

Performance Report

N.Z. Standardbred Breeders' Association Inc
For the year ended 31 July 2021

Prepared by HSW Ltd

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Compilation Report

N.Z. Standardbred Breeders' Association Inc For the year ended 31 July 2021

Compilation Report to the Members of the New Zealand Standardbred Breeders' Association.

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of N.Z. Standardbred Breeders' Association Inc for the year ended 31 July 2021.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

The Executive is solely responsible for the information contained in this financial report and has determined that the accounting policies used are appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

Hamish Scott - Director of HSW Limited is a member of the N.Z. Standardbred Breeders Association.

Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on this financial report.

HSW Limited

HSW Limited

115 Sherborne Street, Christchurch

Dated: 2 May 2022

Entity Information

N.Z. Standardbred Breeders' Association Inc For the year ended 31 July 2021

'Who are we?', 'Why do we exist?'

Legal Name of Entity

N.Z. Standardbred Breeders Association Incorporated

Entity Type and Legal Basis

Not-for-profit public benefit entity registered under the Incorporated Societies Act 1908

Registration Number

Incorporated Society 220418

Entity's Purpose or Mission

The primary objective of the Association is to promote breeding of standardbred horses in New Zealand.

Entity Structure

The Association has an Executive Committee representing three affiliated regional breeding organisations, headed by a Chairman.

Main Sources of Entity's Cash and Resources

The Association receives revenue from a marketing grant from HRNZ, administrative fees from the three affiliates for services provided and surpluses from publications.

Main Methods Used by Entity to Raise Funds

The Association receives grants and fees from various sources including members, HRNZ and services provided from the three affiliates. The Association receives services in kind which are considered vital to the running of the Association. Although these are highly appreciated, these are difficult to value and hence, not included in this Performance Report.

Entity's Reliance on Volunteers and Donated Goods or Services

The Association is a recipient of goods and services in kind. The proceeds are vital to the running of the Association.

Donated goods only includes stallion semen donated from stud farms. The stallion semen and voluntary services are sold by the Association for fundraising purposes.

Services in kind come in the form of volunteers. The volunteers at the national level are entirely the officers and executive.

Without these donated goods and services, the Association would have required more funds to defray costs and expenses. On this basis, the Association highly values these donated goods and services and considers them a vital part of its operations.

Additional Information

The Association is incorporated under the Incorporated Societies Act 1908.

As the Association is primarily involved in the promotion of breeding standardbred horses in New Zealand - rather than the generation of profit it is considered a not-for-profit entity for financial reporting purposes. Nonetheless, any profit generated provides the Association with more resources that make future operations more sustainable; these resources are held as cash reserves and available for use by the Association as the need arises.

The Association has engaged HSW Limited to provide accounting services. This includes but isn't limited to:

- Monthly bank reconciliations
- Filing of PAYE and GST returns
- Maintenance of the Xero accounting system
- Preparation of interim Financial Statements.
- Preparation of annual Financial Statements.

Physical Address

Level 1/17 Birmingham Dr, Middleton, Christchurch 8024

Postal Address

PO BOX 8270, Riccarton, Christchurch, New Zealand, 8440

Approval of Financial Report

N.Z. Standardbred Breeders' Association Inc For the year ended 31 July 2021

The Committee are pleased to present the approved financial report including the historical financial statements of N.Z. Standardbred Breeders Association for the year ended 31 July 2021.

For and on behalf of the Executive

APPROVED

A handwritten signature in blue ink, appearing to read 'Colin Hair', is written over a horizontal line.

Colin Hair

Chairman

Date 2 May 2022

Statement of Service Performance

N.Z. Standardbred Breeders' Association Inc For the year ended 31 July 2021

Description of Entity's Outcomes

The Association is engaged in the promotion of breeding of standardbred horses in New Zealand.

'What did we do?', 'When did we do it?'

	2021	2020
Description and Quantification of the Entity's Outputs		
HRNZ Marketing Contribution	30,000	69,533
Membership Contributions	42,640	43,502
Sponsorship	24,600	5,920
Donations	-	230
Members		
Canterbury	286	300
North Island	125	113
Southland	121	129
International	14	13
Total Paid Members	546	555

Statement of Financial Performance

N.Z. Standardbred Breeders' Association Inc For the year ended 31 July 2021

'How was it funded?' and 'What did it cost?'

