



The Southern Trust Annual Report 2015



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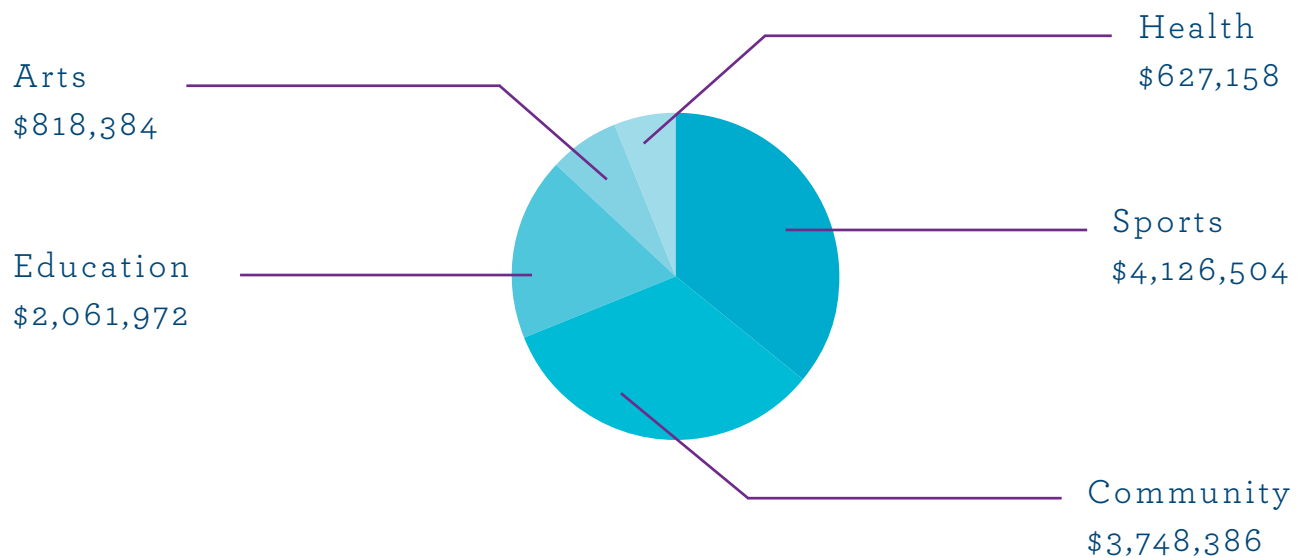
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Funding Summary

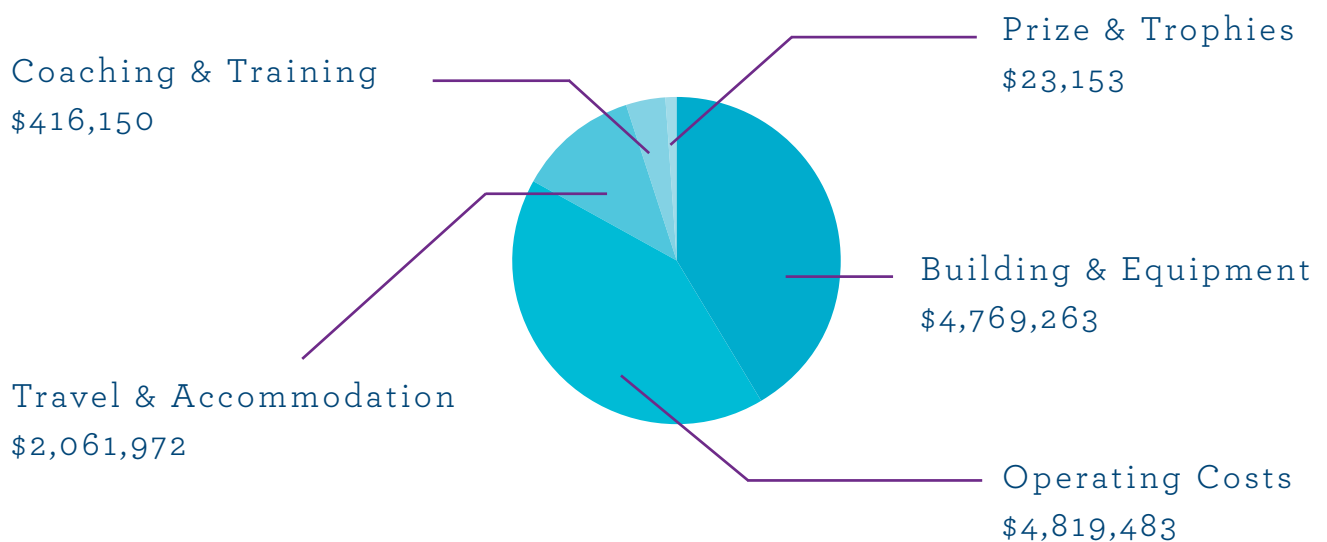
WHAT SORT OF ACTIVITIES WERE FUNDED?

