

ANNUAL REPORT

2021/22



grassroots
trust

Velodrome
New Zealand's Home of Cycling

CHAIR REPORT

As for all businesses, the 2022 financial year continued to be impacted by the Covid-19 pandemic.

Oscillating between “Alert Levels 1 and 2” for most of 2021, our events continued to be impacted by restricted numbers and inter-regional travel. Moreover, the balance of vaccination, infection and isolation put continued strain on both our patrons and staff – which we are proud to say was admirably and amicably managed. We cannot thank our community enough for the warmth we felt.

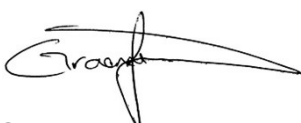
The resultant was that we still managed to turn an operating profit (before interest and depreciation) of \$212k – commendation to our management team, tenants and community allegiance. Included, we flipped our principal brand from the inaugural Avantidrome to the Grassroots Trust Velodrome, and in so doing thank both for their enormous support.

Mid-year, we were delighted to support the Cycling New Zealand team in their own delayed quest for the Tokyo 2020 Olympic Games (held in July 2021). Under the flag of the New Zealand Olympic Committee, CNZ named a 15-strong track cycling team for the Tokyo Olympic Games, plus 2 in road cycling and 1 each in mountain biking and BMX. Our congratulations to Ellesse Andrews and Campbell Stewart for their silver medals and to the whole team for their effort and mana.

The disruptions to business as usual gave us opportunity for a strategic reset, and we established a new strategic plan based on Customer Experience, Exceptional Events, Best in Class Facility and Financial Sustainability. Already, as we move beyond the pandemic, we are seeing excellent return in patronage and a culture of “raving fans”. We welcomed Rob and Janna Hart as new owners to The Bikery Café, and appreciate their smiling faces. And we entered the market for tenants for a building extension, to grow revenue for our long-term sustainability.

Finally, we welcomed Marc Scott to the Trust Board in anticipation of the end of tenure of long-time trustee David Heald. Both Marc and David were involved in the initial conception of the Home of Cycling and therefore setting the scene for our current success. We cannot thank David enough for the wisdom and expertise he has brought to the Board, and know Marc will continue the same vein.

Looking forward to an exciting and refreshed 2022-23.



Graeme Maw
Board Chair



“Already, as we move beyond the pandemic, we are seeing excellent return in patronage and a culture of ‘raving fans’.”

GENERAL MANAGER REPORT

After months of ongoing disruptions, 2022 marked a return to consistency for our community.

Quickly our gym members where were back chasing gains, event bookings and tour groups made a welcomed return and bikes were once again ripping around the boards with new riders making up for lost time. While we are not yet back to our pre-covid numbers, we are building again.

To accommodate the influx of gym users, walkers, track riders and visitors we welcomed some new faces to the team. With new people came new ideas and we were able to lift our focus on creating distinctive experiences.

Opening the doors again gave us the opportunity to activate the plans we had put on hold for 18 months. We developed new race series, launched training camps, refreshed our existing programmes and secured some exciting new events.

We have added some new talent to the management team at the velodrome. Jo Mackie has moved brilliantly into the role of Customer Relations and Gym Manager. Craig Rodger overseas the action on the track as our new Head of Programmes and Coaching. We have also appointed Dion Merson into a new role as Head of Operations. With this kind of bench strength, we are well positioned to grow the organisation and extend the value we return to the community.

We are well into our planning for 2023 with a very full event calendar already in place. New things are happening on the track, in the gym and on our pump track outside.

Our beloved trikes programme is again flourishing with old friends and new.

We have used 2022 as an opportunity to refresh and we have a full to-do list for the coming year.



Scott Gemmill
General Manager

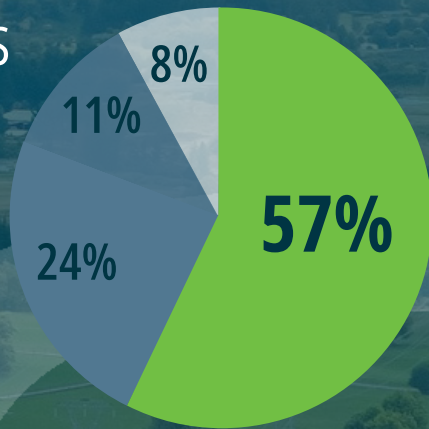
“With new people came new ideas and we were able to lift our focus on creating distinctive experiences.”