	NOTES	2021	2020
Revenue			
Donations, fundraising and other similar revenue			
Research Donations		-	230
Sponsorship Received		24,600	5,920
Grants from Affiliates	1	-	21,672
HRNZ Marketing Support		30,000	69,533
Total Donations, fundraising and other similar revenue		54,600	97,356
Fees, subscriptions and other revenue from members			
Membership Subscriptions	1	42,640	43,502
Total Fees, subscriptions and other revenue from members		42,640	43,502
Revenue from providing goods or services			
Advertising	1	148,719	137,142
Canterbury Sires Expo Revenue		5,687	-
Cup Eve Revenue		-	3,500
Life After Racing Income		6,000	6,500
Sires Register income		246	-
Total Revenue from providing goods or services		160,652	147,142
Interest, dividends and other investment revenue			
Interest	1	179	598
Total Interest, dividends and other investment revenue		179	598
Other revenue			
Other revenue	1	2,343	10,544
Total Other revenue		2,343	10,544
Total Revenue		260,414	299,141

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

	NOTES	2021	2020
Expenses			
Breeder Rewards & Services			
Awards & Other Trophies		6,354	7,430
Members' Diary & Services		327	8,536
Total Breeder Rewards & Services		6,681	15,965
Volunteer and employee related costs			
ACC		323	214
Contractor payments		4,045	2,858
Wages and salaries		116,604	103,468
Total Volunteer and employee related costs		120,973	106,540
Costs related to providing goods or service			
Public Relations			
Sires Book and Breeding Matters	2	77,858	78,307
Breeding ITO & Education		323	769
Cup Eve Function		1,365	7,738
Facebook & Direct Marketing Expenses		1,577	1,656
Total Public Relations		81,124	88,470
Advocacy			
Representative Expenses		4,650	7,210
Total Advocacy		4,650	7,210
Productivity & Welfare			
Canterbury Sires Expo Costs		4,779	385
Life After Racing		4,839	7,720
Regional Forums		-	5,403
Total Productivity & Welfare		9,618	13,508
Industry Support			
NZ Oaks Expenses		10,296	1,063
Website		1,516	990
Yearling Sales		47	974
Total Industry Support		11,858	3,027
Total Costs related to providing goods or service		107,251	112,214
Other expenses			
Accounting, Audit Fees & Xero Subscription		11,472	10,665
Bad Debts		57	1,125
Bank Fees		72	1,206
Business Development & Branding		103	143
Computer & Software Expenses		3,552	3,229
Depreciation Expense		165	15
Inland Revenue Interest Paid		-	40
Inland Revenue Penalties		-	(1,744)
Insurance		580	1,151
Interest Expense		-	5

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

	NOTES	2021	2020
Internet, Office Phone & Mobile		3,054	3,597
Member Postage & Services		2,867	1,064
Office Printing, Stationery, Postage & Subscriptions		550	7,101
Professional Development		885	1,893
Rent		-	4,000
Text Messaging		1,303	341
Travel Expenses		1,049	3,899
Loss on disposal of property, plant and equipment		-	261
Total Other expenses		25,711	37,990
Total Expenses		260,615	272,710
Surplus/(Deficit) for the Year		(201)	26,431

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Financial Position

N.Z. Standardbred Breeders' Association Inc As at 31 July 2021

'What the entity owns?' and 'What the entity owes?'

	NOTES	31 JUL 2021	31 JUL 2020
Assets			
Current Assets			
Bank accounts and cash	3	8,478	769
Inventory	3	2,355	-
Debtors and prepayments	3	95,156	86,522
Other Current Assets	3	-	7,020
Total Current Assets		105,989	94,311
Non-Current Assets			
Property, Plant and Equipment	5	1,059	1,224
Total Non-Current Assets		1,059	1,224
Total Assets		107,047	95,534
Liabilities			
Current Liabilities			
Goods and services tax		6,419	670
Creditors and accrued expenses	4	63,196	54,221
Overpayments	4	415	775
Revenue in Advance		-	2,650
Total Current Liabilities		70,030	58,316
Total Liabilities		70,030	58,316
Total Assets less Total Liabilities (Net Assets)		37,018	37,219
Accumulated Funds			
Accumulated surpluses or (deficits)	6	37,018	37,219
Total Accumulated Funds		37,018	37,219

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Cash Flows

N.Z. Standardbred Breeders' Association Inc For the year ended 31 July 2021

'How the entity has received and used cash'

	2021	2020
Cash Flows from Operating Activities		
Donations, fundraising and other similar receipts	51,600	87,933
Fees, subscriptions and other receipts from members	48,059	53,475
Receipts from providing goods or services	146,127	114,179
Interest, dividends and other investment receipts	179	598
Cash receipts from other operating activities	2,428	32,210
GST	4,300	(10,475)
Payments to suppliers and employees	(244,985)	(285,903)
Total Cash Flows from Operating Activities	7,709	(7,985)
Net Increase/(Decrease) in Cash	7,709	(7,985)
Bank Accounts and Cash		
Opening cash	769	8,753
Closing cash	8,478	769
Net change in cash for period	7,709	(7,985)

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Accounting Policies

N.Z. Standardbred Breeders' Association Inc For the year ended 31 July 2021

'How did we do our accounting?'

