



2013

FINANCIAL

STATEMENTS

The Trustees are pleased to present the Financial Statements of the ILT Foundation for the year ended 31st March 2013.

For and on behalf of the Board of Trustees:


Alan Dennis
Chairman


Mike Mika
Trustee

10 June 2013



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DIRECTORY

ILT FOUNDATION OFFICE

252 Dee Street
P.O. Box 1771
Invercargill 9840
Telephone (03) 2113 751

TRUSTEES

Alan Dennis (Chairman)
Sean Bellew
Neville Cook
Raymond Harper
Mike Mika
Angela Newell
Christopher Ward
John Young

MANAGER

Ann Eustace

BANKERS

Westpac, Invercargill

LEGAL ADVISORS

Ward Adams Bryan-Lamb
Invercargill

AUDITORS

Audit New Zealand
On behalf of the Controller and Auditor-General

STATEMENT OF ACCOUNTING POLICIES

For The Year Ended 31 March 2013

REPORTING ENTITY

The ILT Foundation was formed by Trust Deed dated 2 August 2005, and is a registered Charitable Trust in terms of the Charitable Trusts Act 1957. It operates Electronic Video Gaming Machines licensed by the Department of Internal Affairs in various premises owned by the Invercargill Licensing Trust.

DIFFERENTIAL REPORTING

The ILT Foundation is a qualifying entity as defined by the External Reporting Board of New Zealand Differential Reporting Framework.

The criteria establishing the Foundation as qualifying for differential reporting exemptions are:

- the entity does not have public accountability; and
- the owners are all members of the Trust's governing body; and
- the entity is not large in terms of the framework.

The Foundation has elected to take advantage of the differential reporting exemptions except in the case of where information is required for consolidation purposes – Cash Flow and Plant, Property and Equipment details.

MEASUREMENT BASIS

The Financial Statements have been prepared in accordance with NZ Generally Accepted Accounting Practice (NZ GAAP) and comply with the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS) to the extent that is required using differential reporting options, as explained above. The Foundation has designated itself a Profit Orientated entity for the purposes of NZ IFRS.

The general accounting principles as appropriate for the measurement and reporting of results and financial position under the historical cost method have been followed in the preparation of these financial statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Foundation is New Zealand dollars.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for an adjustment made this year to accounting for Equity and Undistributed Net Proceeds.

CHANGE IN ACCOUNTING POLICY

Accounting for Undistributed Net Proceeds

Undistributed Net Proceeds have this year been reclassified as an Equity item, previously a Current liability. This change results from clarification received from the Department of Internal Affairs that these undistributed net proceeds from gaming operations can be classified as Equity.

There still remains an obligation on the ILT Foundation to allocate the balance in Undistributed Net Proceeds (\$177,039 as at 31 March 2013) to grant recipients in the following financial year.

The 2012 comparative financial values have been changed to reflect this accounting policy.

UNDERLYING FUNDAMENTAL ASSUMPTIONS

A key significant assumption underlying the preparation of the Foundation's financial statements under the going concern assumption is that the Foundation will continue to have its Class 4 Gambling License renewed annually by the Department of Internal Affairs.

ACCOUNTING POLICIES

The following specific accounting policies are adopted in the preparation of the financial statements:

1. Income

Income is measured at the fair value of consideration received. Net income from the operation of gaming machines is recognised when funds have been transferred to the Foundation's bank account from the Site Operators. Deposits in transit from Site Operators are also included. Income comprises the net proceeds of gaming machines owned and operated by the Foundation after the deduction of prizes to the participants.

2. Interest Income

Interest income is recognised using the effective interest method.

3. Venue Payments

These costs are expensed on a monthly basis. They relate to the provision of Venue and Management services provided by the Invercargill Licensing Trust, under the terms of a Licence Agreement, exclusively for the Foundation's gaming machines. The Agreement is for a period of three years expiring on 31 March 2015 and can be cancelled with one month's notice by either party.

4. Cash and Cash Equivalents

These include cash on hand, deposits in transit, cheque account funds, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less from balance date.

5. Short Term Bank Deposits

These are bank term deposits with maturities less than twelve months. They are recorded at cost, which is considered to be their fair value.