EVENTS

RACING

GYM



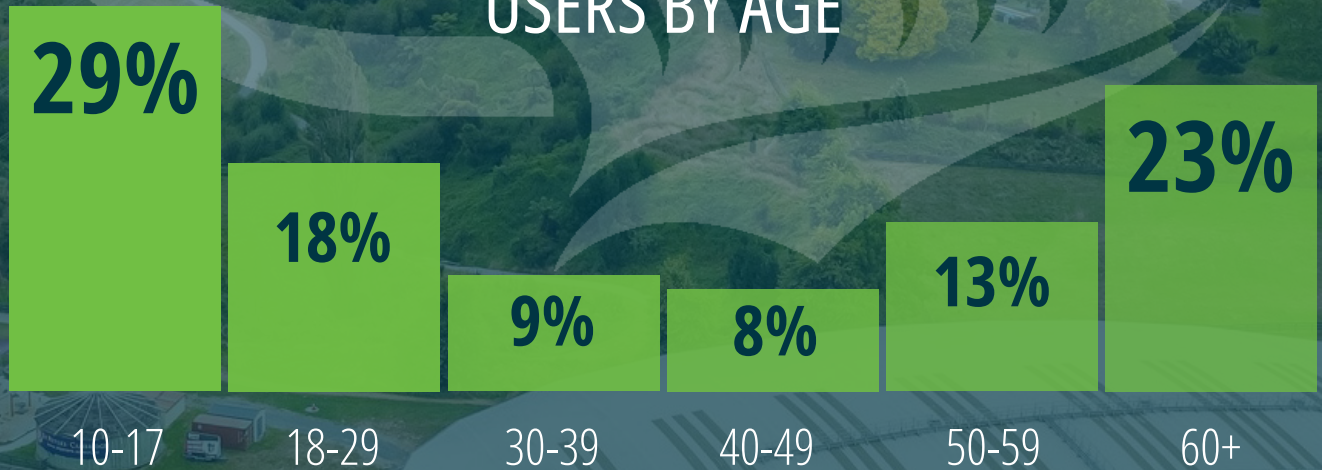
TRACK



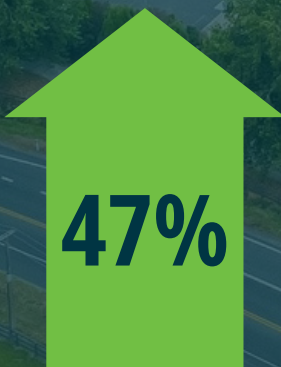
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TOTAL USERS
IN 2021-22

USERS BY AGE



DURING THE PANDEMIC



GYM
USERS
INCREASED
DURING
2020-21



RETAINED
77% OF USER
NUMBERS
DURING 2020-21

WHERE WE ARE HEADED

Over the past eight years we have established our place among the best velodromes in the world.

The envious list of records set on our track and the support we have received from our community have created something special.

While world records and fast times are thrilling, we are all about building for tomorrow and growing our community. Our strategy is two-fold. Like those athletes we admire, we will work tirelessly to ensure our facility remains among the best in the world.

We will support the pursuit of excellence and records. As a trust our purpose is to connect our community through a shared passion for activity, recreation and wellness with cycling as our common thread.

We will always stay true to this purpose and we are going big to grow those community connections.

In 2023 we are going big. We will be announcing some new commercial partners, welcoming a new tenant to the building, extending our trike programme and introducing a major event that will be uniquely us. Our strategy hinges on the experience we deliver to our regulars and our visitors, our exceptional events and operating a best-in-class facility.

These pillars guide our actions and as a team we cannot wait to bring our plans for 2023 to life.



"As a trust our purpose is to connect our community through a shared passion for activity, recreation and wellness with cycling as our common thread."