Basis of Preparation

The entity 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 total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Income Tax

New Zealand Standardbred Breeders' Association is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

Bank accounts 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.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Notes to the Performance Report

N.Z. Standardbred Breeders' Association Inc For the year ended 31 July 2021

	2021	2020
1. Analysis of Revenue		
Donations, fundraising and other similar revenue		
Grants from Affiliates		
Grants from Affiliates - SSBA	-	6,672
Grants from Affiliates - CSBA	-	10,000
Grants from Affiliates - NISBA	-	5,000
Total Grants from Affiliates	-	21,672
Fees, subscriptions and other revenue from members		
Membership - Canterbury	22,449	23,466
Membership - International & Other	1,017	1,029
Membership - North Island	9,709	8,839
Membership - Southland	9,465	10,090
Unidentified Membership Subscription Revenue	-	78
Total Fees, subscriptions and other revenue from members	42,640	43,502
Revenue from providing goods or services		
Advertising		
Breeders' Update - Revenue	9,845	13,210
Breeding Matters - Revenue	46,425	39,419
Sires Register Advertising	92,449	84,513
Total Advertising	148,719	137,142
Total Revenue from providing goods or services	148,719	137,142
Interest, dividends and other investment revenue		
Interest Received - B Reid	173	589
ANZ Bank Credit Interest	6	6
IRD Interest Received	-	3
Total Interest, dividends and other investment revenue	179	598
Other revenue		
Wage Subsidy - COVID19	2,343	10,544
Total Other revenue	2,343	10,544

	2021	2020
2. Analysis of Expenses		
Costs related to providing goods or services		
Sires Book and Breeding Matters		
Breeders' Update - Expenses	1,230	7,540
Breeding Matters - Expenses	31,976	29,083
Sires Register Expenses	44,653	41,684
Total Sires Book and Breeding Matters	77,858	78,307
Total Costs related to providing goods or services	77,858	78,307
	2021	2020
3. Analysis of Assets		
Bank accounts and cash		
ANZ 00 Cheque Acc	1,327	1,020
ANZ 01 Account	7,454	948
ANZ 02 Account	10	9
ANZ Visa	(312)	(1,208)
Total Bank accounts and cash	8,478	769
Debtors and prepayments		
Trade Debtors	95,156	84,907
Prepayments	-	1,615
Total Debtors and prepayments	95,156	86,522
Inventory		
Trophies in store	2,355	-
Total Inventory	2,355	-
Other current assets		
Employee Advance Account	-	7,020
Total Other current assets	-	7,020

	2021	2020
4. Analysis of Liabilities		
Creditors and accrued expenses		
Accounts Payable	59,306	51,162
PAYE Payable	3,890	3,059
Total Creditors and accrued expenses	63,196	54,221
Overpayments		
2017/18 Subscriptions	325	325
Overpayments - Membership Subscription Revenue	90	450
Total Overpayments	415	775
	2021	2020

5. Property, Plant and Equipment

Furniture and Fittings		
Furniture and fittings	1,698	1,698
Accumulated depreciation - furniture and fittings	(640)	(474)
Total Furniture and Fittings	1,059	1,224
Total Property, Plant and Equipment	1,059	1,224
	2021	2020

6. Accumulated Funds

Accumulated Funds		
Opening Balance	37,219	10,787
Accumulated surpluses or (deficits)	(201)	26,431
Total Accumulated Funds	37,018	37,219
Total Accumulated Funds	37,018	37,219

7. Commitments

Vodafone Mobile	2 years from October 2019	\$150 per month
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8. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 July 2021 (Last year - nil).

9. Significant Grants and Donations with Conditions not Recorded as a Liability

The HRNZ annual marketing grant is contingent on the submission to HRNZ of an annual marketing plan in July of each year, maintaining a minimum of 15 members and completion of the annual audit in a timely manner. The amount received for the 2021 year was \$30,000. (Last year - \$69,533).