6. Trade and other Receivables

Trade and other Receivables are recorded at cost which is taken to be their fair value. It has not been deemed necessary to provide for any impairment of this value.

7. Property, Plant and Equipment

Property, Plant and Equipment are valued at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided for using the Diminishing Value method in order to recognise the high first few years reduction in value of gaming equipment. The following rates are applied:

Gaming Machines and Associated Equipment	33% Diminishing Value
Motor Vehicles	21.6% Diminishing Value

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

8. Taxation

The Financial Statements do not include any provision for income tax. The ILT Foundation, being a registered Charitable Trust and earning income solely from gaming machine activities, is exempt from income tax.

9. Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

10. Financial Instruments Risks

The Foundation has policies to manage the risks associated with financial instruments. The Foundation is risk averse and seeks to minimise exposure from its treasury activities. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Foundation's exposure to fair value interest rate risk is limited to its short-term bank deposits.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

The Foundation currently has no variable interest rate debt or investments.

Currency risk

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates. The Foundation is not exposed to currency risk, as it does not enter into foreign currency transactions.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Foundation, causing the Foundation to incur a loss.

Due to the timing of its cash inflows and outflows, the Foundation invests surplus cash with registered banks. The Foundation's investment policy limits the amount of credit exposure to any one institution.

The Foundation's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (Note 1) and trade receivables. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Foundation has no significant concentrations of credit risk, as it essentially operates a cash business and only invests funds with registered banks.

Liquidity Risk

Liquidity risk is the risk that the Foundation will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Foundation maintains a level of investments that must mature within less than six months.

11. Grants

Grants expensed to the Statement of Comprehensive Income for the year represent:

- (i) Grants that have been applied for during the year, and which have been approved and allocated for payment by the Trustees, but not necessarily paid out by balance date.
- (ii) Grants that have been returned to the Foundation during the year.

Grants allocated but unpaid at balance date are recorded in the Statement of Financial Position (refer Note 3).

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 March 2013

	Notes	2013 \$	2012 \$
INCOME			
Gaming Proceeds		9,341,847	10,158,456
Interest Income		164,513	212,166
Gain on sale of Plant and Equipment		47,704	34,115
Total Income		9,554,064	10,404,737
EXPENDITURE			
Audit Fees		17,980	17,260
Depreciation		495,337	492,182
Loss on sale of Plant and Equipment		58,232	27,387
Impairment of Assets		-	114,092
Gaming Duty		2,148,626	2,336,448
Problem Gambling Levy		158,998	172,897
Personnel Costs		136,495	135,328
Sundry Operating Expenses		531,084	520,549
Venue Payments		1,359,411	1,369,571
Total Expenditure		4,906,163	5,185,714
SURPLUS PRIOR TO DISTRIBUTION		4,647,901	5,219,023
Grants allocated during the current year		6,046,203	5,662,828
Less Grants returned to the Foundation during the year		(32,171)	(773,554)
Grants Expense for the year		6,014,032	4,889,274
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,366,131)</u>	<u>329,749</u>

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 March 2013

		2013 \$	2012 \$
FOUNDATION EQUITY – OPENING BALANCE AT 1 APRIL		3,725,210	3,395,461
Total Comprehensive Income for the Year		(1,366,131)	329,749
FOUNDATION EQUITY - BALANCE AT 31 MARCH	(5)	<u>2,359,079</u>	<u>3,725,210</u>

The accompanying Statement of Accounting Policies and Notes form part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As At 31 March 2013

	Notes	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	(1)	3,141,221	2,620,601
Short Term Bank Deposit		-	2,560,000
Trade and other Receivables		<u>40,290</u>	<u>63,261</u>
		3,181,511	5,243,862
NON CURRENT ASSETS			
Property, Plant and Equipment	(2)	<u>1,059,671</u>	<u>1,084,065</u>
TOTAL ASSETS		4,241,182	6,327,927
CURRENT LIABILITIES			
Trade and other Payables		457,747	515,518
Employee Entitlements		7,145	8,664
Grants Allocated But Unpaid	(3)	<u>1,417,211</u>	<u>2,078,535</u>
TOTAL LIABILITIES		1,882,103	2,602,717
NET ASSETS		<u>2,359,079</u>	<u>3,725,210</u>
EQUITY			
Foundation Equity	(5)	<u>2,359,079</u>	<u>3,725,210</u>
TOTAL EQUITY		<u>2,359,079</u>	<u>3,725,210</u>