Annual Report

The Home of Cycling Charitable Trust
For the year ended 31 March 2022

Prepared by Baker Tilly Staples Rodway Waikato LP

Contents

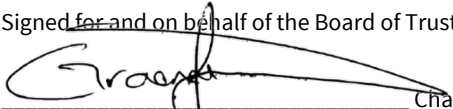

3	Statement of Comprehensive Revenue and Expenses
4	Statement of Financial Position
5	Statement of Changes in Equity
6	Statement of Cash Flows
7	Notes to the Financial Statements
18	Audit Report

Statement of Comprehensive Revenue and Expenses

The Home of Cycling Charitable Trust For the year ended 31 March 2022

	NOTES	2022	2021
Revenue			
Revenue from Exchange Transactions			
Sponsorship		228,186	639,335
Rent		586,878	573,476
Track Hire		344,154	296,554
Room Hire		38,623	45,370
Gym Membership Fees		68,017	66,281
Other Income	5	145,339	140,650
Interest		430	285
Total Revenue from Exchange Transactions		1,411,626	1,761,950
Revenue from Non-Exchange Transactions			
Grants	3	302,514	55,746
Donations	3	73,686	50,669
Community Funding	3	-	4,000
Total Revenue from Non-Exchange Transactions		376,201	110,415
Total Revenue		1,787,827	1,872,365
Expenses			
Employee Related Costs		696,291	642,252
Interest on Borrowings		93,949	85,363
Depreciation		1,250,971	1,247,136
Marketing & Communications		36,938	12,204
Property Expenses		485,002	443,428
Event Expenses		3,689	2,332
Other expenses	6	354,053	293,534
Total Expenses		2,920,894	2,726,249
Surplus / (Deficit)		(1,133,067)	(853,884)
Total Comprehensive Revenue and Expense		(1,133,067)	(853,884)

Signed for and on behalf of the Board of Trustees who authorised these financial statements for issue on 2nd September 2022.


 _____ Chairperson

 _____ Trustee

Statement of Financial Position

The Home of Cycling Charitable Trust As at 31 March 2022

	NOTES	31 MAR 2022	31 MAR 2021
Assets			
Current Assets			
Cash and Cash Equivalents	7	707,351	860,462
Receivables	8	57,775	54,180
Prepayments		51,983	48,586
Accrued Income		-	12,329
Total Current Assets		817,109	975,556
Non-Current Assets			
Property, Plant and Equipment	10	23,702,623	24,925,738
Total Non-Current Assets		23,702,623	24,925,738
Total Assets		24,519,731	25,901,294
Liabilities			
Current Liabilities			
Accounts Payable	9	71,399	70,892
Deferred Revenue	11	110,688	300,085
Borrowings	12	1,863,607	1,008
Employee Benefits		60,417	50,318
Total Current Liabilities		2,106,111	422,303
Non-Current Liabilities			
Deferred Revenue	11	372,878	443,263
Borrowings	12	750	1,862,669
Total Non-Current Liabilities		373,628	2,305,932
Total Liabilities		2,479,739	2,728,235
Net Assets		22,039,993	23,173,060
Trust Funds			
Accumulated Comprehensive Revenue and Expense	13	22,039,993	23,173,060
Total Trust Funds		22,039,993	23,173,060

The statement of accounting policies and the accompanying notes form an integral part of these audited financial statements.



Statement of Changes in Equity

The Home of Cycling Charitable Trust For the year ended 31 March 2022

	2022	2021
Changes in Net Assets		
Balance at 1 April	23,173,060	24,026,944
Total Comprehensive revenue & expenses for the year	(1,133,067)	(853,884)
Balance at 31 March	22,039,993	23,173,060

The statement of accounting policies and the accompanying notes form an integral part of these audited financial statements.



Statement of Cash Flows

The Home of Cycling Charitable Trust For the year ended 31 March 2022

	2022	2021
Statement of Cash Flows		
Cash Flows from Operating Activities		
Cash receipts from sponsorship and other exchange transactions	1,300,014	1,980,522
Cash receipts from grants and other non-exchange transactions	186,804	110,415
Interest received	430	285
GST	(7,391)	1,433
Payments to suppliers and employees	(1,561,844)	(1,399,945)
Net Cash Outflow from Operating Activities	(81,987)	692,710
Cash Flows from Investing Activities		
Payment for property, plant and equipment	(27,856)	(66,770)
Net Cash Outflow from Investing Activities	(27,856)	(66,770)
Cash Flows from Financing Activities		
Proceeds of loans borrowed from other parties	680	-
Interest paid	(43,949)	(35,363)
Repayment of borrowings	-	(1,009)
Net Cash Outflow from Financing Activities	(43,269)	(36,372)
Net Increase (Decrease) in Cash Held	(153,112)	589,568
Cash at the Beginning of the Year	860,462	270,894
Cash at the End of the Year	707,350	860,462

Notes to the Financial Statements

The Home of Cycling Charitable Trust For the year ended 31 March 2022

1. Statement of Accounting Policies for the year ended 31 March 2022

The Home of Cycling Charitable Trust (the Trust) is a charitable trust incorporated under the Charitable Trusts Act 1957, registered as a charitable entity under the Charities Act 2005 and incorporated and domiciled in New Zealand.