For the period ended 3 January 2016, The Southern Trust granted \$11.382 million in funding to 1,302 community groups and organisations around New Zealand, which represents a return of 40.6% on total revenue. In addition, \$9.202 million was contributed directly into the government's consolidation fund in the form of gaming duty and GST, and \$412,000 was paid in problem gambling levies. When combined, the direct benefit from the payment of community grants and indirect contributions via the consolidated fund, represent a social dividend of 64% of GST inclusive income.

RECIPIENT CATEGORIES



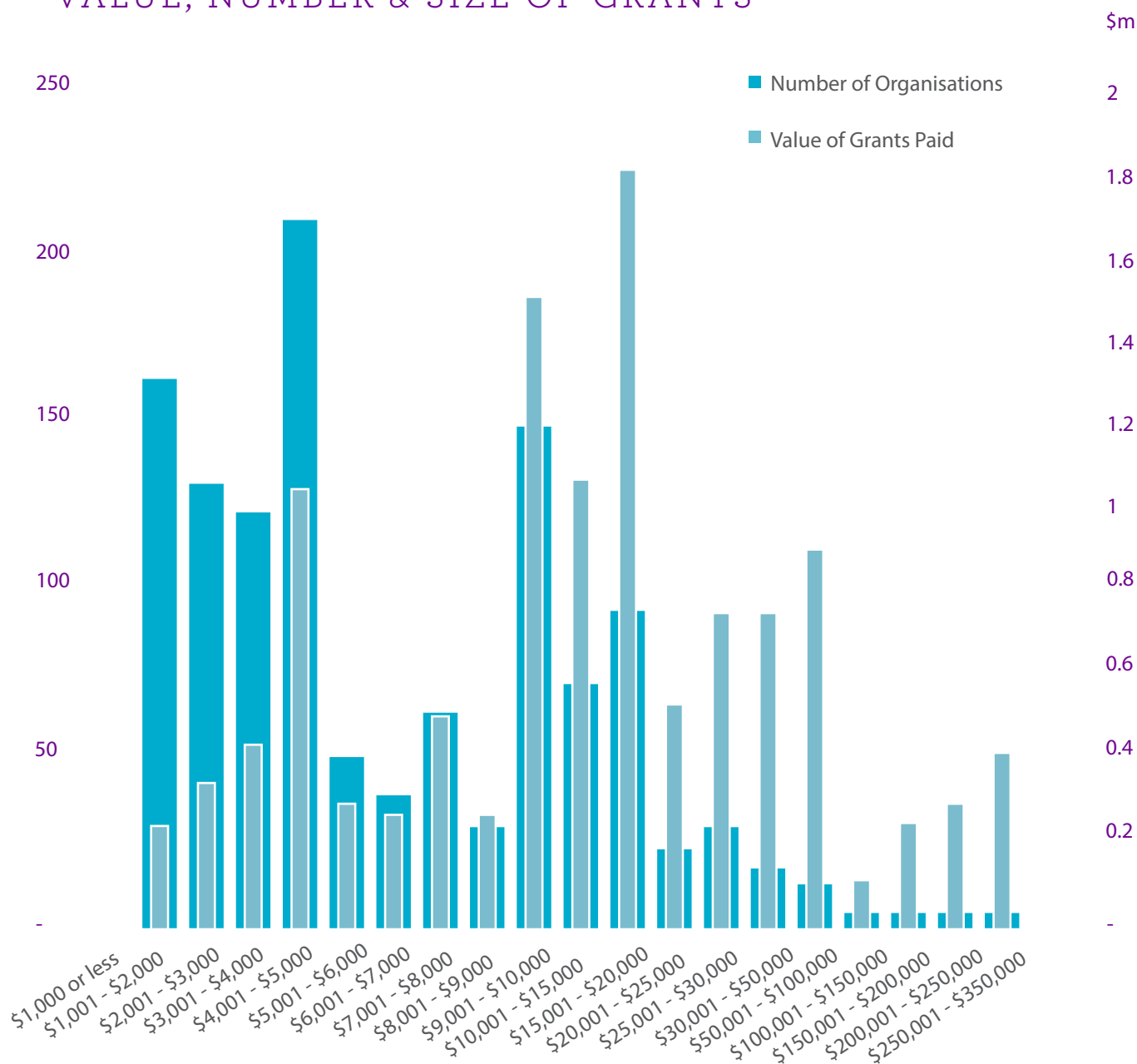
TYPE OF COST FUNDED



HOW MANY AND HOW BIG WERE THE GRANTS?

The Trust funded a wide variety of organisations with grants ranging in size from \$200 to \$345,840. In volume terms 81% of grants were for \$10,000 or less and in dollar terms 81% of grants paid were \$40,000 or less. The largest commitment of \$345,840 was to The Middlemore Foundation