The accompanying Statement of Accounting Policies and Notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For The Year Ended 31 March 2013

	Notes	2013 \$	2012 \$
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers		9,341,847	10,151,728
Interest Received		191,399	191,196
Cash was applied to:			
Payments to suppliers and employees		(4,364,010)	(4,563,345)
Grants		(6,675,356)	(5,365,352)
GST (Net)		(51,789)	2,926
Net Cash Flows from Operating Activities	(7)	<u>(1,557,909)</u>	<u>417,153</u>
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of Property, Plant and Equipment		76,450	68,975
Sale of Short Term Investments		2,560,000	250,000
Cash was applied to:			
Purchase of Property, Plant and Equipment		(557,921)	(449,323)
Purchase of Short Term Investments		-	-
Net Cash Flow from Investing Activities		<u>2,078,529</u>	<u>(130,348)</u>
Cash Flows from Financing Activities			
Net Cash Flow from Financing Activities		<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash Held		520,620	286,805
Add Opening Cash Brought Forward		2,620,601	2,333,796
Ending Cash Carried Forward	(1)	<u>3,141,221</u>	<u>2,620,601</u>

The accompanying Statement of Accounting Policies and Notes form part of these Financial Statements.

NOTES TO THE ACCOUNTS

	2013 \$	2012 \$	
(1) Cash and Cash Equivalents			
Cash and Bank Accounts	772,300	870,601	
Short Term Deposits	<u>2,368,921</u>	<u>1,750,000</u>	
	<u>3,141,221</u>	<u>2,620,601</u>	
 (2) Property, Plant and Equipment			
	Gaming Assets	Motor Vehicle	Total
Cost			
Balance at 1 April 2011	5,497,966	32,035	5,530,001
Additions	449,323	-	449,323
Disposals	<u>(829,658)</u>	<u>-</u>	<u>(829,658)</u>
Balance 31 March 2012	<u>5,117,631</u>	<u>32,035</u>	<u>5,149,666</u>
Balance at 1 April 2012	5,117,631	32,035	5,149,666
Additions	557,921	-	557,921
Disposals	<u>(522,935)</u>	<u>-</u>	<u>(522,935)</u>
Balance 31 March 2013	<u>5,152,617</u>	<u>32,035</u>	<u>5,184,652</u>
 Accumulated Depreciation and Impairment losses			
Balance at 1 April 2011	4,220,395	6,343	4,226,738
Depreciation expense	486,633	5,549	492,182
Impairment expense	114,092	-	114,092
Disposals	<u>(767,411)</u>	<u>-</u>	<u>(767,411)</u>
Balance 31 March 2012	<u>4,053,709</u>	<u>11,892</u>	<u>4,065,601</u>
Balance at 1 April 2012	4,053,709	11,892	4,065,601
Depreciation expense	490,986	4,351	495,337
Impairment expense	-	-	-
Disposals	<u>(435,957)</u>	<u>-</u>	<u>(435,957)</u>
Balance 31 March 2013	<u>4,108,738</u>	<u>16,243</u>	<u>4,124,981</u>
 Net Book Value 31 March 2012	 <u>1,063,922</u>	 <u>20,143</u>	 <u>1,084,065</u>
 Net Book Value 31 March 2013	 <u>1,043,879</u>	 <u>15,792</u>	 <u>1,059,671</u>

	2013	2012
	\$	\$

(3) Grants Allocated but Unpaid

Opening Balance	2,078,535	2,554,613
Allocated at Trustees' meetings during the year	6,046,203	5,662,828
Allocated grants paid during the year	(6,675,356)	(5,365,352)
Allocated grants returned	(32,171)	(773,554)
 Closing Balance	 <u>1,417,211</u>	 <u>2,078,535</u>

(4) Multi-Year Grant

The ILT Foundation approved a multi-year grant to the Invercargill Rowing Club for a total value of \$59,992. The first year's value of this grant of \$29,992 was allocated and paid in the 2013 financial year with a further \$30,000 allocated but to be paid in the 2014 financial year, providing that:

- a) the ILT Foundation continues to hold a Class 4 Gambling Licence;
- b) the ILT Foundation continues to have available net proceeds;
- c) the specific authorised purpose for which the grant was made continues;
- d) the future grant is reconfirmed by the Net Proceeds Committee before payment; and
- e) the grant applicant provides documentary evidence that previous instalments of the grant were spent for its intended purpose.