The registered office for The Home of Cycling Charitable Trust is 360 Tristram Street, Hamilton Central, Hamilton 3204.

The Trust has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Home of Cycling Charitable Trust is the legal entity and the financial statements are for the operations of the Trust. The financial statements are for the year ended 31 March 2022.

The Trustees authorised the issue of these financial statements on 2nd September 2022.

The trustees do not have the power to amend the financial statements once issued.

Basis of preparation

The financial statements have been prepared on historical cost & going concern basis. The accounting policies have been applied consistently throughout the year.

Statement of compliance

The financial statements of the Trust have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and authoritative notices that are applicable to not-for-profit public benefit entities.

The Trust is eligible and has elected to report in accordance with Tier 2 PBE Standards Reduced Disclosure Regime (PBE Standards RDR) on the basis that the Trust has no public accountability and is not large as defined in XRB A1.

In adopting PBE Standards RDR the Trust has taken advantage of a number of disclosure concessions.

Use of Judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amount recognised in the financial statements include the following:

- (i) Revenue Recognition - non exchange

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2022 included the following:

- (i) Useful life of assets, recoverable amount, depreciation method and rate.
- (ii) Leases have been classified as operating leases for the purpose of financial statements.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

Revenue

Revenue is measured at fair value of the consideration received or receivable. The Trust recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Trust's activities, as described below.

Revenue from exchange transactions

Sponsorship

Sponsorship revenue is recognised over the period of the contract as the benefits are supplied by the Trust under the contracts. Sponsorship received as "value in kind" has been recognised based on the fair value of services received by the Trust.

Unearned sponsorship revenue received by the Trust during the period is recognised as a liability, deferred revenue, in the statement of financial position. When consideration has been received in respect of sponsorship to be delivered in subsequent years, it is treated as revenue in advance to recognise the liability of the Trust to provide the sponsor with the benefits stated in the contracts in future periods.

Rent

Rent is recognised when earned on a straight line basis as per the lease agreements with each tenant.

Track hire

Track fees from hireage of the track are recorded as revenue when the hireage takes place.

Room hire

Room hire from hireage of the velodrome rooms is recorded as revenue when the hireage takes place.

Gym membership fees

Fees and subscriptions received in exchange for monthly access to members' facilities are recorded as revenue upon receipt.

Interest income

Interest revenue is recognised as it accrues, using the effective interest method.

Revenue from non-exchange transactions

Grants

Grant revenue as at 31 March 2022 of \$302,514 (2021: \$55,746) includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant has been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Donations

Donations as at 31 March 2022 of \$73,686 (2021: \$50,669) are recognised as revenue upon receipt and include donations from the general public, donations received for specific programme or services or donations in-kind. Donations in-kind are measured at their fair value as at the date of acquisition, ascertained by reference to the expected cost that would be otherwise incurred by the Trust.

Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

The Trust derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Trust has transferred substantially all the risks and rewards of the asset; or
- the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purposes of measurement:

- fair value through surplus or deficit
- loans and receivables; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired. The Trust has classified all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Trust's cash and cash equivalents, short-term investments and receivables from exchange transactions fall into this category of financial instruments.

Impairment of financial assets

The Trust assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's

original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Trust first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Trust determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through surplus or deficit, payables or loans and borrowings as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables and borrowings, net of directly attributable transaction costs.

The Trust's financial liabilities include trade and other creditors, borrowings, and deferred revenue.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost is the category of financial liabilities that is most relevant to the Trust. After initial recognition, trade and other creditors, borrowings, and deferred revenue are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process. The effective interest rate amortisation is included as interest expense in the surplus or deficit of the statement of comprehensive revenue and expense.

Trade and other creditors are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Property, plant and equipment

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Trust, and if the item's cost or fair value can be measured reliably.

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the item of property, plant and equipment. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Trust recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

Subsequent to initial recognition, property, plant and equipment are measured at cost, net of accumulated depreciation and impairment losses, if any.

