,435	-
Levies	142,590	45,115
Sponsorship	25,085	85,000
Total	674,060	569,306



Notes to the Performance Report

For the year ended 31 May 2018

Note 4 - Property, Plant and Equipment

This Year

Asset Class	Opening Carrying Amount	Purchases	Sales/ Disposals	Current Year Depreciation and Impairment	Closing Carrying Amount
	\$	\$	\$	\$	\$
Office equipment and Computers	7,737	11,113	-	(6,829)	12,021
Training Equipment	4,869	-	-	(2,337)	2,532
Total	12,606	11,113	-	(9,166)	14,553

Last Year

Asset Class	Opening Carrying Amount	Purchases	Sales/ Disposals	Current Year Depreciation and Impairment	Closing Carrying Amount
	\$	\$	\$	\$	\$
Office equipment and Computers	14,879	-	-	(7,142)	7,737
Training Equipment	-	8,325	-	(3,455)	4,869
Total	14,879	8,325	-	(10,597)	12,606

Significant Donated Assets Recorded - Source and Date of Valuation

New Zealand Softball Association Inc. has not received any significant donated assets during the course of the year that were recorded (2017: Nil).

Significant Donated Assets - Not Recorded

New Zealand Softball Association Inc. has not received any significant donated assets during the course of the year that were not recorded (2017: Nil).



Notes to the Performance Report

For the year ended 31 May 2018

Note 5 - Accumulated Funds

This Year

Description	Accumulated Surpluses \$	Reserves \$	Total \$
Opening Balance	581,000	55,343	636,343
Surplus/(Deficit)	(72,487)	-	(72,487)
Transfer to Reserves	(24,905)	24,905	-
Transfer from Reserves	7,000	(7,000)	-
Total	490,608	73,248	563,856

Last Year

Description	Accumulated Surpluses \$	Reserves \$	Total \$
Opening Balance	493,801	69,178	562,979
Surplus/(Deficit)	73,364	-	73,364
Transfer to Reserves	(26,165)	26,165	-
Transfer from Reserves	40,000	(40,000)	-
Total	581,000	55,343	636,343



Notes to the Performance Report

For the year ended 31 May 2018

Breakdown of Reserves		Actual This Year \$	Actual Last Year \$
Name	Nature and Purpose		
International Youth Levy Reserve	The International Youth Levy Reserve is held within Accumulated Funds and is available to be allocated on request to Junior Black Sox and Junior White Sox teams attending World Championships (current year levy \$5,055 and nil allocated).	38,909	33,854
White Sox Programme Levy Reserve	The White Sox Programme Levy Reserve is held within Accumulated Funds and is available to be allocated on request to White Sox team tours (current year levy \$19,850 and (\$7,000) allocated to White Sox Oregon University games in NZ).	34,339	21,489
Total		73,248	55,343



Notes to the Performance Report

For the year ended 31 May 2018

Note 6 – Commitments and contingencies

	At Reporting date This Year	At Reporting date Last Year
Commitments to lease or rent assets	\$	\$
Future vehicle operating lease payments (leases to 31 October 2019 and 31 May 2020)	58,899	131,184
Office Premises (the lease has a final expiry date of 31 July 2020)	16,640	24,320

Commitment to purchase property, plant and equipment

There are no commitments at balance date (2017: Nil).

Commitments to provide loans or grants

There are no commitments at balance date (2017: Nil).

Contingent liability

There are no contingencies at balance date (2017: Nil).

Guarantees provided

There are no guarantees provided at balance date (2017: Nil).



Notes to the Performance Report

For the year ended 31 May 2018

Note 7 – Related Party Transactions

There were no related party transactions (2017: Nil).

Note 8 - Events After the Reporting Date

There were no events that have occurred after the reporting date that would have a material impact on the Performance Report. (2017: Nil).



Independent Auditor's Report

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To the Members of New Zealand Softball Association Inc.**Report on the Performance Report****Opinion**

We have audited the performance report of New Zealand Softball Association Inc. on pages 2 to 19, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 May 2018, the statement of financial position as at 31 May 2018, and notes to the performance report, including summary of significant accounting policies and other explanatory information.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the accompanying performance report presents fairly, in all material respects;
 - the entity information for the year then ended;
 - the service performance for the year then ended; and
 - the financial position of New Zealand Softball Association Inc. as at 31 May 2018 and its financial performance, and cash flows for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of New Zealand Softball Association Inc. in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* 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.

Other than in our capacity as auditor we have no relationship with, or interests in, New Zealand Softball Association Inc.

Responsibilities of the Board Members for the Performance Report

The Board Members are responsible for:

- (a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report on behalf of the entity which comprises:
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued on New Zealand by the New Zealand Accounting Standards Board, and

- (c) for such internal control as the Board Members determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Board Members are responsible on behalf of New Zealand Softball Association Inc. for assessing the entity'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 Members either intend to liquidate New Zealand Softball Association Inc. or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report is 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) and ISAE (NZ) 3000 (Revised) 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 economic decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board Members 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 performance report 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 overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Board Members 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 of our report

This report is made solely to New Zealand Softball Association Inc.'s Members, as a body. Our audit work has been undertaken so that we might state to New Zealand Softball Association Inc.'s Members, as a body, those matters which we are required to state to them in our audit 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 New Zealand Softball Association Inc. and its Members, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership

Grant Thornton

N Keddie
Associate Director
Wellington

25 July 2018