10. Goods or Services Provided to the Entity in Kind

Woodlands Stud NZ Limited donated a Bettor's Delight Stallion semen service for sale by the Association. This was valued at \$20,000 + GST of which \$7,500 was available to the Association. (Last year - \$20,000).

11. Related Parties

The Association collects subscriptions from members on behalf of the three regional breeders' Associations. In return for administrative and other services provided (primarily trophies and awards). However, for the 2020/2021 season, given the Covid-19 circumstances, 100% was retained by the National Association.

The Association receives a marketing grant from HRNZ to which it is a kindred body. The amount received from the 2021 year was \$30,000. (Last year - \$69,533).

The amount of \$2,283 (last year - \$3,238) was paid to Mrs Rebecca Mooney, wife of an Executive Committee Member and the amount of \$1,070 (last year - nil) was paid to Spencer Golding and Associates Limited, a Company associated with an Executive Committee Member for proof-reading services for various publications including Sires Register, Breeding Matters and Breeders Weekly. The payment rate was set independently in 2010 based upon market conditions.

The amount of \$460 (last year nil) was paid to John Mooney, an executive Committee Member for Breeding Matters Contributions.

The Employee advance account is in relation to advances to Executive Manager Brad Reid. This was repaid during the year. The balance was being repaid with interest, through a deduction from his fortnightly salary. (Last year - \$7,020).

HSW Limited has been appointed as the Association's Accountants. Hamish Scott - HSW Director is a member of the Association. Accounting, Audit Fees and Xero Subscription expense includes \$4,180 paid to HSW Limited during the year for accounting services. An additional accrual of \$3,500 plus GST has also been included in the 2021 Financial Statements for HSW Limited's Accounting Fees. (Last year - \$7,705).

12. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (Last year - nil).

13. Going Concern

At balance date current assets were in excess of current liabilities and there were no contingent liabilities. Membership of the Association continues to be strong. For these reasons the Executive Committee considers it appropriate to adopt the assumption that the Association will continue to operate in the foreseeable future.

14. Overpayments

Overpayments include amounts paid by members in excess of their annual membership fee. These mostly relate to membership fees paid twice. The Association will contact these members and the amounts will be refunded or offset against future membership fees.

15. Distributions, Prizes and Industry Sponsorship

The Association, as part of the steps to achieve its objectives, provides sponsorship and trophies to industry participants.

16. Covid-19

On 11 March 2020, the World Health Organisation declared the outbreak of a coronavirus (Covid-19) pandemic and two weeks later the New Zealand Government declared a State of National Emergency. As a result New Zealand has been placed in varying levels of lockdown and economic uncertainties have arisen. This impacted on NZSBA considerably with the shutdown of all racing for a number of months and the TAB ceasing distribution payments to the Racing Codes, HRNZ ceased paying the Marketing grant to NZSBA in the 2020 financial year. The Breeders responded by reducing costs and also obtaining grants from the three affiliates, Southland, Canterbury and North Island breeders associations and received \$1,172 through the government wage subsidy scheme in 2021 (Last year - \$11,716). Whilst there still was a level of uncertainty in the 2021 year with certain Covid-19 restrictions still prevailing, the 2021 year has not been materially impacted by these restrictions.

DAVID EMERSON

B.Com., CA., CMA

Accountant & Business Consultant

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Christchurch, New Zealand

Audit Report

To the Members of the New Zealand Standardbred Breeders Association Incorporated

I have audited the performance statements of New Zealand Standardbred Breeders Association Incorporated on pages to .

This report is made solely to the Members, as a body, in accordance with the constitution of New Zealand Standardbred Breeders Association Incorporated. My audit has been undertaken so that I might state to the Members those matters that I am required to state to them in the auditors' report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Members, as a body, for my audit work, for this report, or for the opinions I have formed.

Committee's Responsibilities

The Committee is 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 these performance statements in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) and for such internal control as the Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

It is my responsibility to express an independent opinion on these financial statements based on my audit. I have conducted my audit in accordance of auditing standards in New Zealand. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider the internal controls relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

Other than my capacity as auditor I have no relationship with, or interests, in the New Zealand Standardbred Breeders Association Incorporated.

Opinion

In my opinion the performance statements on pages to presents fairly, in all material respects, the financial position of the Association as at 31 July 2021 and the operations and financial performance for the year ended on that date in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit).

My audit report was completed on 2 May 2022 and my unqualified opinion was expressed on that date.

A handwritten signature in dark ink, appearing to be 'D. Emerson', is centered within a light gray rectangular box.

David Emerson
Auditor
Christchurch
New Zealand.