Depreciation is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Land Improvements - 10 to 50 years

Velodrome and Buildings - 10 to 40 years

Fixture and Fittings - 10 - 12 years

Plant & Equipment - 3 to 40 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in surplus or deficit. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to accumulated comprehensive revenue and expense.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in surplus or deficit component of the statements of comprehensive revenue and expenses in the period in which they are incurred.

Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non current liabilities.

Goods and services tax

These financial statements have been prepared exclusive of Goods and Services Tax (GST) except for receivables and payables which have been recorded inclusive of GST. The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

Deferred revenue

(a) Deferred track use liability

Under a land use agreement with St Peter's School, the Trust provides St Peter's School with free use of the velodrome up to 400 hours per calendar year. A Deferred Track Use Liability has been recognised in the Statement of Financial Position.

On initial recognition this represented the net present value of the expected track use by St Peter's School. This was also the deemed cost for the land recognised in Property, Plant, and Equipment. The Trust is amortising the liability to the Statement of Comprehensive Revenue and Expense over 40 years being the useful life of the velodrome asset.

(b) Sponsorship

Unearned sponsorship revenue receipted by the Trust during the period is recognised as a liability, deferred revenue. Refer further to the Trust's accounting policy for sponsorship revenue from exchange transactions.

Employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Annual leave expected to be settled within 12 months of balance date, is classified as an accrued expense within payables, a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Employer contributions to Kiwisaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

Income Tax

The Home of Cycling Charitable Trust is a registered charitable trust and therefore exempt from taxation pursuant to the Income Tax Act 2007.

2. Revenue

Some income items in the Statement of Comprehensive Revenue and Expense are combined into single line items.

Details of these are:

	2022	2021
3. Revenue from non-exchange transactions		
Grassroots Trust	302,514	55,746
G & J Gallagher Foundation	72,750	25,000
Gallagher Group Limited	-	25,000
Waipa District Council	-	4,000
Other Various	937	669
Total Revenue from non-exchange transactions	376,201	110,415

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



	2022	2021
4. Non-Cash Revenue		
Sponsorship - Value In Kind	50,000	56,084
Total Non-Cash Revenue	50,000	56,084
	2022	2021

5. Other Income

Venue Tours	3,322	3,230
Other Revenue	-	13
Covid Wage Subsidy	91,700	137,407
Hall of Fame Project	621	-
Resurgence Support	49,696	-
Total Other Income	145,339	140,650
	2022	2021

6. Other Expenses**Admin Expenses**

General Expenses	-	126
Kitchen Supplies	1,487	2,161
Printing, Postage & Stationery	11,563	5,020
Total Admin Expenses	13,050	7,307

Motor Vehicle Expense

Motor Vehicle Expenses	7,724	16,699
Motor Vehicle Lease	14,300	5,500
Total Motor Vehicle Expense	22,024	22,199

Professional Services

Insurance	87,588	80,060
Broker Fees	13,725	5,524
Audit Fees	20,154	15,000
Contract Management - Baker Tilly Staples Rodway	60,060	60,000
Legal expenses	9,891	6,407
Total Professional Services	191,418	166,991

Various Other expense

Bank Fees & Booking Fees	4,122	4,083
Commission	-	52,696
Contractor - LFZ	16,898	7,378
Contract Staff - Other	8,152	-
Contract Staff - Gym	1,023	-
Meals, Entertainment & Gifts	12,609	9,280
Phone Expenses	11,623	12,089
Rebranding - HoC	57,353	-
Security	1,296	1,739

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Sky TV	2,150	1,419
Subscriptions & Memberships	12,335	8,353
Total Various Other expense	127,561	97,037
Total Other Expenses	354,053	293,534
	2022	2021

7. Cash & Cash Equivalents

BNZ - Trading Account	18,353	280,394
BNZ - Call Account	681,849	576,133
BNZ - Gym Account	7,148	3,935
Total Cash & Cash Equivalents	707,351	860,462
	2022	2021

8. Total Receivables

Exchange

Commercial receivables - current	57,775	54,180
Revenue earned but not invoiced	-	-
Total Exchange Receivables	57,775	54,180

Non Exchange

Commercial Receivables - current	-	-
Total Non- Exchange Receivables	-	-

Total Receivables	57,775	54,180
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Commercial receivables are non-interest bearing and are generally settled on 30-day terms. Therefore the carrying value of the receivables approximates to their fair value.