This grant has been made under the terms of the Gambling (Class 4 Net Proceeds) Regulations 2004.

(5) Foundation Equity

Made up of:

Undistributed Net Proceeds

Opening balance at 1 April	1,543,170	1,213,421
Current year's surplus prior to Grants	4,647,901	5,219,023
Less Grants allocated during the year	(6,046,203)	(5,662,828)
Plus Grants returned during the year	<u>32,171</u>	<u>773,554</u>
 Closing balance at 31 March	 <u>177,039</u>	 <u>1,543,170</u>

Capital Asset Reserve

Opening balance at 1 April	1,084,065	1,303,263
Assets purchased during year	557,921	449,323
Assets sold during year	(76,450)	(68,975)
Impairment	-	(114,092)
Depreciation, gains and losses for year	<u>(505,865)</u>	<u>(485,454)</u>

Closing balance at 31 March

	<u>1,059,671</u>	<u>1,084,065</u>
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Depreciation Reserve Funds

Opening balance at 1 April	1,097,975	878,777
Depreciation, gains and losses for year	505,865	485,454
Impairment	-	114,092
Assets sold during year	76,450	68,975
Assets purchased during year	<u>(557,921)</u>	<u>(449,323)</u>

Closing balance at 31 March

	<u>1,122,369</u>	<u>1,097,975</u>
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Foundation Equity at 31 March

	<u>2,359,079</u>	<u>3,725,210</u>
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(6) Transactions with Related Parties

The **Invercargill Licensing Trust** was primarily responsible for the establishment of the ILT Foundation in August 2005. The ILT Foundation operates under its own Trust Deed and is controlled by its own Trustees, some of whom are Invercargill Licensing Trust Trustees.

The ILT Foundation has contracts with the Invercargill Licensing Trust, approved by the Department of Internal Affairs, to operate gaming machines and other activities in their licensed premises. During the period payments to the Invercargill Licensing Trust for site rentals, administration and other services amounted to \$1,427,496 (\$1,437,956 in 2012).

As at 31 March 2013, \$11,252 was owing by the ILT Foundation to the Invercargill Licensing Trust, which was later settled in the normal course of business (\$6,693 in 2012).

Other Related Parties (Trustees)

Monetary grants totalling \$214,715.70 (2012: \$107,500) were provided during the year to the Invercargill City Council, for whom Alan Dennis is a Councillor. The amount owing as at 31 March 2013 was \$155,000. (2012: \$50,000).

Monetary grants totalling \$37,766 (2012: \$5,000) were provided to the Southland Golf Club for whom Alan Dennis is a member.

A monetary grant totalling \$10,000 (2012: \$10,000) was provided to the Southland Racing Club for whom Sean Bellew is the President.

A monetary grant totalling \$15,000 (2012: \$15,000) was provided to the Southern District Health Board, for whom Neville Cook is a Board member.

A monetary grant totalling \$10,000 (2012: \$10,000) was provided to the Head Injury Society of Southland Incorporated, for whom Ray Harper is a Patron and John Young is their Honorary Solicitor.

A monetary grant totalling \$21,000 (2012: \$22,000) was provided to the Murihiku Maori and Pasifika Cultural Trust, for whom Mike Mika is a Trustee.

A monetary grant totalling \$6,000 (2012: \$6,000) was provided to the Shakespeare in the Park Charitable Trust for whom Angela Newell is a Trustee.

Monetary grants totalling \$116,000 (2012: \$50,500) were provided to Venture Southland, for whom Angela Newell is an employee. The amount owing as at 31 March 2013 was \$48,000. (2012: Nil).

Monetary grants totalling \$18,250 (2012: \$3,750) were provided to the Invercargill Golf Club, for whom Chris Ward is a member.

A monetary grant totalling \$2,500 (2012: Nil) was provided to the NZ Jet Boat Association – Southland Branch, for whom Chris Ward is a member.