for the Kootuitui Ki Papakura pilot programme. \$250,000 was also granted to the Halberg Disability Sport Foundation and \$200,000 to the West Spreydon School for the re-development of the earthquake damaged swimming pool. While large in dollar terms the grants to these organisations represent 7% of the total grants paid and the Trust continues to return 95% of net proceeds back into the communities in which they were raised.

VALUE, NUMBER & SIZE OF GRANTS



Diversity

A robust and rigorous grants application process ensures that funds are only distributed for authorised purposes and a follow-up audit checks that the funding was applied appropriately and unspent funding returned.

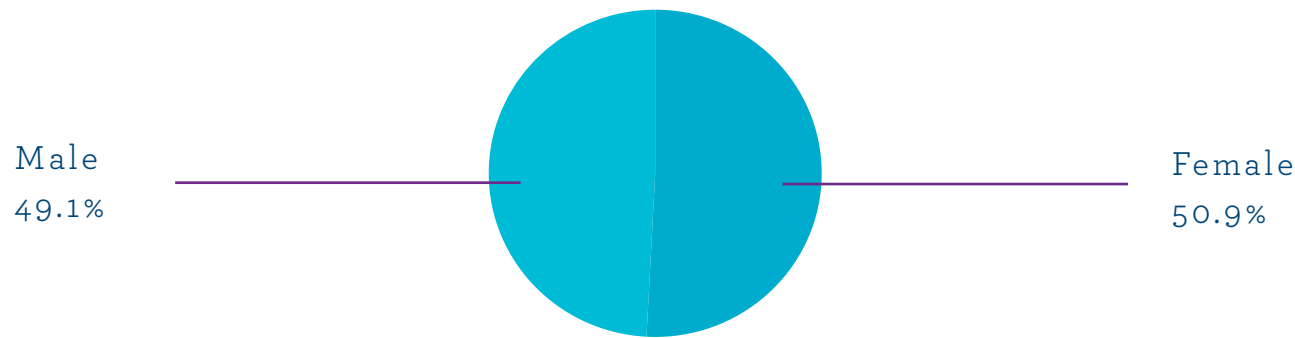
HOW DIVERSE WERE THE ORGANISATIONS AND COMMUNITIES FUNDED?

Based on membership and population data supplied by grants applicants it is estimated that the benefits provided through the funding reached or were available to the equivalent of 8.268 million people.