There are no provisions for impairment on commercial receivables.

	2022	2021
9. Payables (exchange transactions)		
Trade Creditors	50,552	42,009
Accrued Expenses	15,000	15,000
GST	5,847	13,883
Total Payables (exchange transactions)	71,399	70,892

Payables are non-interest bearing and are generally settled on 30-day terms. Therefore the carrying value of the payables approximates to their fair value.

The Trust holds a BNZ Business Visa card with a limit of \$20,000.

10. Property Plant & Equipment

Asset Type	Cost	Opening Value	Purchases	Depreciation	Closing Accum Dep	Closing Value
Land & Improvements	1,261,945	1,094,747	1,126	25,837	191,909	1,070,036
Office Furniture	145,921	49,925	770	15,272	110,498	35,424
Plant & Equipment	1,961,046	663,033	25,960	190,331	1,462,384	498,662
Velodrome Development	30,319,389	23,118,033	-	1,019,532	8,220,887	22,098,501
Total	33,688,301	24,925,738	27,856	1,250,972	9,985,678	23,702,623

2022 2021

11. Deferred Revenue

Current Portion

Deferred Track Use	6,127	6,127
Unspent Grant	59,561	248,958
Sponsorship	45,000	45,000
Total Current Portion	110,688	300,085

Non - Current Portion

Sponsorship	180,000	244,167
Deferred Track Use	192,878	199,096
Total Non - Current Portion	372,878	443,263

Total Deferred Revenue	483,566	743,347
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2022 2021

12. Borrowings

Current portion

BNZ Loan	1,862,500	-
Hire Purchase	1,107	1,008
Total Current portion	1,863,607	1,008

Non current portion

BNZ Loan	-	1,862,500
Hire Purchase	750	169
Total Non current portion	750	1,862,669

Total Borrowings	1,864,357	1,863,677
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These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



BNZ loan

The Trust has a bank funding facility with BNZ of \$1,975,000 to fund working capital and the development of the Avantidrome. The bank facility expires 28 February 2023. Security for the BNZ facility is via a negative pledge provided by the Trust.

At balance date, the Trust had an outstanding loan of \$1,862,500 (2021: \$1,862,500). Interest rate at 31 March 2022 2.05% pa (2021: 2.05% pa).

	2022	2021
13. Net Assets		
General Funds		
Opening Balance 1 April	23,173,060	24,026,944
Current Year Earnings	(1,133,067)	(853,884)
Balance at 31 March	22,039,993	23,173,060
Total Net Assets	(22,039,993)	(23,173,060)

14. Commitments and Contingent Liabilities

Commitments - The Trust entered into a 60 month agreement with Ricoh New Zealand Limited in September 2018 for IT Services with the first monthly payment of \$2,995.88 made in November 2018. At balance date the remaining commitment amounts to \$56,921 (2021: \$92,872).

Contingent Liabilities - At balance date the Trust have engaged Harkness Henry to provide legal advice in response to an allegation of inappropriate staff conduct. The outcome of the investigation is not yet known. All cost associated with the advice provided to date have been recorded. (2021: \$nil).

15. Related Party Disclosure

Related party transactions required to be disclosed

The Brian Perry Charitable Trust	<ul style="list-style-type: none"> The Brian Perry Charitable Trust is a related party to the Trust due to Jennifer Palmer being General Manager of the Brian Perry Charitable Trust and a Trustee of the Trust. Brian Perry Charitable Trust provides sponsorship under a 10 year sponsorship agreement effective 31 March 2017. Sponsorship received during 2022 year from Brian Perry Charitable was \$62,329 (2021 : \$50,000). At balance date \$0 (2021 : \$12,339) remains owing.
St Peter's School	<ul style="list-style-type: none"> The Trust made payments to St Peter's School for operating expenses during 2022 of \$11,907 (2021: \$8,313). At balance date \$1,979 (2021: \$345) remains owing. The Avantidrome is built on land formerly owned by St Peter's School. The Trust settled acquisition of the velodrome land in 2015 for \$1. The Trust has recognised a total acquisition cost of \$248,757 for the land, recognising that there is a land use agreement with St Peter's School to provide up to 400 hours of track use per year. \$199,005 is recorded as a liability in the statement of financial position, being the net present value of the opportunity cost of the Trust providing these track hours. As at balance date, David Heald and Graeme Maw, trustees, also sit on the St Peter's School Board.
Baker Tilly Staples Rodway Waikato LP	<ul style="list-style-type: none"> The Trust has a professional contract with Baker Tilly Staples Rodway Waikato LP (prior to 1 April 2019 called Staples Rodway Waikato LP) from October 2018, for the provision of professional services. David Heald, a trustee, is a Director of Baker Tilly Staples Rodway Waikato LP. The trust incurred \$60,060 (2021: \$61,003) for these services in 2022. At balance date \$5,821 (2021: \$5,819) remains owing.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