A monetary grant totalling \$5,500 (2012: Nil) was provided to the Southend United (2010) AFC Inc, for whom Chris Ward is a member.

Monetary grants totalling \$251,000 (2012: \$175,000) were provided to Cycling Southland, for whom John Young is a member. The amount owing as at 31 March 2013 was \$85,000. (2012: Nil).

A monetary grant totalling \$350,000 (2012: \$350,000) was provided to Rugby Southland during the year, for whom John Young is an Appeals Officer. The amount owing as at 31 March 2013 was \$175,000. (2012: \$350,000).

Legal services have been provided by Ward Adams Bryan-Lamb amounting to \$26,458, for whom Chris Ward is a Senior Partner (\$5,904 in 2012). The amount owing as at 31 March 2013 was \$12,770. (2012: \$441)

Transactions with these other related parties (Trustees) are made at arms length, without the involvement or influence of the above named Trustee members.

2013	2012
\$	\$

(7) Statement of Cash Flow

The Net Cash Flow generated from Operating Activities reconciles to the Net Surplus in the Statement of Comprehensive Income as follows:

Net Surplus (Deficit) for the Year	(1,366,131)	329,749
Add non-cash items		
- Depreciation & Impairment	495,337	606,274
- Net Loss/ (Gain) on disposal	10,528	(6,728)
Movements in Working Capital Items:		
Decrease (Increase) in Accounts Receivable	22,971	(23,279)
Increase (Decrease) in Accounts Payable	(7,501)	(15,711)
Increase (Decrease) in Grants Payable	(661,324)	(476,078)
Increase (Decrease) in GST Payable	(51,789)	2,926
Net Cash Inflow from Operating Activities	<u>(1,557,909)</u>	<u>417,153</u>

(8) Financial Instruments

Financial instruments which potentially subject the ILT Foundation to a Credit Risk principally consist of bank balances, accounts receivable and investments.

- Cash balances are held with local banking institutions, in short term deposits being invested for terms of six months or less.
- Accounts Receivable are unsecured.
- All financial instruments are valued at their historic cost, which are considered to be their fair value at 31 March 2013.

(9) Future Capital Commitments

Agreements to purchase new gaming machines and game upgrades for a combined value of \$475,469 plus GST were in place at 31 March 2013. This equipment was invoiced and paid for in April and installed in May 2013. (Nil in 2012)

(10) Trustees Remuneration

Trustees have received remuneration for their services to the value of \$47,451 during the year (\$47,671 in 2012).

(11) Contingent Assets and Liabilities

There are no contingent assets or liabilities as at 31 March 2013. (Nil in 2012)

(12) Events Subsequent to Balance Date

There have been no significant events that would materially affect these financial statements since balance date.

Independent Auditor's Report

To the readers of ILT Foundation's financial report for the year ended 31 March 2013

The Auditor-General is the auditor of the ILT Foundation (the Foundation) pursuant to section 107 of the Gambling Act 2003. 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 report of the Foundation, on her behalf.

We have audited the financial report of the Foundation on pages 2 to 12, that comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, 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.

Opinion on the financial report

In our opinion the financial report of the Foundation on pages 2 to 12:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Foundation's:
 - financial position as at 31 March 2013; and
 - financial performance and cash flows for the year ended on that date.

Opinion on other legal matters

In our opinion proper accounting records have been kept by the Foundation as far as appears from our examination of those records.

Our audit was completed on 10 June 2013. 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 we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporates 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 report is 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 report. 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 report. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments; we consider internal control relevant to the preparation of the Foundation's financial report that fairly reflects the matters to which they relate. We consider internal control 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 Foundation'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 all disclosures in the financial report; and
- the overall presentation of the financial report.

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

We have obtained all the information and explanations we have required and 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 preparing the financial report that:

- complies with generally accepted accounting practice in New Zealand; and
- fairly reflects the Foundation's financial position, financial performance and cash flows.

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

The Trustees' responsibilities arise from the Gambling Act 2003.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial report and reporting that opinion to you based on our audit.

Our responsibility arises from section 15 of the Public Audit Act 2001 and the Gambling Act 2003.

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 Foundation.

A handwritten signature in black ink, appearing to read 'Ian Lothian', written in a cursive style.

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