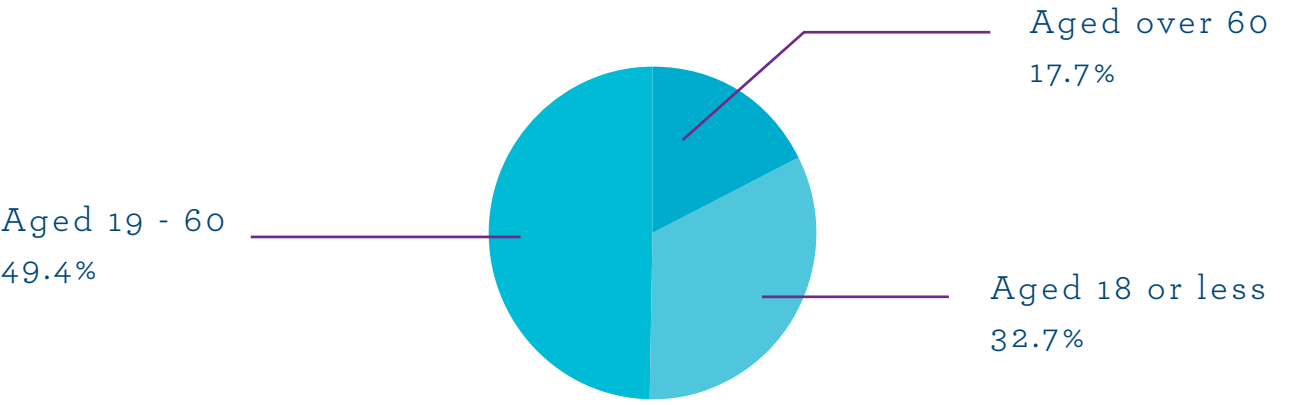
Analysis shows the gender and ethnic mix of the organisations and communities funded by the Trust broadly mirrors the figures from the 2013 census, but with a greater emphasis on those aged 18 or less.



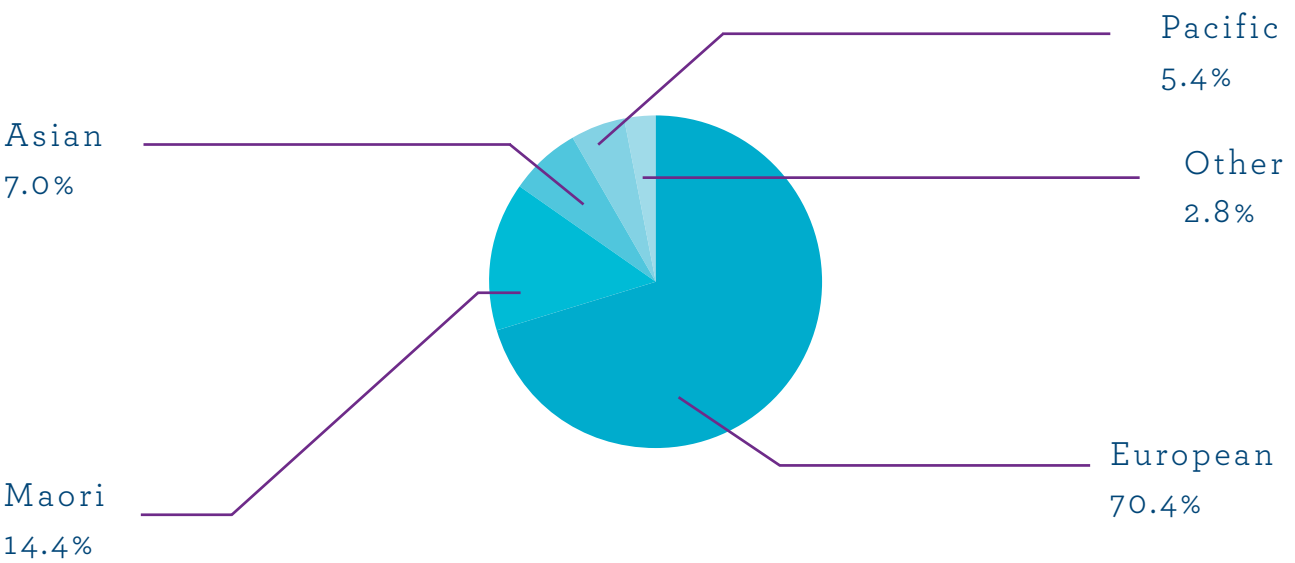
GENDER



AGE



ETHNICITY



Funding Distribution

Northland

1.	Far North	\$321,386
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Auckland

76.	Auckland	\$1,160,256
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Central North Island

13.	Waikato	\$163,766
16.	Hamilton	\$482,069
17.	Waipa	\$203,540
21.	Taupo	\$203,465
23.	Tauranga	\$133,379
24.	Rotorua	\$1,399,117
25.	Whakatane	\$782,532
27.	Opotiki	\$369,997