G & J Gallagher Foundation	<ul style="list-style-type: none"> • David Heald, a trustee, is also a trustee on the G & J Gallagher Foundation. • The G & J Gallagher Foundation provided donations during the year of \$72,750 (2021: \$25,000).
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	2022	2021
Key personnel compensation		
Full-time Equivalent Members	3	3
Remuneration	293,176	279,126

16. Operating Lease Commitments - As a Lessor

The Trust leases commercial office space within the Avantidrome as well as a café. The leases have remaining terms of between 1 and 10 years.

All leases include a clause to enable rental reviews on a three year basis according to prevailing market conditions.

Future minimum rentals receivable under operating leases at 31 March 2022 and 2021 are as follows:

	2022	2021
Lease Commitments		
Within one year	527,213	483,011
After one year but not more than five years	1,799,186	1,763,171
More than five years	2,015,914	2,429,222
Total	4,342,313	4,675,404

17. Going Concern

The Trust has a bank funding facility with BNZ of \$1,975,000 to fund working capital and development of the Velodrome which is due to expire on the 28 February 2023. The loan as at 31 March 2022 is \$1,863,250. As at balance date the Trust had not entered into discussion with BNZ regarding renewal of this funding facility due to on-going planning around a Stage 2 development scheduled to commence during the 2024 financial year. The Trust will be discussing the overall loan facility with BNZ in the first two quarters of 2023 to confirm future plans.

As a consequence of the BNZ facility being classified as a current liability, at balance date the Trust has negative working capital of \$1,289,002 and would be unable to repay the loan balance should the bank demand repayment. These events and conditions provide for a material uncertainty that may cause some doubt around the Trust's ability to continue operating if the BNZ facility is not renewed or otherwise refinanced.

18. Subsequent Events

There was no subsequent events.

INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Home of Cycling Charitable Trust.

Opinion

We have audited the financial statements of The Home of Cycling Charitable Trust, which comprise the statement of financial position as at 31 March 2022, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Home of Cycling Charitable Trust as at 31 March 2022 and its financial performance and cashflows for the year then ended, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We are independent of The Home of Cycling Charitable Trust 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 audit opinion.

Other than in our capacity as auditor, we have no relationship with or interests in The Home of Cycling Charitable Trust.

Emphasis of matter - Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 17, which details the maturity date of the BNZ Loan in February 2023. At balance date the Trust had not entered into discussions with BNZ regarding the renewal of this funding facility. The Trust does not have sufficient cash funds at present to repay the loan. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Trust's ability to continue operating.

Restriction on responsibility

This report is made solely to the Trustees. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Trustee's Responsibility for the Financial Statements

The Trustees are responsible for the preparation of these financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible 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 Trustees either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) 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 these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

Finnz Audit

Finnz Audit Limited
Te Awamutu
2 September 2022

2 September 2022

The Board of Trustees
The Home of Cycling Charitable Trust
C/-Bakertilly Staples Rodway Waikato LP
PO Box 9159
Waikato MC
Hamilton 3204

Dear Trustees,

Management Letter for the year ended 31 March 2022 – The Home of Cycling Charitable Trust

We are writing to you in relation to the recent audit work undertaken for you in relation to the audit of the financial statements of The Home of Cycling Charitable Trust (the 'Trust') for the year ended 31 March 2022. Now that the audit is complete, we would like to bring the following points to your attention.

Internal control

Our audit approach requires us to obtain an understanding of an entity's internal controls, sufficient to identify and assess the risks of material misstatement of the performance report whether due to fraud or error but is not designed to provide assurance as to the overall effectiveness of controls operating within the Trust. We would like to make the following recommendations in relation to improving the internal controls of the Trust.