Lower North Island

33.	New Plymouth	\$476,000
34.	Stratford	\$81,007
35.	South Taranaki	\$5,566
36.	Ruapehu	\$1,874
41.	Tararua	\$8,131
42.	Horowhenua	\$253,321

Hawkes Bay

31.	Napier City	\$463,936
32.	Central Hawkes Bay	\$25,000

Nelson & Marlborough

53.	Marlborough	\$3,900
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West Coast

55.	Buller	\$16,140
57.	Westland	\$5,135

Canterbury

58.	Hurunui	\$26,750
59.	Waimakariri	\$503,208
60.	Christchurch	\$2,114,577
40.	Timaru	\$512,252
41.	Mackenzie	\$27,000
42.	Waimate	\$50,494

Otago & Southland

68.	Waitaki	\$52,511
70.	Queenstown Lakes	\$36,605
71.	Dunedin City	\$274,092
73.	Southland	\$126,981
75.	Invercargill City	\$733,321

National Recipients

\$365,218



WHICH COMMUNITIES RECEIVED FUNDING?

While started and still based in Dunedin, the Trust has venues located across New Zealand from Albany to Invercargill, with 95% of the net proceeds raised in each of the areas returned back to the areas. The other 5% is used to fund organisations such as the Life Education Trust, Spinal Cord Society, Foundation for Youth Development and Pregnancy Help which have a national benefit.

Summary of Financial Statements 2015

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SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	3 Jan 2016 \$	31 Dec 2014 \$
Gaming Revenue	27,418,086	27,017,431
Share of associates net (loss)	270	(8,617)
Other Revenue	635,376	337,197
Total Revenue	28,053,732	27,346,011

LESS OPERATING EXPENSES

Gaming Machine Duty	(6,282,548)	(6,238,798)
Venue Costs	(4,381,253)	(4,285,973)
Depreciation Costs	(1,457,571)	(1,859,672)
Electronic Monitoring, Gaming Fees & Levies	(1,070,961)	(1,119,316)
Other Direct Gaming Costs	(1,528,860)	(1,039,683)
Administration Costs	(2,013,901)	(2,052,689)
Net Surplus Available for Distribution	11,318,638	10,749,880
Authorised Purpose Distributions	(11,382,404)	(11,776,774)
Refunds Received	228,083	322,509
Surplus/ (deficit) for Year	164,317	(704,385)
Other Comprehensive Income	-	-
Total Comprehensive Income	164,317	(704,385)

SUMMARY STATEMENT OF CHANGES MADE IN TRUSTEES CAPITAL

Community Equity Opening Balance	2,482,467	3,186,852
Total Comprehensive Income After Duty & Distributed Funds	164,317	(704,385)
Community Equity Closing Funds	2,646,784	2,482,467

SUMMARY OF FINANCIAL POSITION

	Note	3 Jan 2016 \$	31 Dec 2014 \$
Current Assets		2,953,939	2,277,970
Non-current Assets	5	1,765,096	2,024,491
Total Assets		4,719,035	4,302,461
Current Liabilities		(1,841,691)	(1,807,857)
Non-current Liabilities		(230,560)	(12,137)
Net Assets		2,646,784	2,482,467
Represented by:			
Community Equity		2,646,784	2,482,467

SUMMARY STATEMENT OF CASH FLOWS

Net Cash Inflow from Operating Activities	1,210,251	398,568
Net Cash Outflow from Investing Activities	(836,887)	(1,521,105)
Net Cash Inflow from Financing Activities	-	-
Net Increase/(Decrease) in Cash Held	373,364	(1,122,537)
Cash at Beginning of Financial Period	1,561,235	2,683,772
Cash at End of Financial Period	1,934,599	1,561,235

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1. Basis of Preparation

These Summary Financial Statements are extracts from the Financial Statements of The Southern Trust for the reporting period ended 3 January 2016 authorised for issue on 15 March 2016.

These Summary Financial Statements have been prepared using the principles of New Zealand Financial Reporting Standard 43 Summary Financial Statements for Public Benefit Entities. The full Financial Statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand and comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) as applicable to Benefit Entities.

Because of their summarised nature, these Summary Financial Statements cannot provide a full understanding of the financial performance, financial position and cash flows of this entity. This understanding can only be obtained by reference to full Financial Statements of The Southern Trust. Summary Financial Statements have been prepared solely for The Southern Trust Board of Trustees. A copy of the full Financial Statements of the entity is available by making a request to The Board Chair, The Southern Trust, P O Box 858, Dunedin, New Zealand.

The presentation and functional currency is New Zealand Dollars.

The financial statements have been prepared on a going concern basis.

2. Comparatives

The prior year comparatives are for a full 12 month trading period.

3. Nature of Audit Opinion

The Annual Financial Statements of The Southern Trust for the reporting period ended 3 January 2016 have been audited with an unmodified audit opinion issued on 15 March 2016.

4. Trustees Capital

The Trust, as a result of discussions with the Department of Internal Affairs (DIA), will describe Trust Capital: Trustees Income Account, in the statement of financial position as Community Equity. This Community Equity will represent undistributed community funds.

5. Non-current Assets

	3 Jan 2016 (\$)	31 Dec 2014 (\$)
Gaming Machines and Ancillary Equipment	1,747,611	1,978,702
Other Property, Plant & Equipment	17,485	39,889
Investment in Associate	-	5,900
	1,765,096	2,024,491

All items of property, plant and equipment are recorded on the historical cost basis less accumulated depreciation and impairment.

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives as follows:

Gaming machines and ancillary equipment	100% - 24%
Other property, plant and equipment	12% - 48%

The BNZ has registered first and only general security agreement over the assets and undertakings of the Trust.

6. Borrowings

The Trust has an overdraft facility in place with the BNZ which was not utilised in 2015.

7. Transactions with Related parties

The Southern Trust maintains a register of Trustees and key management personnel interests. The amount of grant distributions to organisations listed on the register were \$15,800 (2014 \$nil).

Related Party	Date	Amount \$
Parafed Otago - Keith Wilson became an officer on 27 August 2015.	5 March 2015	4,300
Dunedin Prison Charitable Trust - Stewart Harvey has been an officer since 11 August 2011. Paul Pedofski became an officer on 28 September 2015.	2 July 2015	6,000
Fire in Ice Outrigger Canoe Club - Peter Haslemore is a member.	28 October 2015	500
Dunedin Civic Orchestra - Ken Lister was an officer until March 2015.	2 July 2015	5,000

During the period the Southern Trust paid Grants Monitoring Limited \$nil (2014 \$6,584) for the provision of a centralised grants monitoring service. Karen Shea was a Director of this company.

During the period the Southern Trust paid Wilkinson Rodgers lawyers \$6,650 for professional services. Evan Moore is a consultant to this firm.

During the period the Southern Trust paid Chivalry Training Providers Limited \$3,446 for the delivery of robbery training to venue operators. Doug McCaulay is a Director of this company.

Salaries and other short term employee benefits of \$490,736 (2014 \$495,300) were paid to key management personnel during the year. No amounts were expensed for termination, post employment or other long term benefits.

8. Capital Commitments

	3 Jan 2016	3 Dec 2014
	\$	\$
Gaming Machines and ancillary equipment	nil	nil
Other property, plant and equipment	nil	nil

9. Contingencies

There were no contingent assets or liabilities as 3 January 2016 (2014 nil).

10. Events Occurring after the Reporting Period

No events occurring after the reporting period (2014 nil).