Lack of segregation of duties: The receptionist is responsible for both receiving cash and performing cash reconciliation on the Track hire and room hire as well as banking cash received occasionally. There is therefore a lack of segregation of duties in the process as the same person is involved in the process. We recommend that there is segregation of duties, i.e. a different person is involved for a stronger control process.

Lack of reconciliation for track hire: We were provided with the weekly excel spreadsheet maintained by the receptionist for the track hire and room hire. However, there is no evidence of the excel spreadsheet been reconciled to the general ledger. We recommend a reconciliation is performed at least annually and evidence maintained.

Payroll

We selected a sample of payroll transactions for our payroll testing and vouched to employment contracts. From our sample we noted some contracts did not reflect the actual employment terms because they were out of date or simply no contract was available. We recommend that adequate records are maintained to support the current terms of employment. For example, letters of increase should be maintained when there is a pay increase.

Minute Review

We noted that minutes of meetings held by the Trustees are not signed and dated when signed. We recommend that minutes of Trustee meetings are signed as being an accurate record of the meeting held when ratified at the following meeting. These should be dated when signed.

Other Matters

Laws and regulations: We understand that the Trust does not have a policy in place for monitoring of compliance with laws and regulations and how to deal with actual or suspected breaches. We recommend that a policy be implemented, and that laws and regulations are discussed at Board of Trustees meetings.

Variance between fixed asset register and fixed asset note: we noted that there is a difference amounting to \$13,250 in the net book values of office furniture and plant and equipment between the depreciation schedule (fixed asset register) and the fixed asset note in the financial statements as at 31 March 2022. In total, both categories reconcile however the split between the two categories is different. We recommend that the difference is investigated and addressed.

Service Performance information: PBE FRS 48 (Service Performance Reporting) will be effective for reporting periods beginning on or after 1 January 2022 with comparative information required. PBE FRS 48 requires entities to provide service performance information to users which explains why the entity exist, what it intends to achieve over the medium to long term and how it goes about it. We recommend that the Trust starts considering the disclosure requirements of PBE FRS 28 as comparative information (i.e., information for the year ended 31 March 2022) will be required in the FY23 financial statement.

Material uncertainty related to going concern: as detailed in note 17, at balance date the Trust had not engaged with BNZ regarding the renewal of the funding facility which matures in February 2023. The Trust does not currently have sufficient funds to repay the loan should the loan not be renewed. This has resulted in a material uncertainty related to going concern. Our audit opinion has not been modified but an emphasis of matter paragraph has been included in the audit report.

Disagreements with Management (none)

Under the NZ International Standards on Auditing (NZ ISAs), we are required to tell you, as the governing body, of any disagreements we had with management.

We are pleased to tell you that we had no such disagreements.

We have not noted any significant risks or exposures that are required to be separately disclosed, and reaffirm that we are independent of your organisation, and that we have no relationship with your organisation that would impair our independence.

Fraud

No matters relating to fraud, concerning either employees or management came to our attention. The auditing standards have a presumed risk of fraud for management override of controls and revenue recognition. We have noted no issues that we need to bring to your attention in relation to fraud.

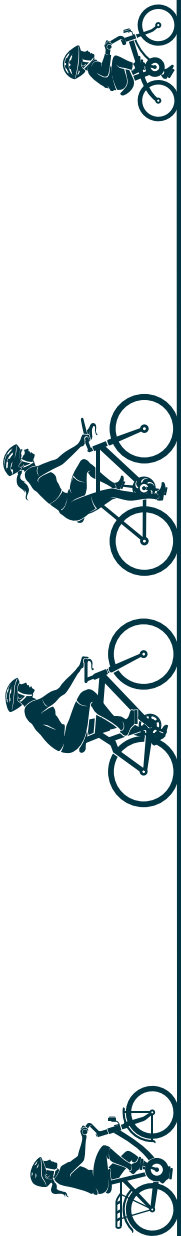
We have not identified any instances of fraud involving senior management or any other frauds that could cause a material misstatement in the financial statements.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

Yours sincerely
Finnz Audit Limited

A handwritten signature in blue ink, appearing to read 'Tracey Herbert'.

Tracey Herbert
Director



OUR SPONSORS & SUPPORTERS

Thank you to our funders for their continued support; we could not achieve so much without their generosity.



St Peter's
Cambridge
NEW ZEALAND





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grassroots
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Velodrome
New Zealand's Home of Cycling