Report of the Independent Auditors' on the Summary Financial Statements

to the trustees of The Southern Trust Incorporated

The accompanying summary financial statements, on pages 3 to 7 which comprise the summary statement of financial position for the period ended 3 January 2016, the summary statement of comprehensive income, the summary statement of changes in trustees' capital and the summary cash flows statement for the period then ended, and related notes, are derived from the audited financial statements of The Southern Trust Incorporated for the period ended 3 January 2016.

The summary financial statements do not contain all the disclosures required for full financial statements under New Zealand Equivalents to International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of The Southern Trust Incorporated.

Our audit of the financial statements for the period ended 3 January 2016 was completed on 15 March 2016 and our unmodified opinion was issued on that date. We have not undertaken any additional audit procedures in relation to those financial statements from the date of the completion of our audit and those financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

This report is made solely to the Trustees. Our work has been undertaken so that we might state those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for this report, or for the opinions we have formed. In addition, we take no responsibility for, nor do we report on, any part of the annual report not specifically mentioned in our report.

Trustees' Responsibility for the Summary Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation of the summary financial statements in accordance with FRS-43 (PBE): *Summary Financial Statements* (FRS 43 PBE).

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*.

We are independent of the Trust. Other than in our capacity as auditors and providers of other related assurance services we have no relationship with, or interests in, the Trust.

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Opinion

In our opinion, the summary financial statements on pages 3 to 7 derived from the audited financial statements of The Southern Trust Incorporated for the period ended 3 January 2016 are consistent, in all material respects, with those audited financial statements, in accordance with FRS-43 (PBE).

Restriction on Use of our Report

This report has been prepared for inclusion in the annual report. We disclaim any responsibility for reliance on this report or the amounts included in the summary financial statements, for any purpose other than that for which they were prepared.

A handwritten signature in blue ink, appearing to read "PricewaterhouseCoopers".

Chartered Accountants
15 March 2016

Dunedin

In The Community

THE SOUTHERN TRUST CASE STUDY - NORTH CANTERBURY SPORT AND RECREATION TRUST

North Canterbury Sport and Recreation Trust is dedicated to improving health and wellbeing in its community by promoting sport and fitness activities. Between 2012 and 2016 they received \$350,000 grant funding from The Southern Trust to help deliver sports skills to school children.

North Canterbury Sport and Recreation Trust Operations Manager, Rosie Oliver says since the Trust started running programmes in 2008 demand in the region has skyrocketed. Now it runs Primary Schools Sports Coaching programmes for 7,000 pupils annually.

“Back in 2008 a couple of primary schools commented how kids didn’t play four square and hit tennis balls around like they did in the past and that meant they lacked basic sports skills,” Rosie says.

“We took a punt and started delivering sport into four schools in 30-minute sessions. Eight years later we have three fulltime coaching teams visiting more than 35 schools delivering fundamentals and sports specific coaching to primary school children across the region.”

“Kids just love it. Two coaches rock up for all sessions with all this amazing sports gear. The kids can’t wait to start,” says Rosie. “The coaches are great role models.

Two of our coaches are women, which shows the kids anyone can be good at sports — you don’t have to be a big, strong guy! Conversely, our male coaches can be role models for those children who don’t have a male teacher.”

“Schools love it too, as they recognise we are an asset to their sports programmes. Our coaches leave session notes to enable the teachers to mirror the delivery in between our visits which helps keep the teachers up-to-date with the latest techniques.”

Since the programme began Rosie says sports participation in region has increased. Numbers at the North Canterbury Athletics Championships are up by 10 percent, or close to 100 extra children. Regular local interschool events are seeing up to 70 teams with 450 children taking part. Many children have joined sports clubs and the Trust has extended its scope and delivers after school competitions for mini ball, mini hockey and hockey.

“Without partnership funding we couldn’t run the scope of programme. We teach sports skills and increase participation for school children throughout North Canterbury and without the support of The Southern Trust the quality of our delivery would be compromised,” Rosie says.



THE ROTORUA LAKESIDE CONCERT CHARITABLE TRUST

Rotorua wouldn't have its annual community concert without the support of The Southern Trust.

That's the view of Rotorua Lakeside Concert Charitable Trust founder and chairman Ian Edward QSM. He and a dedicated group of volunteers passionate about the performing arts work on behalf of the community to deliver the city's free summer concert each year.

The Southern Trust is one of New Zealand's top five trusts returning gaming machine proceeds to the community. It provides funding to amateur sport, education, community, welfare organisations and arts and culture. The Trust prides itself on the fact that the majority of families within New Zealand have received direct or indirect benefit from gaming machine proceeds funded by the Southern Trust.

Held annually since 1997, Rotorua's Lakeside Concert has become the Rotorua community's eagerly anticipated night out together. Lakeside is an outstanding concert showcasing the best New Zealand talent and appealing to the entire Rotorua community, drawing an audience with everyone from the young to the old, from the classical buff to swinging popsters.

Ian says "the fantastic journey starting with nothing and creating an annual showcase concert for the Rotorua community wouldn't have been possible without the support of The Southern Trust."

He says funding partners like The Southern Trust enable a special free day out for the Rotorua community that because of economic pressure couldn't usually afford to attend a concert.

"This is a great opportunity for what is a lower socio-economic community. Rotorua is a breeding ground for talented singers and musicians and it wonderful to inspire the community by showcasing local and national talent. With its rich history of hospitality Rotorua really knows how to turn on a party. We punch above our weight and love to celebrate the diversity of our citizens."

The Southern Trust has been supporting this special community event since 2002 and since then has made seven grants for a total of almost \$390,000.



THE SOUTHERN TRUST - SOUTHLAND BRANCH OF SLANZA (SCHOOL LIBRARY ASSOCIATION OF NEW ZEALAND AOTEAROA)

Brightly coloured jute book bags funded by The Southern Trust contributed to the success of a summer reading programme for Southland school pupils.

SLANZA National Executive representative for Southland, Kirsty Adam says many of the region's schools worked with public libraries at the end of 2015 to develop a Summer Reading Programme to ensure students continued reading when they were on holiday.

"We wanted to avoid the 'summer slide' a well known phenomenon where children not reading during six weeks of summer holiday return to school with a reduced reading capability," Kirsty explained.

Having bags meant some schools that were initially reluctant to join the programme came on board. The book bags gave schools confidence that having the books stored together in one place reduced the potential for losses over the summer.

"We're a small voluntary organisation, not covered by schools' operating budgets and without much outside funding, so receiving this support was valuable. The lovely, bright bags were an asset to our programme."



THE SOUTHERN TRUST - OLYMPIC AMBASSADOR

Around 50,000 Kiwi school children have been inspired to 'be the best they can be' by Olympic athletes, thanks to a partnership between The Southern Trust and the New Zealand Olympic Committee.

Since 2011 The Trust has been funding the New Zealand Olympic Committee Olympic Ambassador Programme enabling athletes to visit schools across the country.

New Zealand Olympic Committee Chief Executive Officer and Secretary General, Kereyn Smith said, "We've had impact across New Zealand with the Ambassador Programme, reaching thousands of schools and around 50,000 8 – 12 year olds."

"The message is, 'be the best you can be,' its not about winning its about trying. It resonates with the children as well as their teachers and principals. It's an idea everyone can be inspired by."

Kereyn says as well as inspiring primary school children, the programme has had another unexpected benefit. Participation in the programme has allowed 30 Olympians to develop their leadership skills. Cyclist, Alison Shanks and Windsurfer, Barbara Kendall have both commented on how working with young people has helped strengthen their personal leadership, she says.

"Without the support of The Southern Trust this world leading programme would never have got off the ground and thousands of Kiwi kids would have missed inspirational messages from people they can relate to," Kereyn Smith said.

The Southern Trust has been a long-time supporter of the New Zealand Olympic Committee and since 2002 has made 32 grants totalling \$3,484,000.



Directory

BOARD OF TRUSTEES

Evan Moore (Chair)
Doug McCaulay (Deputy Chair)
Karen Shea
Ken Lister
Peter Haslemore
Stewart Harvey

SENIOR MANAGEMENT

Karen Shea (Chief Executive)
Laurel McDonald (Funding Manager)
Cam Wilson (National Operations & Compliance Manager)
Paul Pedofski (Chief Financial Officer)

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